

**State of New Mexico  
Governor's Commission on Disability**

**Financial Statements**

**With Independent Auditor's Report Thereon**

**June 30, 2011**

**STATE OF NEW MEXICO**  
**GOVERNOR'S COMMISSION ON DISABILITY**  
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**June 30, 2011**

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**STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Official Roster  
June 30, 2011**

**Commission Members**

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Anthony Cahill	Chair
Cory Valencia	Vice-Chair
Doris Cherry	Member
James Hay	Member
Gilbert John	Member
Richard Kaminski	Member
Nadine C. Maes	Member
Nannie Sanchez	Member
Greg Trapp	Member
Dorian Dodson	Statutory Member
Celina Bussey	Statutory Member
Katie Falls	Statutory Member
Retta Ward	Statutory Member
Catherine Torres	Statutory Member
Ralph Vigil	Statutory Member

**Administrative Officials**

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Jim Parker	Director
John Block, III	Deputy Director
Frank Romero, Jr.	Chief Financial Officer



## INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas  
New Mexico State Auditor

and

To the Members of  
State of New Mexico  
Governor's Commission on Disability  
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the State of New Mexico Governor's Commission On Disability (Commission), as of and for the year ended June 30, 2011 which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

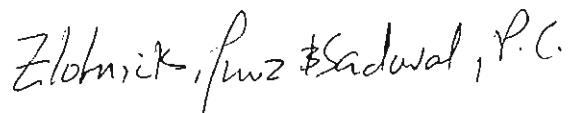
As discussed in Note 1, the financial statements of the Commission are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Commission. They do not purport to, and do not, present fairly the financial position of the entire state of New Mexico as of June 30, 2011 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Commission as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2011 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provision 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Commission has not presented the Management's Discussion and Analysis for the year ended June 30, 2011 which is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The additional schedules listed under "Supplementary Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



Zlotnick, Law & Sandoval, P.C.

November 14, 2011

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
STATEMENT OF NET ASSETS  
June 30, 2011

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Investment in the State Treasurer General Fund Investment Pool	\$ 630,896
Due from other agencies	28,233
Capital assets, net	6,930
<b>TOTAL ASSETS</b>	<b>\$ 666,059</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 176,233
Accrued payroll payable	20,025
Compensated absences payable:	
Due within one year	28,038
Due after one year	10,043
<b>TOTAL LIABILITIES</b>	<b>234,339</b>
<b>NET ASSETS</b>	
Invested in capital assets	6,930
Unrestricted	424,790
<b>TOTAL NET ASSETS</b>	<b>431,720</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 666,059</b>

*The accompanying notes are an integral part of the financial statements.*

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2011

**EXPENSES**

General government:

Personal services and employee benefits	\$ 643,260
Contractual services	343,274
Other costs	91,585
Depreciation	<u>6,930</u>

<b>TOTAL EXPENSES</b>	<u>1,085,049</u>
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**PROGRAM REVENUE**

Charges for services	<u>97,322</u>
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<b>TOTAL PROGRAM REVENUE</b>	<u>97,322</u>
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<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>(987,727)</u>
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**GENERAL REVENUES AND TRANSFERS**

State general fund appropriation	<u>1,084,400</u>
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<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>	<u>1,084,400</u>
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<b>CHANGE IN NET ASSETS</b>	96,673
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<b>RESTATEMENT OF NET ASSETS (Note 11)</b>	(32,589)
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<b>NET ASSETS, BEGINNING</b>	<u>367,636</u>
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<b>NET ASSETS, ENDING</b>	<u><u>\$ 431,720</u></u>
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*The accompanying notes are an integral part of the financial statements.*

**STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2011**

	<u>General Fund</u>
<b>ASSETS</b>	
Current Assets:	
Investment in State GF Investment Pool	\$ 630,896
Due from other agencies	<u>28,233</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 659,129</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 176,233
Accrued payroll	<u>20,025</u>
<b>TOTAL LIABILITIES</b>	<u>196,258</u>
<b>FUND BALANCES</b>	
Committed (Note 10)	150,000
Assigned (Note 10)	100,000
Unassigned	<u>212,871</u>
<b>TOTAL FUND BALANCE</b>	<u>462,871</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 659,129</u></u>
 <b>Amounts reported in the Statement of Net Assets differ because:</b>	
Total fund balances	\$ 462,871
Capital assets reported in governmental activities are not financial resources and, therefore, are not reported in the governmental funds statement	6,930
Compensated absences accrued in the government-wide financial statements are excluded from the governmental funds statement	<u>(38,081)</u>
Net assets per Statement of Net Assets	<u><u>\$ 431,720</u></u>

*The accompanying notes are an integral part of the financial statements.*



STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND  
For the year ended June 30, 2011

	<u>General Fund</u>
<b>REVENUES</b>	
Charges for services	\$ 97,322
<b>TOTAL REVENUES</b>	<u>97,322</u>
<b>EXPENDITURES</b>	
General government:	
Current:	
Personal services and employee benefits	643,260
Contractual services	343,274
Other costs	<u>92,973</u>
<b>TOTAL EXPENDITURES</b>	<u>1,079,507</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(982,185)</u>
<b>OTHER FINANCING RESOURCES (USES):</b>	
State general fund appropriation	<u>1,084,400</u>
<b>TOTAL OTHER FINANCING RESOURCES (USES):</b>	<u>1,084,400</u>
<b>NET CHANGE IN FUND BALANCE</b>	102,215
<b>RESTATEMENT OF FUND BALANCE (Note 11)</b>	(32,589)
<b>FUND BALANCE, BEGINNING</b>	<u>393,245</u>
<b>FUND BALANCE ENDING</b>	<u><u>\$ 462,871</u></u>
 <b>Amounts reported in the Statement of Activities are different because:</b>	
Net change in fund balance	\$ 102,215
Net change in current and long-term portions of compensated absences	1,388
Excess depreciation over capital outlay expenditures	<u>(6,930)</u>
Changes in net assets of governmental activities	<u><u>\$ 96,673</u></u>

*The accompanying notes are an integral part of the financial statements.*

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
For the year ended June 30, 2011

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
State general fund appropriation	\$ 1,084,400	1,084,400	\$ 1,084,400	-
Charges for services	58,500	89,500	97,322	7,822
<b>TOTAL REVENUES</b>	<b>1,142,900</b>	<b>1,173,900</b>	<b>\$ 1,181,722</b>	<b>7,822</b>
Fund Balance	\$ 393,245	393,245		
<b>TOTAL RESOURCES</b>	<b>\$ 1,536,145</b>	<b>1,567,145</b>		
<b>EXPENDITURES</b>				
General government:				
Current:				
Personal services and employee benefits	\$ 715,500	647,500	\$ 643,260	4,240
Contractual services	297,700	413,700	343,274	70,426
Other costs	129,700	112,700	92,973	19,727
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,142,900</b>	<b>1,173,900</b>	<b>\$ 1,079,507</b>	<b>94,393</b>

*The accompanying notes are an integral part of the financial statements.*

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Notes to the Financial Statements  
June 30, 2011

1. Summary of Significant Accounting Policies

**A. Nature of the Entity**

The State of New Mexico, Governor's Commission on Disability (Commission) was created by Laws of 1978, Chapter 33 (Section 28-10-1 to 28-10-7, NMSA 1978, "the act"). The Commission consists of fifteen members, nine of whom shall be appointed by the governor. The six remaining members shall be the director of the Vocational Rehabilitation Division of the Public Education Department, the Department of Workforce Solutions or designee, the Director of the Behavioral Health Services Division of the Department of Health, the Secretary of Children, Youth and Families or designee, the Secretary of the State of New Mexico Aging and Long-Term Services Department or designee and the Human Services Department or designee. The Commission shall establish and maintain a comprehensive statewide program designated to encourage and promote attention to the concerns of the training and employment of individuals with disabilities in New Mexico.

The mission of the Commission is to ensure that all people, regardless of disability, can participate fully in mainstream society. The Commission accomplishes this mission by addressing barriers physical, programmatic and attitudinal that may keep a person with a disability from enjoying what society has to offer.

The Commission appoints the Director who has decision-making authority, has the power to manage the activities of the Commission and has primary responsibility for accountability in all fiscal matters.

**B. Reporting Entity**

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Commission applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

The Commission is a component unit of the primary government, the State of New Mexico. The Commission has no component units. These financial statements present the financial position and results of operation of only those Statewide Human Resources, Accounting and Management Reporting System (SHARE) funds over which the Commission has oversight responsibility. The Commission has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The Commission is a user organization of the SHARE accounting system. The service organization is the Department of Finance and Administration (DFA).

**STATE OF NEW MEXICO**  
**GOVERNOR'S COMMISSION ON DISABILITY**  
**Notes to the Financial Statements**  
**June 30, 2011**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Basic Financial Statements**

In accordance with GASB Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements, the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities. The Commission does not have any fiduciary activities. The Commission does not have any business-type activities; therefore, only governmental activities are shown. Governmental activities are normally supported by taxes and intergovernmental revenues.

The fund financial statements, the balance sheet and the statement of revenues, expenditures and changes in fund balances, are presented to report additional and detailed information about the Commission. The general fund (SHARE fund #03800) is the Commission's operating fund and includes all financial transactions conducted to fulfill its general government function. It accounts for all financial resources of the Commission.

Measurement focus, basis of accounting and financial statement presentation basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and 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. Capital assets are reported at historical cost and depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities.

The government-wide Statement of Activities demonstrates the direct expenses of the single function (general government) of the Commission which is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. The Commission has no indirect expenses and, therefore, indirect expenses are not required to be allocated to functions in the Statement of Activities. Program revenues include charges for services provided by a particular function or program. Other revenues not identifiable with a particular function or program are included as general revenue. The general revenues support the net costs of the function or program not covered by program revenues.

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Notes to the Financial Statements  
June 30, 2011

1. Summary of Significant Accounting Policies (Continued)

C. **Basic Financial Statements (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included on the balance sheet. The reported fund balance is considered a measure of available spendable resources.

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Revenues are recognized as soon as they are both measurable and available. Revenues are available if collectible within the current period or soon enough afterwards to pay liabilities of the current period. The Commission considers revenues to be available if collected within sixty days of the end of the fiscal year. Expenditures are recorded when a liability is incurred, as under accrual accounting. The Commission does not have any debt service expenditures. The current portion of the compensated absences liability is not included in the fund financial statements because the State of New Mexico does not budget for any compensated absences in the current year.

D. **Capital Assets**

Capital assets of the Commission include furniture and fixtures, and equipment. The Commission does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978 was amended effective June 19, 2005, changing the capitalization threshold to \$5,000. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The Commission does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the capital assets. Capital assets of the Commission are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and equipment	3
Vehicles	5
Furniture and fixtures	7

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Notes to the Financial Statements  
June 30, 2011

1. Summary of Significant Accounting Policies (Continued)

**E. Accrued Compensated Absences**

Annual leave and other compensated absences with similar characteristics are accrued as a liability as benefits are earned by employees if: the employees' right to receive compensation is attributable to services already rendered; and it is probable that the employer will compensate employees for benefits through paid time off or some other means, such as cash payments at termination or retirement.

Employees accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours of annual leave may be carried forward after the pay period beginning in December and ending in January. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours.

Employees accumulate sick leave at a rate of 3.69 hours per pay period. There is no limit to the amount of sick leave that an employee may accumulate. State agencies are allowed to pay fifty percent of each employee hourly rate for accumulated sick leave over 600 hours, up to 120 hours. Payment may be made only once per fiscal year at a specified pay period in either January or July. Additionally, upon retirement, those employees with over 600 hours of accumulated sick leave, have the option to convert 400 hours of such leave to cash at one half of their hourly rate.

Fair Labor Standards Act (FLSA) states that nonexempt employees accumulate compensation time at a rate of 1.5 times the number of hours worked, in excess of forty hours per week, based on their regular hourly rate. Exempt and classified employees who are FLSA exempt accumulate compensation time at the same rate as the number of hours worked. Overtime must be preapproved by management. Payment of this liability can be made by compensated leave time or cash payment. At June 30<sup>th</sup>, there was no compensation time owed to any employees.

In accordance with GASB 16, accrued compensated absences consist of accumulated annual leave, sick leave between 600 and 720 hours, compensatory leave for employees, including the related employers' matching FICA and Medicare payroll taxes.

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Notes to the Financial Statements  
June 30, 2011

**F. Net Assets**

In the government-wide financial statements, net assets consist of three components:

- a) Invested in capital assets, net of related debt
- b) Restricted net assets
- c) Unrestricted net assets

The Commission has no debt related to capital assets; therefore, net assets invested in capital assets equal the capital assets, net of related accumulated depreciation. The Commission's financial statement does not show any net assets restricted because it does not have any resources remaining in the net assets that were received or earned with the explicit understanding between the Commission and the resource provider (grantor, contributor, other government, or enabling legislation) that the funds would be used for a specific purpose. Therefore, all remaining net assets that are not related to capital assets are shown as unrestricted.

The Commission's policy for when an expense is incurred for purposes for which both restricted and unrestricted assets are available is to utilize the restricted assets first. No such expenses occurred during the year ended June 30, 2011.

**G. Fund Equity**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commission. These amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Notes to the Financial Statements  
June 30, 2011

**G. Fund Equity (continued)**

Assigned: This classification includes amounts that are constrained by the Commission's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commission or through the Commission delegating this responsibility to the Commission director through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund, or, in other words, all amounts not included in other spendable classifications.

The Commission would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**H. Reversions**

Reversions to the State of New Mexico General Fund by the Commission are based on the definitions of reverting funds. The General Fund of the Commission is not a reverting fund by statute (Section 28-10-5 (c) NMSA 1978). However, balances left on special or supplemental appropriations are reverted when the special or supplemental appropriation lapses.

**I. 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 and disclosure. Accordingly, actual results could differ from those estimates.

**J. Budget and Budgetary Accounting**

The Commission prepares and submits an annual budget for the General Fund to the Department of Finance and Administration (DFA) for approval based upon the appropriations made by the State Legislature. This budget must be submitted by September 1 for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them and is approved by the Legislature of the State of New Mexico. Subsequent amendments affecting a category must be approved by the Director of the State Budget Division of DFA.

Budgets are controlled at the "appropriation unit" level. Appropriations lapse at the end of the fiscal year except for those goods and services provided to the Commission by June 30<sup>th</sup>. The accounting records are held open for approximately one additional month per DFA directive, in order to record the transactions in the fiscal year ended June 30<sup>th</sup>.



STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Notes to the Financial Statements  
June 30, 2011

**J. Budget and Budgetary Accounting**

The budget is adopted on the modified accrual basis 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 must be paid out of the next year's budget.

In accordance with the requirements of Section 2.2.2 10.A(2)(b) of 2.2.2 NMAC Requirements for Contracting and Conducting Audits of Agencies and the allowance made by GASB 34 footnote 53, the budgetary comparison statement has been included as part of the basic financial statements.

**2. Investment in the State Treasurer General Fund Investment Pool**

The funds allotted to the Commission are held by the New Mexico State Treasurer and pooled with the general fund investment pool. The Commission is required to participate in this investment pool and the Commission does not receive any income from this investment.

The Commission's share of the Investment in the State General Fund Investment Pool is as follows:

	<u>Maturity</u>	<u>Account Balance</u>	<u>Fair Value</u>
Governmental Funds:			
Investment in the State General Fund Investment Pool, fund 16400	1 day	\$630,896	\$630,896

For additional GASB 40 disclosure information regarding the State Treasurer General Fund Investment Pool, the reader should see the separate audit report for the State Treasurer's Board for the fiscal year ended June 30, 2011.

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Notes to the Financial Statements  
June 30, 2011

3. Due From and Due To

The Commission was owed \$11,004 by Department of Health (SHARE fund 66500) at June 30, 2011 for a grant which the Commission administers. The Commission was also owed \$17,229 by the Human Services Department (SHARE fund 63000) for services provided to that agency.

4. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance 6/30/10	Additions	Deletions*	Balance 6/30/11
Capital Assets:				
Machinery and equipment	\$ 49,424	-	41,340	\$ 8,084
Vehicles	109,332	-	-	109,332
Furniture and fixtures	8,367	-	6,668	1,699
Total	167,123	-	48,008	119,115
Accumulated Depreciation:				
Machinery and equipment	\$ 49,424	-	41,340	\$ 8,084
Vehicles	95,472	6,930	-	102,402
Furniture and fixtures	8,367	-	6,668	1,699
Total	153,263	6,930	48,008	112,185
Net Assets	\$ 13,860	6,930	-	\$ 6,930

Depreciation expense for the fiscal year ended June 30, 2011 was \$6,930.

\* During the 2011 fiscal year management performed an evaluation of fixed assets whereby it was determined that several of the assets, all of which had been fully depreciated, were no longer owned by the Commission and were, therefore, deleted from the Commission's records.

**STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Notes to the Financial Statements  
June 30, 2011**

**5. Compensated Absences**

The following is a summary of changes in compensated absences:

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11	Due within One Year
Annual Leave	\$ 39,469	30,375	(31,763)	\$ 38,081	\$ 28,038

The Commission's General Fund resources have been used to liquidate accrued compensated absences in the past. The Commission had no other debt activity during the year.

**6. PERA Retirement Plan**

**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, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy.** Plan members are required to contribute 8.92% of their gross salary. The Commission is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Commission are established in State statute under Chapter 10, Article 11, and NMSA 1978. The requirements may be amended by acts of the legislature. The Commission's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$66,275, \$68,330, and \$72,995, respectively, which equal the amount of the required contributions for each fiscal year.

**7. Post-Employment Benefits Other Than Pensions (OPEB) – Retiree Health Care**

**Plan Description.** The Commission 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 Commission was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Commission 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.

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7. Post-Employment Benefits Other Than Pensions (OPEB) – Retiree Health Care (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 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 NE, Suite 104, Albuquerque, NM 87107.

**Funding Policy.** The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Commission 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 the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year Employer</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	0.971%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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7. **Post-Employment Benefits Other Than Pensions (OPEB) – Retiree Health Care (continued)**

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The Commission's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$7,271, \$5,870 and \$5,720, respectively, which equal the required contributions for each year.

8. **Risk Management and Litigation**

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and, natural disasters. Section 15-7-2, NMSA 1978 requires the General Services Department, Risk Management Division (RMD) to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state laws have been passed which allow RMD to insure, self-insure or use a combination of both. For the past several years, the RMD has elected to self-insure, and has not obtained liability coverage from commercial insurance companies. The RMD has effectively managed risk through various employee education and prevention programs. Risk management expenditures for the Commission are accounted for in the General Fund. Any claims are processed through RMD.

9. **Operating Transfers**

	<u>Share Fund</u>	<u>Title</u>	<u>Transfer In</u>	<u>Out</u>
(1)	64500	Department of Finance & Administration	1,084,400	

(1) General Fund Appropriation Act, Laws of 2010

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**10. Designated Net Assets and Classification of Fund Balance**

During the 2011 fiscal year the New Mexico State Legislature approved a budget for the Commission which required the Commission to use \$250,000 of its fund balance to meet operational expenses. As a result the Commission committed \$150,000 to provide grants to other agencies, and to meet obligations for services provided according to a memorandum of understanding with the University of New Mexico, in order to aid the Commission in fulfilling its purpose. The remaining \$100,000 has been assigned by management of the Commission to help meet personal services and employee benefits expenditures.

**11. Restatement of Net Assets and Fund Balance**

As the result of an analysis of accrued payroll the Commission discovered misstatements which had been perpetuated from prior years. The errors were thought to have been corrected in prior periods; however, in correcting the errors the Commission adjusted expenditure amounts when the Investment in the State Treasurer General Fund Investment Pool was the account that should have been adjusted. As a result of erroneously adjusting the expenditure amounts the net assets and fund balance were both overstated by an amount of \$32,589.

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Schedule of Memorandums of Understanding  
June 30, 2011**

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The New Mexico Governor's Commission on Disability and UNM Center for Developmental Disability:

- a. Participants: The New Mexico Governor's Commission on Disability (Commission) and UNM Center for Developmental Disability (CDD).
- b. Responsible party for operations: The Commission
- c. Description: Agreement to implement mutually agreed upon epidemiological research, evaluation and curriculum development, goals and objectives.
- d. Beginning and ending dates of agreement: July 1, 2010, to June 30, 2011.
- e. Total estimated amount of project is \$59,000, of which the Commission paid \$59,000 and the CDD contributed \$0.
- f. During FY2011 the Commission contributed \$59,000 towards this agreement.
- g. The Commission has the audit responsibility.
- h. The Commission is the fiscal agent.
- i. The Commission reports all revenues and expenditures.

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The New Mexico Governor's Commission on Disability and New Mexico Department of Health:

- a. Participants: The New Mexico Governor's Commission on Disability (Commission) and New Mexico Department of Health (DOH).
- b. Responsible party for operations: The Commission
- c. Description: Agreement to sustain the Disability Advisory Group About Tobacco (DAGAT) network through diverse collaborative efforts and activities reaching people living with a disability.
- d. Beginning and ending dates of agreement: July 1, 2010, to June 30, 2011.
- e. Total estimated amount of project is \$31,000, of which the Commission paid \$0 and the HOD contributed \$31,000.
- f. The Commission contributed \$0 towards this agreement.
- g. The Commission has the audit responsibility.
- h. The DOH is the fiscal agent.
- i. The Commission reports all revenues and expenditures.

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The New Mexico Governor's Commission on Disability and New Mexico Secretary of State's Office:

- a. Participants: The New Mexico Governor's Commission on Disability (Commission) and New Mexico Secretary of State (SOS).
- b. Responsible party for operations: Both
- c. Description: Agreement to facilitate the collaboration between the two parties in support of the Federal Help America Vote Act (HAVA) grant.
- d. Beginning and ending dates of agreement: September 7, 2010, to June 30, 2011.
- e. Total estimated amount of project is \$5,990, of which the Commission paid \$0 and the SOS contributed \$5,990.
- f. The Commission contributed \$0 towards this agreement.
- g. The Commission has the audit responsibility.
- h. The SOS is the fiscal agent.
- i. The Commission reports all revenues and expenditures.

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The New Mexico Governor's Commission on Disability and New Mexico Division of Vocational Rehabilitation:

- j. Participants: The New Mexico Governor's Commission on Disability (Commission) and New Mexico Division of Vocational Rehabilitation (DVR).
- k. Responsible party for operations: The Commission
- l. Description: Agreement to support and enhance Benefits Advisement services to beneficiaries of Social Security benefits in the State of New Mexico.
- m. Beginning and ending dates of agreement: November 15, 2010, to June 30, 2011.
- n. Total estimated amount of project is \$8,712, of which the Commission paid \$0 and the DVR contributed \$8,712.
- o. The Commission contributed \$0 towards this agreement.
- p. The Commission has the audit responsibility.
- q. The DVR is the fiscal agent.
- r. The Commission reports all revenues and expenditures.





**Report 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**

Hector H. Balderas  
New Mexico State Auditor

and

To the Members of  
State of New Mexico  
Governor's Commission on Disability  
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the State of New Mexico Governor's Commission On Disability (Commission) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and response, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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June 30, 2011

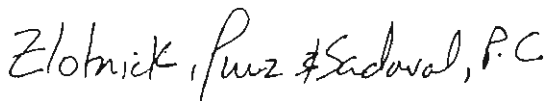
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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. We consider the deficiencies described as items 2010-01 through 2011-02 in the accompanying schedule of findings and responses to be material weaknesses.

**Compliance and Other Matters**

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

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



Zlotnick, Laws & Sandoval, P.C.

November 14, 2011

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Schedule of Findings and Responses  
June 30, 2011

**STATUS OF PRIOR YEAR'S FINDINGS**

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<b>Number</b>	<b>Description</b>	<b>Status</b>
2010-01	Auditor Prepared the Financial Statements	Revised and Repeated
2010-02	Responsibility for Financial Statements	Resolved
2010-03	Late Audit Report	Resolved

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GOVERNOR'S COMMISSION ON DISABILITY  
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June 30, 2011

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**AUDITOR PREPARED THE FINANCIAL STATEMENTS**

2010-01

**Criteria:**

State Audit Rule 2.2.2.8J(4) and Statement on Auditing Standards (SAS) No 115 establishes standards and provides guidance on communicating matters related to an entity's internal control over financial reporting identified in an audit of financial statements.

**Condition:**

The current year financial statements are prepared by the independent public accountant (IPA).

**Cause:**

The Commission currently does not have employees with sufficient expertise to apply generally accepted accounting principles (GAAP) in recording the Commission's financial transactions or preparing its financial statements. The Commission also needs to implement certain controls over financial reporting.

**Effect:**

The Commission paid the IPA to record GAAP transactions and prepares the financial statements. In order to prepare the financial statements the IPA had to propose adjusting entries to correct material misstatements.

**Recommendation:**

The Commission needs to weigh the cost and benefit of hiring or training an employee who will be knowledgeable in applying generally accepted accounting principles and preparing financial statements versus continuing to hire an IPA to perform such services. Additionally the Commission needs to take steps to implement controls over financial reporting to help ensure accurate financial statement reports.

**Commission Response:**

The Commission is a small agency which requires employees to perform a wide array of job duties and does not have resources to staff an in-house CPA to exclusively perform financial functions. The Commission will implement additional controls to monitor financial reporting during the fiscal year and pursue contracting with a CPA to formulate financial statements in preparation for the audit.

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**DUE FROM OTHER AGENCIES**

2011-01

**Criteria:**

Standards promulgated by the Governmental Accounting Standards Board (GASB) require government wide financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and the fund financial statements to be prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Both criteria include recording amounts owed and outstanding from other agencies at the year-end and the providing of accompany disclosures in the footnotes to the financial statements (see GASB 34).

**Condition:**

The Commissions controls over Due from Other Agencies are not in place or operating effectively enough to ensure accurate financial reporting.

**Cause:**

The commission failed to evaluate receipts and deposits subsequent to year end in order record and account for amounts owed for service performed during the year, but which were received or still owed subsequent to year end.

**Effect:**

The Due from Other Agencies balance was materially misstated.

**Recommendation:**

The Commission needs to implement controls over deposits and receipts in order to evaluate amounts owed at the end of the year and to adjust the Due From balance accordingly prior to closing the books for the fiscal year.

**Commission Response:**

The Commission traditionally has recorded all deposits as revenue. Amounts due should have been analyzed and properly recorded and deposits recorded accordingly. At the beginning of the new fiscal year, amounts due from other agencies will be analyzed and recorded. Deposits will also be analyzed and recorded to reflect the amounts that were received.

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**ACCRUED PAYROLL**

**2011-02**

**Criteria:**

Standards promulgated by the Governmental Accounting Standards Board (GASB) require government wide financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and the fund financial statements to be prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Both criteria include recording accruals of payroll expenditures relevant to the fiscal year being reported, which are paid subsequent to the year end.

**Condition:**

The Commissions controls over accrued payroll are not in place or operating effectively enough to ensure accurate financial reporting.

**Effect:**

The Accrued Payroll balance, Net Assets and Fund Balance were materially misstated

**Cause:**

The Commission had failed to monitor the accrued payroll balances in order to prevent errors and provide for accurate balances and financial reporting. As a result activity from prior periods was never recorded properly and allowed to perpetuate in the accrued payroll balances.

**Recommendation:**

The Commission needs to implement controls to monitor and check the accrued payroll balances to check for errors, make the appropriate adjustments in a timely manner and ensure accurate financial reporting.

**Commission Response:**

The Commission shall set in place a procedure to review payrolls to monitor and check for errors and make adjustments as needed. It will pay close attention to payrolls at the beginning of the fiscal year to assure the proper recording of a "split payroll" is accurate and make any adjustments needed.

**STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
Exit Conference  
June 30, 2011**

The contents of this report were discussed at an exit conference held November 14, 2011.

The Commission was represented by:

Anthony Cahill, Chairman  
Jim Parker, Director  
John Block III, Deputy Director  
Frank Romero, CFO

Zlotnick, Laws & Sandoval, P.C. was represented by:

Asa Laws, CPA  
Brian Laws, CPA

The financial statements were prepared by the auditors: Zlotnick, Laws & Sandoval, P.C.