

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

FINANCIAL STATEMENTS

June 30, 2018



TABLE OF CONTENTS

STATE OF NEW MEXICO COMMISSION FOR THE BLIND

INTRODUCTORY SECTION

Official Roster.....	1
Organization Chart.....	2
Statewide Office Locations.....	3

FINANCIAL SECTION

Independent Auditor's Report.....	4
Management's Discussion and Analysis.....	7

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position	20
Statement of Activities.....	21

Fund Financial Statements

Balance Sheet-Governmental Funds	22
Reconciliation of the Balance Sheet to the Statement of Net Position-Governmental Funds	23
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	24

TABLE OF CONTENTS (CONTINUED)

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

BASIC FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	25
General Fund – Statement of Revenues and Expenditures Budget and Actual (Budgetary Basis) General Fund 04700.....	26
Statement of Net Position – Proprietary Fund	27
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Fund	28
Statement of Cash Flows – Proprietary Fund	29
Notes to Financial Statements.....	30

SUPPLEMENTARY INFORMATION

Schedule of Individual Deposit Accounts as required by NMAC 2.2.2.....	43
--	----

TABLE OF CONTENTS (CONTINUED)

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

SINGLE AUDIT INFORMATION

Schedule of Expenditures of Federal Awards.....	44
Notes to Schedule of Expenditures of Federal Awards	45
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 <i>Government Auditing Standards</i>	46
Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance as required by Uniform Guidance	48
Schedule of Findings and Questioned Costs.....	51
Summary Schedule of Prior Audit Findings.....	54
Exit Conference	55

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

Official Roster

June 30, 2018

COMMISSIONERS

Arthur A. Schreiber	Chairman
Jim Babb	Commissioner
Urja Lansing	Commissioner

ADMINISTRATIVE OFFICIALS

Greg Trapp	Executive Director
James Salas	Deputy Director, Vocational Rehabilitation & Independent Living
Lucy Alexander	Deputy Director, Adult Orientation Center
Janelle Gonzales	Interim Chief Financial Officer

ORGANIZATION CHART

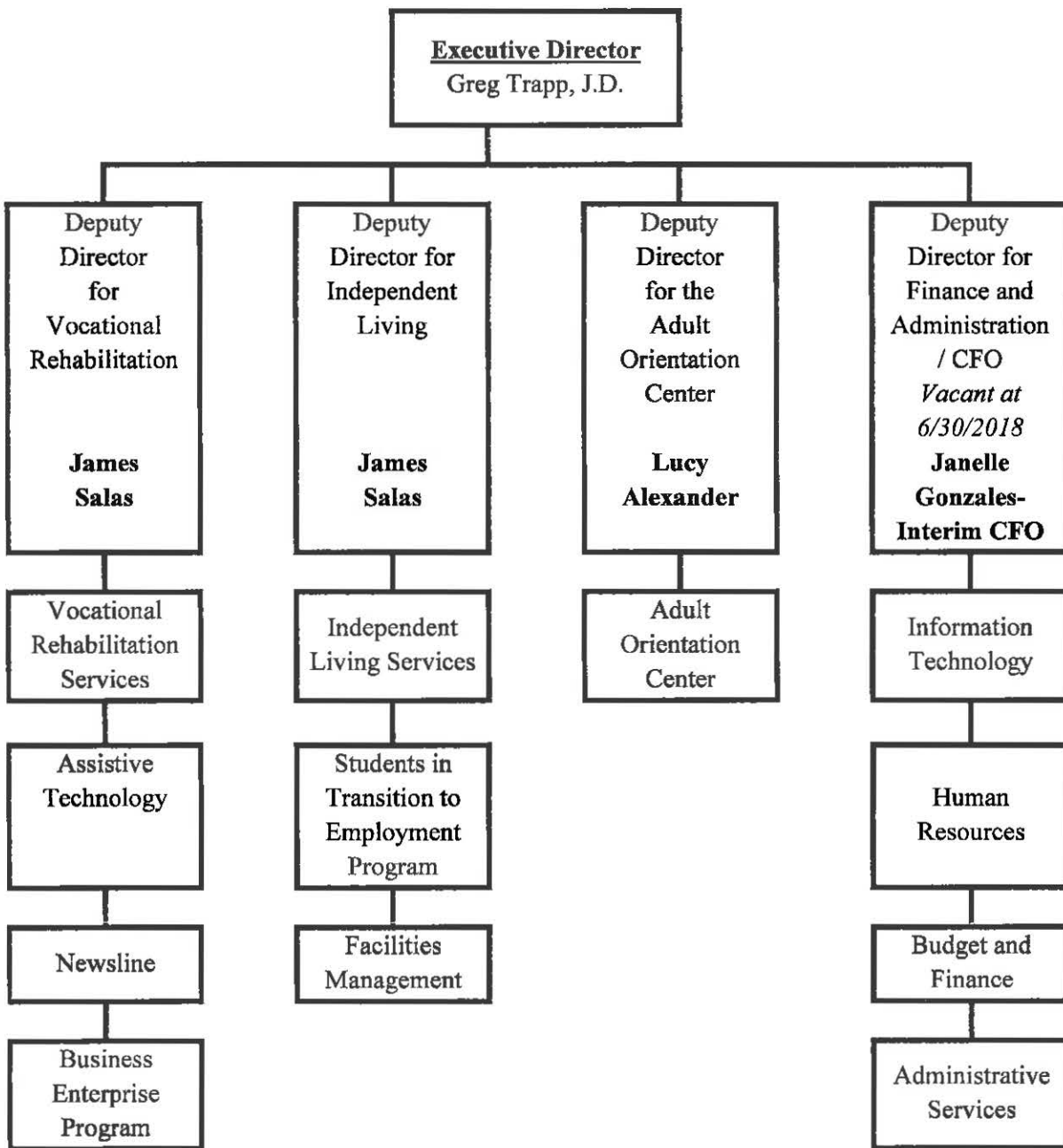
Governor Susana Martinez

Commissioners

Arthur A. Schreiber, Chairman

Jim Babb

Urja Lansing



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

Administrative Office

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

Albuquerque Field Office

2200 Yale Blvd. SE
Albuquerque, NM 87106 • Phone: 505-841-8844
Toll-Free: 888-513-7958

Alamogordo Orientation Center

408 North White Sands Blvd.
Alamogordo, NM 88310 • Phone: 575-437-0401
Toll-Free: 888-513-7967

Roswell Field Office

United Bank Plaza
400 North Pennsylvania, Suite 900
Roswell, NM 88201 • Phone: 575-624-6140
Toll-Free: 888-513-7961

Las Cruces Field Office

US Bank Bldg.
277 East Amador, Suite 101
Las Cruces, NM 88001 • Phone: 575-524-6450
Toll-Free: 888-513-7960

Las Vegas Field Office

2522B Ridge Runner Road
Las Vegas, NM 87701 • Phone: 505-425-3546
Toll-Free: 888-513-7963

Farmington Field Office

3400 Messina Dr. Suite 5000
Farmington, NM 87402 • Phone: 505-327-3031
Toll-Free: 888-513-7964



State of New Mexico
OFFICE OF THE STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
New Mexico Commission for the Blind

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison for the general fund of the New Mexico Commission for the Blind (Commission) as of and for the year ended *June 30, 2018* 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 business-type activities, each major fund, and the budgetary comparison for the general fund of the Commission as of *June 30, 2018*, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 2, the financial statements of the Commission are intended to present the financial position and changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business type activities, and the major fund of the State of New Mexico that is attributable to the transactions of the Commission. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of *June 30, 2018*, and the changes in its financial position, budgetary comparison or where applicable, its cash flows or budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 18 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The *schedule of expenditures of federal awards* is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The other supplemental schedule including the Schedule of Individual Deposit Accounts is required by 2.2.2 NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *schedule of expenditures of federal awards* and the other supplemental schedule required by 2.2.2 NMAC is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of expenditures of federal awards and the other supplemental schedules required by 2.2.2 NMAC*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
Santa Fe, New Mexico
October 23, 2018

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

MISSION STATEMENT

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

INTRODUCTION

The New Mexico Commission for the Blind is the designated state unit, as authorized by Title I of the Rehabilitation Act of 1973, as amended (29 U.S.C. 701-744), and as amended by the Workforce Innovation and Opportunity Act (29 USC 3101). The Commission responsible for providing vocational rehabilitation and independent living services for persons who qualify for those services based on legal blindness or a qualifying visual impairment. The Commission encourages and enables blind and visually impaired citizens of New Mexico to achieve vocational, economic and social equality, and is committed to the goal of helping blind and visually impaired persons to become self-supporting and participating members of society. The Commission provides career training, training in the skills of blindness and above all, promotes and conveys the belief that blindness is not a barrier to employment or any other aspect of a full, meaningful life.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basis of Accounting and Measurement Focus

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

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018

- **Basis of Accounting**

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

- **Measurement Focus**

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

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

Government-Wide Financial Statements

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

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

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018**

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

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

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

◆ ***Governmental Funds***

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

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

◆ ***Proprietary Funds***

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018**

Notes to the Financial Statements

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

Other Information

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018**

Financial Analysis of the Commission as a Whole

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

	Governmental Activities				Business-Type Activities				Total			
	2018	2017	\$ Change	% Change	2018	2017	\$ Change	% Change	2018	2017	\$ Change	% Change
ASSETS:												
Current and other assets	\$ 1,465,068	\$ 1,206,434	\$ 258,634	21.4%	\$ 178,369	\$ 482,334	\$ (303,965)	-63.0%	\$ 1,643,437	\$ 1,688,768	\$ (45,331)	-2.7%
Capital and non-current assets	721,427	\$ 842,093	(120,666)	-14.3%	32,972	\$ 52,283	\$ (19,311)	-36.9%	\$ 754,399	\$ 894,376	(139,977)	-15.7%
Total assets	\$ 2,186,495	\$ 2,048,527	\$ 137,968	6.7%	\$ 211,341	\$ 534,617	\$ (323,276)	-60.5%	\$ 2,397,836	\$ 2,583,144	\$ (185,308)	-7.2%
LIABILITIES:												
Current liabilities	\$ 558,227	\$ 613,193	\$ (54,966)	-9.0%	\$ 10,966	\$ 308,920	\$ (297,954)	-96.5%	\$ 569,193	\$ 922,113	\$ (352,920)	-38.3%
Total Liabilities	558,227	613,193	(54,966)	-9.0%	10,966	308,920	(297,954)	-96.5%	569,193	922,113	(352,920)	-38.3%
NET POSITION												
Net investment in capital assets	721,427	842,093	(120,666)	-14.3%	32,972	52,283	(19,311)	-36.9%	754,399	894,376	(139,977)	-15.7%
Unrestricted	906,841	593,241	313,600	52.9%	-	-	-	0.0%	906,841	593,241	313,600	52.9%
Restricted	-	-	-	0.0%	167,403	173,414	(6,011)	-3.5%	167,403	173,414	(6,011)	-3.5%
Total Net Position	1,628,268	1,435,334	192,934	13.4%	200,374	225,696	(25,322)	-11.2%	1,828,643	1,661,031	167,612	10.1%
Total Liabilities and Net Position	\$ 2,186,495	\$ 2,048,527	\$ 137,969	6.7%	\$ 211,341	\$ 534,616	\$ (323,276)	-60.5%	\$ 2,397,836	\$ 2,583,144	\$ (185,308)	-7.2%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018**

Financial Analysis of the Commission as a Whole

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

	Governmental Activities				Business-Type Activities				Total			
	2018	2017	\$ Change	% Change	2018	2017	\$ Change	% Change	2018	2017	\$ Change	% Change
PROGRAM REVENUES												
Charge for service	\$ -	\$ -	\$ -	0.0%	\$ 3,904,844	\$ 3,646,153	\$ 258,691	7.1%	\$ 3,904,844	\$ 3,646,153	\$ 258,691	7.1%
Operating grants & contributions	5,182,168	5,612,005	(429,837)	-7.7%	-	-	-	-	5,182,168	5,612,005	(429,837)	-7.7%
Total Program Revenue	5,182,168	5,612,005	(429,837)	-7.7%	3,904,844	3,646,153	258,691	7.1%	9,087,012	9,258,158	(171,146)	1.8%
GENERAL REVENUE												
Miscellaneous Revenue	12,634	31,430	(18,796)	-59.8%	196	756	(560)	-74.1%	12,830	32,186	(19,356)	-60.1%
Other financing sources	280,000	80,000	200,000	0.0%	-	-	-	0.0%	280,000	80,000	200,000	0.0%
Non-operating gifts & grants	563	1,756	(1,193)	-67.9%	5,170	-	5,170	0.0%	5,733	1,756	3,977	226.5%
Transfers	1,938,800	1,940,700	(1,900)	-0.1%	-	-	-	0.0%	1,938,800	1,940,700	(1,900)	-0.1%
Total General Revenue	2,231,997	2,053,886	178,111	8.7%	5,366	756	4,610	609.8%	2,237,363	2,054,642	182,721	8.9%
Total Revenues	\$ 7,414,165	\$ 7,665,891	\$ (251,726)	-3.3%	\$ 3,910,210	\$ 3,646,909	\$ 263,301	7.2%	\$ 11,324,375	\$ 11,312,800	\$ 11,575	0.1%
EXPENSES												
Rehabilitation	7,000,565	7,234,168	(233,603)	-3.2%	-	-	-	0.0%	7,000,565	7,234,168	(233,603)	-3.2%
Contract Services	-	-	-	0.0%	3,916,220	3,629,580	286,640	7.9%	3,916,220	3,629,580	286,640	7.9%
Other financing uses	100,000	100,000	-	0.0%	-	-	-	0.0%	100,000	100,000	-	0.0%
Depreciation	120,666	130,351	(9,685)	-7.4%	19,312	21,008	(1,696)	-8.1%	139,978	151,359	(11,381)	-7.5%
Total Expenses	\$ 7,221,231	\$ 7,464,519	\$ (243,288)	-3.3%	\$ 3,935,532	\$ 3,650,588	\$ 284,944	7.8%	\$ 11,156,763	\$ 11,115,107	\$ 41,656	0.4%
CHANGE IN NET POSITION	192,934	201,372	(8,438)	-4.2%	(25,322)	(3,680)	(21,642)	588.1%	167,612	197,692	(30,080)	-15.2%
NET POSITION, BEGINNING OF YEAR	1,435,334	1,233,962	201,372	16.3%	225,696	229,376	(3,680)	-1.6%	1,661,029	1,463,338	197,691	13.5%
NET POSITION, END OF YEAR	\$ 1,628,268	\$ 1,435,334	\$ 192,934	13.4%	\$ 200,374	\$ 225,696	\$ (25,322)	-11.2%	\$ 1,828,641	\$ 1,661,030	\$ 167,610	10.1%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018**

SUMMARY OF CURRENT YEAR FINANCIAL ACTIVITIES

Budget

The Commission was appropriated and originally budgeted \$1,938,800 in the General Fund. In addition to these, \$5,930,500 in Federal Funds were also originally budgeted. There was one budget adjustment request made and approved during the fiscal year. An adjustment of \$200,000 between expense categories, with the Other Expense category increased by \$200,000 while the Personnel Services and Benefits category decreased by \$200,000.

Debt

The Commission carries no long term debt for the fiscal year-end 2018.

PROGRAMS AND ORGANIZATIONAL STRUCTURE

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018**

Programs

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018**

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

- ***Vocational Rehabilitation Services Program*** – The Program serves persons who are legally blind or who have a condition which will lead to legal blindness. It helps persons to become employed in ways that are appropriate to each individual's "strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice."

The following units fall under the Vocational Rehabilitation Services Program:

- **Assistive Technology Program** – The use of assistive technology is a crucial factor in the successful employment of persons who are blind. It is often necessary for a blind person to receive extensive technology training since the person must learn the application, as well as the assistive technology that allows access to the application. The Commission's technology specialists provide screen readers, Braille displays, screen magnification programs, video magnifiers, and Braille note-takers. The assistive technology is intended to meet the individualized employment needs of consumers. Often, only small changes are needed to make to blind person's job much easier and more competitive.
- **Adult Orientation Center** – The Center is located in Alamogordo and provides intensive training in the skills of blindness. As a residential program the Center is designed to equip blind persons with the skills needed to become employed. Most of the Center's students are persons who are newly blinded. The Center training is built around the use of "sleep shades" to eliminate the desire to rely on inadequate or failing vision. During a typical six-month training period students receive intensive training in cane travel, Braille, assistive technology, home management, personnel management, and industrial arts. By learning effective non-visual techniques students gains self-confidence and learn how to function as successful blind persons. Once a student has learned the alternate techniques of blindness, he or she is able to exercise "informed choice" on when and how to use remaining vision.

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018

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

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

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

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2018**

Library. The training also includes provision of hand-held video magnifiers and basic assistive technology devices such as white canes, Braille writing equipment, talking calculators, and Braille or talking watches.

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

Blind New Mexicans Served Fiscal Year 2018	
Vocational Rehabilitation Program	345
Technology for Children Program	13
Students in Transition to Employment Program	44
Orientation Center	
Adult	15
Youth	11
Assistive Technology deliveries or calls (estimated)	1,462
Business Enterprise Program	17
Independent Living/Older Blind Program	531
Emergency Eye Care Program	19

ORGANIZATIONAL STRUCTURE

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

- **Vocational Rehabilitation** – The Unit is responsible for administering and monitoring services provided through the Vocational Rehabilitation Services Program and administers the Business Enterprise Program. Units under this program include the Adult Orientation Center, the Assistive Technology Program, BEP, Newline, and the Students in Transition to Employment Program (STEP). In addition, the VR Program supervises the staff of the Independent Living program that is providing vocational rehabilitation services to Commission consumer.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2018**

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

Contacting Fund Financial Management

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

BASIC FINANCIAL STATEMENTS

**State of New Mexico
Commission for the Blind
Statement of Net Position
June 30, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets			
Interest in State General Fund Investment Pool	1,132,798	\$ 150,794	\$ 1,283,592
Accounts receivable, net	152	27,575	27,727
Due from the federal government	329,373	-	329,373
Prepaid assets	2,745	-	2,745
Total Current Assets	1,465,068	178,369	1,643,437
Non-Current Assets			
Capital assets, net	721,427	32,972	754,399
Total Assets	\$ 2,186,495	\$ 211,341	\$ 2,397,836
Liabilities			
Current Liabilities			
Accounts Payable	\$ 214,532	\$ 4,218	\$ 218,750
Accrued Payroll	155,413	6,748	162,161
Due To Federal Government	-	-	-
Compensated Absences	188,282	-	188,282
Total Liabilities	558,227	10,966	569,193
Net Position			
Invested in Capital Assets	721,427	32,972	754,399
Restricted	-	167,403	167,403
Unrestricted	906,841	-	906,841
Total Net Position	1,628,268	200,374	1,828,642
Total Liabilities and Net Position	\$ 2,186,495	\$ 211,341	\$ 2,397,835

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

**State of New Mexico
Commission for the Blind
Statement of Activities
For the Year Ended June 30, 2018**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
				Primary Government		
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General	\$ 7,121,231	\$ -	\$ 5,182,168	\$ (1,939,063)	\$ -	\$ (1,939,063)
Business-type activities:						
Business enterprise program	3,935,532	3,904,844	-	-	(30,688)	(30,688)
General revenues and (expenses):						
Miscellaneous revenue				12,634	196	12,830
Other gifts and grants				563	5,170	5,733
Total general revenues (expenses)				<u>13,197</u>	<u>5,366</u>	<u>18,563</u>
Other financing (uses) and sources						
Transfer - State General Fund appropriations				1,938,800	-	1,938,800
Transfer - Department of Health				280,000	-	280,000
Transfer - Division of Vocational Rehabilitation				(100,000)	-	(100,000)
Total other financing sources				<u>2,118,800</u>	<u>-</u>	<u>2,118,800</u>
Change in net position				192,934	(25,322)	167,612
Net position, beginning of year				<u>1,435,334</u>	<u>225,696</u>	<u>1,661,030</u>
Net position, end of year				<u>\$ 1,628,268</u>	<u>\$ 200,374</u>	<u>\$ 1,828,642</u>

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

**State of New Mexico
Commission for the Blind
Balance Sheet - Governmental Fund 04700
June 30, 2018**

	General Fund 04700
Assets	
Interest in State General Fund Investment Pool	1,132,798
Accounts receivable	152
Due from federal government	329,373
Prepaid Expenses	2,745
Total Assets	\$ 1,465,068
Liabilities	
Accounts payable	214,532
Accrued payroll	155,413
Due to the federal government	-
Total Liabilities	369,945
Fund Balance	
Unassigned	1,095,123
Total Fund Balance	1,095,123
Total Liabilities and Fund Balance	\$ 1,465,068

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

**State of New Mexico
Commission for the Blind
Reconciliation of the Balance Sheet
to the Statement of Net Position - Governmental Fund 04700
June 30, 2018**

Total fund balance for the governmental funds (Balance Sheet)		\$ 1,095,123
amounts reported for governmental activities in the Statement of Net Activities are different because		
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	3,034,126	
Accumulated depreciation	<u>(2,312,698)</u>	721,428
Long-term liabilities, including compensated absences payable, are not due and payable in the current period; therefore, are not reported in the funds.		<u>(188,283)</u>
Net position of governmental activities (Statement of Net Position)		<u><u>\$ 1,628,268</u></u>

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

**State of New Mexico
Commission for the Blind
Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund 04700
For the Year Ended June 30, 2018**

	General Fund 04700
Revenues	
Other gifts and grants	\$ 563
Federal Grants	5,127,205
Federal Contract-Interagency	54,963
Miscellaneous Revenue	12,634
Total revenues	5,195,365
Expenditures	
Current:	
General government:	
Personnel Services and benefits	4,102,183
Contract Services	123,103
Other Costs	1,132,235
Care and Support	1,632,258
Capital outlay	-
Total expenditures	6,989,779
Excess (deficiency) of revenues over expenditures	(1,794,414)
Other Financing Sources (Uses)	
Transfer - State General Fund Appropriations	1,938,800
Transfer - Other Financing Sources	280,000
Transfer - Other Financing Uses	(100,000)
Total Other Financing Sources	2,118,800
Net change in fund Balance	324,386
Fund Balance at Beginning of Year	770,737
Fund Balance at End of Year	\$ 1,095,123

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

**State of New Mexico
Commission for the Blind
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018**

Net change in Fund Balance - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balance)		\$ 324,386
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities these costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.</p>		
Capital asset additions		
Depreciation expense	(120,666)	(120,666)
<p>Some items reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		(10,786)
Change in net position of Governmental activities (Statement of Activities)		\$ 192,934

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

State of New Mexico
Commission for the Blind
Statement of Revenue and Expenditures
Budget and Actual (Budgetary Basis)
General Fund 04700
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Federal Grants	\$ 5,930,500	\$ 5,930,500	5,182,168	\$ (748,332)
Other Gifts & Grants	1,000	\$ 1,000	563	(437)
Miscellaneous Revenues	5,500	\$ 5,500	12,634	7,134
General Fund Appropriations	1,938,800	\$ 1,938,800	1,938,800	-
Other Financing Sources	280,200	\$ 280,200	280,000	(200)
Total revenues	8,156,000	8,156,000	7,414,165	(741,835)
Expenditures				
Personnel services and benefits	4,886,900	4,686,900	4,102,183	584,717
Contractual services	202,500	202,500	123,103	79,397
Other	2,966,600	3,166,600	2,764,493	402,107
Other Transfers	100,000	100,000	100,000	-
Total expenditures	\$ 8,156,000	\$ 8,156,000	7,089,779	\$ 1,066,221
Excess(deficiency) of revenues over expenditures - Budgetary Basis			<u>324,386</u>	
Net Change in Fund Balance - GAAP basis			<u>\$ 324,386</u>	

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

State of New Mexico
Commission for the Blind
Statement of Net Position - Proprietary Fund 10460
June 30, 2018

	Business Enterprise Program 10460
Assets	
Current Assets	
Interest in State General Fund Investment Pool	\$ 150,794
Accounts receivable, net	<u>27,575</u>
Current Assets Total	<u>178,369</u>
Non-Current Assets	
Capital assets, net	<u>32,972</u>
Total Assets	<u><u>211,341</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	4,218
Accrued Payroll	<u>6,748</u>
Total Liabilities	<u>10,966</u>
Net Position	
Invested in Capital Assets	32,972
Restricted - Randolph-Sheppard Act	<u>167,403</u>
Total Net Position	<u>200,374</u>
Total Liabilities and Net Position	<u><u>\$ 211,341</u></u>

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

**State of New Mexico
Commission for the Blind
Statement of Revenues, Expenditures and
Changes in Net Position - Proprietary Fund 10460
For the Year Ended June 30, 2018**

	Business Enterprise Program 10460
Operating revenue	
Sales of services	\$ 3,839,627
Fees and commissions	65,217
Total operating revenues	3,904,844
Operating expenses	
Personnel services and benefits	104,924
Commissions paid to operators	3,748,715
Other costs	50,494
Contract services	12,087
Depreciation expense	19,312
Total operating expenses	3,935,532
Operating income (loss)	(30,688)
Non-operating revenues (expenses)	
Miscellaneous revenue	196
Non-operating gifts	5,170
Total Non-operating revenues (expenses)	5,366
Change in net position	(25,322)
Beginning net position	225,696
Ending net position	\$ 200,374

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

State of New Mexico
Commission for the Blind
Statement of Cash Flows - Proprietary Fund 10460
For the Year Ended June 30, 2018

	Business Enterprise Program
Cash flows from operating activities	
Receipts from consumers	4,195,642
Payments to Suppliers	(4,111,971)
Payments to Employees	(102,204)
Net cash used by operating activities	<u>(18,533)</u>
Cash flows from noncapital activities	
Other	5,366
Net cash provided by noncapital activities	<u>5,366</u>
Net decrease in cash and cash equivalents	(13,167)
Balance, beginning of year	163,961
Balance, end of year	<u><u>\$ 150,794</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	(30,688)
Adjustment to reconciled operating income to net cash used by operating activities:	
Depreciation expense	19,312
Contract services	
Change in assets and liabilities	
Accounts receivable	290,798
Accounts payable	(300,675)
Accrued payroll	2,720
Net cash used by operating activities	<u><u>\$ (18,533)</u></u>

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 1. HISTORY AND FUNCTION

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All of the programs that are administered or controlled by the Commission have been included in this report. The Vending Facility Program is included as an enterprise fund.

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

The statement of net position and the statement of activities display information about the Commission, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature. The Commission does not have any component units or fiduciary funds.

The Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. Grants revenue is recorded when all applicable eligibility or reimbursement requirements are met. The Commission recognizes the \$200K transfer in from the Division of Vocational Rehabilitation as program income and is reported in our semiannual and annual federal report as such.

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

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental Funds

General Fund (SHARE fund #04700) – The General Fund is the general operating fund of the Commission. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. Grant revenue is recognized when the eligibility requirements for the grant have been met. This fund is funded primarily from grants from the U.S. Department of Education and appropriations from the State General Fund. It is a non-reverting fund and considered a major fund since it is the Commission's general operating fund.

The funds of the Commission are non-reverting (HB, General Appropriation Act of 2017), pursuant to the appropriation legislation. Funds appropriated to the General Fund are used as a match against federal grant funds, and unexpended funds at June 30th are to be used as a match against future federal grants.

Proprietary Funds

Enterprise fund (SHARE fund #10460) – The Commission administers and accounts for the receipt and usage of Vending Facility Program's funds. Section 22-14-24 to Section 22-14-29 NMSA 1978, "Horace DeVargas Act," authorized the Commission to establish, maintain and operate a vending stand program for legally blind persons under the auspices of the "Randolph-Sheppard Act," Public Law 74-732 as amended by Public Law 83-565, 93-516 and 95-602, 20 U.S.C. Section 107, et seq.

The law locates the state licensing agency (SLA) for the program in the individual state or territorial agency that offers vocational rehabilitation services for individuals who are blind under the Rehabilitation Act of 1973, as amended. Prior to October 2013 the Commission used QuickBooks accounting software to keep track of the activities in this program; the general ledger balances and activity was converted to SHARE in fiscal year 2014 and SHARE is now used to track activities in this program. It is a non-reverting fund.

Cash and Investments. Cash is deposited by the Commission into its accounts with the State Treasurer, which are pooled and invested by the State Treasurer. The Commission considers cash on hand, cash in banks, and the Interest in State General Fund Investment Pool to be cash and cash equivalents. Negative cash, if any, is shown as Overdraft of Interest in State General Fund Investment Pool.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables. The Commission has \$7,960 recorded in the allowance for uncollectible receivable account as of June 30, 2018.

Deferred inflows/ outflows. The Commission does not have any deferred inflows or outflows.

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

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

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

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

Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate.

Fund Balance. In the fund level financial statements, fund balance reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. In accordance Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), the Commission, classifies governmental fund balances as follows:

- i. Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- ii. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors or amounts constrained due to enabling legislation.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- iii. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- iv. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by management.
- v. Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

Operating Revenue. Operating revenues include sales of services and fees and commissions. Operating revenues are recognized as the services are performed.

Non-operating revenue. Non-operating revenues, such as miscellaneous revenue, result from non-exchange transactions or ancillary activities.

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

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

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Pensions. Compliant with the requirements of Government Accounting Standards Board No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico implemented the standard for the fiscal year ending June 30, 2018.

The Commission, as part of the primary government of the State of New Mexico, is a contributing employer to the cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501.

Post-Employment Benefits Other Than Pensions (OPEB). Compliant with the requirements of Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018.

The Commission, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe New Mexico, 87501.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 3. COLLATERAL PLEDGED BY FINANCIAL INSTITUTIONS

Section 6-10-17, NMSA 1978 compilation requires that banks or savings and loans provide additional collateral on funds held that exceed the FDIC insurance limit. These excess funds are required to be fifty percent collateralized. The collateralization of the Commission's bank accounts is monitored by the State Treasurer's Office. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure State Treasurer cash and investments. All funds on deposit with banking institutions were fully covered by FDIC insurance at June 30, 2018.

NOTE 4. CASH AND GENERAL FUND INVESTMENT POOL

The funds allotted to the Commission are held by the New Mexico State Treasurer and pooled with the State General Fund Investment Pool. The Commission can withdraw its funds from the State Treasurer as needed and therefore considers them to be cash equivalents. All earnings on deposits are retained by the State General Fund; therefore, from the Commission's perspective, the cash balances are non-interest bearing and stated at cost. Money deposited by the Commission with the State Treasurer is pooled and invested by the State Treasurer. The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. To obtain pledged collateral, investment risk, and insurance coverage information for the Commission's State Treasurer deposits, a copy of separately issued financial statements can be obtained from the State Treasurer's Office. The report may be obtained by writing to the New Mexico State Treasurer, P.O. Box 5135, Santa Fe, NM 87502-5135. All collateral is held in third-party safekeeping. A supplemental schedule of cash that the Commission held as of June 30, 2018 is presented in the financial statements as other supplementary information.

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

As provided for in Chapter 8-6 of the New Mexico Statutes Annotated 1978, the New Mexico State Treasurer shall receive and keep all monies of the State, except when otherwise provided, and shall disburse the public money upon lawful warrants. The State Treasurer's Office (STO) acts as the State's bank. The Agencies' cash receipts are deposited with STO and pooled in a State Investment Fund, when amounts are greater than immediate needs they are placed into short-term investments. When the Agencies makes payments to vendors and employees they are made from this pool and their claims on the pool are reduced.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

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

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. The comprehensive cash reconciliation model, which compares aggregated agency claims on SGFIP to the associated resources held by the State Treasurer's Office, is now in its fourth year. This process has been reviewed multiple times by the IPAs performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report. The reviews have deemed the process to be sound and Department of Finance and Administration fully compliant with the requirements of the monthly process. As of June 30, 2018, resources held in the SGFIP were equivalent to corresponding agencies claims on those resources. All claims are recorded in SHARE shall be honored at face value. Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

The Commission does employ robust internal controls and cash management practices and techniques in order to monitor and verify the Commission's cash position. The cash management processes of the Commission include; regular monitoring of the agency's share of the SGFIP reflected by DFA/FCD in the SHARE accounting system, monthly reconciliation of all cash activities to the SGFIP balance and full book-to-bank reconciliations of authorized accounts maintained for use by the agency's business-type activities (fund 10460), effective internal controls over authorized cash related activities, utilization of effective cash forecasting methods, and adherence to specific and appropriate draw schedules relating to the reimbursement for expenditures by federal grants. While the Commission is not a required participant of the state's CMIA (Cash Management Improvement Act) agreement, the cash management processes of the agency are designed to ensure compliance with CMIA requirements should the Commission be designated as a required participant in the future. Through the design and implementation of procedures noted above, the Commission has determined there has been no material impact to its interest in the SGFIP.

At June 30, 2018, the Commission had \$1,283,592 invested in the SFGIP. This Pool represents cash and short-term investments. The State Treasurer invests excess cash balances on behalf of certain earmarked funds of state agencies identified by State statute and local governments. Interest earnings are distributed based on average outstanding cash balances for local governments and the state agencies where interest is allowed to be earned. All other interest earnings are transferred to the State General Fund. Currently, there are no limitations or restrictions on withdrawals on the investment in the SGFIP.

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, 2018.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 5. CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2018 is as follows:

Governmental Activities:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Non-depreciable assets:				
Land	\$ 55,676	\$ -	\$ -	\$ 55,676
Depreciable assets:				
Buildings and improvements	1,957,144	-	-	1,957,144
Machinery and equipment	1,117,699	-	(96,394)	1,021,305
Subtotal	3,130,519	-	(96,394)	3,034,125
Accumulated depreciation:				
Buildings and improvements	(1,208,835)	(91,564)	-	(1,300,399)
Machinery and equipment	(1,079,591)	(29,102)	96,394	(1,012,299)
Subtotal	(2,288,426)	(120,666)	96,394	(2,312,698)
Total Capital Assets, Net	\$ 842,093	\$ (120,666)	\$ -	\$ 721,427

Business-Type Activities:

Business-Type Activities:

Buildings and improvements	\$ 33,093	\$ -	\$ -	\$ 33,093
Machinery and equipment	135,997	-	-	135,997
Subtotal	169,090	-	-	169,090
Accumulated depreciation:				
Buildings and improvements	(27,025)	(3,309)	-	(30,334)
Machinery and equipment	(89,781)	(16,003)	-	(105,784)
Subtotal	(116,806)	(19,312)	-	(136,118)
Total Capital Assets, Net	\$ 52,283	\$ (19,312)	\$ -	\$ 32,972

There is no debt related to capital assets. Current year depreciation related to governmental activities is \$120,666 and business-type activities is \$19,312.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 6. COMPENSATED ABSENCES PAYABLE

Compensated absences and changes for the year ended June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities Compensated Absences Payable	\$ 177,496	230,145	(219,359)	\$ 188,282	\$ 188,282
Total Long-Term Liabilities	<u>\$ 177,496</u>	<u>230,145</u>	<u>(219,359)</u>	<u>\$ 188,282</u>	<u>\$ 188,282</u>

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

NOTE 7. OPERATING LEASES

The Commission leased certain office space and office equipment under lease agreements with various terms. Expenditures for operating leases for the year ended June 30, 2018 amounted to \$239,052. Future minimum annual payments under operating lease agreements for equipment are as follows:

<u>Years ending June 30:</u>	
2019	\$ 241,918
2020	\$ 248,089
2021	\$ 252,913
2022	\$ 257,887
2023	\$ 237,162
Thereafter	<u>\$ 21,770</u>
	<u>\$ 1,259,740</u>

NOTE 8. DEFERRED COMPENSATION

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 9. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Corrections Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offer 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employee Retirement Fund is set forth in Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for Tier 1 members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier 1 as the average salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Tier 2. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier 2), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier 1) remain eligible to retire at any age with 25 or more years of service credit. Generally, under Tier 2 pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

The Commission's contributions to PERA for the year ended June 30, 2018 was \$472,095, which equal the required contributions for each year.

NOTE 10. POST-EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN

Plan Description. Employees of the Commission are provided with OPEB through the Retiree Health Care Fund (the Fund)-a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents, and surviving spouses) who have retired or will retire from public service in New Mexico.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NMRHCA is an independent agency of the State of New Mexico. The funds administered by the NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits Provided. The fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each of the participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation the Fund. Contributions to the Fund from the Commission were \$55,573 for the year ended June 30, 2018.

NOTE 11. INSURANCE COVERAGE

The Commission obtains coverage through the Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, worker's compensation, group insurance and state unemployment. These coverage's are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Commission are covered by a blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence, by the State of New Mexico, for the period June 30, 2017 through June 30, 2018.

NOTE 12. CONTINGENCIES

Federal Grant Programs. The Commission participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Department has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable as of June 30, 2018, may be impaired.

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

NOTE 13. OPERATING TRANSFERS

<u>Business Unit</u>		<u>TITLE</u>	<u>TRANSFER</u>	
			<u>IN</u>	<u>OUT</u>
General Fund (04700)				
1	34101	DFA Allotments	1,938,800	
2	64400	Department of Vocational Rehabilitation	200,000	100,000
3	66500	Department of Health	80,000	
Business Enterprise Fund (10460)				
			2,218,800	100,000

NOTES

- 1 General Fund Allotments
- 2 MOU with DVR for Social Security Program Income and General Fund Transfer to DVR
- 3 MOU with Department of Health to provide assistive technology for children

NOTE 14. SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through October 23, 2018, the date which the financial were available to be issued, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2018. Management believes no material subsequent events have arisen that would require adjustment or disclosure to the financial statements.

NOTE 15. NEW ACCOUNTING STANDARD

In June 2017, Governmental Accounting Standard Board issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. The standard will be implemented during this fiscal year ended June 30, 2021 and the effect on the financial statements has not been determined.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS
June 30, 2018**

<u>Name of Depository</u>	<u>Account Name</u>	<u>SHARE Fund #</u>	<u>Account Type</u>	<u>Interest Bearing</u>	<u>Balance at June 30, 2018</u>	<u>Reconciled Balance at June 30, 2018</u>
Governmental Fund Types						
General Fund						
NM State Treasurer	Commission for the Blind	04700	SGFIP	No	<u>\$1,132,798</u>	<u>\$1,132,798</u>
Total Governmental Fund Types					<u>\$1,132,798</u>	<u>\$1,132,798</u>
Enterprise Fund Types						
Proprietary Funds						
NM State Treasurer	Commission for the Blind	10460	SGFIP	No	<u>\$150,794</u>	<u>\$150,794</u>
Total Enterprise Fund Types					<u>\$150,794</u>	<u>\$150,794</u>
Total Commission Cash					<u>\$1,283,592</u>	<u>\$1,283,592</u>

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2018

<u>Federal Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Office of Special Education and Rehabilitative Services - Direct Awards			
Rehabilitation Services - Vocational			
Rehabilitation Grants to States	84.126	H126Axx0046	\$ 5,601,029
Rehabilitation Services - Independent Living			
Services for Older Individuals Who are Blind	84.177	H177B1xx0031	233,973
Supported Employment Services for individuals with the Most Significant Disabilities			
Total U.S. Department of Education	84.187	H187Axx0047	<u>13,985</u> <u>5,848,987</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Administration for Community Living - Direct Award			
ACL Independent Living - State Grants	93.369	xxB1NMILSG	<u>500,376</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 6,349,363</u></u>

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Commission under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of the Commission.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3. OUTSTANDING LOANS, SUBRECIPIENTS AND INDIRECT COSTS

The Commission does not receive non-cash assistance, have outstanding loans, nor provides federal awards to subrecipients. The Commission did not select to use the de minimis 10% rate to recover indirect costs.



State of New Mexico
OFFICE OF THE STATE AUDITOR

**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**

Board of Commissioners
New Mexico Commission for the Blind

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison of the general fund of New Mexico Commission for the Blind (the "Commission") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Commission's basic financial statements, and have issued our report thereon dated October 23, 2018.

Internal Control Over Financial Reporting

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

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

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

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the schedule of findings and questioned costs as item 2018-001 and 2018-002.

Commission's Response to Finding

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

Purpose of this Report

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



Office of the State Auditor
Santa Fe, New Mexico
October 23, 2018



State of New Mexico
OFFICE OF THE STATE AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Board of Commissioners
New Mexico Commission for the Blind

Report on Compliance for the Major Federal Program

We have audited New Mexico Commission for the Blind's (the "Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal program for the year ended June 30, 2018. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Office of the State Auditor

Office of the State Auditor

Santa Fe, New Mexico

October 23, 2018

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal Control over Financial Reporting | |
| a. Material Weakness Identified? | No |
| b. Significant Deficiencies not considered to be material weakness? | No |
| c. Noncompliance Material to the financial statements noted? | No |

Federal Programs:

- | | |
|--|------------|
| 1. Internal Control over major programs: | |
| a. Material Weakness Identified? | No |
| b. Significant Deficiencies not considered to be material weakness? | No |
| 2. Type of auditor's report issued on compliance for major program | |
| | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)? | |
| | No |

4. Identification of Major Programs:

<u>Program Name</u>	<u>CFDA Number</u>
---------------------	--------------------

Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126
--	--------

5. The threshold for distinguishing Types A & B programs:	\$750,000
---	-----------

6. The Department was determined to be a low-risk auditee?	Yes
--	-----

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

2018-001 CASH RECEIPTS INTERNAL CONTROLS (OTHER NON-COMPLIANCE)

CONDITION

During our testwork of 35 cash receipts we noted the following:

- One check for \$832.57 was not deposited by the next business day.

CRITERIA

Per 6-10-3 NMSA 1978, all public money in the custody of or under control of any state agency or official, they must remit (deposit) the money to the State Treasurer before the close of the next succeeding business day.

CAUSE

The person responsible for daily desktop deposits was out of the office for three days. The New Mexico Commission for the Blind has a back-up person for desk top deposits, but that person was either never notified of the check that was placed in a locked drawer or was unable or unavailable to make the desktop deposit.

EFFECT

Noncompliance with State statute.

RECOMMENDATION

We recommend reconciling the check log to the deposit log daily to ensure all checks and cash received are deposited by the next business day. This reconciliation should be done by someone with no desktop deposit responsibilities.

MANAGEMENT RESPONSE

Commission for the Blind management accepts the cause of human oversight and will accept the OSA's recommendation and ensure that a daily reconciliation is performed to verify that all checks received are deposited within the next business day as per statute 6-10-3 NMSA 1978. This process will be implemented immediately and the Finance Manager will be the responsible person.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

2018-002 TRAVEL AND PER DIEM (OTHER NON-COMPLIANCE)

CONDITION

During our testwork of 25 disbursements we noted the following:

- One mileage reimbursement for transportation to attend a State Rehabilitation Council Town Forum was reimbursed at \$1.00 per mile, resulting in an overpayment of \$41.69.

CRITERIA

Section 2.42.2.11.B(1) NMAC requires mileage be reimbursed at 80% of the internal revenue service standard mileage rate of the previous year, the DFA mileage reimbursement rate table lists the rate of reimbursement for mileage as \$0.43 for the period January 1, 2018 through December 31, 2018.

EFFECT

Noncompliance with the New Mexico Administrative Code. This noncompliance may increase the Commission's risk for overpaying vendors and employees.

CAUSE

The Commission appears to have made an error and entered the mileage in the wrong column of the reimbursement form which resulted in a reimbursement that is inconsistent with the Per Diem and Mileage Rule.

RECOMMENDATION

We recommend that the Commission review their Travel & Per Diem Policy and update as necessary to ensure compliance with the New Mexico Administrative Code.

MANAGEMENT RESPONSE

A New Mexico Commission for the Blind ("The Commission") employee was working on two reimbursements for an individual, and it is believed that she cut "62.5" from one form, and mistakenly pasted it in the mileage column of the ISTE (Mileage reimbursement form) where it overrode the calculation that would otherwise have been performed using the information in the "No. of miles" column. The Commission believes that the insertion of the incorrect information was the result of inadvertent human error that took place under unusual circumstances, and not the result of a lack of adequate internal controls. The Finance Manager will continue to assign appropriate fiscal staff to review and approve all Travel and Per Diem reimbursement requests.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Prior Year Findings

Current Status

2017-001	Use of State Issued Gas Credit Cards (Other Non-Compliance)	Resolved
----------	---	----------

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
EXIT CONFERENCE
Year Ended June 30, 2018**

The exit conference was held on October 23, 2018 and attended by the following individuals:

State of New Mexico Commission for the Blind

Arthur Schreiber	Board Chairman
Greg Trapp	Executive Director
James Salas	Deputy Director
Kevin Romero	Deputy Director of Finance and Administration
Janelle Gonzales	Interim CFO
Laci Reynolds	Accountant Auditor

New Mexico Office of the State Auditor

Jack Emmons, CPA, CFE, CGMA	Deputy State Auditor
Lynette Kennard, CPA, CGFM	Financial Audit Director
Kevin Chavez, CPA	Audit Supervisor

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the Independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report. Management has reviewed and approved the financial statements.