

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

FINANCIAL STATEMENTS

JUNE 30, 2017

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COMMISSION FOR THE BLIND**

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COMMISSION FOR THE BLIND**

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

Official Roster

June 30, 2017

COMMISSIONERS

Arthur A. Schreiber	Chairman
Jim Babb	Commissioner
Dallas Allen	Commissioner

ADMINISTRATIVE OFFICIALS

Greg Trapp	Executive Director
James Salas	Deputy Director, Vocational Rehabilitation & Independent Living
Lucy Alexander	Deputy Director, Adult Orientation Center
Monica F. Maestas	Deputy Director, Finance & Administration/Chief Financial Officer

ORGANIZATION CHART

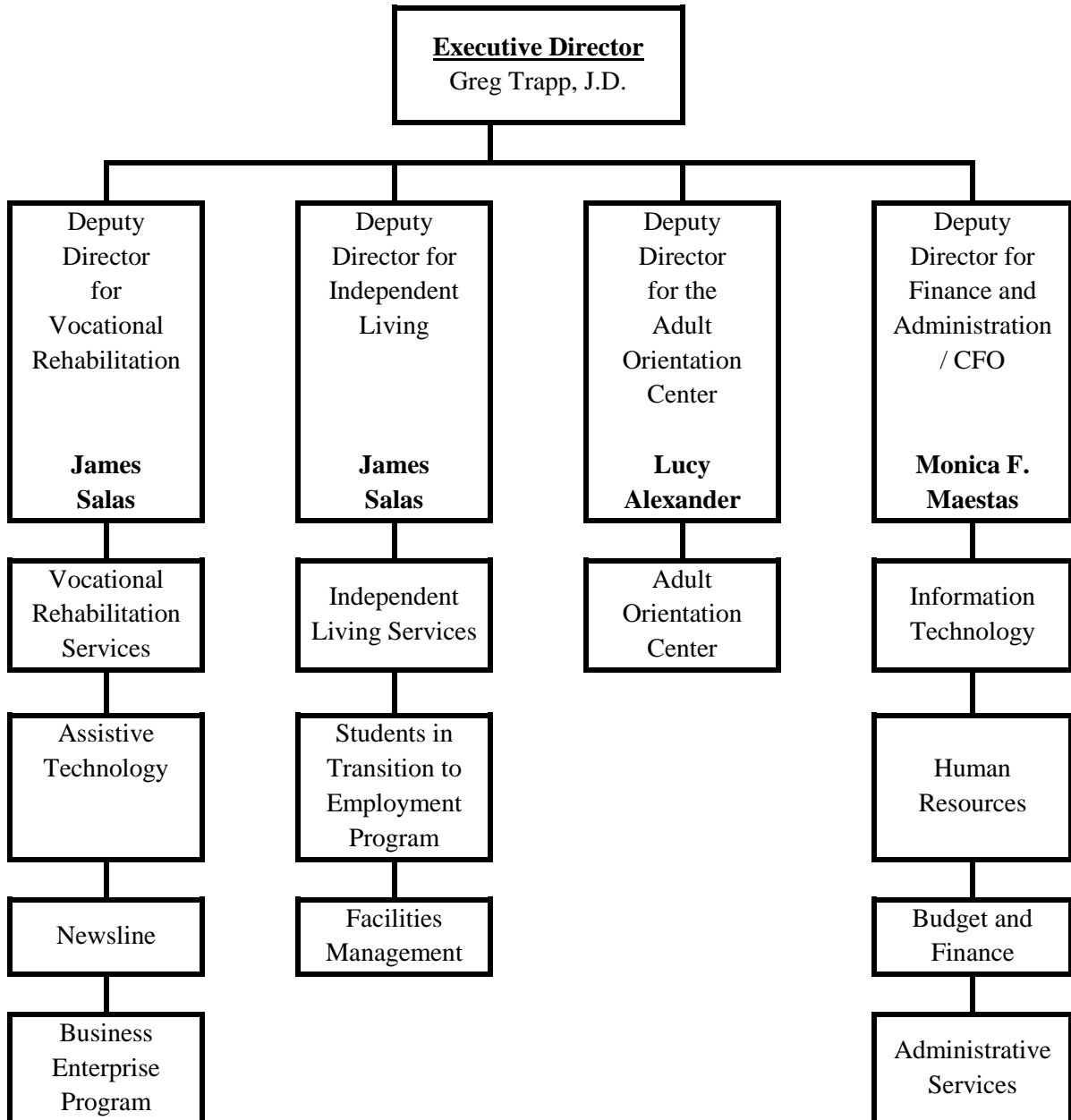
Governor Susana Martinez

Commissioners

Arthur A. Schreiber, Chairman

Jim Babb

Dallas Allen



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

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

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

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

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

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

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

Farmington Field Office
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, 2017*, 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, 2017*, 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, 2017, 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 8 through 19 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

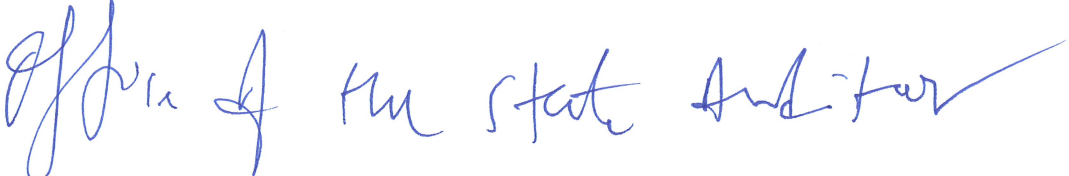
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The *schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal 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 titled Schedule of Individual Deposit Accounts 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 are the responsibility of management and were derived from, and relate 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 schedule required by 2.2.2 NMAC*, are 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 31, 2017 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
Santa Fe, New Mexico
October 31, 2017

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

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, 2017**

- **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, 2017**

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, 2017**

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, 2017**

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			
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change
ASSETS:												
Current and other assets	\$ 1,206,434	\$ 1,054,968	\$ 151,466	14.4%	\$ 482,334	\$ 708,935	\$ (226,601)	-32.0%	\$ 1,688,768	\$ 1,763,903	\$ (75,135)	-4.3%
Capital and non-current assets	842,093	967,224	(125,131)	-12.9%	52,283	66,079	(13,796)	-20.9%	894,376	1,033,303	(138,927)	-13.4%
Total assets	\$ 2,048,527	\$ 2,022,192	\$ 26,335	1.3%	\$ 534,617	\$ 775,014	\$ (240,397)	-31.0%	\$ 2,583,144	\$ 2,797,206	\$ (214,062)	-7.7%
LIABILITIES:												
Current liabilities	\$ 613,193	\$ 788,230	\$ (175,037)	-22.2%	\$ 308,920	\$ 545,638	\$ (236,718)	-43.4%	\$ 922,113	\$ 1,333,868	\$ (411,755)	-30.9%
Total Liabilities	613,193	788,230	(175,037)	-22.2%	308,920	545,638	(236,718)	-43.4%	922,113	1,333,868	(411,755)	-30.9%
NET POSITION												
Net investment in capital assets	842,093	967,224	(125,131)	-12.9%	52,283	66,079	(13,796)	-20.9%	894,376	1,033,303	(138,927)	-13.4%
Unrestricted	593,241	266,738	326,503	122.4%	-	-	-	0.0%	593,241	266,738	326,503	122.4%
Restricted	-	-	-	0.0%	173,414	163,297	10,117	6.2%	173,414	163,297	10,117	6.2%
Total Net Position	1,435,334	1,233,962	201,372	16.3%	225,697	229,376	(3,679)	-1.6%	1,661,031	1,463,338	197,693	13.5%
Total Liabilities and Net Position	\$ 2,048,527	\$ 2,022,192	\$ 26,335	1.3%	\$ 534,617	\$ 775,014	\$ (240,397)	-31.0%	\$ 2,583,144	\$ 2,797,206	\$ (214,062)	-7.7%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017**

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			
	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change	2017	2016	\$ Change	% Change
PROGRAM REVENUES												
Charge for service	\$ -	\$ -	\$ -	0.0%	\$ 3,646,152	\$ 3,216,755	\$ 429,397	13.3%	\$ 3,646,152	\$ 3,216,755	\$ 429,397	13.3%
Operating grants & contributions	5,612,005	5,688,249	(76,244)	-1.3%	-	-	-		5,612,005	5,688,249	(76,244)	-1.3%
Total Program Revenue	5,612,005	5,688,249	(76,244)	-1.3%	3,646,152	3,216,755	429,397	13.3%	9,258,157	8,905,004	353,153	-4.0%
GENERAL REVENUE												
Miscellaneous Revenue	31,430	106,554	(75,124)	-70.5%	756	2,400	(1,644)	-68.5%	32,186	108,954	(76,768)	-70.5%
Other financing sources	80,000	-	80,000	0.0%	-	-	-	0.0%	80,000	-	80,000	0.0%
Non-operating gifts & grants	1,756	4,634	(2,878)	-62.1%	-	-	-	0.0%	1,756	4,634	(2,878)	-62.1%
Transfers	1,940,700	2,138,600	(197,900)	-9.3%	-	-	-	0.0%	1,940,700	2,138,600	(197,900)	-9.3%
Total General Revenue	2,053,886	2,249,788	(195,902)	-8.7%	756	2,400	(1,644)	-68.5%	2,054,642	2,252,188	(197,546)	-8.8%
Total Revenues	\$7,665,891	\$ 7,938,037	\$(272,146)	-3.4%	\$ 3,646,908	\$ 3,219,155	\$ 427,753	13.3%	\$11,312,799	\$11,157,192	\$ 155,607	1.4%
EXPENSES												
Rehabilitation	7,234,168	7,786,256	(552,088)	-7.1%	-	-	-	0.0%	7,234,168	7,786,256	(552,088)	-7.1%
Contract Services	-	-	-	0.0%	3,629,580	3,249,411	380,169	11.7%	3,629,580	3,249,411	380,169	11.7%
Other financing uses	100,000	-	100,000	0.0%	-	-	-	0.0%	100,000	-	100,000	0.0%
Depreciation	130,351	158,751	(28,400)	-17.9%	21,008	18,146	2,862	15.8%	151,359	176,897	(25,538)	-14.4%
Total Expenses	\$7,464,519	\$ 7,945,007	\$(480,488)	-6.0%	\$ 3,650,588	\$ 3,267,557	\$ 383,031	11.7%	\$11,115,107	\$11,212,564	\$(1,980,715)	-17.7%
CHANGE IN NET POSITION	201,372	(6,970)	194,402		(3,680)	(48,402)	44,722	-92.4%	197,692	(55,372)	253,064	-457%
NET POSITION, BEGINNING OF YEAR	1,233,962	1,240,932	(6,970)	-0.6%	229,376	277,778	(48,402)	-21.8%	1,463,338	1,518,710	(55,372)	-3.6%
NET POSITION, END OF YEAR	\$1,435,334	\$ 1,233,962	\$ 187,432	15.2%	\$ 225,696	\$ 229,376	\$ (3,680)	-17.8%	\$ 1,661,030	\$ 1,463,338	\$ 197,692	13.5%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017**

SUMMARY OF CURRENT YEAR FINANCIAL ACTIVITIES

The Commission's overall activities resulted in an increase of net position of \$55,372 or -3.6%. The primary cause of the decrease relate to the following:

- Governmental activities expenses decreased by \$480,489 or 6.0%. The decrease from prior year expenditures was due primarily to a 15% required grant reservation for the VR grant and state government budget austerity measures.
- Governmental activities revenues decreased by \$272,147 or 3.4%. The decrease from prior year expenditures was due primarily to a 15% required grant reservation for the VR grant and state government budget austerity measures.
- For business-type activities, expenses increased by \$380,031 or -11.7% from the prior year, while revenues increased by \$427,753 or 13.3%. The large majority of total increase in revenues and expenses is due to an increase in the number of meals served under the Commission's pass through contract with FLETC.

Budget

The Commission was appropriated and originally budgeted \$2,053,700 in the General Fund. Due to State budget shortfalls, the Commission experienced a 5.5% reduction of \$113,000 to the General Fund in the first period of the fiscal year. In addition to these, \$5,649,200 in Federal Funds was also originally budgeted. There were three budget adjustment requests made and approved during this state fiscal year. An adjustment of \$50,000 between expenses categories, with the Contracts category increased by \$50,000 while the Other Expense category decreased by \$50,000. The second adjustment was an adjustment of \$50,000 between expenses categories, with the Other Expenses category increased by \$50,000 while the Personal Services and Benefits category decreased by \$50,000. The final budget adjustment was in the Operating Transfer category and allows the Commission to partner with the Division of Vocational Rehabilitation (DVR) to transfer \$200,000 in program income to the Commission. The Commission then transfers \$100,000 of relieved general fund which DVR can use to match more federal vocational rehabilitation funds and also assists both agencies in meeting Maintenance of Effort (MOE) requirements.

The Commission was appropriated and originally budgeted \$4,968,600 in the Business Enterprise Program.

Debt

The Commission carries no long term debt for the fiscal year-end 2017.

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, 2017

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, 2017**

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

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017

- **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.
- **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.

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.
- **Independent Living/Older Blind (IL/OB) Program** – The Program enables blind persons to live independently in their homes and communities. To accomplish this, direct services are provided with most persons being served in the home. The Program includes eight Independent Living teachers and a deputy director who manages the Program. They serve the entire state reaching out to underserved populations in rural areas. They provide training and guidance to encourage consumers to assume active and productive lives. The instruction includes training in Braille, how to travel using a white cane, how to use public transportation, and personnel and home management skills. This latter area can include instruction in meal preparation, diabetes management using non-visual or low-vision techniques, identification of money, telling time, the use of Newsline and the State Talking Book Library. The training also includes provision of basic assistive technology devices such as white canes, Braille writing equipment, talking calculators, and Braille or talking watches.
- **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.

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2017**

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 2017	
Vocational Rehabilitation Program	438
Technology for Children Program	11
Students in Transition to Employment Program	24
Orientation Center	13
Assistive Technology deliveries or calls	1,775
Business Enterprise Program	20
Independent Living/Older Blind Program	480
Emergency Eye Care Program	15

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, Newslines, 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, 2017

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

Contacting Fund Financial Management

The agency's financial statements are designed to present users with the general overview of the agency's finances and to demonstrate the State of New Mexico Commission for the Blind's accountability. If you have questions about the report or need additional financial information contact the agency's 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, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Interest in State General Fund Investment Pool	\$ 722,246	\$ 163,961	\$ 886,207
Accounts receivable, net	-	318,373	318,373
Due from the federal government	484,188	-	484,188
Total Current Assets	1,206,434	482,334	1,688,768
Non-Current Assets			
Capital assets, net	842,093	52,284	894,377
Total Assets	\$ 2,048,527	\$ 534,618	\$ 2,583,145
Liabilities			
Current Liabilities			
Accounts Payable	\$ 255,992	\$ 304,892	\$ 560,884
Accrued Payroll	175,478	4,028	179,506
Due To Federal Government	4,227	-	4,227
Compensated Absences	177,496	-	177,496
Total Liabilities	613,193	308,920	922,113
Net Position			
Invested in Capital Assets	842,093	52,284	894,377
Restricted	-	173,414	173,414
Unrestricted	593,241	-	593,241
Total Net Position	1,435,334	225,698	1,661,032
Total Liabilities and Net Position	\$ 2,048,527	\$ 534,618	\$ 2,583,145

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, 2017**

	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	\$ 7,364,519	\$ -	\$ 5,612,005	\$ (1,752,514)	\$ -	\$ (1,752,514)
Business-type activities:						
Business enterprise program	3,650,588	3,646,154	-	-	(4,434)	(4,434)
General revenues and (expenses):						
Miscellaneous revenue				31,430	756	32,186
Other gifts and grants				1,756	-	1,756
Total general revenues (expenses)				<u>33,186</u>	<u>756</u>	<u>33,942</u>
Other financing (uses) and sources						
Transfer - State General Fund appropriations				1,940,700	-	1,940,700
Transfer - Department of Health				80,000	-	80,000
Transfer - Division of Vocational Rehabilitation				(100,000)	-	(100,000)
Total other financing sources				<u>1,920,700</u>	<u>-</u>	<u>1,920,700</u>
Change in net position				201,372	(3,678)	197,694
Net position, beginning of year				<u>1,233,962</u>	<u>229,376</u>	<u>1,463,338</u>
Net position, end of year				<u>\$ 1,435,334</u>	<u>\$ 225,698</u>	<u>\$ 1,661,032</u>

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

**State of New Mexico
Commission for the Blind
Balance Sheet - Governmental Funds
June 30, 2017**

	General Fund
Assets	
Interest in State General Fund Investment Pool	\$ 722,246
Due from federal government	484,188
Total Assets	\$ 1,206,434
Liabilities	
Accounts payable	\$ 255,992
Accrued payroll	175,478
Due to the federal government	4,227
Total Liabilities	435,697
Fund Balance	
Unassigned	770,737
Total Fund Balance	770,737
Total Liabilities and Fund Balance	\$ 1,206,434

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 Funds
June 30, 2017**

Total fund balance for the governmental funds (Balance Sheet)		\$ 770,737
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	3,130,519	
Accumulated depreciation	<u>(2,288,426)</u>	842,093
Long-term liabilities, including compensated absences payable , are not		
due and payable in the current period; therefore, are not		
reported in the funds.		<u>(177,496)</u>
Net position of governmental activities (Statement of Net Position)		<u><u>\$ 1,435,334</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 Funds
For the Year Ended June 30, 2017**

	General Fund
Revenues	
Other gifts and grants	\$ 1,756
Federal Grants	5,612,005
Miscellaneous Revenue	<u>31,430</u>
Total revenues	<u>5,645,191</u>
Expenditures	
Current:	
General government:	
Personnel Services and benefits	4,328,639
Contract Services	153,339
Other Costs	1,094,598
Care and Support	1,629,561
Capital outlay	<u>5,220</u>
Total expenditures	<u>7,211,357</u>
Excess (deficiency) of revenues over expenditures	<u>(1,566,166)</u>
Other Financing Sources (Uses)	
Transfer - State General Fund Appropriations	1,940,700
Transfer - Other Financing Uses	(100,000)
Transfer - Other Financing Sources	<u>80,000</u>
Total Other Financing Sources	<u>1,920,700</u>
Net change in fund Balance	354,534
Fund Balance at Beginning of Year	<u>416,203</u>
Fund Balance at End of Year	<u><u>\$ 770,737</u></u>

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, 2017**

Net change in Fund Balance - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balance)	\$ 354,534
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities these costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Capital asset additions/deletions	5,220	
Depreciation expense	<u>(130,351)</u>	(125,131)

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.

Change in compensated absences	<u>(28,031)</u>
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Change in net position of Governmental activities (Statement of Activities)	<u>\$ 201,372</u>
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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, 2017

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)
Revenues				
Federal Grants	\$ 5,649,200	\$ 5,849,200	\$ 5,612,005	\$ (237,195)
Other Gifts & Grants	10,500	10,500	1,756	(8,744)
Miscellaneous Revenues	1,000	1,000	31,430	30,430
General Fund Appropriations	2,053,700	1,940,700	1,940,700	-
Other Financing Sources	80,000	80,000	80,000	-
Total revenues	<u>7,794,400</u>	<u>7,881,400</u>	<u>7,665,891</u>	<u>(215,509)</u>
Expenditures				
Personnel services and benefits	4,786,900	4,758,900	4,328,639	430,261
Contractual services	178,600	193,600	153,339	40,261
Other	2,828,900	2,828,900	2,729,379	99,521
Other Transfers	-	100,000	100,000	-
Total expenditures	<u>\$ 7,794,400</u>	<u>\$ 7,881,400</u>	<u>7,311,357</u>	<u>\$ 570,043</u>
Excess(deficiency) of revenues over expenditures - Budgetary Basis			<u>354,534</u>	
Net Change in Fund Balance - GAAP basis			<u>\$ 354,534</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
June 30, 2017**

	Business Enterprise Program
Assets	
Current Assets	
Interest in State General Fund Investment Pool	\$ 163,961
Accounts receivable, net	318,373
Current Assets Total	<u>482,334</u>
Non-Current Assets	
Capital assets, net	<u>52,284</u>
Total Assets	<u><u>\$ 534,618</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	304,892
Accrued Payroll	4,028
Total Liabilities	<u>308,920</u>
Net Position	
Invested in Capital Assets	52,284
Restricted - Randolph-Sheppard Act	<u>173,414</u>
Total Net Position	<u>225,698</u>
Total Liabilities and Net Position	<u><u>\$ 534,618</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
For the Year Ended June 30, 2017**

	Business Enterprise Program
Operating revenue	
Sales of services	3,560,122
Fees and commissions	86,030
Total operating revenues	<u>\$ 3,646,152</u>
 Operating expenses	
Personnel services and benefits	118,258
Commissions paid to operators	3,439,836
Other costs	71,486
Depreciation expense	21,008
Total operating expenses	<u>3,650,588</u>
 Operating income (loss)	 (4,436)
 Non-operating revenues (expenses)	
Miscellaneous revenue	756
Total Non-operating revenues (expenses)	<u>756</u>
 Change in net position	 (3,680)
 Beginning net position	 229,376
 Ending net position	 <u><u>\$ 225,696</u></u>

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, 2017

	Business Enterprise Program
Cash flows from operating activities	
Receipts from consumers	\$ 3,624,646
Payments to Suppliers	(3,743,541)
Payments to Employees	(122,757)
Net cash used by operating activities	<u>(241,652)</u>
 Cash flows from noncapital activities	
Other	756
Net cash used by noncapital activities	<u>756</u>
 Cash flows from capital activities	
Acquisition of capital assets	(7,213)
Net cash used by capital activities	<u>(7,213)</u>
 Net increase in cash and cash equivalents	 (248,109)
 Balance, beginning of year	 412,074
 Balance, end of year	 <u>\$ 163,965</u>
 Reconciliation of operating income to net cash provided by operating activities	
 Operating income (loss)	 (4,436)
Adjustment to reconciled operating income to net cash used by operating activities:	
Depreciation expense	21,008
 Change in assets and liabilities	
Accounts receivable	(21,508)
Accounts payable	(232,219)
Accrued payroll	(4,499)
 Net cash used by operating activities	 <u>\$ (241,654)</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, 2017**

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, 2017**

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.

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, 2017**

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 2016), 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-budgeted and non-reverting fund.

Cash and Investments. Cash is deposited by the Commission into its accounts with the State Treasurer, which are pooled and invested by the State Treasurer. 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, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables. All receivables are fully collectible.

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, 2017**

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, 2017**

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.

New Accounting Pronouncements. The Commission adopted Statement No. 76 of the Governmental Accounting Standards Board, *The Hierarchy of Generally Accepted Accounting Principles for State Local Governments* (GASB 76) during fiscal year 2017. This statement raises the category of GASB Implementation Guides in the GAAP hierarchy and requires consideration of consistency with GASB Concepts Statement when evaluating accounting treatments specified in non-authoritative literature. Implementation of GASB 76 did not have a material impact on the fiscal year 2017 financial statements.

NOTE 3. COLLATERAL PLEDGED BY FINANCIAL INSTITUTIONS

Section 6-10-17, NMSA 1978 compilation requires that banks or savings and loans provide additional collateral on funds held that exceed the FDIC insurance limit. These excess funds are required to be fifty percent collateralized. The collateralization of the Commission's bank accounts is monitored by the State Treasurer's Office. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure State Treasurer cash and investments. All funds on deposit with banking institutions were fully covered by FDIC insurance at June 30, 2017.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

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 87505-5135. All collateral is held in third-party safekeeping. A supplemental schedule of cash that the Commission held as of June 30, 2017 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, 2017

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 third year. As of June 30, 2017, 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 General Fund Investment Pool (GFIP) reflected by DFA/FCD in the SHARE accounting system, monthly reconciliation of all cash activities to the GFIP balance and full book-to-bank reconciliations of authorized accounts maintained for use by the agency's business-type activities (fund 10460), effective internal controls over authorized cash related activities, utilization of effective cash forecasting methods, and adherence to specific and appropriate draw schedules relating to the reimbursement for expenditures by federal grants. While the Commission is not a required participant of the state's CMIA (Cash Management Improvement Act) agreement, the cash management processes of the agency are designed to ensure compliance with CMIA requirements should the Commission be designated as a required participant in the future. Through the design and implementation of procedures noted above, the Commission has determined there has been no material impact to its interest in the State General Fund Investment Pool.

At June 30, 2017, the Commission had \$886,207 invested in the State General Fund Investment Pool. 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, 2017.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 5. CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2017 is as follows:

Governmental Activities:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Government Activities:				
Non-depreciable assets:				
Land	\$ 55,676	\$ -	\$ -	\$ 55,676
Depreciable assets:				
Buildings and improvements	1,957,144	-	-	1,957,144
Machinery and equipment	1,112,479	5,220	-	1,117,699
Subtotal	3,125,299	5,220	-	3,130,519
Accumulated depreciation:				
Buildings and improvements	(1,117,271)	(91,564)	-	(1,208,835)
Machinery and equipment	(1,404,804)	(38,787)	-	(1,079,591)
Subtotal	(2,158,075)	(130,351)	-	(2,288,426)
Total Capital Assets, Net	\$ 967,224	\$(125,131)	\$ -	\$ 842,093

Business-Type Activities:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Fixed Assets (depreciable):				
Buildings and improvements	\$ 33,093	\$ -	\$ -	\$ 33,093
Machinery and equipment	128,784	7,213	-	135,997
Total Fixed Assets (depreciable):	161,877	7,213	-	169,090
Accumulated depreciation:				
Buildings and improvements	(23,716)	(3,309)	-	(27,026)
Machinery and equipment	(72,082)	(17,699)	-	(89,781)
Total Accumulated Depreciation:	(95,798)	(21,008)	-	(116,807)
Total capital assets, net	\$ 66,079	\$(13,795)	\$ -	\$ 52,283

There is no debt related to capital assets. Current year depreciation related to governmental activities is \$130,351 and business-type activities is \$21,008.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 6. COMPENSATED ABSENCES PAYABLE

Compensated absences and changes for the year ended June 30, 2017 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities Compensated Absences Payable	\$ 149,465	242,770	(214,739)	\$ 177,496	\$ 177,496
Total Long-Term Liabilities	<u>\$ 149,465</u>	<u>242,770</u>	<u>(214,739)</u>	<u>\$ 177,496</u>	<u>\$ 177,496</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, 2017 amounted to \$233,932. Future minimum annual payments under operating lease agreements for equipment are as follows:

<u>Years ending June 30:</u>	
2018	\$ 216,206
2019	201,949
2020	184,846
2021	189,670
2022	194,644
Thereafter	228,769
	<u>\$ 1,216,084</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, 2017**

NOTE 9. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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 pension plan administered by the Public Employees Retirement Association (PERA). Overall, total pension liability exceeds Plan net position resulting in a net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and 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 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, New Mexico 87501.

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

Plan Description. The State of New Mexico Commission for the Blind contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Commission's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$58,779, \$60,330, and \$56,584, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 11. INSURANCE COVERAGE

The Commission obtains coverage through the Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, worker's compensation, group insurance and state unemployment. These coverage's are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Commission are covered by a blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence, by the State of New Mexico, for the period July 1, 2016 through June 30, 2017.

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, 2017, 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.

NOTE 13. OPERATING TRANSFERS

During 2017 the Department of Finance and Administration (34101) transferred \$1,940,700 to the Commission (60600) for the General Fund Appropriation (HB 2 General Appropriations Act of 2017). The Department of Health and Human Services (66500) transferred \$80,000 to the Commission (60600) to provide assistive technology that is not covered by insurance to children who are blind and visually impaired. The Commission (60600) transferred \$100,000 to the Division of Vocational Rehabilitation (64400) related to Independent Living Services.

NOTE 14. SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through October 31, 2017, 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, 2017. 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 2015, Governmental Accounting Standard Board issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal years beginning after June 15, 2017. The standard will be implemented during this fiscal year ended June 30, 2018 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, 2017**

Name of Depository	Account Name	SHARE Fund #	Account Type	Interest Bearing	Balance at June 30, 2017	Reconciled Balance at June 30, 2017
Governmental Fund Types						
General Fund						
NM State Treasurer	Commission for the Blind	04700	SGFIP	No	<u>\$722,246</u>	<u>\$722,246</u>
Total Governmental Fund Types					<u>\$722,246</u>	<u>\$722,246</u>
Enterprise Fund Types						
Proprietary Funds						
NM State Treasurer	Commission for the Blind	10460	SGFIP	No	<u>\$163,961</u>	<u>\$163,961</u>
Total Enterprise Fund Types					<u>\$163,961</u>	<u>\$163,961</u>
Total Commission Cash					<u>\$886,207</u>	<u>\$886,207</u>

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2017**

<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	H126A170046	\$ 6,352,593
Rehabilitation Services - Independent Living			
Services for Older Individuals Who are Blind	84.177	H177B1170031	224,510
Supported Employment Services for individuals with the Most Significant Disabilities			
Total US Department of Education	84.187	H187A170047	<u>21,117</u> <u>6,598,220</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Administration for Community Living - Direct Award			
ACL Independent Living - State Grants	93.369	17B1NMILSG	<u>54,963</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 6,653,183</u></u>

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2017**

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, 2017. 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, 2017, and the related notes to the financial statements, which collectively comprise Commission's basic financial statements, and have issued our report thereon dated October 31, 2017.

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 2017-001.

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. 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 31, 2017



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, 2017. 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, 2017.

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
Santa Fe, New Mexico
October 31, 2017

**STATE OF NEW MEXICO
 COMMISSION FOR THE BLIND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2017**

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>
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Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126
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5. The threshold for distinguishing Types A & B programs:	\$750,000
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6. The Department was determined to be a low-risk auditee?	Yes
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**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

2017-001 USE OF STATE ISSUED GAS CREDIT CARDS (OTHER NON-COMPLIANCE)

CONDITION

During our testwork of gas cards, we noted two out of the five vouchers tested contained purchases of high grade fuel, for a total of \$60.03. One purchase was for unleaded plus fuel of \$24.13 and one purchase was for premium fuel of \$35.90. There are number of circumstances which would allow purchase of higher grade of gasoline, however, there was no such documentation to support the purchases in question. We noted the amounts are insignificant.

CRITERIA

Per 1.5.4.12 NMAC, State of New Mexico credit cards shall be used only for official business and only to furnish state-owned vehicles with regular and unleaded gasoline. Per 1.5.3.19 NMAC every attempt shall be made to fill the vehicle at the cheapest location.

EFFECT

In absence of documentation to justify the purchases of higher grade of gasoline, the Commission is not in compliance of 1.5.4.12 NMAC and/or 1.5.3.19 NMAC.

CAUSE

During a portion of the year, the Commission did not have a fleet manager. Management may not have been aware of the rules for fuel cards.

RECOMMENDATION

The Commission should train all employees utilizing state vehicles on requirements to use unleaded fuel and develop a system to monitor the use of gas cards for compliance with State statutes.

MANAGEMENT RESPONSE

The Commission does not concur with finding 2017-001. The Commission acknowledges that a higher grade of fuel was purchased on November 1, 2016, and on May 8, 2017. The Commission asserts that 1.5.3.19 NMAC applies to the two purchases as they were made with a contracted fuel credit card, and that 1.5.3.12 NMAC does not apply as the purchases were not made with a "State of New Mexico Credit Card." The Commission also asserts that the two purchases represent isolated instances. The Commission agrees to put in place practices and procedures that will require employees to attempt to purchase the lowest grade of fuel whenever possible, to identify instances when the lowest grade of fuel is not purchased, and to produce documentation of the reason for the purchase of the higher grade of fuel. It will be the responsibility of the Chief Financial Officer to implement practices and procedures within 6 months of audit release.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017**

Prior Audit Findings

Current Status

2016-001	Reporting, Instance of Non-Compliance and Significant Deficiency in Internal Control	Resolved
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**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
EXIT CONFERENCE
Year Ended June 30, 2017**

The exit conference was held on October 31, 2017 and attended by the following individuals:

State of New Mexico Commission for the Blind

Arthur Schreiber	Board Chairman
Greg Trapp	Executive Director
Monica Maestas	Chief Financial Officer

New Mexico Office of the State Auditor

Sanjay Bhakta, CPA, CGFM, CFE, CGMA	Deputy State Auditor
Emily Oster, CPA, CGMA	Compliance and Quality Control Director
Lynette Kennard, CPA, CGFM	Financial Audit Director
Kevin Chavez	Senior Auditor