

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

June 30, 2019



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COMMISSION FOR THE BLIND**

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

Official Roster

June 30, 2019

COMMISSIONERS

Arthur A. Schreiber	Chairman
Jim Babb	Commissioner
Urja Lansing	Commissioner

ADMINISTRATIVE OFFICIALS

Greg Trapp	Executive Director
James Salas	Deputy Director, Vocational Rehabilitation & Independent Living
Lucy Alexander	Deputy Director, Adult Orientation Center
Kevin Romero	Deputy Director for Finance and Administration

ORGANIZATION CHART

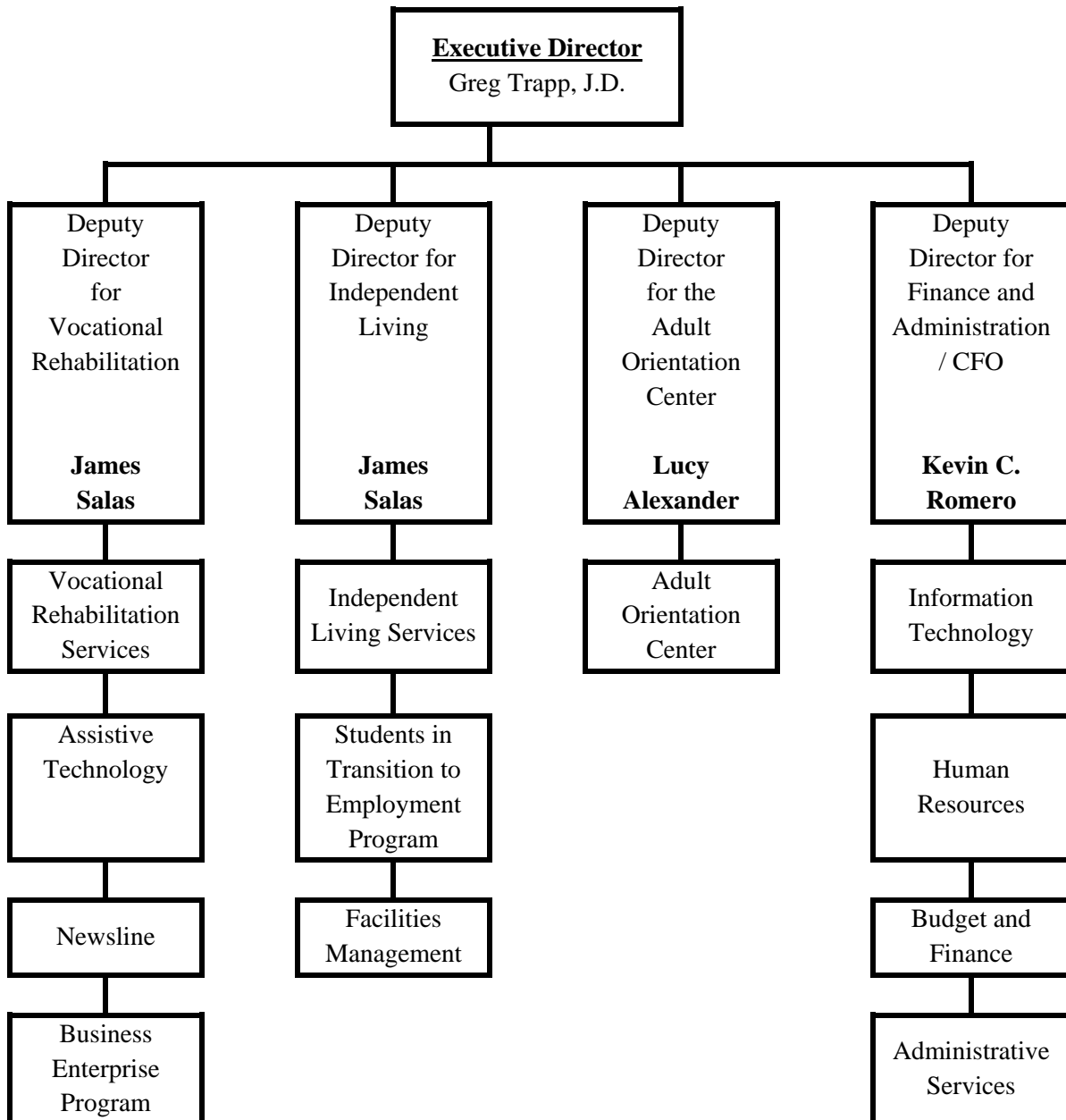
Governor Michelle Lujan Grisham

Commissioners

Arthur A. Schreiber, Chairman

Jim Babb

Urja Lansing



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

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

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

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

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

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

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

Farmington Field Office
1800 East 30th, Suite B
Farmington, NM 87401 ♦ Phone: 505-327-3031
Toll-Free: 888-513-7964



State of New Mexico Office of the State Auditor

CONSTITUENT SERVICES
(505) 476-3821

INDEPENDENT AUDITOR'S REPORT

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, 2019* 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, 2019*, 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, 2019*, and the changes in its financial position, budgetary comparison or where applicable, its cash flows or budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 17 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The other supplemental schedule is the Schedule of Individual Deposit Accounts and is required by 2.2.2 NMAC to be 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *schedule of expenditures of federal awards* and the Schedule of Individual Deposit Accounts 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 23, 2019 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 23, 2019

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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 IV of the Workforce Innovation and Opportunity Act of 2014, which reauthorized the Rehabilitation Act of 1973, as amended (29 U.S.C. 701-744), responsible for providing vocational rehabilitation and independent living services for persons who qualify for those services based on legal blindness or a qualifying visual impairment. The Commission encourages and enables blind and visually impaired citizens of New Mexico to achieve vocational, economic and social equality, and is committed to the goal of helping blind and visually impaired persons to become self-supporting and participating members of society. The Commission provides career training, training in the skills of blindness and above all, promotes and conveys the belief that blindness is not a barrier to employment or any other aspect of a full, meaningful life.

The Commission is governed by the rules and regulations of the Rehabilitation Services Administration (RSA) which is a branch of the United States Department of Education. In addition, the Commission is governed by various state statutes and regulations, including the Commission for the Blind Act (28-7-15 to 28-7-23 NMSA 1978) which established the Commission and created a three-person board of directors appointed by the Governor.

In April 2019, the Commission for the Blind began participation in the State of New Mexico Procurement Card Program administered by the New Mexico Department of Finance and Administration. All policies and procedures have been approved by DFA as well as the Commission for the Blind.

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, 2019**

- **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, 2019

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, 2019**

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, 2019**

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			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
ASSETS:												
Current and other assets	\$ 1,418,790	\$ 1,465,068	\$ (46,278)	-3.2%	\$ 177,109	\$ 178,369	\$ (1,260)	-0.7%	\$ 1,595,898	\$ 1,643,437	\$ (47,538)	-2.9%
Capital and non-current assets	675,714	721,427	(45,713)	-6.3%	16,153	32,972	(16,820)	-51.0%	691,867	754,399	(62,533)	-8.3%
Total assets	\$ 2,094,504	\$ 2,186,495	\$ (91,991)	-4.2%	\$ 193,261	\$ 211,341	\$ (18,080)	-8.6%	\$ 2,287,765	\$ 2,397,836	\$ (110,071)	-4.6%
LIABILITIES:												
Current liabilities	\$ 629,893	\$ 558,227	\$ 71,666	12.8%	\$ 4,327	\$ 10,966	\$ (6,639)	-60.5%	\$ 634,220	\$ 569,193	\$ 65,026	11.4%
Total Liabilities	629,893	558,227	71,666	12.8%	4,327	10,966	(6,639)	-60.5%	634,220	569,193	65,026	11.4%
NET POSITION												
Net investment in capital assets	675,714	721,427	(45,713)	-6.3%	16,153	32,972	(16,819)	-51.0%	691,867	754,399	(62,532)	-8.3%
Unrestricted	788,897	906,841	(117,944)	-13.0%	-	-	-	0.0%	788,897	906,841	(117,944)	-13.0%
Restricted	-	-	-	0.0%	172,781	167,403	5,378	3.2%	172,781	167,403	5,378	3.2%
Total Net Position	1,464,611	1,628,268	(163,659)	-10.1%	188,934	200,374	(11,441)	-5.7%	1,653,545	1,828,643	(175,098)	-9.6%
Total Liabilities and Net Position	\$ 2,094,504	\$ 2,186,495	\$ (91,991)	-4.2%	\$ 193,261	\$ 211,341	\$ (18,080)	-8.6%	\$ 2,287,765	\$ 2,397,836	\$ (110,071)	-4.6%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2019**

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			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
PROGRAM REVENUES												
Charge for service	\$ -	\$ -	\$ -	0.0%	\$ 5,357,483	\$ 3,904,844	\$ 1,452,639	37.2%	\$ 5,357,483	\$ 3,904,844	\$ 1,452,639	37.2%
Operating grants & contributions	4,395,622	5,182,168	(786,546)	-15.2%	\$ -	-	-	0.0%	4,395,622	5,182,168	(786,546)	-15.2%
Total Program Revenue	4,395,622	5,182,168	(786,546)	-15.2%	5,357,483	3,904,844	1,452,639	37.2%	9,753,105	9,087,012	666,093	-7.3%
GENERAL REVENUE												
Miscellaneous Revenue	9,883	12,634	(2,751)	-21.8%	700	196	504	257.2%	10,583	12,830	(2,247)	-17.5%
Other financing sources	332,261	280,000	52,261	18.7%	-	-	-	0.0%	332,261	280,000	52,261	18.7%
Non-operating gifts & grants	915	563	351	62.4%	-	5,170	(5,170)	-100.0%	915	5,733	(4,818)	-84.0%
Transfers	1,938,800	1,938,800	-	0.0%	-	-	-	0.0%	1,938,800	1,938,800	-	0.0%
Total General Revenue	2,281,858	2,231,997	49,861	2.2%	700	5,366	(4,665)	-86.9%	2,282,558	2,237,363	45,195	2.0%
Total Revenues	\$ 6,677,481	\$ 7,414,165	\$ (736,684)	-9.9%	\$ 5,358,183	\$ 3,910,210	\$ 1,447,973	37.0%	\$ 12,035,663	\$ 11,324,375	\$ 711,288	6.3%
EXPENSES												
Rehabilitation	6,704,514	7,000,565	(296,051)	-4.2%	-	-	-	0.0%	6,704,514	7,000,565	(296,051)	-4.2%
Contract Services	-	-	-	0.0%	5,352,804	3,916,220	1,436,584	36.7%	5,352,804	3,916,220	1,436,584	36.7%
Other financing uses	90,913	100,000	(9,088)	-9.1%	-	-	-	0.0%	90,913	100,000	(9,088)	-9.1%
Depreciation	45,714	120,666	(74,953)	-62.1%	16,819	19,312	(2,493)	-12.9%	62,533	139,978	(77,445)	-55.3%
Total Expenses	\$ 6,841,140	\$ 7,221,231	\$ (380,091)	-5.3%	\$ 5,369,624	\$ 3,935,532	\$ 1,434,091	36.4%	\$ 12,210,764	\$ 11,156,763	\$ 1,054,000	9.4%
CHANGE IN NET POSITION	(163,659)	192,934	(356,593)	-184.8%	(11,441)	(25,322)	13,882	-54.8%	(175,098)	167,612	(342,711)	-204.5%
NET POSITION, BEGINNING OF YEAR	1,628,268	1,435,334	192,934	13.4%	200,374	225,696	(25,322)	-11.2%	1,828,641	1,661,029	167,612	10.1%
NET POSITION, END OF YEAR	\$ 1,464,611	\$ 1,628,268	\$ (163,659)	-10.1%	\$ 188,934	\$ 200,374	\$ (11,441)	-5.7%	\$ 1,653,545	\$ 1,828,641	\$ (175,098)	-9.6%

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2019**

SUMMARY OF CURRENT YEAR FINANCIAL ACTIVITIES

Budget

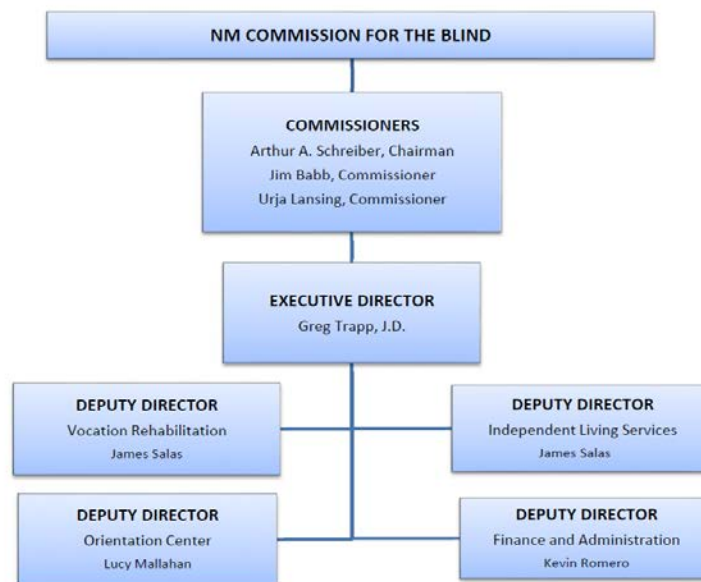
The Commission was appropriated and originally budgeted \$1,954,300 in the General Fund. In addition, \$5,920,100 in Federal Funds were also originally budgeted. There were three budget adjustment request made and approved during the fiscal year. Two adjustments totaling \$1,938,800 to increase revenue in Vending and Food Service Income in Fund 10460, \$183,200 of budget authority to use fund balance in fund 04700 and increase the Salaries and Benefits category by \$88,000 and Other Expense category by \$95,200, and category budget authority to transfer between expense categories in Fund 10460 with the Salaries and Benefits increased by \$25,000 with Other Expense category decreased by \$25,000.

Debt

The Commission carries no long term debt for the fiscal year-end 2019.

PROGRAMS AND ORGANIZATIONAL STRUCTURE

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



Programs

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

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2019

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. In addition, the Commission has entered into a Governmental Services Agreement with the New Mexico School for the Blind and Visually Impaired to provide Pre Employment Transition Services (Pre-ETS). The Commission has also entered into a Intergovernmental Agreement with the New Mexico Central Regional Education Cooperative to provide Pre-ETS services. These agreements will help the Commission meet the 15 percent Pre-ETS reserve.

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

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

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

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

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

The following units fall under the Vocational Rehabilitation Services Program:

- **Assistive Technology Program** – The use of assistive technology is a crucial factor in the successful employment of persons who are blind. It is often necessary for a blind person to receive extensive technology training since the person must learn the application, as well as the assistive technology that allows access to the application. The Commission's technology specialists provide screen readers, Braille displays, screen magnification programs, video magnifiers, and Braille note-takers. The assistive technology is intended to meet the

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2019

individualized employment needs of consumers. Often, only small changes are needed to make to blind person's job much easier and more competitive.

- **Adult Orientation Center** – The Center is located in Alamogordo and provides intensive training in the skills of blindness. As a residential program the Center is designed to equip blind persons with the skills needed to become employed. Most of the Center's students are persons who are newly blinded. The Center training is built around the use of "learning shades" to eliminate the desire to rely on inadequate or failing vision. During a typical six-month training period students receive intensive training in cane travel, Braille, assistive technology, home management, personnel management, and industrial arts. By learning effective non-visual techniques students gains self-confidence and learn how to function as successful blind persons. Once a student has learned the alternate techniques of blindness, he or she is able to exercise "informed choice" on when and how to use remaining vision.
- **Students in Transition to Employment Program (STEP)** – The Program provides blind students with a carefully monitored and quality work training experience. Blind students do not normally have an opportunity to engage in such employment, depriving them of the important training benefits of student employment. Students worked at a wide range of agencies and businesses; and participated in seminars and presentations from successful blind adult role models. Students also engaged in activities designed to complement the employment training experience and reinforce blindness skills to build the students' self-confidence. Acquiring a positive attitude about blindness is essential for a blind person to achieve the ultimate goal of becoming successfully employed.
- **Newsline** – a telephone-based system that allows person who are blind to access a variety of newspapers and publications. Using the buttons on a touch-tone telephone, the listener selects a category of the paper, such as local news, area events, obituaries or grocery ads. The listener can read a story, skip to the next story, raise the volume, or exit the category and choose another category or publication. The reading is done by approximately 75 trained volunteers. The statewide service is available free of charge, 24 hours a day, 365 days a year. NEWSLINE averages more than 10,000 calls a month.
- The Commission also sponsors NFB-NEWSLINE, a program providing access to over 400 national newspapers and magazines. NFB-NEWSLINE is operated by the National Federation of the Blind and provides users access to newspapers such as *The New York Times*, the *Los Angeles Times*, the *Washington Post*, the *Chicago Tribune*, and *USA Today*; and spanish newspaper such as *El Nuevo Herald* from Miami and *La Opinion* from Los Angeles.
- **Business Enterprise Program (BEP)** – The Program provides employment opportunities for blind individuals who wish to operate food service facilities. The BEP has food establishments from small stands, to vending routes, to a full military cafeteria at Kirtland Air Force Base in Albuquerque and the Federal Law Enforcement Training Center in Artesia.
- **Emergency Eye Care Program** – The Program seeks to prevent blindness and restore vision through medical intervention. The Program provides emergency eye surgery to qualifying New Mexico residents who lack the resources to cover the cost of a medical eye emergency. Covered procedures include emergency eye care problems that, if not expeditiously attended to, could result in irreversible vision loss or structural damage to the eye. The majority of procedures provided are laser treatments,

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2019**

retinal reattachments, and treatments for acute eye trauma. The Program enables patients to receive a continuity of care with an ophthalmologist of his or her own choosing. This Program is the only means by which many persons can obtain eye treatment. The Program’s goal is to return those served to their previous activities and prevent the need for expensive rehabilitative services.

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

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

Blind New Mexicans Served Fiscal Year 2019	
Vocational Rehabilitation Program	401
Technology for Children Program	11
Students in Transition to Employment Program	29
Orientation Center	
Adult	15
Youth	10
Assistive Technology deliveries or calls (estimated)	1,818
Business Enterprise Program	16
Independent Living/Older Blind Program	459
Emergency Eye Care Program	11

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

STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2019

staff report either directly or indirectly to the Executive Director. The Commission consists of the following primary organizational units:

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

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 by mail at 2905 Rodeo Park East, Building 4, Suite 100 Santa Fe, NM 87505, or by phone at (505) 476-4479.

BASIC FINANCIAL STATEMENTS

**State of New Mexico
Commission for the Blind
Statement of Net Position
June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Interest in State General Fund Investment Pool	\$ 817,935	\$ 164,036	\$ 981,971
Accounts receivable, net	2,838	13,073	15,911
Due from the federal government	597,861	-	597,861
Due from other state agencies	155	-	155
Total Current Assets	1,418,790	177,109	1,595,898
Non-Current Assets			
Capital assets, net	675,714	16,153	691,867
Total Assets	\$ 2,094,504	\$ 193,261	\$ 2,287,765
Liabilities			
Current Liabilities			
Accounts Payable	\$ 250,587	\$ 217	\$ 250,804
Accrued Payroll	168,788	4,110	172,898
Due To Federal Government	655	-	655
Compensated Absences	209,863	-	209,863
Total Liabilities	629,893	4,327	634,220
Net Position			
Net Investment in Capital Assets	675,714	16,153	691,867
Restricted	-	172,781	172,781
Unrestricted	788,897	-	788,897
Total Net Position	1,464,611	188,934	1,653,545
Total Liabilities and Net Position	\$ 2,094,504	\$ 193,261	\$ 2,287,765

See Independent Auditor's Report and notes to the financial statements.

**State of New Mexico
Commission for the Blind
Statement of Activities
For the Year Ended June 30, 2019**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants	Primary Government		
				Governmental Activities	Business-type Activities	Total
Governmental activities:						
General	\$ 6,750,228	\$ -	\$ 4,395,622	\$ (2,354,605)	\$ -	\$ (2,354,605)
Business-type activities:						
Business enterprise program	5,369,624	5,357,483	-	-	(12,141)	(12,141)
Total primary government	<u>\$ 12,119,852</u>	<u>\$ 5,357,483</u>	<u>\$ 4,395,622</u>	<u>(2,354,605)</u>	<u>(12,141)</u>	<u>(2,366,746)</u>
General revenues and (expenses):						
Miscellaneous revenue				9,883	700	10,583
Other gifts and grants				915	-	915
Total general revenues (expenses)				<u>10,798</u>	<u>700</u>	<u>11,498</u>
Other financing (uses) and sources - See Note 13						
Transfer - State General Fund appropriations				1,938,800	-	1,938,800
Transfer - Compensation Package				15,500	-	15,500
Transfer - Department of Health				80,000	-	80,000
Transfer - Division of Vocational Rehabilitation				145,848	-	145,848
Total other financing sources				<u>2,180,148</u>	<u>-</u>	<u>2,180,148</u>
Change in net position				(163,659)	(11,441)	(175,098)
Net position, beginning of year				<u>1,628,268</u>	<u>200,374</u>	<u>1,828,642</u>
Net position, end of year				<u><u>\$ 1,464,611</u></u>	<u><u>\$ 188,934</u></u>	<u><u>\$ 1,653,545</u></u>

See Independent Auditor's Report and notes to the financial statements.

**State of New Mexico
Commission for the Blind
Balance Sheet - Governmental Fund 04700
June 30, 2019**

	General Fund 04700
Assets	
Interest in State General Fund Investment Pool	\$ 817,935
Accounts receivable	2,838
Due from federal government	597,861
Due from other state agencies	155
Total Assets	\$ 1,418,790
Liabilities	
Accounts payable	\$ 250,587
Accrued payroll	168,788
Due to the federal government	655
Total Liabilities	420,030
Fund Balance	
Unassigned	998,760
Total Fund Balance	998,760
Total Liabilities and Fund Balance	\$ 1,418,790

See Independent Auditor's Report and notes to the financial statements.

**State of New Mexico
Commission for the Blind
Reconciliation of the Balance Sheet
to the Statement of Net Position - Governmental Fund 04700
June 30, 2019**

Total fund balance for the governmental funds (Balance Sheet)		\$ 998,760
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 current financial resources and, therefore, are not reported in the funds.		
Capital assets	3,086,641	
Accumulated depreciation	<u>(2,410,927)</u>	675,714
Long-term liabilities, including compensated absences payable, are not due and payable in the current period; therefore, are not reported in the funds.		<u>(209,863)</u>
Net position of governmental activities (Statement of Net Position)		<u><u>\$ 1,464,611</u></u>

See Independent Auditor's report and notes to the financial statements.

**State of New Mexico
Commission for the Blind
Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund 04700
For the Year Ended June 30, 2019**

	General Fund 04700
Revenues	
Other gifts and grants	\$ 915
Federal Grants	4,395,622
Miscellaneous Revenue	9,883
Total revenues	4,406,420
Expenditures	
Current:	
General government:	
Personnel Services and benefits	4,053,316
Contract Services	128,911
Other Costs	1,031,276
Care and Support	1,416,914
Capital outlay	52,515
Total expenditures	6,682,932
Excess (deficiency) of revenues over expenditures	(2,276,513)
Other Financing Sources (Uses)	
Transfer - State General Fund Appropriations-Note 13	1,938,800
Transfer - Other Financing Sources-Note 13	332,261
Transfer - Other Financing Uses-Note 13	(90,913)
Total Other Financing Sources	2,180,148
Net change in fund balance	(96,364)
Fund balance at beginning of year	1,095,123
Fund balance at end of year	\$ 998,760

See Independent Auditor's Report and notes to the 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, 2019

Net change in Fund Balance - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balance)	\$ (96,364)
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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	52,515	
Depreciation expense	<u>(98,229)</u>	(45,714)

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>(21,582)</u>
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Change in net position of Governmental activities (Statement of Activities)	<u><u>\$ (163,659)</u></u>
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See Independent Auditor's Report and notes to the financial statements.

State of New Mexico
Commission for the Blind
Statement of Revenue and Expenditures
Budget and Actual (Budgetary Basis)
General Fund 04700 (P695)
For the Year Ended June 30, 2019

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Other Services-Interagency	\$ 80,000	\$ 80,000	\$ 80,000	-
Federal Grants*	5,920,100	5,920,100	4,632,383	(1,287,717)
Other Gifts & Grants	1,000	1,000	915	(85)
Miscellaneous Revenues	18,000	18,000	9,883	(8,117)
General Fund Appropriations	1,954,300	1,954,300	1,954,300	-
Total revenues	<u>7,973,400</u>	<u>7,973,400</u>	<u>6,677,481</u>	<u>(1,295,919)</u>
Other Financing Sources				
Fund Balance (Unassigned FB-Gov)	-	183,200		
Other Finance Sources	<u>-</u>	<u>183,200</u>		
Total Revenue and Other Finance Sources	<u>\$ 7,973,400</u>	<u>\$ 8,156,600</u>	<u>\$ 6,677,481</u>	
Expenditures				
Personnel services and benefits	\$ 4,976,900	\$ 5,064,900	\$ 4,053,316	\$ 1,011,584
Contractual services	198,600	198,600	128,911	69,689
Other	2,697,900	2,793,100	2,500,705	292,395
Other Transfers	100,000	100,000	90,913	9,087
Total expenditures	<u>\$ 7,973,400</u>	<u>\$ 8,156,600</u>	<u>\$ 6,773,845</u>	<u>\$ 1,382,755</u>
Excess(deficiency) of revenues over expenditures - Budgetary Basis			<u>(96,364)</u>	
Net Change in Fund Balance - GAAP basis			<u>\$ (96,364)</u>	

**Note: Amounts are reported by source of funds. Refer to Note 13 and SEFA Note 1 to reconcile with Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund 04700.*

See Independent Auditor's Report and notes to the financial statements.

State of New Mexico
Commission for the Blind
Statement of Net Position - Proprietary Fund 10460
June 30, 2019

	Business Enterprise Program 10460
Assets	
Current Assets	
Interest in State General Fund Investment Pool	\$ 164,036
Accounts receivable, net	13,073
Current Assets Total	<u>177,109</u>
Non-Current Assets	
Capital assets, net	16,153
Total Assets	<u>\$ 193,261</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 217
Accrued Payroll	4,110
Total Liabilities	<u>4,327</u>
Net Position	
Invested in Capital Assets	16,153
Restricted - Randolph-Sheppard Act	172,781
Total Net Position	<u>188,934</u>
Total Liabilities and Net Position	<u>\$ 193,261</u>

See Independent Auditor's Report and notes to the financial statements.

**State of New Mexico
Commission for the Blind
Statement of Revenues, Expenditures and
Changes in Net Position - Proprietary Fund 10460
For the Year Ended June 30, 2019**

	Business Enterprise Program 10460
Operating revenue	
Sales of services	\$ 5,300,336
Fees and commissions	57,147
Total operating revenues	<u>5,357,483</u>
Operating expenses	
Personnel services and benefits	129,453
Commissions paid to operators	5,184,204
Other costs	39,147
Depreciation expense	16,819
Total operating expenses	<u>5,369,624</u>
Operating income (loss)	(12,141)
Non-operating revenues (expenses)	
Miscellaneous revenue	700
Total Non-operating revenues (expenses)	<u>700</u>
Change in net position	(11,441)
Beginning net position	200,374
Ending net position	<u><u>\$ 188,934</u></u>

See Independent Auditor's Report and notes to the financial statements.

State of New Mexico
Commission for the Blind
Statement of Cash Flows - Proprietary Fund 10460
For the Year Ended June 30, 2019

	Business Enterprise Program
Cash flows from operating activities	
Receipts from consumers	\$ 5,371,985
Payments to Suppliers	(5,227,352)
Payments to Employees	(132,092)
Net cash provided by operating activities	<u>12,541</u>
Cash flows from noncapital activities	
Other	700
Net cash provided by noncapital activities	<u>700</u>
Net increase in cash and cash equivalents	13,242
Balance, beginning of year	150,794
Balance, end of year	<u><u>\$ 164,036</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (12,141)
Adjustment to reconciled operating income to net cash used by operating activities:	
Depreciation expense	16,819
Change in assets and liabilities	
Accounts receivable	14,502
Accounts payable	(4,001)
Accrued payroll	(2,638)
Net cash used by operating activities	<u><u>\$ 12,541</u></u>

See Independent Auditor's Report and notes to the financial statements.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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." Based upon the application of these criteria, the Commission has no component units.

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, 2019**

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, 2019**

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 2018), 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 may 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, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables: The Commission has \$3,961 recorded in the allowance for uncollectible receivable account as of June 30, 2019.

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.

FLSA covered employees may accrue a maximum of 240 hours of compensatory time. After accrual of 240 hours, overtime shall be paid. Accrued compensatory time shall be paid at the end of the fiscal year provided that the Chief Financial Officer verifies there are adequate funds. At the time of separation of employment, all accrued compensatory time shall be paid. Compensatory time for FLSA-Exempt employees may be accrued to a maximum of 160 hours.

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

The compensated absences liability is presented in two parts, a current portion and long term portion in the government wide-wide financial statements. The current portion is the amount expected to be expended during the subsequent fiscal year and is an estimate management determined by last fiscal year's usage.

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, 2019**

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.

GASB Statement 77: The Commission has no tax abatements required to be disclosed in accordance with GASB Statement 77.

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 appropriation program level (A, P, Z-code) level. Amendments to the budget require approval by the State's Financial Control Division of the New Mexico Department of Finance and Administration (DFA). Appropriations lapse at the fiscal year end except for those amounts related to goods and services received by June 30. Any unexpended balances within the Commission at the end of the fiscal year from appropriations made from the General Fund shall not revert.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Pensions: Compliant with the requirements of Government Accounting Standards Board No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico implemented the standard for the fiscal year ending June 30, 2015.

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

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

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

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

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe New Mexico, 87501.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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.

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, credit risk, 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 New Mexico 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, 2019 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 when agency cash receipts are deposited and later pooled into a statewide investment fund, also referred to as the State General Fund Investment Pool (SGFIP). In times when cash amounts are greater than immediate needs the amounts 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, 2019**

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

The comprehensive cash reconciliation model which compares aggregated agency claims on the SGFIP to the associated resources held by the State Treasurer's Office has been completed for fiscal year 2019. This process has been previously reviewed by the IPA's performing audits of the General Fund, the Department of Finance and Administration, and the State of New Mexico's Comprehensive Annual Financial Report. These reviews have deemed the process sound and the Department fully compliant with reconciliation requirements.

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

At June 30, 2019, the Commission had \$981,971 invested in the SGFIP and resources held in the pool were equivalent to the corresponding business unit claims on those resources. All claims, as recorded in SHARE, shall be honored at face value. 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.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 5. CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Adjustments	Balance June 30, 2019
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 55,676	\$ -	\$ -	\$ 55,676
Depreciable assets:				
Buildings and improvements	1,957,144	-	-	1,957,144
Machinery and equipment	1,021,305	52,515	-	1,073,821
Subtotal	3,034,125	52,515	-	3,086,641
Accumulated depreciation:				
Buildings and improvements	(1,300,399)	(91,564)	-	(1,391,962)
Machinery and equipment	(1,012,299)	(6,665)	-	(1,018,963)
Subtotal	(2,312,698)	(98,229)	-	(2,410,927)
Total Capital Assets, Net	\$ 721,427	\$ (45,714)	\$ -	\$ 675,714
	Balance June 30, 2018	Additions	Adjustments	Balance June 30, 2019
Business-Type Activities:				
Buildings and improvements	\$ 33,093	\$ -	\$ -	\$ 33,093
Machinery and equipment	135,997	-	(47,033)	88,964
Subtotal	169,090	-	(47,033)	122,057
Accumulated depreciation:				
Buildings and improvements	(30,334)	(2,758)	-	(33,092)
Machinery and equipment	(105,784)	(14,062)	47,033	(72,813)
Subtotal	(136,118)	(16,819)	47,033	(105,905)
Total Capital Assets, Net	\$ 32,972	\$ (16,819)	\$ -	\$ 16,153

There is no debt related to capital assets. Current year depreciation related to governmental activities is \$98,229 and business-type activities is \$16,819. Assets totaling \$47,033 were disposed of from 2014 thru 2016 which were not journalized during that period. These assets disposed of in previous years were discovered in the current year asset inventory count and appropriately accounted for.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 6. COMPENSATED ABSENCES PAYABLE

Compensated absences and changes for the year ended June 30, 2019 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities Compensated Absences Payable	\$ 188,282	225,254	(203,672)	\$ 209,863	\$ 203,672
Total Long-Term Liabilities	<u>\$ 188,282</u>	<u>225,254</u>	<u>(203,672)</u>	<u>\$ 209,863</u>	<u>\$ 203,672</u>

The portion of compensated absences due after one year is not material, and therefore, not separately presented. For the Statement of Activities, compensated absences paid upon departure throughout the year as expenditures is allocated to the programs using payroll allocation percentages. 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, 2019 amounted to \$243,902. Future minimum annual payments under operating lease agreements for equipment are as follows:

Years ending June 30:	Total
2020	\$ 253,746
2021	257,167
2022	258,256
2023	263,840
2024	246,931
Thereafter	106,838
	<u>\$ 1,386,778</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, 2019**

NOTE 9. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

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

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

The Commission's contributions to PERA for the year ended June 30, 2019 totaled \$449,896 which equal the required contributions for the year.

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

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

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

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

Contributions: Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each of the participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation the Fund. Contributions to the Fund from the Commission were \$55,084 for the year ended June 30, 2019.

NOTE 11. INSURANCE COVERAGE

The Commission obtains coverage through the Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, worker's compensation, group insurance and state unemployment. These coverage's are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Commission are covered by a blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence, by the State of New Mexico, for the period July 01, 2018 through June 30, 2019.

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, 2019, may be impaired.

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

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 13. OPERATING TRANSFERS

<u>Business Unit</u>	<u>TITLE</u>	<u>Fund</u>	<u>TRANSFER</u>	
			<u>IN</u>	<u>OUT</u>
General Fund (04700)				
1 34100	Department of Finance and Administration-Compensation Package	62000	\$ 15,500	\$ -
2 34101	Department of Finance and Administration-Allotments	85300	1,938,800	-
3 64400	Department of Vocational Rehabilitation-IL Part B	20572	54,936	-
3 64400	Department of Vocational Rehabilitation-SSA Program Income	50002	181,825	-
3 64400	Department of Vocational Rehabilitation-General Fund	50004	-	90,913
4 66500	Department of Health	06101	80,000	-
			<u>\$ 2,271,061</u>	<u>\$ 90,913</u>

NOTES

- 1 FY19 2% Compensation Increase
- 2 General Fund Allotments
- 3 MOU with DVR for Social Security Program Income; IL Part B funds; and General Fund Transfer to DVR
- 4 MOU with Department of Health to provide assistive technology for children

NOTE 14. SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through October 23, 2019, 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, 2019. Management believes no material subsequent events have arisen that would require adjustment or disclosure to the financial statements.

NOTE 15. SUBSEQUENT ACCOUNTING STANDARDS

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

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS
June 30, 2019**

Name of Depository	Account Name	SHARE Fund #	Account Type	Interest Bearing	Balance at June 30, 2019	Reconciled Balance at June 30, 2019
Governmental Fund Types						
General Fund						
NM State Treasurer	Commission for the Blind	04700	SGFIP	No	\$ 817,935	\$817,935
Total Governmental Fund Types					<u>\$ 817,935</u>	<u>\$817,935</u>
Enterprise Fund Types						
Proprietary Funds						
NM State Treasurer	Commission for the Blind	10460	SGFIP	No	\$ 164,036	\$164,036
Total Enterprise Fund Types					<u>\$ 164,036</u>	<u>\$164,036</u>
Total Commission Cash					<u>\$ 981,971</u>	<u>\$981,971</u>

See Independent Auditor's Report.

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

For the Year Ended June 30, 2019

<u>Federal Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Office of Special Education and Rehabilitative Services – Direct Awards			
Rehabilitation Services – Vocational			
Rehabilitation Grants to States	84.126	H126Axx0046	\$ 4,100,490
Rehabilitation Services – Independent Living			
Services for Older Individuals Who are Blind	84.177	H177B1xx0031	211,653
Supported Employment Services for individuals with the Most Significant Disabilities			
Supported Employment Services for Youth With the Most Significant Disabilities	84.187A	H187Axx0047	18,170
With the Most Significant Disabilities	84.187B	H187Bxx0047	<u>4,908</u>
Total U.S. Department of Education			<u>4,335,221</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Administration for Community Living – Direct Award			
ACL Independent Living – State Grants	93.369	xxB1NMILSG SSAPI	54,936
			<u>255,014</u>
Total US Department of Health and Human Services			<u>309,950</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 4,645,171</u></u>

See Independent Auditor's Report and notes to the Schedule of Expenditures of Federal Awards.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019**

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, 2019. 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.

- Reconciling Items: Transfers from Division of Vocational Rehabilitation for IL Part B Grant and Program Income totaling \$236,761 (Refer to FS Note 13), \$4,429 is due to Miscellaneous Revenue to offset federal expenditures and \$8,359 is due to reconciling item in Basic Support (VR Grant) for federal fiscal year 2017. \$4,645,171 minus \$4,395,622 federal revenue received = \$249,549, which ties to reconciling items.

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.

NOTE 4. CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were verified and/or confirmed at the US General Services Administration website beta.SAM.gov.



State of New Mexico Office of the State Auditor

CONSTITUENT SERVICES
(505) 476-3821

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, 2019, and the related notes to the financial statements, which collectively comprise Commission's basic financial statements, and have issued our report thereon dated October 23, 2019.

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*. We noted a certain matter required to be reported per section 12-6-5 NMSA 1978 that we have described in the section 12-6-5 NMSA 1978 Findings Schedule as item 2019-001.

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. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Office of the State Auditor
Santa Fe, New Mexico
October 23, 2019



State of New Mexico Office of the State Auditor

CONSTITUENT SERVICES
(505) 476-3821

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, 2019. 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, 2019.

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 23, 2019

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED June 30, 2019**

SECTION I: SUMMARY OF AUDIT RESULTS

Financial Statements:

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

Federal Programs:

- | | |
|--|------------|
| 1. Internal Control over major programs: | |
| a. Material Weakness Identified? | No |
| b. Significant Deficiencies not considered to be material weakness? | No |
| 2. Type of auditor's report issued on compliance for major program | |
| | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)? | |
| | No |
| 4. Identification of Major Programs: | |

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

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

- | | |
|--|-----------|
| 5. The threshold for distinguishing Types A & B programs: | \$750,000 |
| 6. The Department was determined to be a low-risk auditee? | Yes |

SECTION II: FINANCIAL FINDINGS

None

SECTION III: FEDERAL AWARD FINDINGS

None

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED June 30, 2019**

SECTION IV: SECTION 12-6-5 FINDINGS NMSA 1978

2019-001 CAPITAL ASSET REPORTING (OTHER MATTERS)

CONDITION

The Commission identified capital assets, with an original cost of \$47,033, which were disposed of in prior years and not properly removed from the capital asset listing. The Commission proposed an adjustment to capital assets and accumulated depreciation in the Business Enterprise Fund (SHARE #10460) to correct the error. This adjustment did not affect net position and is reflected in the financial statements.

CRITERIA

Section 2.20.1.18 NMAC states that all dispositions must be recorded in the fixed asset inventory records and appropriate entries must also be made in the financial accounts to reflect the disposition of the property.

EFFECT

Capital assets and accumulated depreciation for the Business Enterprise Fund was overstated by \$47,033 in prior year audit reports. The net effect to the financial statements is zero.

CAUSE

The annual inventory certification was not reconciled to the financial statement amounts reported in prior years.

RECOMMENDATION

The Commission identified the error. We recommend the Commission continue to reconcile and monitor financial information and supporting documentation in a timely manner.

MANAGEMENT RESPONSE

The Commission for the Blind accepts the finding and the OSA's recommendation in continuance of reconciling and monitoring of financial information and documentation in a timely manner. The internal controls implemented in regards to verification and validation of capital assets, which identified the error, will be continued and utilized on an annual basis at the minimum.

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Prior Year Findings</u>		<u>Current Status</u>
2018-001	Cash Receipts Internal Controls (Other Non-Compliance)	Resolved
2018-002	Travel and Per Diem (Other Non-Compliance)	Resolved

**STATE OF NEW MEXICO
COMMISSION FOR THE BLIND
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2019**

The exit conference was held on October 23, 2019 and attended by the following individuals:

New Mexico Commission for the Blind

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

New Mexico Office of the State Auditor

Natalie Cordova, CPA	Deputy State Auditor
Lynette Kennard, CPA, CGFM	Financial Audit Director
Kevin Chavez, CPA	Audit Supervisor
Anne Kelbley	Senior Auditor

PREPARATION OF FINANCIAL STATEMENTS

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