

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND**

FINANCIAL STATEMENTS

JUNE 30, 2012

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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STATE OF NEW MEXICO COMMISSION FOR THE BLIND

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**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND**

Official Roster

June 30, 2012

COMMISSIONERS

Arthur A. Schreiber Chairman

Helen Savoie Commissioner

Dallas Allen Commissioner

ADMINISTRATIVE OFFICIALS

Greg Trapp Executive Director

James Salas Deputy Director, Vocational Rehabilitation

Virginia Murphy Deputy Director, Independent Living

Lucy Alexander Deputy Director, Adult Orientation Center

**Michael Stanton Deputy Director, Finance and Administration/Chief
Financial Officer**

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND**

Department Information

June 30, 2012

PROGRAMS AND ORGANIZATIONAL STRUCTURE

This section provides brief descriptions of the programs administered by the Commission and their funding sources; and brief descriptions of the duties and responsibilities of the Commission's organization units. The Commission's organizational chart is provided below as well.

Programs

Commission programs are focused on encouraging and enabling blind residents of New Mexico to achieve vocational, economic and social equality; and fully support the Commission's goal of assisting blind persons to become self-supporting and participating members of society. The Commission provides career training, training in the skills of blindness and above all, promotes and conveys the belief that blindness is not a barrier to employment or any other aspect of a full, meaningful life.

The Commission provides vocational rehabilitation services designed to enable blind persons to become employed. For example, the Commission helps young persons who are in the process of transitioning directly from the school setting to work, or more frequently to college for additional education.

The Commission provides services designed to enable blind persons to become employed, or to retain employment if they are already employed. These include many newly blinded persons who do not have Braille or mobility skills. Consumers of Commission's vocational rehabilitation services must often obtain undergraduate and graduate degrees to become employed, requiring many years of vocational rehabilitation service. Commission consumers must usually also receive assistive technology services that enable access to common computer applications that are required in the work setting.

The Commission works to enhance the transition services for blind children and young adults through a Memorandum of Understanding with the Public Education Department, and with the New Mexico School for the Blind and Visually Impaired.

The Commission provides independent living services which help blind persons to live in their own homes and communities. Most of these persons are newly blind and over 55 years of age (older blind).

The Commission serves populations which can be placed into the following two basic groups:

- Young people 14 to 21 who are receiving vocational rehabilitation services and transitioning from school, or adults who are receiving vocational rehabilitation services and who have an employment goal.
- Persons who have an independent living goal and who are receiving independent living or older blind services.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND**

Department Information

June 30, 2012

Following are brief descriptions of the Commission's programs and funding sources.

- **Vocational Rehabilitation Services Program** - The Program serves persons who are legally blind or who have a condition which will lead to legal blindness. It helps persons to become employed in ways that are appropriate to each individual's "strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice." The Commission ranks at or near the top in the nation for the quality of employment outcomes achieved by Commission consumers. According to the U.S. Department of Education, Rehabilitation Services Administration, Standards and Indicators data, New Mexico consistently ranks at or near the top in each of the primary indicators used to measure the performance of vocational rehabilitation programs across the country.

The following units fall under the Vocational Rehabilitation Services Program:

- **Assistive Technology Program** - The use of assistive technology is a crucial factor in the successful employment of persons who are blind. However, according to a 2000 study, only 24% of persons who are disabled own computers, compared to a national average of over 50%. This gap is the "digital divide." The Commission's Assistive Technology Program is helping to bridge this gap. It is often necessary for a blind person to receive extensive technology training since the person must learn the application, as well as the assistive technology that allows access to the application. The Commission's technology specialists provide screen readers, Braille displays, screen magnification programs, video magnifiers, and Braille note-takers. The assistive technology is intended to meet the individualized employment needs of consumers. Often only small changes are needed to make the blind person's job much easier and more competitive.
- **Adult Orientation Center** - The Center is located in Alamogordo and provides intensive training in the skills of blindness. As a residential program the Center is designed to equip blind persons with the skills needed to become employed. . Most of the Center's students are persons who are newly blinded. The Center training is built around the use of "sleep shades" to eliminate the desire to rely on inadequate or failing vision. During a typical six-month training period students receive intensive training in cane travel, Braille, assistive technology, home management, personnel management, and industrial arts. By learning effective non-visual techniques students gains self-confidence and learn how to function as successful blind persons. Once a student has learned the alternate techniques of blindness, he or she is able to exercise "informed choice" on when and how to use remaining vision.
- **Students in Transition to Employment Program (STEP)** - The Program provides blind students with a carefully monitored and quality work training experience. Blind students do not normally have an opportunity to engage in such employment, depriving them of the important training benefits of student employment. Students worked at a wide range of agencies and businesses; and participated in seminars and presentations from successful blind adult role models. Students also engaged in activities designed to complement the employment training experience and reinforce blindness skills; to build the student's self-confidence. Acquiring a positive attitude about blindness is essential for a blind person to achieve the ultimate goal of becoming successfully employed.

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COMMISSION FOR THE BLIND**

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- **NEWSLINE** – a telephone-based system that allows person who are blind to access a variety of newspapers and publications. Using the buttons on a touch-tone telephone, the listener selects a category of the paper, such as local news, area events, obituaries or grocery ads. The listener can read a story, skip to the next story, raise the volume, or exit the category and choose another category or publication. The reading is done by approximately 100 trained volunteers. The statewide service is available free of charge, 24 hours a day, 365 days a year. NEWSLINE averages more than 10,000 calls a month.

The Commission also sponsors NFB-NEWSLINE, a program providing access to over 300 national newspapers and magazines. NFB-NEWSLINE is operated by the National Federation of the Blind and provides users access to newspapers such as *The New York Times*, the *Los Angeles Times*, the *Washington Post*, the *Chicago Tribune*, and *USA Today*; and Spanish newspaper such as *El Nuevo Herald* from Miami and *La Opinion* from Los Angeles.

- **Business Enterprise Program (BEP)** – The Program provides employment opportunities for blind individuals who wish to operate food service facilities. The BEP has food establishments from small stands, to vending routes, to a full military cafeteria at Kirtland Air Force Base in Albuquerque and the Federal Law Enforcement Training Center in Artesia.
- **Emergency Eye Care Program** – The Program seeks to prevent blindness and restore vision through medical intervention. The Program provides emergency eye surgery to qualifying New Mexico residents who lack the resources to cover the cost of a medical eye emergency. Covered procedures include emergency eye care problems that, if not expeditiously attended to, could result in irreversible vision loss or structural damage to the eye. The majority of procedures provided are laser treatments, retinal reattachments, and treatments for acute eye trauma. The Program enables patients to receive a continuity of care with an ophthalmologist of his or her own choosing. This Program is the only means by which many persons can obtain eye treatment. The Program's goal is to return those served to their previous activities and prevent the need for expensive rehabilitative services.
- **Holloman Air Force Base Switchboard Operations** – The Commission operates the switchboard at Holloman Air Force Base. The switchboard operation employs approximately ten people of which a majority is blind. The operators route incoming calls for the entire Base. The switchboard operation receives excellent ratings on the quality of customer service that is provided.
- **Independent Living/Older Blind (IL/OB) Program** – The Program enables blind persons to live independently in their homes and communities. To accomplish this, direct services are provided with most persons being served in the home. The Program includes eight Independent Living teachers and a deputy director who manages the Program. They serve the entire state reaching out to underserved populations in rural areas. They provide training and guidance to encourage consumers to assume active and productive lives. The instruction includes training in Braille, how to travel using a white cane, how to use public transportation, and personnel and home management skills. This latter area can include instruction in meal preparation, diabetes management using non-visual or low-vision techniques, identification of money, telling time, the use of NEWSLINE and the State Talking Book Library. The training also includes provision of basic assistive technology devices such as white canes, Braille writing equipment, talking calculators, and Braille or talking watches.

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COMMISSION FOR THE BLIND**

Department Information

June 30, 2012

The chart below lists the number of persons served by each program or service; explanations of the programs are in the pages following.

Blind New Mexicans Served Fiscal Year 2011-2012	
Vocational Rehabilitation Program	386
Adult Orientation Center	19
Students in Transition to Employment Program	46
Assistive Technology Service	1,930
Business Enterprise Program	33
Independent Living/Older Blind Program	554
Emergency Eye Care Program	36

ORGANIZATIONAL STRUCTURE

The Commission is an independent state commission with a three member board. The Commission's Executive Director reports directly to the Board and is responsible for all operations of the Commission. All Commission staff report either directly or indirectly to the Executive Director. The Commission consists of the following primary organizational units:

- **Budget and Finance** – The Unit is responsible for centralized agency accounting, budgeting, financial reporting, and grant financial compliance services. Duties include accounts payable and receivable services, travel reimbursement, fund management, budget development and monitoring, financial analysis, financial reporting, audit coordination, and ensuring compliance with state and federal financial requirements.
- **Administrative Services** – The Unit provides services in support of all Commission programs and administers the Business Enterprise Program. Support services provided by the Unit include human resources including payroll and timekeeping, information technology, contract monitoring, maintaining property records, providing mailroom services, and providing other general support services that are required for the effective delivery of Commission services.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND**

Department Information

June 30, 2012

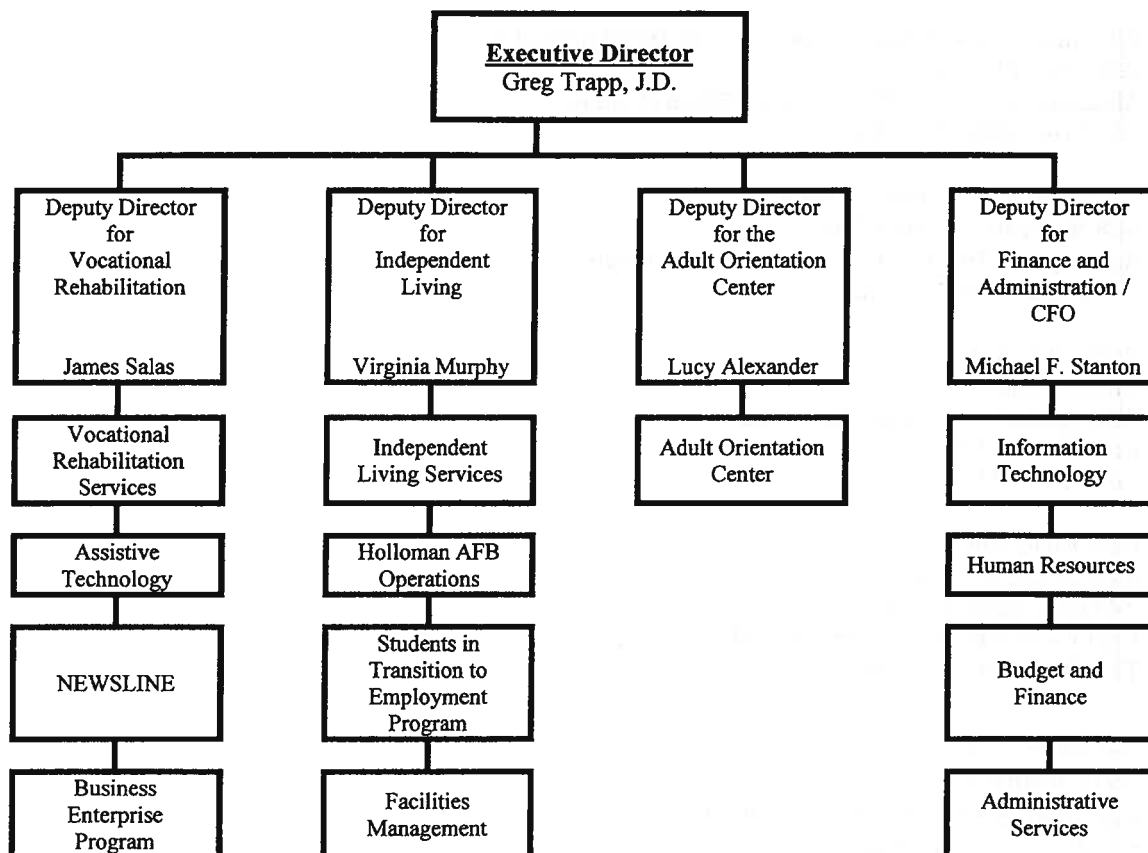
- **Vocational Rehabilitation** – The Unit is responsible for administering and monitoring services provided through the Vocational Rehabilitation Services Program. Units under this program include the Adult Orientation Center, the Assistive Technology Program, BEP, NEWSLINE, and the Students in Transition to Employment Program (STEP). In addition, the VR Program supervises the staff of the Independent Living program that is providing vocational rehabilitation services to Commission consumer.
- **Independent Living Services** – The Unit is responsible for administering and monitoring services provided to Independent Living/Older Blind consumers. The Unit is also responsible for the Holloman Air Force Base Switchboard Operations. In addition to programs services, the Unit's Deputy Director is responsible for the management and operation of the Commission's facilities in Albuquerque, New Mexico.

ORGANIZATION CHART

Governor Susana Martinez

Commissioners

Arthur A. Schreiber, Chairman
Helen Savoie
Dallas Allen



**STATEWIDE OFFICE LOCATIONS
NEW MEXICO COMMISSION FOR THE BLIND**

Administrative Office
2905 Rodeo Park East, Building 4, Suite 100
Santa Fe, NM 87505 ♦ Phone: 505-476-4479
Toll-Free: 888-513-7968

Albuquerque Field Office & Employment Development Center
2200 Yale Blvd. SE
Albuquerque, NM 87106 ♦ Phone: 505-841-8844
Toll-Free: 888-513-7958

Alamogordo Orientation Center
408 North White Sands Blvd.
Alamogordo, NM 88310 ♦ Phone: 505-437-0401
Toll-Free: 888-513-7967

Roswell Field Office
United Bank Plaza
400 North Pennsylvania, Suite 900
Roswell, NM 88201 ♦ Phone: 505-624-6140
Toll-Free: 888-513-7961

Las Cruces Field Office
First Community Bank Bldg.
277 East Amador, Suite 101
Las Cruces, NM 88001 ♦ Phone: 505-524-6450
Toll-Free: 888-513-7960

Las Vegas Field Office
2505 Ridge Runner Road
Las Vegas, NM 87701 ♦ Phone: 505-425-3546
Toll-Free: 888-513-7963

Farmington Field Office
3535 East 30th, Suite 100
Farmington, NM 87402 ♦ Phone: 505-327-3031
Toll-Free: 888-513-7964

Report of Independent Auditors

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the New Mexico Commission for the Blind (Commission), as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. We have also audited the Commission's proprietary fund budgetary comparison presented as supplementary information for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the Commission are intended to present the financial position and changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business type activities, each major fund and aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Commission. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2012, and the changes in its financial position or where applicable, its cash flows or budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2012, and the respective changes in financial position, where applicable, and cash flows, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective budgetary comparison for the proprietary fund for the year ended June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 22 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and any other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Not-for-Profit Organizations (Circular A-133)*, and is not a required part of the financial statements. The additional schedules listed as other supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Mess Adams LLP

Albuquerque, New Mexico
December 10, 2012

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

MISSION STATEMENT

"Our mission is to enable persons who are blind to achieve vocational, economic and social equality by providing career preparation, training in the skills of blindness and above all, promoting and conveying the belief that blindness is not a barrier to successful employment, or to living an independent and meaningful life."

INTRODUCTION

The New Mexico Commission for the Blind is the designated state unit, as authorized by Title I of the Rehabilitation Act of 1973, as amended (29 U.S.C. 701-744), responsible for providing vocational rehabilitation and independent living services for persons who qualify for those services based on legal blindness or a qualifying visual impairment. The Commission encourages and enables blind and visually impaired citizens of New Mexico to achieve vocational, economic and social equality, and is committed to the goal of helping blind and visually impaired persons to become self-supporting and participating members of society. The Commission provides career training, training in the skills of blindness and above all, promotes and conveys the belief that blindness is not a barrier to employment or any other aspect of a full, meaningful life.

The Commission is governed by the rules and regulations of the Rehabilitation Services Administration (RSA) which is a branch of the United States Department of Education. In addition, the Commission is governed by various state statutes and regulations, including the Commission for the Blind Act which established the Commission and created a three-person board of directors appointed by the Governor.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Commission uses the provisions set forth in the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

Basis of Accounting and Measurement Focus

The two most important distinguishing features of governmental accounting and financial reporting are the basis of accounting and measurement focus used. Not all funds of a government use the same basis of accounting and measurement focus, further distinguishing and complicating governmental accounting and financial reporting. A simple rule of thumb is that the basis of accounting determines *when* transactions will be recorded and the measurement focus determines *what* transactions will be recorded.

**STATE OF NEW MEXICO
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

- **Basis of Accounting**

Basis of accounting refers to when revenues, expenditures, expenses, and transfers (and the related assets and liabilities) are recognized and reported in the financial statements. Examples of accounting basis include cash, tax, accrual, and modified accrual. Essentially, the basis of accounting deals with timing – when a transaction will be recorded. **Government funds** use the modified accrual basis of accounting. **Proprietary funds** use the accrual basis of accounting.

- **Measurement Focus**

Measurement focus determines what transactions will be reported in the various funds' operating statement. The difference in the measurement focus of governmental vs. proprietary is as follows:

- **Government funds** use a measurement focus known as the *flow of current economic resources*. This focus measures financial resources that are available to the entity in the near future as a result of transactions and events of the fiscal period reported. Therefore, long-term assets and liabilities will not be reflected on the balance sheets of governmental funds. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting.
- **Proprietary funds** use a measurement focus known as the *flow of current financial resources*. This measurement focus is generally the same as that used by commercial entities. Both long-term assets and liabilities are reported on the balance sheet of enterprise funds.

Government-Wide Financial Statements

Government-Wide Financial Statements consist of a statement of net assets and a statement of activities. These statements are prepared using the *flow of economic resources* focus and the modified accrual basis of accounting. These statements report all of the assets, liabilities, revenues, expenses, and gains and losses of the Commission. There are two types of activity reported in these statements: Governmental Activity and Business-Type Activity. Governmental activities are normally supported by taxes and intergovernmental revenues and business-type activities rely to a significant extent on user fees and charges for support.

These statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). GAAP refer to the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing, and in the preparation of financial statements.

The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Commission that are principally supported by inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements consist of a series of statements that focus on information about the Commission's major governmental and enterprise funds, including its blended component units. Fund financial statements also report information about the Commission's fiduciary funds and component units that are fiduciary in nature.

All of the funds of the Commission can be divided into two categories: governmental funds and proprietary funds.

◆ ***Governmental Funds***

Governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Commission's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Commission's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

◆ ***Proprietary Funds***

Proprietary fund financial statements use a measurement focus known as the *flow of current financial resources*. As stated above, this measurement focus is generally the same as that used by commercial entities. Both long-term assets and liabilities are reported on the balance sheet of enterprise funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition, the basic financial statements present a budgetary comparison schedule for the General Fund and Proprietary Fund to demonstrate compliance with the budget.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2012

Financial Analysis of the Commission as a Whole

The Commission's Net Assets for the fiscal year ending June 30 are as follows:

	Governmental Activities			Business-Type Activities			Total		
	2012	2011	% Change	2012	2011	% Change	2012	2011	% Change
ASSETS:									
Current and other assets	\$ 488,248	\$ 318,590	53.3%	\$ 529,594	\$ 909,287	-41.8%	\$ 1,017,842	\$ 1,227,877	-17.1%
Capital and non-current assets	802,447	832,207	-3.6%	43,809	54,913	-20.2%	846,256	887,120	-4.6%
Total assets	1,290,695	1,150,797	12.2%	573,403	964,200	-40.5%	1,864,098	2,114,997	-11.9%
LIABILITIES:									
Current liabilities	465,329	614,809	-24.3%	226,198	730,604	-69.0%	691,527	1,345,413	-48.6%
Total Liabilities	465,329	614,809	-24.3%	226,198	730,604	-69.0%	691,527	1,345,413	-48.6%
NET ASSETS									
Invested in Capital assets net of related debt	802,447	832,207	-3.6%	43,809	54,913	-20.2%	846,256	887,120	-4.6%
Unrestricted	22,919	(296,219)	-107.7%	18,830	178,683	-89.5%	41,749	(117,536)	-135.5%
Retricted	-	-	0.0%	284,566	-	#DIV/0!	284,566	-	#DIV/0!
Total Net Assets	825,366	535,988	54.0%	347,205	233,596	48.6%	1,172,571	769,584	52.4%
Total Liabilities and Net Assets	\$ 1,290,695	\$ 1,150,797	12.2%	\$ 573,403	\$ 964,200	-40.5%	\$ 1,864,098	\$ 2,114,997	-11.9%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Financial Analysis of the Commission as a Whole

The Commission's Net Assets for the fiscal year ending June 30 are as follows:

	Governmental Activities		Business-Type Activities		Total		% Change	
	2012	2011	2012	2011	2012	2011		
PROGRAM REVENUES								
Charge for service	\$ -	\$ -	\$ 4,564,642	\$ 5,268,786	\$ 4,564,642	\$ 5,268,786	-13.4%	
Operating grants and contributions	4,251,739	4,356,583	-	-	4,251,739	4,356,583	-2.4%	
Total Program Revenue	4,251,739	4,356,583	4,564,642	5,268,786	8,816,381	9,625,369	-8.4%	
GENERAL REVENUE								
Miscellaneous Revenue	132,718	398,641	70	51,494	132,788	450,135	-70.5%	
Other financing sources	-	-	-	-	-	-	0.0%	
Non-operating gifts and grants	1,272	5,621	-	-	1,272	5,621	-77.4%	
Transfers	1,889,400	1,931,369	-	13,634	1,889,400	1,945,003	-2.9%	
Total General Revenue	2,023,390	2,335,631	70	65,128	2,023,460	2,400,759	-15.7%	
Total Revenues	6,275,129	6,692,214	4,564,712	5,333,914	10,839,841	12,026,128	-9.9%	
EXPENSES								
Rehabilitation	5,886,770	6,751,399	-	-	5,886,770	6,751,399	-12.8%	
Contract Services	-	-	4,434,754	5,264,075	4,434,754	5,264,075	-15.8%	
Depreciation	98,981	99,470	16,349	16,349	115,330	115,819	-0.4%	
Total Expenses	5,985,751	6,850,869	4,451,103	5,280,424	10,436,854	12,131,293	-14.0%	
INCREASE (DECREASE) IN NET ASSETS	289,378	(158,655)	113,609	53,490	402,987	(105,165)	-483.2%	
NET ASSETS, BEGINNING OF YEAR	535,988	694,643	233,596	180,106	769,584	874,749	-12.0%	
NET ASSETS, END OF YEAR	\$ 825,366	\$ 535,988	\$ 347,205	\$ 233,596	\$ 1,172,571	\$ 769,584	\$ 402,987	52.4%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

SUMMARY OF CURRENT YEAR FINANCIAL ACTIVITIES

The Commission's overall activities resulted in an increase of net assets of \$402,985 or 52.4%. The primary causes of the increase relate to reduced actual personnel expenditures versus budgeted amounts, which resulted in higher year-end cash balances, better than expected revenues in proprietary funds, and the agency's focus on reduction of current liabilities. Consequently, the Commission reflects positive fund and cash balances for all funds, evidence of the positive impact of enhanced cash management techniques implemented by the Commission's fiscal department in the previous fiscal year. The following explanation by individual funds is intended to help the user of these financial statements better understand the aforementioned changes.

- Governmental activities expenses decreased by \$865,117 or 12.6%. The variance from prior year expenses reflects one-time write-downs of \$668,266 for fixed assets in 2011 which were not recurring for 2012. The remaining decrease in expenses was due primarily to reduced personnel costs caused by an unexpected increase in the Commission's vacancy rate for approved FTE's.

Governmental activities revenues decreased by \$417,085 or 6.2%. A majority portion of the overall decrease relates to a decrease in federal grant reimbursements. The decrease in federal grant reimbursement revenues was due to the reduced expenses, mostly regarding the VR Basic Support Grant. While the financial analysis included in the Management Discussion and Analysis indicates the majority of the reduction relates to Miscellaneous Revenues, this is due to a change in presentation of SSA program Income from Miscellaneous to Operating grants and contributions (\$258,964 for FY12), taking into account for the classification of this item, the decrease from federal grant revenues was \$363,808 or 5.4% of the total decrease in revenues over the previous year.

- This year's Business-Type activities include activities in two funds, fund 02400 - switchboard operations and fund 10460 - Business Enterprise Program ("BEP"). Business-Type activities expenses decreased by \$829,321 or 15.7% from the prior year, while revenues decreased by \$769,203 or 14.4%. However, the total decrease in revenues and expenses reflect a reduction of pass-through amounts relating to the BEP FLETC contract with no material impact to actual revenues and expenditures for the Commission's business-type activities. Due to decreased trainee attendance at FLETC, pass-through revenues and expenses decreased by \$724,572, resulting in a decrease in the Commission's contract administration fee of \$2,643.

Excluding the effect from pass-through activities, business-type activities expenses decreased by \$104,749 or 2.0% while revenues decreased by \$44,631 or 0.8%.

- Switchboard operations revenues decreased by \$3,627 or 1.0%. The decrease reflects the offset between additional reimbursement of FY11 expenses recognized in FY12 and adjustments to FY11 that were non-recurring for FY12. Expenses decreased by \$116,186 or 27.3% with the decrease attributed to FY11 increases for items that were no-recurring in FY12.

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- BEP Set-Aside operations (excluding pass-through activity) revenues increased by \$22,607 or 10.2% and expenses increased by \$17,761 or 10.4%. The increase in revenues is primarily due to the collection of significant amounts past due fees, which more than offset a general decline in revenue from set-aside fees due to the weakened business climate. The increase in expenses is primarily due to increases in the amount of new equipment purchased and maintenance and repairs of older equipment (vending machines, coin changers, etc.).

Budget

The Commission was appropriated \$1,898,000 in General Fund, and after minor shavings of \$8,600 allowed in House Bill 2, budgeted \$1,889,400. In addition to these, \$5,223,500 in Federal Funds and \$407,400 in Other State Funds were also budgeted. –There were no budget adjustment requests made for this state fiscal year.

Capital Assets

During FY 2012, there were additions of \$69,221 relating to building improvements and technology equipment.

Debt

The Commission carries no Long-term debt for the fiscal year-end 2012.

PROGRAMS AND ORGANIZATIONAL STRUCTURE

This section provides brief descriptions of the programs administered by the Commission and their funding sources; and brief descriptions of the duties and responsibilities of the Commission's organization units. The Commission's organizational chart is provided below as well.

Programs

Commission programs are focused on encouraging and enabling blind residents of New Mexico to achieve vocational, economic and social equality; and fully support the Commission's goal of assisting blind persons to become self-supporting and participating members of society. The Commission provides career training, training in the skills of blindness and above all, promotes and conveys the belief that blindness is not a barrier to employment or any other aspect of a full, meaningful life.

The Commission provides vocational rehabilitation services designed to enable blind persons to become employed. For example, the Commission helps young persons who are in the process of transitioning directly from the school setting to work, or more frequently to college for additional education.

The Commission provides services designed to enable blind persons to become employed, or to retain employment if they are already employed. These include many newly blinded persons who do not have Braille or mobility skills. Consumers of Commission's vocational rehabilitation services must often obtain undergraduate and graduate degrees to become employed, requiring many years of vocational rehabilitation service. Commission consumers must usually also receive assistive technology services that enable access to common computer applications that are required in the work setting.

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The Commission works to enhance the transition services for blind children and young adults through a Memorandum of Understanding with the Public Education Department, and with the New Mexico School for the Blind and Visually Impaired.

The Commission provides independent living services which help blind persons to live in their own homes and communities. Most of these persons are newly blind and over 55 years of age (older blind).

The Commission serves populations which can be placed into the following two basic groups:

- Young people 14 to 21 who are receiving vocational rehabilitation services and transitioning from school, or adults who are receiving vocational rehabilitation services and who have an employment goal
- Persons who have an independent living goal and who are receiving independent living or older blind services.

Following are brief descriptions of the Commission's programs and funding sources.

- ***Vocational Rehabilitation Services Program*** – The Program serves persons who are legally blind or who have a condition which will lead to legal blindness. It helps persons to become employed in ways that are appropriate to each individual's "strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice." The Commission ranks at or near the top in the nation for the quality of employment outcomes achieved by Commission consumers. According to the U.S. Department of Education, Rehabilitation Services Administration, Standards and Indicators data, New Mexico consistently ranks at or near the top in each of the primary indicators used to measure the performance of vocational rehabilitation programs across the country.

The following units fall under the Vocational Rehabilitation Services Program:

- **Assistive Technology Program** – **The use of assistive technology is a crucial factor** in the successful employment of persons who are blind. However, according to a 2000 study, only 24% of persons who are disabled own computers, compared to a national average of over 50%. This gap is the "digital divide." The Commission's Assistive Technology Program is helping to bridge this gap. It is often necessary for a blind person to receive extensive technology training since the person must learn the application, as well as the assistive technology that allows access to the application. The Commission's technology specialists provide screen readers, Braille displays, screen magnification programs, video magnifiers, and Braille note-takers. The assistive technology is intended to meet the individualized employment needs of consumers. Often only small changes are needed to make the blind person's job much easier and more competitive.
- **Adult Orientation Center** – The Center is located in Alamogordo and provides intensive training in the skills of blindness. As a residential program the Center is designed to equip blind persons with the skills needed to become employed. . Most of the Center's students are persons who are newly blinded. The Center training is built around the use of "sleep shades" to eliminate the desire to rely on inadequate or failing vision. During a typical six-month training period students receive intensive training in cane travel, Braille, assistive technology, home management, personnel management, and industrial arts. By learning effective non-visual

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techniques students gain self-confidence and learn how to function as successful blind persons. Once a student has learned the alternate techniques of blindness, he or she is able to exercise "informed choice" on when and how to use remaining vision.

- **Students in Transition to Employment Program (STEP)** - The Program provides blind students with a carefully monitored and quality work training experience. Blind students do not normally have an opportunity to engage in such employment, depriving them of the important training benefits of student employment. Students worked at a wide range of agencies and businesses; and participated in seminars and presentations from successful blind adult role models. Students also engaged in activities designed to complement the employment training experience and reinforce blindness skills; to build the student's self-confidence. Acquiring a positive attitude about blindness is essential for a blind person to achieve the ultimate goal of becoming successfully employed.
- **NEWSLINE** - a telephone-based system that allows person who are blind to access a variety of newspapers and publications. Using the buttons on a touch-tone telephone, the listener selects a category of the paper, such as local news, area events, obituaries or grocery ads. The listener can read a story, skip to the next story, raise the volume, or exit the category and choose another category or publication. The reading is done by approximately 100 trained volunteers. The statewide service is available free of charge, 24 hours a day, 365 days a year. NEWSLINE averages more than 10,000 calls a month.

The Commission also sponsors NFB-NEWSLINE, a program providing access to over 300 national newspapers and magazines. NFB-NEWSLINE is operated by the National Federation of the Blind and provides users access to newspapers such as *The New York Times*, the *Los Angeles Times*, the *Washington Post*, the *Chicago Tribune*, and *USA Today*; and Spanish newspaper such as *El Nuevo Herald* from Miami and *La Opinion* from Los Angeles.

- **Business Enterprise Program (BEP)** - The Program provides employment opportunities for blind individuals who wish to operate food service facilities. The BEP has food establishments from small stands, to vending routes, to a full military cafeteria at Kirtland Air Force Base in Albuquerque and the Federal Law Enforcement Training Center in Artesia.
- **Emergency Eye Care Program** - The Program seeks to prevent blindness and restore vision through medical intervention. The Program provides emergency eye surgery to qualifying New Mexico residents who lack the resources to cover the cost of a medical eye emergency. Covered procedures include emergency eye care problems that, if not expeditiously attended to, could result in irreversible vision loss or structural damage to the eye. The majority of procedures provided are laser treatments, retinal reattachments, and treatments for acute eye trauma. The Program enables patients to receive a continuity of care with an ophthalmologist of his or her own choosing. This Program is the only means by which many persons can obtain eye treatment. The Program's goal is to return those served to their previous activities and prevent the need for expensive rehabilitative services.

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- **Holloman Air Force Base Switchboard Operations** - The Commission operates the switchboard at Holloman Air Force Base. The switchboard operation employs approximately ten people of which a majority is blind. The operators route incoming calls for the entire Base. The switchboard operation receives excellent ratings on the quality of customer service that is provided.
- **Independent Living/Older Blind (IL/OB) Program** - The Program enables blind persons to live independently in their homes and communities. To accomplish this, direct services are provided with most persons being served in the home. The Program includes eight Independent Living teachers and a deputy director who manages the Program. They serve the entire state reaching out to underserved populations in rural areas. They provide training and guidance to encourage consumers to assume active and productive lives. The instruction includes training in Braille, how to travel using a white cane, how to use public transportation, and personnel and home management skills. This latter area can include instruction in meal preparation, diabetes management using non-visual or low-vision techniques, identification of money, telling time, the use of NEWSLINE and the State Talking Book Library. The training also includes provision of basic assistive technology devices such as white canes, Braille writing equipment, talking calculators, and Braille or talking watches.

The chart below lists the number of persons served by each program or service; explanations of the programs are in the pages following.

Blind New Mexicans Served Fiscal Year 2011-2012	
Vocational Rehabilitation Program	386
Adult Orientation Center	19
Students in Transition to Employment Program	46
Assistive Technology Service	1,930
Business Enterprise Program	33
Independent Living/Older Blind Program	554
Emergency Eye Care Program	36

**STATE OF NEW MEXICO
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

ORGANIZATIONAL STRUCTURE

The Commission is an independent state commission with a three member board. The Commission's Executive Director reports directly to the Board and is responsible for all operations of the Commission. All Commission staff report either directly or indirectly to the Executive Director. The Commission consists of the following primary organizational units:

- **Budget and Finance** – The Unit is responsible for centralized agency accounting, budgeting, financial reporting, and grant financial compliance services. Duties include accounts payable and receivable services, travel reimbursement, fund management, budget development and monitoring, financial analysis, financial reporting, audit coordination, and ensuring compliance with state and federal financial requirements.
- **Administrative Services** – The Unit provides services in support of all Commission programs and administers the Business Enterprise Program. Support services provided by the Unit include human resources including payroll and timekeeping, information technology, contract monitoring, maintaining property records, providing mailroom services, and providing other general support services that are required for the effective delivery of Commission services.
- **Vocational Rehabilitation** – The Unit is responsible for administering and monitoring services provided through the Vocational Rehabilitation Services Program. Units under this program include the Adult Orientation Center, the Assistive Technology Program, BEP, NEWSLINE, and the Students in Transition to Employment Program (STEP). In addition, the VR Program supervises the staff of the Independent Living program that is providing vocational rehabilitation services to Commission consumer.

Independent Living Services – The Unit is responsible for administering and monitoring services provided to Independent Living/Older Blind consumers. The Unit is also responsible for the Holloman Air Force Base Switchboard Operations. In addition to programs services, the Unit's Deputy Director is responsible for the management and operation of the Commission's facilities in Albuquerque, New Mexico.

Contacting Fund Financial Management

The agency's financial statements are designed to present users with the general overview of the agency's finances and to demonstrate the State of New Mexico Commission for the Blind's accountability. If you have questions about the report or need additional financial information contact the agency's Deputy Director for Finance and Administration at 2905 Rodeo Park East, Building 4, Suite 100 Santa Fe, NM 87505.

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
STATEMENT OF NET ASSETS
June 30, 2012**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	269,521	269,521
Interest in State General fund			
Investment pool	217,119	-	217,119
Loans receivable	-	193	193
Accounts receivable, net	5,744	31,826	37,570
Due from external parties	-	228,054	228,054
Due from the federal government	265,385	-	265,385
Total current assets	488,248	529,594	1,017,842
Non-current assets			
Capital assets, net	802,447	43,809	846,256
Total assets	\$ 1,290,695	573,403	1,864,098
LIABILITIES			
Current liabilities			
Accounts payable	190,882	204,576	395,458
Accrued payroll	145,127	10,199	155,326
Compensated absences	129,320	11,423	140,743
Total liabilities	465,329	226,198	691,527
Net assets			
Invested in capital assets	802,447	43,809	846,256
Unrestricted	22,919	18,830	41,749
Restricted	-	284,566	284,566
Total net assets	825,366	347,205	1,172,571
TOTAL LIABILITIES AND NET ASSETS	\$ 1,290,695	573,403	1,864,098

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2012

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants	Primary Government		Total
				Governmental Activities	Business-type Activities	
Governmental activities:						
General	\$ 5,985,751	-	4,251,739	(1,734,012)	-	(1,734,012)
Business-type activities:						
Switchboard	309,050	365,767	-	-	56,717	56,717
Business enterprise program	4,142,053	4,198,875	-	-	56,822	56,822
Total business-type activities	<u>4,451,103</u>	<u>4,564,642</u>	<u>-</u>	<u>-</u>	<u>113,539</u>	<u>113,539</u>
General revenues and (expenses):						
Transfer - State General Fund appropriations				\$ 1,889,400	-	1,889,400
Miscellaneous revenue				132,718	70	132,788
Other gifts and grants				1,272	-	1,272
Total general revenues (expenses)				<u>2,023,390</u>	<u>70</u>	<u>2,023,460</u>
Other financing uses and sources						
Change in net assets				289,378	113,609	402,987
Net assets, beginning of year,				<u>535,988</u>	<u>233,596</u>	<u>769,584</u>
Net assets, end of year				<u>\$ 825,366</u>	<u>347,205</u>	<u>1,172,571</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2012**

	General Fund
	<u> </u>
Assets	
Interest in State General Fund Investment Pool	\$ 217,119
Due from federal government	265,385
Accounts Receivable	<u>5,744</u>
Total Assets	<u>\$ 488,248</u>
Liabilities	
Accounts payable	190,882
Accrued payroll	<u>145,127</u>
Total Liabilities	<u>336,009</u>
Fund Balance	
Unassigned	<u>152,239</u>
Total Fund Balance	<u>152,239</u>
Total Liabilities and Fund Balance	<u>\$ 488,248</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS -
 GOVERNMENTAL FUNDS
 June 30, 2012**

Total fund balance for the governmental funds (Balance Sheet)		\$ 152,239
Amounts reported for governmental activities in the Statement of Net Assets are different because		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	2,348,907	
Accumulated depreciation	<u>(1,546,460)</u>	802,447
Long-term liabilities, including compensated absences payable, are not due and payable in the current period; therefore, are not reported in the funds.		<u>(129,320)</u>
Net assets of governmental activities (Statement of Net Assets)		<u>\$ 825,366</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012**

	<u>General Fund</u>
Revenues	
Other gifts and grants	\$ 1,272
Federal Grants	4,251,739
Miscellaneous revenue	<u>132,718</u>
Total revenues	<u>4,385,729</u>
Expenditures	
General government:	
Personnel services and benefits	3,688,227
Contract services	125,815
Other costs	999,586
Care and support	1,256,321
Capital outlay	<u>69,221</u>
Total expenditures	<u>6,139,170</u>
Excess (deficiency) of revenues over expenditures	(1,753,441)
Other Financing Sources (Uses)	
Transfer - State general fund appropriation	<u>1,889,400</u>
Net change in fund balance	135,959
Fund Balance at Beginning of Year	<u>16,280</u>
Fund Balance at End of Year	<u>\$ 152,239</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2012**

Net change in Fund Balance - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balance)	\$ 135,959
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities these costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.	
Capital asset additions	69,221
Depreciation expense	<u>(98,981)</u>
	(29,760)
Some items reported in the Statement of Activities do not require the the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences	<u>183,179</u>
Change in net assets of governmental activities (Statement of Activities)	<u>\$ 289,378</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND 04700
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grants	\$ 5,223,500	5,223,500	4,251,739	(971,761)
Other Gifts & Grants	1,200	1,200	1,272	72
Miscellaneous Revenues	69,600	69,600	132,718	63,118
General Fund Appropriation	1,889,400	1,889,400	1,889,400	-
Total revenues	<u>7,183,700</u>	<u>7,183,700</u>	<u>6,275,129</u>	<u>(908,571)</u>
Expenditures				
Personnel services and benefits	4,218,400	4,218,400	3,688,227	530,173
Contractual services	184,800	184,800	125,815	58,985
Other	2,780,500	2,780,500	2,325,128	455,372
Total expenditures	<u>\$ 7,183,700</u>	<u>7,183,700</u>	<u>6,139,170</u>	<u>1,044,530</u>
 Net Change in Fund Balance			<u>\$ 135,959</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF NET ASSETS -
 PROPRIETARY FUNDS
 June 30, 2012**

	<u>Switchboard Operation</u>	<u>Business Enterprise Program</u>	<u>Total Proprietary Funds</u>
Assets			
Current Assets			
Cash	\$ 12,414	257,107	269,521
Loans receivable	-	193	193
Accounts receivable, net	-	31,826	31,826
Due from external parties	<u>29,694</u>	<u>198,360</u>	<u>228,054</u>
Total current assets	42,108	487,486	529,594
Non-Current Assets			
Capital assets, net	<u>-</u>	<u>43,809</u>	<u>43,809</u>
Total assets	<u>\$ 42,108</u>	<u>531,295</u>	<u>573,403</u>
Liabilities and net assets			
Current Liabilities			
Accounts payable	\$ 1,656	202,920	204,576
Accrued payroll liabilities	10,199	-	10,199
Compensated absences	<u>11,423</u>	<u>-</u>	<u>11,423</u>
Total Current Liabilities	<u>23,278</u>	<u>202,920</u>	<u>226,198</u>
Net assets			
Invested in capital assets	-	43,809	43,809
Unassigned	18,830	-	18,830
Restricted	<u>-</u>	<u>284,566</u>	<u>284,566</u>
Total net assets	<u>18,830</u>	<u>328,375</u>	<u>347,205</u>
Total liabilities and net assets	<u>\$ 42,108</u>	<u>531,295</u>	<u>573,403</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN NET ASSETS - PROPRIETARY FUNDS
 For the Year Ended June 30, 2012

	<u>Switchboard Operations</u>	<u>Business Enterprise Program</u>	<u>Total Proprietary Funds</u>
Operating revenues			
Sales of services	\$ 365,767	3,994,023	4,359,790
Fees and commissions	-	204,852	204,852
Total operating revenues	<u>365,767</u>	<u>4,198,875</u>	<u>4,564,642</u>
Operating expenses			
Personnel services and benefits	294,959	-	294,959
Contractual services	13,000	3,954,716	3,967,716
Other costs	1,091	170,988	172,079
Depreciation expense	-	16,349	16,349
Total operating expenses	<u>309,050</u>	<u>4,142,053</u>	<u>4,451,103</u>
Operating income (loss)	56,717	56,822	113,539
Nonoperating revenues (expenses)			
Miscellaneous revenue	19	-	19
Interest income	-	51	51
Total other financing sources (uses)	<u>19</u>	<u>51</u>	<u>70</u>
Change in net assets	56,736	56,873	113,609
Beginning net assets	<u>(37,906)</u>	<u>271,502</u>	<u>233,596</u>
Ending net assets	<u>\$ 18,830</u>	<u>\$ 328,375</u>	<u>\$ 347,205</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND 02400
 For the Year Ended June 30, 2012**

	<u>Switchboard Operations</u>
Cash flows from operating activities	
Receipts from customers	\$ 441,416
Payments to suppliers	(13,066)
Payments to employees	(306,082)
Receipts from other funds	1,293
	<u>123,561</u>
Net cash provided by operating activities	
Cash flows from noncapital activities	
Miscellaneous reimbursement	19
	<u>19</u>
Net cash provided by noncapital activities	
Net increase in cash and cash equivalents	
(Investment in State General Fund Investment Pool)	123,580
Balance, beginning of year	<u>(111,166)</u>
Balance, end of year	<u>\$ 12,414</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	\$ 56,717
Change in assets and liabilities	
Receivables	105,343
Accounts payable	1,025
Due from others state agencies	1,293
Due from external parties	(29,694)
Accrued payroll	(278)
Compensated absences	(10,845)
	<u>(10,845)</u>
Net cash provided by operating activities	<u>\$ 123,561</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND 10460
 For the Year Ended June 30, 2012**

	Business Enterprise Program
Cash flows from operating activities	
Receipts from customers	\$ 4,297,451
Payments to suppliers	(4,508,846)
Net cash used in operating activities	<u>(211,395)</u>
Cash flows from capital activities	
Acquisition of capital assets	(5,245)
Net cash used by capital activities	<u>(5,245)</u>
Cash flows from investing activities	
Interest income	51
Net cash provided by investing activities	<u>51</u>
Net decrease in cash and cash equivalents	(216,589)
Balance, beginning of year	<u>473,696</u>
Balance, end of year	<u>\$ 257,107</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 56,822
Adjustment to reconcile operating income to net cash used by operating activities:	
Depreciation expense	16,349
Change in assets and liabilities	
Loans receivables	13,324
Accounts receivable	(5,984)
Due from external parties	89,144
Inventory	2,092
Accounts payable	(383,142)
Net cash used in operating activities	<u>\$ (211,395)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 1. HISTORY AND FUNCTION

Nature of the Business. The New Mexico Commission for the Blind (Commission) was created to encourage and enable blind citizens of New Mexico to achieve vocational, economic and social equality. By providing career training in skills of blindness, the Commission promotes and conveys the belief that blindness is not a barrier to employment or any other aspect of a full and meaningful life.

The Commission is a department of the State of New Mexico, created by Chapter 108, Laws of 1986, New Mexico Statutes Annotated. The Commission is governed by a three-person Board of Commissioners who is appointed by the Governor, with the advice and consent of the Senate, to staggered terms of six years. The Commission receives state and federal government funding and must adhere to the legal requirements of each funding entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, effective for periods beginning after December 15, 1992, established standards for defining and reporting on the financial reporting entity. GASB No. 14 supersedes previous standards issued by the National Council on Governmental Accounting. The requirement of GASB No. 14 applies at all levels to all state and local governments.

GASB No. 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

A primary government is any state government or general-purpose local government, consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The Commission, therefore, is part of the primary government of the State of New Mexico, and its financial data should be included with the financial data of the state.

The Commission applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Audit Act, Sections 12-6-1 through 12-16-14, NMSA 1978, requires the financial affairs of every agency to be thoroughly examined and audited each year, and a complete written report to be made. Moreover, the New Mexico State Auditor requires that each agency shall prepare financial statements in accordance with accounting principles generally accepted in the United State of America.

All of the programs that are administered or controlled by the Commission have been included in this report. The Vending Facility Program is included as an enterprise fund, and the Switchboard Operation (New Mexico Industries for the Blind) are included as Commission's enterprise funds.

Basis of Accounting. Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The statement of net assets and the statement of activities display information about the Commission, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

The Commission does not have any component units.

The Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. Grants revenue is recorded when all applicable eligibility or reimbursement requirements are met.

Fund Financial Statements. The governmental fund financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days in order to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Commission's actual experience confirms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is presented on the page following each fund statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the government-wide presentation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Commission first uses restricted resources then unrestricted resources.

The accounts of the Commission are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The following fund types are used by the Commission.

Governmental Funds

General Fund (SHARE fund #04700) — The General Fund is the general operating fund of the Commission. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is funded primarily from grants from the U.S. Department of Education and appropriations from the State General Fund. It is a non-reverting fund.

The funds of the Commission are non-reverting (HB, General Appropriation Act of 2011), pursuant to the appropriation legislation. Funds appropriated to the General Fund are used as a match against federal grant funds, and unexpended funds at June 30th are to be used as a match against future federal grants.

Special Revenue Fund

ARRA Fund (SHARE fund #89000) — This special revenue fund was created by the Department of Finance and Administration to account for funds received under the American Recovery and Reinvestment Act (ARRA). The fund is classified as vouchering and budgeted. It is a non-reverting fund. This fund has no activity for fiscal year 2012 and the fund is not reported in the accompanying financial statements.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Enterprise fund (SHARE fund #02400) - The Switchboard Operations Fund accounts for those operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues include sales and miscellaneous income from business operations. All other revenue is considered non-operating. The Enterprise Fund consists of the Holloman contract, which provides switchboard operation for the Holloman Air Force Base.

Enterprise fund (SHARE fund #10460) - The Business Enterprise Program fund was presented as a private purpose trust fund in the previous fiscal year. With the implementation of GASB 54 and when added into SHARE, this fund was determined to be an enterprise fund. The Commission administers and accounts for the receipt and usage of Vending Facility Program's funds. Section 22-14-24 to Section 22-14-29 NMSA 1978, "Horace DeVargas Act," authorized the Commission to establish, maintain and operate a vending stand program for legally blind persons under the auspices of the "Randolph-Sheppard Act," Public Law 74-732 as amended by Public Law 83-565, 93-516 and 95-602, 20 U.S.C. Section 107, et seq.

The law locates the state licensing agency (SLA) for the program in the individual state or territorial agency that offers vocational rehabilitation services for individuals who are blind under the Rehabilitation Act of 1973, as amended. The Commission uses QuickBooks accounting software to keep track of the activities in this program; the change in net assets of the fund are reported into SHARE on a monthly basis. It is a non-budgeted and non-reverting fund.

Cash and Investments. Cash is deposited by the Commission into its accounts with the State Treasurer, which are pooled and invested by the State Treasurer, and various financial institutions. The Commission considers cash on hand; cash in banks, and the Interest in State General Fund Investment Pool to be cash and cash equivalents. Negative cash, if any, is shown as Overdraft of Interest in State General Fund Investment Pool. The Business Enterprise Program fund cash is held in authorized bank accounts and short term certificates of deposit. Therefore, all cash and demand deposits are considered cash and cash equivalents.

For purposes of the Statement of Cash Flow — Proprietary Fund 2400, cash includes the Interest in State General Fund Investment Pool.

Receivables. All receivables are fully collectible.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets. Capital Assets, which include property, plant and equipment, are reported in the applicable governmental or business-type of activities columns in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation is computed using the straight-line method over the assets' estimated useful lives. The following lives are used:

Building and improvements	10 - 40 years
Machinery & equipment	3 - 10 years

Accrued Compensated Absences. Vacation and sick leave earned and not taken are cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semi-annually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semi-annual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate.

Fund Balance. In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), the Commission, classifies governmental fund balances as follows:

- i. Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- ii. Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or amounts constrained due to enabling legislation.
- iii. Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- iv. Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by management.
- v. Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Commission requires restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring matching spending. Additionally, the Commission would first use unrestricted fund balance and assigned fund balance for its intended purpose, such as liquidating compensated absences.

Program Revenues. Program revenues include federal and state grants and charged for services. Grant revenues are recognized when all eligibility requirements have been met.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inter-fund Activity. Inter-fund receivables or payables at year end are eliminated from the government-wide financial statements.

Budgetary Data. The State Legislature makes annual appropriations to the Commission and monitors legal compliance through an annual budget. Annual budgets are adopted each fiscal year for all funds. Expenditures may not legally exceed appropriations at the object expenditure classification (pcode) level. Amendments to the budget require approval by the State's Financial Control Division of the New Mexico Department of Finance and Administration (DFA). All appropriations lapse at the fiscal year end, although cash balances at the end of the fiscal year do not revert back to the State General Fund.

The budget is adopted on a modified accrual basis of accounting that is consistent with generally accepted accounting principles (GAAP). The budget is adopted on the modified accrual bases of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Budgetary comparisons presented in the financial statements are now presented on a basis which is consistent with generally accepted accounting principles (GAAP).

The Enterprise Fund's budgetary legal authorization to incur obligations is on a basis that differs from the basis of accounting required by GAAP. The budget is prepared on a modified accrual basis and includes capital outlay expenses. GAAP expenses do not include capital outlay as expenses. The budgetary basis does not include bad debts and depreciation. GAAP expenses include bad debts and depreciation.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Commission is required to submit a budget report for the General Fund and Enterprise Fund 02400 to the DFA and the Legislative Finance Committee by September 1 of each year. The Commission is required to submit a budget report for the Business Enterprise Program enterprise fund to its Board of Commissioners for approval.

NOTE 3. COLLATERAL PLEDGED BY FINANCIAL INSTITUTIONS

Section 6-10-17, NMSA 1978 compilation requires that banks or savings and loans provide additional collateral on funds held that exceed the FDIC insurance limit. These excess funds are required to be fifty percent collateralized. The collateralization of the Commission's bank accounts is monitored by the State Treasurer's Office. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure State Treasurer cash and investments. All funds on deposit with banking institutions were fully covered by FDIC insurance at June 30, 2012.

NOTE 4. CASH

The funds allotted to the Commission are held by the New Mexico State Treasurer and pooled with the general fund investment pool. The Commission can withdraw its funds from the State Treasurer as needed and therefore considers them to be cash equivalents. All earnings on deposits are retained by the State General Fund; therefore, from the Commission's perspective, the cash balances are non-interest bearing and stated at cost. Money deposited by the Commission with the State Treasurer is pooled and invested by the State Treasurer. The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. To obtain pledged collateral, investment risk, and insurance coverage information for the Department's State Treasurer deposits, a copy of separately issued financial statements can be obtained from the State Treasurer's Office. All collateral is held in third-party safekeeping. A supplemental schedule of cash that the Commission held as of June 30, 2012 is presented in the financial statements as supplemental information.

Pledged Collateral by Banks. All funds on deposit with banking institutions were fully covered by FDIC insurance at June 30, 2012.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5. GENERAL FUND INVESTMENT POOL NOT RECONCILED

In June 2012 an independent expert diagnostic report revealed that the General Fund Investment Pool balances had not been reconciled at the business unit/fund level since the inception of the Statewide Human Resources, Accounting, and Management Reporting (SHARE) system in July of 2006. The diagnostic report is available in the Resources section of the Cash Control page of the New Mexico Department of Finance and Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx. The document title is Current State Diagnostic of Cash Control.

The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues such as income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to the General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury. The New Mexico Department of Finance & Administration (DFA) is responsible for the reconciliation of these accounts.

As of June 30, 2012, the General Fund Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent third-party verification/confirmation of the Commission for the Blind's balances at the business unit/fund level is not possible.

The Commission for the Blind is following the progress of the state's Cash Management Remediation Project and is actively participating in the implementation of the project regarding its impact to the agency.

The Commission does employ robust internal controls and cash management practices and techniques in order to monitor and verify the Commission's cash position. The cash management processes of the Commission include; regular monitoring of the agency's share of the General Fund Investment Pool (GFIP) reflected by DFA/FCD in the SHARE accounting system, monthly reconciliation of all cash activities to the GFIP balance and full book-to-bank reconciliations of authorized accounts maintained for use by the agency's business-type activities (fund 10460), effective internal controls over authorized cash related activities, utilization of effective cash forecasting methods, and adherence to specific and appropriate draw schedules relating to the reimbursement for expenditures by federal grants. While the Commission is not a required participant of the state's CMIA (Cash Management Improvement Act) agreement, the cash management processes of the agency are designed to ensure compliance with CMIA requirements should the Commission be designated as a required participant in the future.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 6. CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2012 is as follows:

Governmental Activities:

	June 30, 2011	Additions	Retirements/ Transfers	June 30, 2012
Non-depreciable assets				
Land	\$ 55,676	-	-	55,676
Depreciable assets				
Buildings and improv.	1,379,386	38,468	-	1,417,854
Machinery and equip.	844,624	30,753	-	875,377
	<u>2,279,686</u>	<u>69,221</u>	<u>-</u>	<u>2,348,907</u>
Accumulated depreciation				
Buildings and improve.	(736,257)	(52,843)	-	(789,100)
Machinery and equip.	(711,222)	(46,138)	-	(757,360)
	<u>(1,447,479)</u>	<u>(98,981)</u>	<u>-</u>	<u>(1,546,460)</u>
Total capital assets, net	<u>\$ 832,207</u>	<u>(29,760)</u>	<u>-</u>	<u>802,447</u>

Current year depreciation allocated to general governmental activities is \$98,981.

Business-Type Activities:

	June 30, 2011	Additions	Deletions	June 30, 2012
Depreciable assets				
Buildings and improv.	\$ 33,093	-	-	33,093
Machinery and equip.	45,699	5,245	-	50,944
Aircraft, autos and trucks	19,500	-	-	19,500
	<u>98,292</u>	<u>5,245</u>	<u>-</u>	<u>103,537</u>
Accumulated depreciation				
Buildings and improve.	(7,170)	(3,309)	-	(10,479)
Machinery and equip.	(23,201)	(9,140)	-	(32,341)
Aircraft, autos and trucks	(13,008)	(3,900)	-	(16,908)
	<u>(43,379)</u>	<u>(16,349)</u>	<u>-</u>	<u>(59,728)</u>
Total capital assets, net	<u>\$ 54,913</u>	<u>(11,104)</u>	<u>-</u>	<u>43,809</u>

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012**

NOTE 6. CAPITAL ASSETS (CONTINUED)

There is no debt related to capital assets. Current year depreciation related to business-type activities is \$16,349.

NOTE 7. COMPENSATED ABSENCES PAYABLE

Compensated absences for the year ended June 30, 2012 were as follows: The following is a summary of changes in compensated absences:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences payable	\$ 312,499	178,465	361,644	129,320	129,320
Total long-term liabilities	\$ 312,499	178,465	361,644	129,320	129,320
Business-Type Activities					
Compensated absences payable	\$ 22,268	15,881	26,726	11,423	11,423
Total long-term liabilities	\$ 22,268	15,881	26,726	11,423	11,423

For the Statement of Activities, change in compensated absences included as expenditures is allocated to the programs using a payroll allocation percentage. Amounts have been paid out of the General Fund in the past.

NOTE 8. OPERATING LEASES

The Commission leased certain office space and office equipment under lease agreements with various terms. Expenditures for operating leases for the year ended June 30, 2012 amounted to \$229,968.

Annual future minimum lease payments are as follows:

2013	\$ 170,378
2014	13,687
2015	6,718
2016	4,830
	<u>\$ 195,613</u>

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 9. DEFERRED COMPENSATION

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all State employees and those local government and school district employees whose employers have elected participation in the plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. There are employees that are making contributions to a Deferred Compensation Plan. Neither the Commission nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the Commission have been paid to the New Mexico Public Employees Retirement Association, which administers the plan.

NOTE 10. PERA RETIREMENT PLANS

Plan Description. Substantially all of the Commission's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 8.92 percent of their gross salary. The Commission is required to contribute 15.09 percent of the gross covered salary. The contribution requirements of plan members and the Commission are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Commission's contributions to PERA for the years ended June 30, 2012, 2011 and 2010 were \$370,957, \$447,146 and \$446,051, respectively, which equal to the amount of required contributions for each fiscal year.

**NOTE 11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) —
RETIREE HEALTH CARE**

Plan Description. The State of New Mexico Commission for the Blind contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C,

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012**

**NOTE 11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) —
 RETIREE HEALTH CARE (CONTINUED)**

NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle N.E., Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from RHCA or viewed on their website at www.nmrhea.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for the employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY13	2.000%	1.000%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

**NOTE 11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) —
RETIREE HEALTH CARE (CONTINUED)**

Also, employers joining the program after January 1, 1998 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Commission's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$50,658, \$49,019 and \$37,519, respectively, which equal the required contributions for each year.

NOTE 12. INSURANCE COVERAGE

The Commission obtains coverage through the Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, worker's compensation, group insurance and state unemployment. These coverage's are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Commission are covered by a blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence, by the State of New Mexico, for the period July 01, 2010 through June 30, 2011.

NOTE 13. CONTINGENCIES

Federal Grant Programs. The Commission participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Department has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable as of June 30, 2012, may be impaired.

In the opinion of the Department, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies. Expenditures disallowed and required to be repaid to the grantor agencies as a result of such audits, if any, would require an appropriation from the State General Fund.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 PROPRIETARY FUND 02400
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Other sales of services	\$ 336,600	336,600	365,767	29,167
Other revenue	-	-	19	19
Total revenues	<u>336,600</u>	<u>336,600</u>	<u>365,786</u>	<u>29,186</u>
Total budgeted revenues		<u>\$ 336,600</u>		
Expenditures				
Personnel services and benefits	312,800	312,800	294,959	17,841
Contractual services	13,000	13,000	13,000	-
Other	10,800	10,800	1,091	9,709
Total Expenditures	<u>\$ 336,600</u>	<u>336,600</u>	<u>309,050</u>	<u>27,550</u>
Excess revenue over expenditures			<u>56,736</u>	
Fixed asset adjustment				
Change in net assets - GAAP basis			<u>\$ 56,736</u>	

See Notes to Financial Statements.

Supplementary Information
for
[Title of the Article]
[Author Name]

Section	Content
Table S1	Table with 2 columns: Parameter, Value
Table S2	Table with 3 columns: Variable, Unit, Range
Table S3	Table with 4 columns: Method, Accuracy, Precision
Table S4	Table with 5 columns: Condition, Time, Temperature, Humidity
Table S5	Table with 6 columns: Sample ID, Date, Location, Species, Sex, Age

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS
 As of June 30, 2012

<u>Name of Depository</u>	<u>Account Name</u>	<u>SHARE Fund No.</u>	<u>Type of Account</u>	<u>Interest Bearing</u>	<u>Bank Balance at June 30, 2012</u>	<u>Reconciled Balance at June 30, 2012</u>
Governmental Fund Types						
General Fund						
New Mexico State Treasurer	Commission for the Blind	04700	State Treasury	No	\$ 217,119	217,119
Total Governmental Fund Types					\$ 217,119	217,119
Enterprise Fund Types						
Proprietary Funds						
New Mexico State Treasurer	Switchboard Operation	02400	State Treasury	No	\$ 12,414	12,414
Wells Fargo Bank	Business Enterprise Program	10460	Certificate of Deposits	Yes	63,714	63,714
Wells Fargo Bank	Set Aside Fund-BEP	10460	Checking	No	143,341	132,871
Wells Fargo Bank	FLETC	10460	Checking	No	60,522	60,522
Total Enterprise Fund Types					\$ 279,991	269,521
Total Commission Cash					\$ 497,110	486,640

See Notes to Financial Statements

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF OPERATING TRANSFERS
 For the Year Ended June 30, 2012

	SHARE FUND	TITLE	TRANSFER	
			IN	OUT
General Fund (04700)				
(1)	85300	Department of Finance and Administration	\$ 1,889,400	-
(2)	18100	State Personnel Department	-	571
(3)	21500	Department of Finance and Administration	150	-
(4)	06100	NM Department of Health	69,600	-
(5)	06100	NM Department of Health	-	173
			<u>\$ 1,959,150</u>	<u>744</u>

NOTES

- (1) General Fund Appropriation, HB2 Laws of 2010, Section 4, Section 10 shavings, and Op-Bud 2 reductions
The following transfers are included in revenues and expenditures:
- (2) Agency Collective Bargaining fee
- (3) EAP Refunds for FY11
- (4) MOU with Department of Health to provide assistive technology for children (FY12)
- (5) Return of remaining funds from FY11 MOU with Department of Health to provide assistive technology for children

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF JOINT POWERS AGREEMENTS/MEMORANDUMS OF UNDERSTANDING
June 30, 2012**

NM Department of Health

The Commission participates in a Memorandum of Understanding (MOU) with the NM Department of Health to provide blind and visually impaired children birth to 21 years of age who have no funding options, with assistive technology such as Closed Circuit Television systems, screen readers, screen enlargement software, Franklin Language Master, Talking Typer, Text Bridge, Perkins Braille writer, and Braille Note takers.

- Responsible Party: The Commission for the Blind
- Time period: July 1, 2010 to June 30, 2012
- Amount of Project: \$69,600
- The NM Department of Health contributed \$69,600 in the current fiscal year.
- Audit Responsibility: The Commission for the Blind
- Fiscal Agent: The Commission for the Blind
- Revenue and expenditures Reported: The Commission for the Blind

NM Department of Corrections

The Commission has a Memorandum of Understanding (MOU) with the Department of Corrections, Correction Industries Division (CID) to maximize and leverage available resources through the exchange of raw canvas material for finished office furniture. This MOU is carried out in accord with State Procurement Code Chapter 12-6-2, section B, subsection (2) which allows for negotiated sales and trades between state agencies.

- Responsible Party: The Commission for the Blind
- Time period: June 1, 2012 through Completion
- Amount of Project: \$50,000
- The Commission transferred possession and ownership of canvas material to CID. In exchange, CID has made available to the Commission office furniture and furniture transportation services.
- Audit Responsibility: The Commission for the Blind
- Fiscal Agent: The Commission for the Blind
- Revenue and expenditures Reported: The Commission for the Blind

SINGLE AUDIT INFORMATION

**STATE OF NEW MEXICO
 COMMISSIONS FOR THE BLIND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2012**

<u>Federal Grantor Program Title</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Vocational Rehabilitation-Cluster Basic Support Grant	84.126	H126A100046A	\$ 3,725,567
Independent Living Part C O/B - Cluster Independent Living Part C O/B	84.177	H177B100031B	285,698
Independent Living Part B	84.169	H169A100047B	179,534
Supported Employment	84.187	H187A100047A	49,543
Training Grant	84.265	H265A050060-09	<u>11,397</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 4,251,739</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Outstanding Loans and Subrecipients

The Commission does not receive non-cash assistance, have outstanding loans, nor provides federal awards to subrecipients.

**Report of Independent Auditors on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance With
*Government Auditing Standards***

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and proprietary fund budgetary comparison presented as supplementary information of the New Mexico Commission for the Blind (Commission), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the Commission, and the New Mexico State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, federal and pass through agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
December 10, 2012

**Report of Independent Auditors on Compliance with
Requirements That Could Have a Direct
and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133**

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

We have audited the New Mexico Commission for the Blind's (Commission) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2012. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Board of Commissioners
New Mexico Commission for the Blind
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, others within the Commission, and the New Mexico State Auditor, the New Mexico Department of Finance and Administration, the New Mexico State Legislature, and the federal awarding and passes through agencies and is not intended to be and should not be used by anyone other than those specific parties.

Mess Adams LLP

Albuquerque, New Mexico
December 10, 2012

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012**

None

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2012

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified
 Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes x no

Identification of major programs:

<u>CFDA Number(s)</u> 84.126	<u>Name of Federal Program or Cluster</u> Vocational Rehabilitation
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Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes x no

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2012**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
EXIT CONFERENCE
Year Ended June 30, 2012**

The exit conference was held December 10, 2012 and attended by the following individuals:

State of New Mexico Commission for the Blind

Arthur Schreiber	Board Chairman
Greg Trapp	Executive Director
Michael Stanton	Chief Financial Officer
John Fleisher	Director of Finance and Accounting
James Salas	Deputy Director, Vocational Rehabilitation
Virginia Murphy	Deputy Director, Independent Living

Moss Adams LLP

Larry Carmony	Assurance Partner
Jason W. Galloway	Assurance Senior Manager

The financial statements were prepared with the assistance of Moss Adams LLP.

