



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

FINANCIAL STATEMENTS

JUNE 30, 2013

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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

Official Roster

June 30, 2013

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

ORGANIZATION CHART

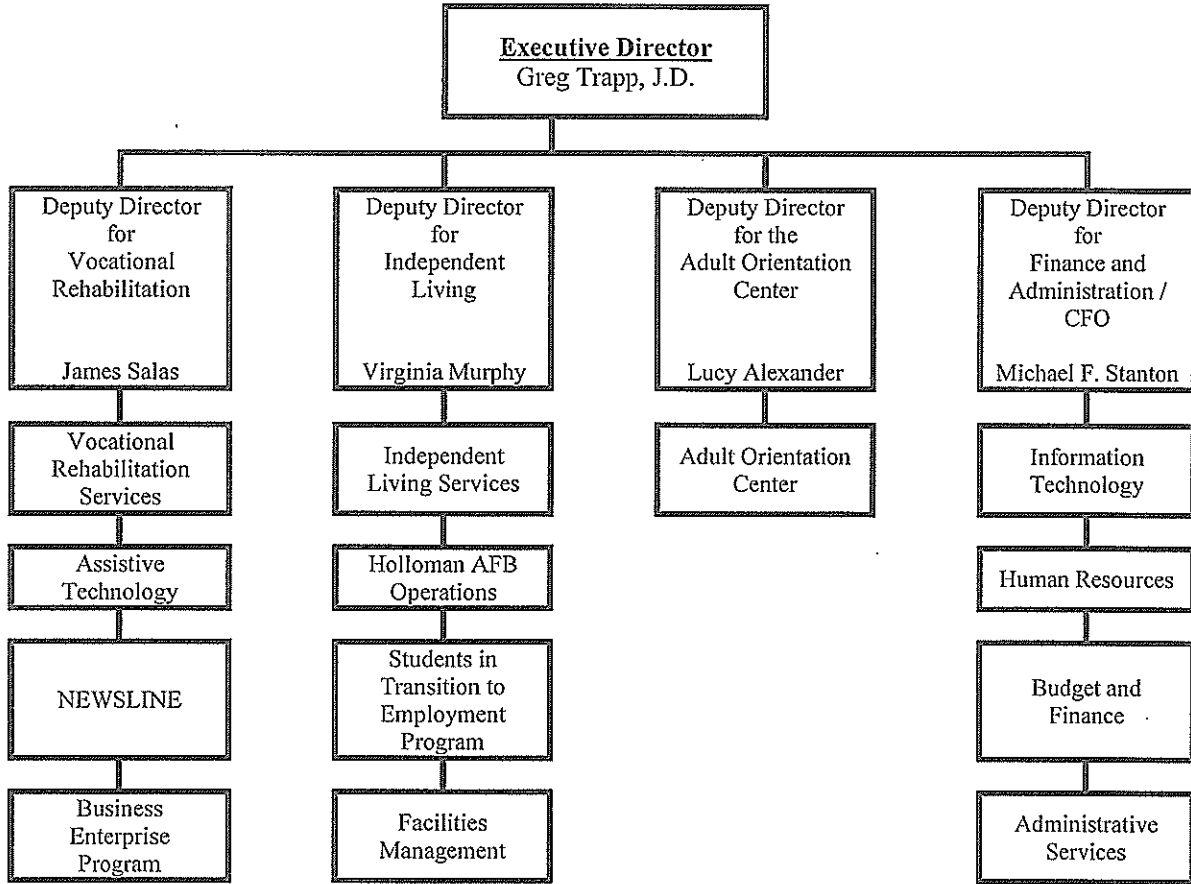
Governor Susana Martinez

Commissioners

Arthur A. Schreiber, Chairman

Helen Savoie

Dallas Allen



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

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

Las Vegas Field Office
2522B 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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund of New Mexico Commission for the Blind (the "Commission") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents. We also audited the budgetary comparisons for the Commission's proprietary fund presented as supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

Board of Commissioners
New Mexico Commission for the Blind
and
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New Mexico State Auditor

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective budgetary comparison for the proprietary fund of Commission as of June 30, 2013, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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, the 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

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New Mexico State Auditor

State of New Mexico as of June 30, 2013, and the changes in its financial position, budgetary comparison 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 19 be presented to supplement the basic financial statements. Such information, although not a 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of individual deposit accounts, schedule of operating transfers, and schedule of joint powers agreements/memorandums of understanding are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and schedule of individual deposit accounts, schedule of operating transfers, and schedule of joint powers agreements/memorandums of understanding is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such

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and
Mr. Hector H. Balderas,
New Mexico State Auditor

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 the schedule of individual deposit accounts, schedule of operating transfers, and schedule of joint powers agreements/memorandums of understanding is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013 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, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
November 27, 2013

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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.

• **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.

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- **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 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).

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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
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Financial Analysis of the Commission as a Whole

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

	Governmental Activities			Business-Type Activities			Total		
	2013	2012	% Change	2013	2012	% Change	2013	2012	% Change
ASSETS:									
Current and other assets	\$ 757,950	\$ 488,248	55.2%	\$ 648,252	\$ 529,594	22.4%	\$ 1,406,102	\$ 1,017,842	38.1%
Capital and non-current assets	1,135,871	802,447	41.6%	33,884	43,809	(9,925)	1,169,755	846,256	38.2%
Total assets	1,893,721	1,290,695	46.7%	682,136	573,403	108,733	2,575,857	1,864,098	38.2%
LIABILITIES:									
Current liabilities	735,958	465,329	58.2%	355,414	226,198	129,216	1,091,372	691,527	57.8%
Total Liabilities	735,958	465,329	58.2%	355,414	226,198	129,216	1,091,372	691,527	57.8%
NET POSITION									
Net investment in capital assets	1,135,871	802,447	41.6%	33,884	43,809	(9,925)	1,169,755	846,256	38.2%
Unrestricted	21,892	22,919	(4.5%)	-	18,830	(18,830)	21,892	41,749	(47.6%)
Restricted	-	-	0.0%	292,838	284,566	8,272	292,838	284,566	2.9%
Total Net Position	1,157,763	825,366	40.3%	326,722	347,205	(20,483)	1,484,485	1,172,571	26.6%
Total Liabilities and Net Position	\$ 1,893,721	\$ 1,290,695	46.7%	\$ 682,136	\$ 573,403	\$ 108,733	\$ 2,575,857	\$ 1,864,098	38.2%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Financial Analysis of the Commission as a Whole
The Commission's changes in Net Position for the fiscal year ending June 30 are as follows:**

	Governmental Activities			Business-Type Activities			Total		
	2013	2012	% Change	2013	2012	% Change	2013	2012	% Change
PROGRAM REVENUES									
Charge for service	\$ -	\$ -	0.0%	\$ 3,433,232	\$ 4,564,642	-24.8%	\$ 3,433,232	\$ 4,564,642	-24.8%
Operating grants and contributions	4,603,204	4,251,739	8.3%	-	-	0.0%	4,603,204	4,251,739	8.3%
Total Program Revenue	4,603,204	4,251,739	8.3%	3,433,232	4,564,642	-24.8%	8,036,436	8,816,381	-8.8%
GENERAL REVENUE									
Miscellaneous Revenue	119,794	132,718	-9.7%	5,478	70	7725.7%	125,272	132,788	-5.7%
Other financing sources	8,993	8,993	100.0%	(8,993)	-	0.0%	-	-	0.0%
Non-operating gifts and grants	2,911	1,272	128.9%	-	-	0.0%	2,911	1,272	128.9%
Transfers	2,030,300	1,889,400	7.5%	-	-	0.0%	2,030,300	1,889,400	7.5%
Total General Revenue	2,161,998	2,023,390	6.9%	(3,515)	70	-5121.4%	2,158,483	2,023,460	6.7%
Total Revenues	6,765,202	6,275,129	7.8%	3,429,717	4,564,712	-24.9%	10,194,919	10,839,841	-5.9%
EXPENSES									
Rehabilitation	6,333,824	5,886,770	7.6%	-	-	0.0%	6,333,824	5,886,770	7.6%
Contract Services	-	-	0.0%	3,433,551	4,434,754	-22.6%	3,433,551	4,434,754	-22.6%
Depreciation	98,981	98,981	0.0%	16,649	16,349	1.8%	115,630	115,330	0.3%
Total Expenses	6,432,805	5,985,751	7.5%	3,450,200	4,451,103	-22.5%	9,883,005	10,436,854	-5.3%
CHANGE IN NET POSITION	332,397	289,378	14.9%	(20,483)	113,609	-118.0%	311,914	402,987	-22.6%
NET POSITION, BEGINNING OF YEAR	825,366	535,988	54.0%	347,205	233,596	48.6%	1,172,571	769,584	52.4%
NET POSITION, END OF YEAR	\$ 1,157,763	\$ 825,366	40.3%	\$ 326,722	\$ 347,205	-5.9%	\$ 1,484,485	\$ 1,172,571	26.6%

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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SUMMARY OF CURRENT YEAR FINANCIAL ACTIVITIES

The Commission's overall activities resulted in an increase of net assets of \$311,914 or 26.6%. The primary cause of the increase relate to an increase in capital assets which was slightly offset by a reduction of net assets from business-type activities.

- Governmental activities expenses increased by \$447,054 or 7.6%. The increase from prior year expenditures was due primarily to capital asset purchases and also increased personnel costs from the prior year due to the Commission's vacancy rate for approved FTE's receding to normal levels in 2013.

Governmental activities revenues increased by \$481,080 or 7.6%. A majority portion of the overall increase was due to an increase in federal grant reimbursements related to increased eligible expenditures. The remaining increase was due to an increase of \$140,900 in annual state appropriation of general funds.

Governmental activities Fund Balance increased by \$25,629, or 16.83%, to \$177,868 which is non-reverting.

- This year's Business-Type activities include activities in two funds, fund 02400 – switchboard operations and fund 10460 - Business Enterprise Program ("BEP") Set-Aside fund. For fiscal year 2013, business-type operations relating to fund 02400 ended September 30, 2012 due to non-renewal of the federal contract relating to the provision of switchboard operations which partially contributed to the decrease in business-type revenues and expenditures for the fiscal year.

For business-type activities, expenses decreased by \$1,000,903 or 22.5% from the prior year, while revenues decreased by \$1,126,002 or 22.6%. The large majority of 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 \$874,482 resulting in a decrease in the Commission's contract administration fee of \$3,592.

Excluding the effect from pass-through activities, business-type activities expenses decreased by \$126,384 or 2.8% while revenues decreased by \$260,476 or 5.7%.

- Switchboard operations revenues decreased by \$276,687 or 75.65%. Expenses decreased by \$206,658 or 66.87%. The decreases in revenue and expenses are reflective of operations discontinuing after approximately one quarter of the fiscal year. The remaining fund balance of \$8,993 after operations of the switchboard ceased, has been transferred to fund 04700 the agency's governmental activities fund.
- BEP Set-Aside operations (excluding pass-through activity) revenues decreased by \$40,320 or 18.19% and expenses increased by \$368 or .2%. The decrease in revenues is primarily due to the collection of significant amounts past due fees in the previous year, which was a non-recurring event.

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Budget

The Commission was appropriated and budgeted \$2,030,300 in General Fund. In addition to these, \$5,261,500 in Federal Funds and \$408,900 in Other State Funds were also budgeted. There were two budget adjustment requests made and approved during this state fiscal year. An adjustment to increase the amount of total federal funds budgeted by \$384,050 and an adjustment of \$300,000 between expenses categories, with the Contracts category increasing by \$50,000 and Other Expenditures category increasing by \$250,000, while the Personnel Costs category decreased by \$300,000.

Capital Assets

During FY 2013, there were additions of \$447,503 to capital assets. With \$233,937 reflected as construction in process, \$148,836 relating to buildings and improvements, and \$64,730 relating to technology equipment. The large majority of capital asset additions relates to the renovations and remodeling of the Orientation Center.

Debt

The Commission carries no Long-term debt for the fiscal year-end 2013.

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 the 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.

The 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.

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- **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 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 students' 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.

- o **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.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

- **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 operated the switchboard at Holloman Air Force Base through September of 2012, at which time the operation was closed due to Pentagon cost-cutting measures. The switchboard operation employed approximately ten people of which a majority was blind. The operators routed incoming calls for the entire Base. The switchboard operation received excellent ratings on the quality of customer service that was 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 Newslines 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.

**STATE OF NEW MEXICO
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

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

**Blind New Mexicans Served
Fiscal Year 2012-2013**

Vocational Rehabilitation Program	375
Adult Orientation Center	16
Students in Transition to Employment Program	45
Assistive Technology deliveries or calls	1,924
Business Enterprise Program	31
Independent Living/Older Blind Program	568
Emergency Eye Care Program	53

STATE OF NEW MEXICO
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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:

- **Vocational Rehabilitation** – The Unit is responsible for administering and monitoring services provided through the Vocational Rehabilitation Services Program and administers the Business Enterprise Program. Units under this program include the Adult Orientation Center, the Assistive Technology Program, BEP, Newslite, 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 was 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.
- **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. 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.

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 POSITION
 June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	245,573	245,573
Interest in State General fund			
Investment pool	345,708	-	345,708
Loans receivable	-	9,566	9,566
Accounts receivable, net	5,774	46,273	52,047
Due from external parties	-	346,840	346,840
Due from the federal government	406,368	-	406,368
Total current assets	757,850	648,252	1,406,102
Non-current assets			
Capital assets, net	1,135,871	33,884	1,169,755
Total assets	\$ 1,893,721	682,136	2,575,857
LIABILITIES			
Current liabilities			
Accounts payable	498,168	355,414	853,582
Accrued payroll	81,814	-	81,814
Compensated absences	155,976	-	155,976
Total liabilities	735,958	355,414	1,091,372
Net position			
Net investment in capital assets	1,135,871	33,884	1,169,755
Unrestricted	21,892	-	21,892
Restricted	-	292,838	292,838
Total net position	1,157,763	326,722	1,484,485
TOTAL LIABILITIES AND NET POSITION	\$ 1,893,721	682,136	2,575,857

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2013

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Primary Government		Total
				Governmental Activities	Business-type Activities	
Governmental activities:						
General	\$ 6,432,805	-	4,603,204	(1,829,601)	-	(1,829,601)
Business-type activities:						
Switchboard	102,391	89,080	-	-	(13,311)	(13,311)
Business enterprise program	3,347,809	3,344,152	-	-	(3,657)	(3,657)
Total business-type activities	<u>3,450,200</u>	<u>3,433,232</u>	<u>-</u>	<u>-</u>	<u>(16,968)</u>	<u>(16,968)</u>
General revenues and (expenses):						
Transfer - State General Fund appropriations				\$ 2,030,300	-	2,030,300
Operating transfer				8,993	(8,993)	-
Miscellaneous revenue				119,794	5,478	125,272
Other gifts and grants				2,911	-	2,911
Total general revenues (expenses)				<u>2,161,998</u>	<u>(3,515)</u>	<u>2,158,483</u>
Other financing uses and sources						
Change in net position				332,397	(20,483)	311,914
Net position, beginning of year,				<u>825,366</u>	<u>347,205</u>	<u>1,172,571</u>
Net position, end of year				<u>\$ 1,157,763</u>	<u>326,722</u>	<u>1,484,485</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2013

	<u>General Fund</u>
Assets	
Interest in State General Fund Investment Pool	\$ 345,708
Due from federal government	406,368
Accounts Receivable	<u>5,774</u>
Total Assets	<u>\$ 757,850</u>
Liabilities	
Accounts payable	498,168
Accrued payroll	<u>81,814</u>
Total Liabilities	<u>579,982</u>
Fund Balance	
Unassigned	<u>177,868</u>
Total Fund Balance	<u>177,868</u>
Total Liabilities and Fund Balance	<u>\$ 757,850</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 RECONCILIATION OF THE BALANCE SHEET
 TO THE STATEMENT OF NET POSITION -
 GOVERNMENTAL FUNDS
 June 30, 2013

Total fund balance for the governmental funds (Balance Sheet)		\$	177,868
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	2,796,410		
Accumulated depreciation	<u>(1,660,539)</u>		
			1,135,871
Long-term liabilities, including compensated absences payable, are not due and payable in the current period; therefore, are not reported in the funds.			<u>(155,976)</u>
Net position of governmental activities (Statement of Net Position)		\$	<u>1,157,763</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, 2013

	<u>General Fund</u>
Revenues	
Other gifts and grants	\$ 2,911
Federal grants	4,603,204
Miscellaneous revenue	<u>119,794</u>
Total revenues	<u>4,725,909</u>
Expenditures	
General government:	
Personnel services and benefits	3,804,808
Contract services	87,562
Other costs	939,380
Care and support	1,460,320
Capital outlay	<u>447,503</u>
Total expenditures	<u>6,739,573</u>
Excess (deficiency) of revenues over expenditures	(2,013,664)
Other Financing Sources (Uses)	
Transfer in - State General Fund appropriation	2,030,300
Transfer in - switchboard operations	<u>8,993</u>
	2,039,293
Net change in fund balance	25,629
Fund Balance at Beginning of Year	<u>152,239</u>
Fund Balance at End of Year	<u>\$ 177,868</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, 2013

Net change in Fund Balance - Total Governmental Funds \$ 25,629
 (Statement of Revenues, Expenditures, and Changes in Fund Balance)

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	447,503	
Depreciation expense	<u>(114,079)</u>	333,424

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>(26,656)</u>
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Change in net position of governmental activities (Statement of Activities)		<u><u>\$ 332,397</u></u>
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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, 2013

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal grants	\$ 5,261,500	5,645,550	4,603,204	(1,042,346)
Other gifts & grants	1,200	1,200	2,911	1,711
Miscellaneous revenues	71,000	71,000	119,794	48,794
State General Fund appropriation	2,030,300	2,030,300	2,030,300	-
Total revenues	<u>7,364,000</u>	<u>7,748,050</u>	<u>6,756,209</u>	<u>(991,841)</u>
Expenditures				
Personnel services and benefits	4,419,500	4,119,500	3,804,808	314,692
Contractual services	184,800	234,800	87,562	147,238
Other	2,759,700	3,393,750	2,847,203	546,547
Total expenditures	<u>\$ 7,364,000</u>	<u>7,748,050</u>	<u>6,739,573</u>	<u>1,008,477</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>16,636</u>	<u>16,636</u>
Other financing sources (uses)				
Transfer - switchboard operations	<u>-</u>	<u>-</u>	<u>8,993</u>	<u>8,993</u>
Total other financing sources (uses)				
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>25,629</u>	<u>25,629</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF NET POSITION -
 PROPRIETARY FUNDS
 June 30, 2013

	<u>Switchboard Operation</u>	<u>Business Enterprise Program</u>	<u>Total Proprietary Funds</u>
Assets			
Current Assets			
Cash	\$ -	245,573	245,573
Loans receivable	-	9,566	9,566
Accounts receivable, net	-	46,273	46,273
Due from external parties	-	346,840	346,840
Total current assets	-	648,252	648,252
Non-Current Assets			
Capital assets, net	-	33,884	33,884
Total assets	\$ -	682,136	682,136
Liabilities and net assets			
Current Liabilities			
Accounts payable	\$ -	355,414	355,414
Total Current Liabilities	-	355,414	355,414
Net position			
Net investment in capital assets	-	33,884	33,884
Restricted	-	292,838	292,838
Total net position	-	326,722	326,722
Total liabilities and net position	\$ -	682,136	682,136

See Notes to Financial Statements.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN NET POSITION - PROPRIETARY FUNDS
 For the Year Ended June 30, 2013

	Switchboard Operations	Business Enterprise Program	Total Proprietary Funds
Operating revenues			
Sales of services	\$ 89,080	3,115,949	3,205,029
Fees and commissions	-	228,203	228,203
Total operating revenues	<u>89,080</u>	<u>3,344,152</u>	<u>3,433,232</u>
Operating expenses			
Personnel services and benefits	98,508	-	98,508
Contractual services	3,474	3,150,363	3,153,837
Other costs	409	180,797	181,206
Depreciation expense	-	16,649	16,649
Total operating expenses	<u>102,391</u>	<u>3,347,809</u>	<u>3,450,200</u>
Operating loss	(13,311)	(3,657)	(16,968)
Nonoperating revenues (expenses)			
Miscellaneous revenue	3,474	2,042	5,516
Transfer - general fund	(8,993)	-	(8,993)
Interest income	-	(38)	(38)
Total other financing sources (uses)	<u>(5,519)</u>	<u>2,004</u>	<u>(3,515)</u>
Change in net position	(18,830)	(1,653)	(20,483)
Beginning net position	<u>18,830</u>	<u>328,375</u>	<u>347,205</u>
Ending net position	<u>\$ -</u>	<u>\$ 326,722</u>	<u>\$ 326,722</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, 2013

	<u>Switchboard Operations</u>
Cash flows from operating activities	
Receipts from customers	\$ 118,774
Payments to suppliers	(5,539)
Payments to employees	<u>(120,130)</u>
Net cash used by operating activities	<u>(6,895)</u>
Cash flows from noncapital activities	
Transfer to the general fund	(8,993)
Miscellaneous revenue	<u>3,474</u>
Net cash used by noncapital activities	<u>(5,519)</u>
Net decrease in cash and cash equivalents	
(Investment in State General Fund Investment Pool)	(12,414)
Balance, beginning of year	<u>12,414</u>
Balance, end of year	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (13,311)
Change in assets and liabilities	
Accounts payable	(1,656)
Due from external parties	29,694
Accrued payroll	(10,199)
Compensated absences	<u>(11,423)</u>
Net cash provided by operating activities	<u><u>\$ (6,895)</u></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, 2013

	<u>Business Enterprise Program</u>
Cash flows from operating activities	
Receipts from customers	\$ 3,171,852
Payments to suppliers	<u>(3,178,666)</u>
Net cash used by operating activities	<u>(6,814)</u>
Cash flows from noncapital activities	
Miscellaneous reimbursement	<u>2,042</u>
Net cash provided by noncapital activities	<u>2,042</u>
Cash flows from capital activities	
Acquisition of capital assets	<u>(6,724)</u>
Net cash used by capital activities	<u>(6,724)</u>
Cash flows from investing activities	
Interest income	<u>(38)</u>
Net cash used by investing activities	<u>(38)</u>
Net decrease in cash and cash equivalents	(11,534)
Balance, beginning of year	<u>257,107</u>
Balance, end of year	<u>\$ 245,573</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (3,657)
Adjustment to reconcile operating income to net cash used by operating activities:	
Depreciation expense	16,649
Change in assets and liabilities	
Loans receivables	(9,373)
Accounts receivable	(14,447)
Due from external parties	(148,480)
Accounts payable	<u>152,494</u>
Net cash used in operating activities	<u>\$ (6,814)</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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 States 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 position 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, 2013

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 2012), 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 2013 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, 2013

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 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 02400, 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, 2013

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, 2013

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, 2013**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Commission is required to submit a budget report for the General Fund and Enterprise Fund 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.

New Accounting Pronouncements.

Effective July 1, 2012, the Commission adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position. This statement had minimal impact on the Commission's financial statements or related accounting and financial reporting. The primary effects of implementing this statement was to change all previous references from "net assets" to "net position," change the line item for "invested in capital assets, net of related debt" to "net investment in capital assets," and to classify certain assets and liabilities as "deferred inflows" and "deferred outflows." At June 30, 2013, the Commission had no items meeting the criteria of "deferred inflows" or "deferred outflows."

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, is required to be implemented effective July 1, 2013, and thus will be adopted by the Commission next fiscal year. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Management is currently evaluating the impact of this standard on the Commission's financial statements.

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, 2013.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4. CASH AND GENERAL FUND INVESTMENT POOL

The funds allotted to the Commission are held by the New Mexico State Treasurer and pooled with the State 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, 2013 is presented in the financial statements as other supplementary information.

Pledged Collateral by Banks. All funds on deposit with banking institutions were fully covered by FDIC insurance at June 30, 2013.

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4. CASH AND GENERAL FUND INVESTMENT POOL (CONTINUED)

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

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. Through the design and implementation of procedures noted above, the Commission has determined there has been no material impact to its interest in the State General Fund Investment Pool.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 5. CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2013 is as follows:

Governmental Activities:

	June 30, 2012	Additions	Retirements/ Transfers	June 30, 2013
Non-depreciable assets				
Land	\$ 55,676	-	-	55,676
Construction in progress	-	233,937	-	233,937
Depreciable assets				
Buildings and improv.	1,417,854	148,836	-	1,566,690
Machinery and equip.	875,377	64,730	-	940,107
	<u>2,348,907</u>	<u>447,503</u>	<u>-</u>	<u>2,796,410</u>
Accumulated depreciation				
Buildings and improve.	(789,100)	(61,102)	-	(850,202)
Machinery and equip.	(757,360)	(52,977)	-	(810,337)
	<u>(1,546,460)</u>	<u>(114,079)</u>	<u>-</u>	<u>(1,660,539)</u>
Total capital assets, net	\$ <u>802,447</u>	<u>333,424</u>	<u>-</u>	<u>1,135,871</u>

Current year depreciation allocated to general governmental activities is \$114,079.

Business-Type Activities:

	June 30, 2012	Additions	Deletions	June 30, 2013
Depreciable assets				
Buildings and improv.	\$ 33,093	-	-	33,093
Machinery and equip.	50,944	6,724	-	57,668
Aircraft, autos and trucks	19,500	-	-	19,500
	<u>103,537</u>	<u>6,724</u>	<u>-</u>	<u>110,261</u>
Accumulated depreciation				
Buildings and improve.	(10,479)	(3,310)	-	(13,789)
Machinery and equip.	(32,341)	(10,747)	-	(43,088)
Aircraft, autos and trucks	(16,908)	(2,592)	-	(19,500)
	<u>(59,728)</u>	<u>(16,649)</u>	<u>-</u>	<u>(76,377)</u>
Total capital assets, net	\$ <u>43,809</u>	<u>(9,925)</u>	<u>-</u>	<u>33,884</u>

There is no debt related to capital assets. Current year depreciation related to business-type activities is \$16,649.

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE 6. COMPENSATED ABSENCES PAYABLE

Compensated absences for the year ended June 30, 2013 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	\$ 129,320	214,808	188,152	155,976	155,976
Total long-term liabilities	\$ 129,320	214,808	188,152	155,976	155,976
Business-Type Activities					
Compensated absences payable	\$ 11,423	3,970	15,393	-	-
Total long-term liabilities	\$ 11,423	3,970	15,393	-	-

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 7. 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, 2013 amounted to \$233,301.

Annual future minimum lease payments are as follows:

2014	\$ 220,317
2015	116,688
2016	114,039
2017	111,759
2018	112,128
Thereafter	634,935
	<u>\$ 1,309,866</u>

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 8. 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 is 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 9. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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, 2013, 2012 and 2011 were \$402,605, \$370,957, and \$447,146, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 10. POST-EMPLOYMENT BENEFITS — STATE RETIREE HEALTH CARE PLAN

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, 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.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

**NOTE 10. POST-EMPLOYMENT BENEFITS — STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

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 employer, employee and retiree contributions are required to be remitted to the RHCA on monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

**NOTE 10. POST-EMPLOYMENT BENEFITS — STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Commission's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$53,358, \$50,658 and \$49,019, respectively, which equal the required contributions for each year.

NOTE 11. 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, 2021 through June 30, 2013.

NOTE 12. 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, 2013, 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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Other sales of services	\$ 336,700	336,700	89,080	(247,620)
Other revenue	-	-	3,474	3,474
Total revenues	<u>336,700</u>	<u>336,700</u>	<u>92,554</u>	<u>(244,146)</u>
Total budgeted revenues		<u>\$ 336,700</u>		
Expenditures				
Personnel services and benefits	312,900	312,900	98,508	214,392
Contractual services	13,000	13,000	3,474	9,526
Other	10,800	10,800	409	10,391
Total Expenditures	<u>\$ 336,700</u>	<u>336,700</u>	<u>102,391</u>	<u>234,309</u>
Excess (deficiency) of revenues over expenditures	-	-	(9,837)	(9,837)
Other financing sources (uses)				
Other financing uses	-	-	(8,993)	(8,993)
Total other financing sources (uses)				
Change in net assets - GAAP basis	<u>\$ -</u>	<u>-</u>	<u>(18,830)</u>	<u>(18,830)</u>

See Notes to Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS
 As of June 30, 2013

<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, 2013</u>	<u>Reconciled Balance at June 30, 2013</u>
Governmental Fund Types						
General Fund						
New Mexico State Treasurer	Commission for the Blind	04700	State Treasury	No	\$ 345,708	345,708
Total Governmental Fund Types					<u>\$ 345,708</u>	<u>345,708</u>
Enterprise Fund Types						
Proprietary Funds						
New Mexico State Treasurer	Switchboard Operation	02400	State Treasury	No	\$ -	-
Wells Fargo Bank	Business Enterprise Program	10460	Checking	No	145,568	141,401
Wells Fargo Bank	FLETC	10460	Checking	No	104,172	104,172
Total Enterprise Fund Types					<u>\$ 249,740</u>	<u>245,573</u>
Total Commission Cash					<u>\$ 595,448</u>	<u>591,281</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF OPERATING TRANSFERS
 For the Year Ended June 30, 2013

	SHARE FUND	TITLE	TRANSFER	
			IN	OUT
General Fund (04700)				
(1)	85300	Department of Finance and Administration	\$ 2,030,300	-
(2)	18100	State Personnel Department	-	239
(3)	21500	Department of Finance and Administration	1,643	-
(4)	02400	Commission for the Blind	8,993	-
(5)	06100	Department of Health	69,600	-
			<u>\$ 2,110,536</u>	<u>239</u>
Switchboard Operations (02400)				
(4)	04700	Commission for the Blind	\$ -	8,993
			<u>\$ -</u>	<u>\$ 8,993</u>

NOTES

- (1) General Fund Appropriation, HB2 Laws of 2012
The following transfers are included in revenues and expenditures:
- (2) Agency Collective Bargaining fee
- (3) Return of amount of over withholding for employee retirement contributions
- (4) Closeout of Switchboard Operations
- (5) MOU with Department of Health to provide assistive technology for children (FY13)

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF JOINT POWERS AGREEMENTS/MEMORANDUMS OF UNDERSTANDING
June 30, 2013**

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, 2012 to June 30, 2013
- 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

University of New Mexico

The Commission has a Memorandum of Understanding (MOU) with the Regents of the University of New Mexico, for its public operation known as the Health Sciences Center (UNMHSC). UNMHSC is to coordinate and operate the Emergency Medical Eye Care Program.

- Responsible Party: UNMHSC
- Time period: July 1, 2012 through June 30, 2013
- Amount of Project: Not to exceed \$200,000
- The Commission for the Blind contributed \$166,843 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

SINGLE AUDIT INFORMATION

STATE OF NEW MEXICO
 COMMISSIONS FOR THE BLIND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2013

Federal Grantor Program Title	CFDA Number	Grantor's Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Rehabilitation Services - Vocational Rehabilitation Grants to the States	84.126	H126A100046A	\$ 4,046,755
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	H177B100031B	205,986
Independent Living - Part B Grants	84.169	H169A100047B	271,455
Supported Employment Services for individuals with the Most Significant Disabilities	84.187	H187A100047A	62,715
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	H265A050060-09	<u>16,292</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 4,603,203</u>

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Commission under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Commission.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3. 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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund, of New Mexico Commission for the Blind (the "Commission") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Commission's basic financial statements and the budgetary comparisons for the Commission's proprietary fund presented as supplementary information, and have issued our report thereon dated November 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-01.

Commission's Response to Findings

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mess Adams LLP

Albuquerque, New Mexico
November 27, 2013

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited New Mexico Commission for the Blind's (the "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 the Commission's major federal program for the year ended June 30, 2013. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

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

Opinion on the Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mess Adams LLP

Albuquerque, New Mexico
November 27, 2013

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013**

None

STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2013

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of Major Program

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2013**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

As required by the New Mexico Administrative Code (NMAC) and included in the New Mexico State Audit Rule, section 2.2.2.10 I. (1)(b) and the New Mexico Statutes Annotated (NMSA) Section 12-6-5 NMSA 1978, "each report shall set out in detail, in a separate section, any violation of law or good accounting practices found by the audit. The following finding meets this criteria:

2013-01 Quality control process enhancement for participant eligibility (Non-compliance in accordance with the New Mexico State Audit Rule)

CONDITION

In performing our eligibility testwork for the vocational rehabilitation program we noted the Commission was not following its formal internal review process or other monitoring of the authorization of eligibility determinations made by vocational rehabilitation counselors at the decentralized locations. The Commission's internal review process calls for completion of the "Case Review Questionnaires" which were not being completed during the period under audit.

CRITERIA

Sound internal control practices calls for adequate procedures to review and ensure accuracy of eligibility determinations and requirements for vocational rehabilitation programs.

EFFECT

There is an increased risk that eligibility determinations may not be accurate.

CAUSE

The Commission has used the internal case file review process in the past, but due to staff shortages did not follow the process during the period under audit.

RECOMMENDATION

We recommend the Commission return to completing their "Case Review Questionnaires" to enhance their controls over eligibility.

MANAGEMENT RESPONSE

The Commission was not able to perform its normal internal case audit process during the fiscal year due to an unexpected, prolonged vacancy of key staff positions that are responsible for completing this process. Although the necessary resources to complete this process were not available to the agency, other quality control processes to minimize the risk mentioned in the "Effect" section above, such as mentoring/training for newer counselors, remained in place. The Commission agrees with the recommendation for this finding and expects to resume our internal case review process during the current fiscal year.

C. FINDINGS - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
EXIT CONFERENCE
Year Ended June 30, 2013**

The exit conference was held November 18, 2013 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

Jason W. Galloway	Assurance Senior Manager
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The financial statements were prepared with the assistance of Moss Adams LLP.