State of New Mexico
Governor's Commission on Disability

Financial Statements

With Independent Auditor's Report Thereon

June 30, 2014

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Official Roster
June 30, 2014

Commission Members

Susan Gray	Chair
Curtiss Willson	Vice-Chair
James Hay	Member
Doris Cherry	Member
Doris Dennison	Member
Trudy Luken	Member
Leslie Bledsoe	Member
Lawrence Sanchez	Member
Celina Bussey	Statutory Member
Yolanda Deines	Statutory Member
Gino Rinaldi	Statutory Member
Sidonie Squier	Statutory Member
Veronica DeLeon Dowd	Statutory Member
Retta Ward	Statutory Member

Administrative Officials

Karen Courtney-Peterson	Interim Director

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

Report on Financial Statements

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, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements 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 misstatements, 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 of material misstatement.

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 Commission'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.

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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.

Opinions

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, 2014, and the respective changes in financial position 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.

Other Matters

Required Supplementary Information

The Commission has omitted Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the Commission's financial statements, the individual fund financial statements, and the budgetary comparisons. The additional schedules listed as "supplementary information" in the table of contents, which includes the Schedule of Expenditures of Federal Awards and schedules required by 2.2.2.NMAC, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional schedules listed as "supplementary information" in the table of contents, which includes the Schedule of Expenditures of Federal Awards and schedules required by 2.2.2.NMAC, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014 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 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* in considering the Commission's internal control over financial reporting and compliance.

Zlotnick, Laws & Sandoval, P.C

Zlotnick, Laws & Sandoval, PC

September 30, 2014

STATEMENT OF NET POSITION
June 30, 2014

		Governmental Activities
ASSETS		
Investment in the State Treasurer		
General Fund Investment Pool	$	456,922
Short term investments		62,580
Capital assets, net		37,694
TOTAL ASSETS	$	557,196
LIABILITIES		
Accounts payable	$	68,959
Accrued payroll payable		17,397
Due to SJCI (Note 3)		62,580
Due to State General Fund		64
Compensated absences payable:		
Due within one year		19,713
Due after one year		5,342
TOTAL LIABILITIES		174,055
NET POSITION		
Net Investment in capital assets		37,694
Restricted for NMTAP		124,090
Restricted for Brain Injury Advisory Council (Note 10)		50,000
Unrestricted		171,357
TOTAL NET POSITION		383,141
TOTAL LIABILITIES AND NET POSITION	$	557,196

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

EXPENSES	
General government:	
Personal services and employee benefits	$ 725,839
Contractual services	1,254,741
Other costs	437,218
Depreciation	10,721
TOTAL EXPENSES	2,428,519
PROGRAM REVENUE	
Federal Grants	1,214,762
Charges for services	-
TOTAL PROGRAM REVENUE	1,214,762
NET PROGRAM EXPENSES	(1,213,757)
GENERAL REVENUES AND TRANSFERS	
State general fund appropriation	1,091,200
Other Financing Uses	-
TOTAL GENERAL REVENUES AND TRANSFERS	1,091,200
CHANGE IN NET POSITION	(122,557)
NET POSITION, BEGINNING	505,698
NET POSITION, ENDING	$ 383,141

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

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2014

	General Fund
ASSETS	
Current Assets:	
Investment in State GF Investment Pool	456,922
Short term investments	62,580
TOTAL ASSETS	$ 519,502
LIABILITIES	
Current Liabilities:	
Accounts payable	68,959
Accrued payroll	17,397
Due to SJCI (Note 3)	62,580
Due to State General fund	64
TOTAL LIABILITIES	149,000
FUND BALANCES	
Restricted for NMTAP	124,090
Restricted for Brain Injury Advisory Council (Note 10)	50,000
Unassigned	196,412
TOTAL FUND BALANCE	370,502
TOTAL LIABILITIES AND FUND BALANCE	$ 519,502

Amounts reported in the Statement of Net Position are different because:

Total fund balances	$ 370,502
Capital assets reported in governmental activities are not financial resources and, therefore, are not reported in the governmental funds statement	37,694
Compensated absences accrued in the government-wide financial statements are excluded from the governmental funds statement	(25,055)
Net position per Statement of Net Position	$ 383,141

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

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General Fund
REVENUES	
Federal Grants	$ 1,214,762
Charges for services	-
TOTAL REVENUES	1,214,762
EXPENDITURES	
General government:	
Current:	
Personal services and employee benefits	734,438
Contractual services	1,254,741
Other costs	437,218
Capital Outlay	-
TOTAL EXPENDITURES	2,426,397
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,211,635)
OTHER FINANCING SOURCES (USES):	
State general fund appropriation	1,091,200
Other Financing Uses	-
TOTAL OTHER FINANCING SOURCES (USES):	1,091,200
NET CHANGE IN FUND BALANCE	(120,435)
FUND BALANCE, BEGINNING	490,937
FUND BALANCE ENDING	$ 370,502

Amounts reported in the Statement of Activities are different because:

Net change in fund balance	$ (120,435)
Net change in compensated absences	8,599
Excess capital outlay expenditures over depreciation	(10,721)
Changes in net position of governmental activities	$ (122,557)

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

STATEMENT OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2014

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State general fund appropriation	$ 1,042,700	1,092,700	$ 1,091,200	(1,500)
Federal Grants	432,600	1,260,071	1,214,762	(45,309)
Charges for services	-	-	-	-
TOTAL REVENUES	1,475,300	2,352,771	$ 2,305,962	(46,809)
Fund Balance	50,000	303,868		
TOTAL RESOURCES	$ 1,525,300	2,656,639		
EXPENDITURES				
General government:				
Current:				
Personal services and employee benefits	$ 901,900	901,900	$ 734,438	167,462
Contractual services	236,800	1,256,033	1,254,741	1,292
Other costs	386,600	498,706	437,218	61,488
TOTAL EXPENDITURES	$ 1,525,300	2,656,639	$ 2,426,397	230,242

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

Notes to the Financial Statements
June 30, 2014

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 Secretary of the Department of Workforce Solutions or designee, the Secretary of the Department of Health or designee, 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 Secretary of 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 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).

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 position 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.

Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

Governmental Funds – are used to account for all or most of the Commission's general government activities, including the collection and disbursement of earmarked monies (Special Revenue Fund).

General Fund - The general fund (SHARE fund #05800) 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.

NMTAP – During fiscal year 2013 The New Mexico Technology Assistance Program (NMTAP) was accounted for as a special revenue fund. In 2014 the amounts were budgeted and included as part of the general fund. In fiscal year 2015 the program will again be presented as a separate, special revenue fund. The amounts allocated to NMTAP are shown as restricted fund balance on the general fund balance sheet.

NMTAP helps all New Mexicans with disabilities enhance their quality of life through the use of assistive technology. NMTAP provides services which include the ABLE Device loan Program, that provides short-term loans of Assistive Technology so individuals can try out devices or fill a temporary need for a device; Financial Loan Programs, which includes Tele-Work, a loan program for persons with disabilities who are looking for equipment loans to help them with a home-based business or self-employment; and Alternative Loan Program, which operates a loan program for persons with disabilities who need assistive technology; and the Back-In-Use program, which refurbishes donated technology equipment and donates to people with disabilities.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of financial resources, liabilities and deferred inflows of financial resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of financial resources, liabilities and deferred inflows of financial resources 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 and Federal grants. 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.

Notes to the Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies (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 machinery and equipment, vehicles and furniture and fixtures. 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:

Assets	Years
Machinery and equipment	3
Vehicles	5
Furniture and fixtures	7

Notes to the Financial Statements

June 30, 2014

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 30th, 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.

F. Net Position

In the government-wide financial statements, net position consists of three components:

Invested in capital assets, net of related debt,

Restricted net position, and

Unrestricted net position

The Commission has no debt related to capital assets; therefore, net position invested in capital assets equal the capital assets, net of related accumulated depreciation.

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, 2014.

Notes to the Financial Statements
June 30, 2014

1. Summary of Significant Accounting Policies (continued)

G. Fund Balance

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.

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.

Notes to the Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies (continued)

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 30th. 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 30th.

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

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

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

	Maturity	Account Balance	Fair Value
Governmental Funds:			
Investment in the State General Fund Investment Pool,	1 day	$456,922	$456,922

Notes to the Financial Statements
June 30, 2014

2. Investment in the State Treasurer General Fund Investment Pool (continued)

Interest Rate Risk - The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit risk - The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2014. See also Note 12.

3. Short Term Investment

The Commission has a savings account and certificates of deposits that are held as collateral for loans made under the federal telework program. Short term investments are held by U.S. Bank and consist of the following:

Type	Interest Bearing	Book Balance	Bank Balance
CD	X	5,402	5,402
CD	X	10,476	10,476
CD	X	5,032	5,032
CD	X	3,520	3,520
CD	X	5,017	5,017
CD	X	5,000	5,000
Savings	X	28,133	28,133
		$ 62,580	$ 62,580

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure the Commission's deposits may not be returned. Currently all of the above listed accounts are either insured or collateral has been pledged by the financial institution for amounts exceeding FDIC insurance.

Due to SJCI – During fiscal year 2014 the Commission turned over the telework program to the San Juan Center for Independence (SJCI) in Farmington, NM. As of June 30, 2014 the Commission was in the process of transferring the above assets to the SJCI. Accordingly, the amounts have also been recorded as "Due to SJCI" on the Statement of Net Position and on the Balance Sheet – Governmental Funds.

Notes to the Financial Statements

June 30, 2014

4. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance 6/30/13	Additions	Deletions*	Balance 6/30/14
Capital Assets:				
Machinery and equipment	$ 20,594	-	-	$ 20,594
Vehicles	114,285	-	-	114,285
Furniture and fixtures	-	-	-	-
Total	134,879	-	-	134,879
Accumulated Depreciation:				
Machinery and equipment	$ 9,256	2,174	-	$ 11,430
Vehicles	77,208	8,547	-	85,755
Furniture and fixtures	-	-	-	-
Total	86,464	10,721	-	97,185
Net Capital Assets	$ 48,415	(10,721)	-	$ 37,694

Depreciation expense for the fiscal year ended June 30, 2014 was $10,721.

5. Compensated Absences

The following is a summary of changes in compensated absences:

	Balance 6/30/13	Additions	Deletions	Balance 6/30/14	Due within One Year
Annual Leave	$ 33,654	31,677	(40,276)	$ 25,055	$ 19,713

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.

Notes to the Financial Statements

June 30, 2014

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.

Funding Policy. Plan members are required to contribute 8.92% of their gross salary. The Commission is required to contribute 16.59% 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, 2014, 2013 and 2012 were $85,713, $61,986 and $54,681, 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 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.

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.

Notes to the Financial Statements

June 30, 2014

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

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 the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a 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 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, 2014, 2013 and 2012 were $10,349, $8,218, and $7,477 respectively, which equal the required contributions for each year.

Notes to the Financial Statements
June 30, 2014

9. 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. The Commission expended $19,233 to obtain this coverage.

10. Operating Transfers

	Share Fund	Title	Transfer In	Out
(1)	85300	Department of Finance & Administration	1,041,200	-
(2)	85300	Department of Finance & Administration	50,000	-
		Total	1,091,200	-

(1) Laws of 2013, Chapter 227, Section 4

(2) Laws of 2014, Chapter 63, Section 5

Statewide concussion needs assessment. The Commission received $50,000 in a special appropriation for the Commission's Brain Injury Advisory Council (Council). The Council was to use the funds to conduct a statewide needs assessment for middle and high school student athletes and veterans and to report its findings to the appropriate interim legislative committee. As of June 30, 2014 $0 has been spent. Accordingly, the amount has been reported as restricted.

12. Due to State General Fund

The Commission owes the State General Fund (SHARE Fund #: 85300) $64 in order to escheat long outstanding warrants.

Notes to the Financial Statements

June 30, 2014

13. General Fund Investment Pool Not Reconciled

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 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 expert diagnostic report revealed that the Pool balances have not been reconciled at the "business unit/fund" level since the inception of the Statewide Human resources, Accounting, and management Reporting system (SHARE) system in July of 2006. The Diagnostic reports are available in the Resources section of the Cash Control page of the New Mexico Department of Finance & Administration's website 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.

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 reconciliation items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciliation items. DFA 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.

DFA Management in FY 2012 recorded a loss contingency of $101.7 million in the State General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that DFA management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

Notes to the Financial Statements
June 30, 2014

13. General Fund Investment Pool Not Reconciled (continued)

Since SHARE was implemented, the Commission recognized the statewide cash reconciliation issue and in response, developed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are in fact transactions that have been initiated by the Commission. The reconciliation occurs each month and any required adjustments are forwarded to the Financial Control Division at DFA for correction. The monthly internal reconciliation of cash receipts and disbursements flowing through the Commission's share of the state general fund investment pool provides management assurance that the balance reflected in State General Fund Investment Pool account is accurate as of the end of the reporting period. In addition, the Commission reconciles other asset and liability accounts on the Balance Sheet of each fund type. This process also provides additional assurance that transactions affecting the Commission's share in the State General Fund Investment Pool account are accurate.

14. Operating Leases

The Commission currently leases space in Albuquerque, NM for its NMTAP program. The lease began in September 2013 and will expire in ten years with an option to renew. During the year ended June 30, 2014 the Commission paid $41,908 in lease costs. Future lease payments are as follows:

2015	$	54,368
2016		55,521
2017		56,708
2018		57,931
2019		59,191
Thereafter		200,458
Total	$	484,177

Schedule of Memorandums of Understanding

June 30, 2014

The New Mexico Governor's Commission on Disability and University of New Mexico Center for Development and Disability:

a. Participants: The New Mexico Governor's Commission on Disability (GCD) and University of New Mexico Center for Development and Disability (CDD); ·
b. Party responsible for operations: CDD;
c. Description: Implement mutually agreed upon epidemiological, research, evaluation and curriculum development, goals and objectives. Also to facilitate the successful operation of the annual Southwest conference on Disability and purchase materials for use at the conference.
d. Beginning and ending dates of the MOU: July 1, 2013 through June 30, 2014;
e. Total estimate amount of project and portion applicable to GCD: $94,550;
f. Amount GCD contributed in fiscal year 2014: $94,550;
g. Audit responsibility: CDD has audit responsibility;
h. Fiscal agent: CDD;
i. Name of government agency where revenues and expenditures are reported: CCD.

The New Mexico Governor's Commission on Disability and the State of New Mexico Commission for the Blind:

a. Participants: the State of New Mexico Governor's Commission on Disability (GCD) and the State of State of New Mexico Commission for the Blind (NMCB).
b. Party responsible for operations: Both Parties.
c. Description: Purchase and maintain assistive technology to be placed at the Commission for the Blind Skills Center in Albuquerque.
d. Beginning and ending dates of the MOU: September 26, 2013 to September 30, 2013.
e. Total estimate amount of project and portion applicable to GCD: $75,000.
f. Amount GCD contributed in fiscal year 2014: $75,000.
g. Audit responsibility: Each party is responsible for audit during their period of administration.
h. Fiscal agent: Each party is responsible for acting as fiscal agent during their period of administration.
i. Name of government agency where revenues and expenditures are reported: Each party is responsible for acting as fiscal agent during their period of administration.

Schedule of Memorandums of Understanding

June 30, 2014

The New Mexico Governor's Commission on Disability and the State of New Mexico Developmental Disabilities Planning Council:

a. Participants: the State of New Mexico Governor's Commission on Disability (GCD) and the State of New Mexico Developmental Disabilities Planning Council (DDPC).

b. Party responsible for operations: Both Parties.

c. Description: The GCD is to provide CFO services to the DDPC

d. Beginning and ending dates of the MOU: July 1, 2013 to October 31, 2013.

e. Total estimate amount of project and portion applicable to GCD: $5,000.

f. Amount GCD contributed in fiscal year 2014: None.

g. Audit responsibility: Both parties are responsible.

h. Fiscal agent: Both parties are responsible.

i. Name of government agency where revenues and expenditures are reported: Both parties are responsible.

Schedule of Expenditures of Federal Awards

June 30, 2014

Federal Grantor	Federal CFDA Number	Federal Expenditures
US Department of Education	84.224A	$1,376,615

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") presents the expenditures of the State of New Mexico Governor's Commission on Disability under an assistive technology grant program of the federal government for the year ended June 30, 2014. 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, and Local Governments. Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the governmental activities, the major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the Commission.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on an 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.

Independent Auditor's 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 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 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, 2014, and the related notes to the financial statements, which collectively comprise the State of New Mexico Governor's Commission on Disability's basic financial statements and have issued our report thereon dated September 30, 2014.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission'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 is important enough to merit attention by those charged with governance.

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2014-001, which we consider to be a significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The Commission's Responses to Findings

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 results 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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zlotnick, Laws & Sandoval, P.C

Zlotnick, Laws & Sandoval, P.C.

September 30, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the New Mexico Governor's Commission on Disability's (Commission) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2014. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of The Commission's major federal programs 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 The Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of The Commission's compliance.

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Basis for Qualified Opinion on the State Grant for Assistive Technology Program

As described in the accompanying schedule of findings and questioned costs, The Commission did not comply with requirements regarding CFDA 84.244A the State Grant for Assistive Technology Program as described in finding number 2014-001. Compliance with such requirements is necessary, in our opinion, for The Commission to comply with the requirements applicable to that program.

Qualified Opinion on State Grant for Assistive Technology Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the State Grant for Assistive Technology Program for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The Commission's response to the noncompliance findings 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 compliance and, accordingly, we express no opinion on the response.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a significant deficiency.

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

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.

Zlotnick, Laws & Sandoval, P.C

Zlotnick, Laws & Sandoval, P.C.

September 30, 2014

Schedule of Findings and Questioned Costs
June 30, 2014

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	x no
Significant Deficiency(s) identified that are not considered to be material weaknesses?	x yes	___ no
Noncompliance material to financial statements noted?	___ yes	x no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	___ yes	x no
Significant Deficiency(s) identified that are not considered to be material weaknesses?	x yes	___ no

Type of auditor's report issued on compliance for major federal programs: Qualified.

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

Identification of major federal programs:

CFDA No.	Names of Federal Program or Cluster
84.224A	State Grant for Assistive Technology Program

Dollar threshold used to distinguish between Type A and Type B Programs: $300,000

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

Schedule of Findings and Questioned Costs

June 30, 2014

Section II. Financial Statement Findings

2014-001 – Controls over Assistive Technology Equipment Available for Loan – Significant Deficiency

Condition: The NMTAP program, run by the Commission, loans equipment termed "assistive technology" to persons with disabilities. Currently the controls over the monitoring, use and safe-keeping of assistive technology are deficient. Several of the items available for loan are reported as missing. Some of the items were loaned, but there was no record of the loan, for example items were in use by employees of NMTAP and were not recorded in the loan records.

As of the date of this report loan records are kept manually, which can be prone to error; however, NMTAP is working to implement an automated system.

Criteria: OMB-Circular A-133, 2.2.2NMAC

Effect: The equipment designated to be loaned to individuals with disabilities could be subject to theft, or abuse.

Cause: Management of the Commission is in the beginning stages of implementing the program and is still working to identify, tag and make available for use equipment purchased or transferred from another agency. There are plans to improve and automate the program, but such plans have not been implemented as of the date of this report.

Recommendation: Management needs to move forward as planned to automate the process and create controls over the use and monitoring of the equipment. Additionally management needs to create and implement a policy regarding the use of equipment by employees of the Commission.

Views of responsible officials and planned corrective actions: This NMTAP Program was transferred to this agency from another state agency and really did not begin to function until May of 2014. Since June 30, 2014 we have purchased inventory software, advertised for two extra positions to cover the inventory tracking, and contracted with an IT specialist to place the appropriate software with the appropriate hardware. Equipment that was originally thought of as missing (upon the transfer) was located. Staff is currently working to develop policies and procedures for assistive technology loans and for employees who take equipment out for demonstration purposes to the public. We expect that all program inventory, policies and procedures (including conflict of interest policies for employees) will be completely automated within this coming year, as the program becomes fully operational.

Schedule of Findings and Questioned Costs

June 30, 2014

Section III. Federal Award Findings and Questioned Costs

2014-001 – Controls over Assistive Technology Equipment Available for Loan – Significant Deficiency

U.S. Department of Education
Program Name: State Grant for Assistive Technology Program
CFDA: 84.224A

Condition: The NMTAP program, run by the Commission, loans equipment termed "assistive technology" to persons with disabilities. Currently the controls over the monitoring, use and safe-keeping of assistive technology are deficient. Several of the items available for loan are reported as missing. Some of the items were loaned, but there was no record of the loan, for example items were in use by employees of NMTAP and were not recorded in the loan records.

As of the date of this report loan records are kept manually, which can be prone to error; however, NMTAP is working to implement an automated system.

Criteria: OMB-Circular A-133, 2.2.2NMAC

Effect: The equipment designated to be loaned to individuals with disabilities could be subject to theft, or abuse.

Cause: Management of the Commission is in the beginning stages of implementing the program and is still working to identify, tag and make available for use equipment purchased or transferred from another agency. There are plans to improve and automate the program, but such plans have not been implemented as of the date of this report.

Recommendation: Management needs to move forward as planned to automate the process and create controls over the use and monitoring of the equipment. Additionally management needs to create and implement a policy regarding the use of equipment by employees of the Commission.

Views of responsible officials and planned corrective actions: This NMTAP Program was transferred to this agency from another state agency and really did not begin to function until May of 2014. Since June 30, 2014 we have purchased inventory software, advertised for two extra positions to cover the inventory tracking, and contracted with an IT specialist to place the appropriate software with the appropriate hardware. Equipment that was originally thought of as missing (upon the transfer) was located. Staff is currently working to develop policies and procedures for assistive technology loans and for employees who take equipment out for demonstration purposes to the public. We expect that all program inventory, policies and procedures (including conflict of interest policies for employees) will be completely automated within this coming year, as the program becomes fully operational.

Schedule of Findings and Questioned Costs

June 30, 2014

2014-002 – Lease of Building – Other (Questioned Cost)

U.S. Department of Education
Program Name: State Grant for Assistive Technology Program
CFDA: 84.224A

Questioned Cost Amount: $41,908, the total amount of rent paid from federal funds during fiscal year 2014.

Condition: In FY14, the Commission, together with the Developmental Disabilities Planning Council (DDPC), entered into a lease for a building in Albuquerque to house the NMTAP program and the DDPC. Each respective agency, The Commission and the DDPC entered into a separate lease; however, the lease was for space in the same building and the process to find and secure the lease was done jointly.

In referring to the lease the New Mexico Legislative Finance Committee (LFC), in its' FY15 Budget Recommendations – Appropriation Recommendations, made the following comment about the lease in the section regarding the DDPC:

> "In FY14 the agency [DDPC] consolidated its Santa Fe and Albuquerque offices to a single location in Albuquerque, but instead of moving into state-owned space and reducing lease cost as recommended by the LFC, the agency doubled its lease costs. The recommendation provides the same amount of lease funding as in FY14 and recommends the agency move to state-owned space."

Criteria: OMB-Circular A-133, 2.2.2NMAC

Effect: Federal funds are being used to pay unnecessary lease costs that could be used elsewhere within the program

Cause: Management of the Commission in working with DDPC failed to heed the advice of LFC.

Recommendation: The Commission should move into state-owned space as recommend by the LFC

Views of responsible officials and planned corrective actions: There was a management turnover in both agencies this year and although the Legislative Finance Committee did not specifically object to the NMTAP Program lease for the Governor's Commission on Disability, new management agrees with the audit recommendation and feels that the NMTAP Program should move to a state-owned building to better use funds on clients rather than on rent. Since the NMTAP Program is in its infancy stage, we may not want to disrupt the program with a move until next year.

Schedule of Findings and Questioned Costs

June 30, 2014

Section IV. Status of Prior Year's Findings

None

Exit Conference
June 30, 2014

The contents of this report were discussed at an exit conference held October 17, 2014.

The Commission was represented by:

Susan Gray, Chairman

Karen Courtney-Peterson, Interim Director

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. However, management is responsible for the financial statements