

**STATE OF NEW MEXICO**  
**Governor's Commission on Disability**

**Financial Statements and Schedules**  
**With Independent Auditor's Report Thereon**

**For the Fiscal Year Ended June 30, 2017**

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

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**June 30, 2017**

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**State of New Mexico**

**Official Roster**

**June 30, 2017**

**Commission Members**

Susan Gray	Chairwoman
Curtiss Wilson	Vice-Chair
Trinidad de Jesus Arguello	Member
James Hay	Member
Doris Cherry	Member
Doris Dennison	Member
Trudy Luken	Member
Erlinda Seymour	Member
Celina Bussey	Statutory Member
Joe Cordova	Statutory Member
Brent Ernest	Statutory Member
Lynn Gallagher	Statutory Member
Kyky Knowles	Statutory Member
Monique Jacobson	Statutory Member

**Administrative Officials**

Karen Courtney Peterson	Director
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**JOSEPH M. SALAZAR**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**P.O. Box 1744**  
**Espanola, New Mexico 87532**  
**Phone/Fax 505-747-2775**

**Independent Auditor's Report**

Mr. Tim Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

And

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

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the respective budgetary comparison for the general fund of the State of New Mexico Governor's Commission on Disability (Commission) as of and for the year ended June 30, 2017 and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents.

**Management Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

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

### **Opinion**

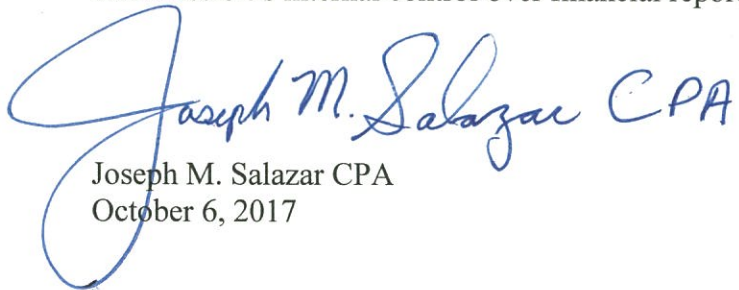
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Commission as of June 30, 2017 and the respective changes in the financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2017 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Joseph M. Salazar CPA". The signature is fluid and cursive, with the first letter of "Joseph" being a large, stylized "J".

Joseph M. Salazar CPA  
October 6, 2017

## **Basic Financial Statements**

**STATE OF NEW MEXICO**  
**GOVERNOR'S COMMISSION ON DISABILITY**  
**STATEMENT OF NET POSITION**  
**June 30,2017**

**Exhibit 1**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current	
Investment in SGFIP	\$450,511
Grant receivables	106,080
Total current assets	<u>556,591</u>
Non current assets	
Furniture, fixtures and equipment	156,601
Less accumulated depreciation	<u>(136,796)</u>
Total capital assets net of depreciation	<u>19,805</u>
Total assets	<u><u>\$576,396</u></u>
 <b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$136,647
Accrued payroll	36,818
Compensated absences-current	<u>41,088</u>
Total current liabilities	<u>214,553</u>
 <b>NET POSITION</b>	
Net investment in capital assets	19,805
Restricted for NMTAP	96,763
Unrestricted	<u>245,275</u>
Total net position	<u>361,843</u>
Total liabilities and net position	<u><u>\$576,396</u></u>

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



STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017

Exhibit 2

	<b>Governmental Activities</b>
<b>Expenses:</b>	
Current	
General government	
Personal services and employee benefits	\$937,888
Contractual services	259,180
Other costs	491,291
Depreciation	15,508
Total program expenses	<u>1,703,867</u>
<b>Revenues</b>	
Federal grant	509,094
Total program revenue	<u>509,094</u>
Net program expenses	<u>(1,194,773)</u>
<b>General revenues and transfers:</b>	
State general fund appropriation	1,223,400
Reversions to state general fund	(6,951)
Miscellaneous revenue	2,495
Total general revenues and transfers	<u>1,218,944</u>
Changes in net position	<u>24,171</u>
Net position-beginning of year	<u>337,672</u>
Net position-ending of year	<u><u>\$361,843</u></u>

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

**STATE OF NEW MEXICO**                      **Exhibit 3**  
**GOVERNOR'S COMMISSION ON DISABILITY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30,2017**

<b>ASSETS</b>	<b>General Fund</b>
Investment in SGFIP	\$ 450,511
Accounts receivable	106,080
Total Assets	<u>\$ 556,591</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Account payable	\$ 136,647
Accrued payroll	36,818
Total Liabilities	<u>173,465</u>
Fund Balances	
Restricted for NMTAP	96,763
Unassigned	286,363
Total Fund Balances	<u>383,126</u>
Total Liabilities and Fund Balances	<u>\$ 556,591</u>

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

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

Exhibit 4

FOR THE YEAR ENDED JUNE 30, 2017

Total fund balances for governmental funds		\$383,126
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Furniture, fixtures & equipment	156,601	
Accumulated depreciation	<u>(136,796)</u>	
Total capital assets		19,805
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Compensated absences	\$ 41,088	
Total liabilities		<u>(41,088)</u>
Net Position of Governmental Activities		<u>\$ 361,843</u>

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

STATE OF NEW MEXICO      Exhibit 5  
**GOVERNOR'S COMMISSION ON DISABILITY**  
**STATEMENT REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2017**

	<b>General Fund</b>
<b>REVENUES</b>	
Federal grants	509,094
Miscellaneous revenue	<u>2,495</u>
Total Revenues	<u>511,589</u>
<b>EXPENDITURES</b>	
Current	
General government	
Personal services and employee benefits	944,523
Contractual services	259,180
Other costs	<u>491,291</u>
Total Expenditures	<u>1,694,994</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,183,405)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers out:	
Reversions to the State General Fund:	
FY 2017	(6,951)
Transfers in:	
State General Fund Appropriation	<u>1,223,400</u>
Total other Financing Sources (Uses)	<u>1,216,449</u>
Net Changes in Fund Balances	33,044
Fund Balances-Beginning of Year	350,082
Fund Balance-End of Year	<u>\$ 383,126</u>

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

STATE OF NEW MEXICO  
GOVERNOR'S COMMISSION ON DISABILITY  
RECONCILIATION OF THE CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Exhibit 6

FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balance – total governmental funds		\$ 33,044
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:		
Capital outlay	\$ -	
Depreciation expense	15,508	
Excess of capital outlay over depreciation expense		(15,508)
Expenses recognized in the Statement of Activities.		
Not reported in governmental funds-decrease in compensated absences		6,635
Changes in Net Position of Governmental Activities		<u>\$ 24,171</u>

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

STATE OF NEW MEXICO      Exhibit 7  
**GOVERNOR'S COMMISSION ON DISABILITY**  
**STATEMENT REVENUE AND EXPENDITURES- BUDGET AND ACTUAL**  
**MAJOR GOVERNMENTAL FUNDS**  
**For Year Ended June 30, 2017**

	GENERAL FUND			
	Budget Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
State general fund appropriation	\$ 1,223,400	\$ 1,223,400	\$ 1,223,400	\$ -
Federal grants	434,400	525,400	509,094	(16,306)
Miscellaneous revenue	-	-	2,495	2,495
Total Revenues	<u>1,657,800</u>	<u>1,748,800</u>	<u>\$ 1,734,989</u>	<u>\$ (13,811)</u>
Fund balance	<u>100,000</u>	<u>100,000</u>		
Total Resources	<u>\$ 1,757,800</u>	<u>\$ 1,848,800</u>		
Expenditures				
Administrative Services				
Personal services & employee benefits	\$ 1,002,700	\$ 1,043,700	\$ 944,523	\$ 99,177
Contractual services	270,300	270,300	259,180	11,120
Other costs	484,800	534,800	491,291	43,509
Total Expenditures	<u>\$ 1,757,800</u>	<u>\$ 1,848,800</u>	<u>\$ 1,694,994</u>	<u>\$ 153,806</u>

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

**Notes to Financial Statements**

**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

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

**A. Nature of the Entity**

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

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

The Commission also administers two programs: the New Mexico Technology Assistive program and the Brain Injury Advisory Council.

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

**B. Reporting Entity**

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

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



**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

**C. Basic Financial Statements**

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

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

The fund financial statements, the balance sheet and the statement of revenues, expenditures and changes in fund balance, are presented to report additional and detailed information about the Commission.

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

**General Fund-** The general fund (SHARE FUND #05800) is the Commission’s operating fund and includes all financial transactions conducted to fulfill its general government function. It accounts for all financial resources of the Commission. The New Mexico Technology Assistive program and the Brain Injury Advisory Council are included as part of the general fund. The Commission’s general fund is a non-reverting in accordance with Section 28-10-5, NMSA 1978 Comp. The activities of the brain injury advisory council are reverting. The New Mexico Technology Assistive program activities are federal funds on a cost reimbursement basis.

The accounting policies of the Commission conform to generally accepted accounting principles as applicable to governmental units. A summary of the Commission’s significant accounting policies follows.

The financial reporting entity as defined by GASB Statement 14 consists 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.”

**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

(1) **Summary of Significant Accounting Policies (continued)**

**A. Basis of Accounting-GASB Statement No. 34**

The Governor's Commission on Disability is a component unit of the State of New Mexico and these financial statements include all funds and activities over which the Commission has oversight responsibility. The Commission is part of the primary government of the State of New Mexico and its financial data of the State.

However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government. The Commission has decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The Commission has no component units that are required to be reported in its financial statements.

The Commission applies Government Accounting Standards Commission (GASB) pronouncements as well as relevant pronouncements of the Financial Accounting Standards Commission (FASB), the Accounting Principles Commission (APB), or any Accounting Research Bulletins (ARB) issued unless these pronouncements conflict or contradict GASB Pronouncements.

The accounting policies of the Governor's Commission on Disability conform to generally accepted accounting principles (GAAP) as applicable to governments. A summary of the Commission's significant accounting policies follow:

The basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental activities.

**B. Basis of Presentation-Fund Accounting**

Government –Wide Financial Statements

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. The Commission has no business-type activities; therefore these statements only reflect governmental activities. government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

(1) **Basis of Presentation – Fund Accounting (continued)**

The government-wide statements are prepared using the “economic resources” measurement focus and the accrual basis of accounting. 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 33. Grant 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.

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 conforms to the budget and 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.

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:

**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

(1) **Basis of Presentation – Fund Accounting (continued)**

Governmental Funds

General Funds (SHARE Fund 05800):

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. Any unencumbered balance remaining in the General Fund at the end of the year does not revert except for the Brain Injury Advisory Council Program to the General Fund of the State of New Mexico. The General Fund is funded primarily through State General Fund appropriations. The SHARE number and description is #05800 – Governor's Commission Disability.

**C. Assets, Liabilities and Equity**

Investments with the State Treasurer

The Commission's cash and cash equivalents are demand deposits with the State Treasurer.

Capital Assets

In the government-wide financial statements, furniture, fixtures and equipment is accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with a value exceeding \$5,000 are capitalized and depreciated. Any software acquired is also included in capital assets and depreciated.

New Mexico Laws of 2005, Chapter 237 Section 1 changed the capitalization threshold for movable chattel and equipment from items costing more than \$1,000 to \$5,000. Under this law, items in the capital asset inventory that do not meet the new capitalization threshold continue to be depreciated in future periods until they are fully depreciated.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Machinery and equipment	5 years
Vehicles	5 years
Furniture and fixtures	7 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

**C. Assets, Liabilities and Equity (continued)**

Long-Term Liabilities

Compensated Absences

The Commission's policies regarding annual leave permits employees to accumulate earned but unused annual leave. The liability for these compensated absences is recorded as current liabilities in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources.

Deferred Outflows/Inflows of Resources

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflows, which is the consumption of net position by the government which is applicable to a future reporting period and deferred inflow of resources, which is the acquisition of net position by the government which is applicable to a future reporting period. The Commission has no deferred outflows or inflows of resources at June 30, 2017.

Fund Balance

Government Wide-Statements

Fund balance is classified as net position and displayed in three component units:

1. Invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Commission has no outstanding debt relating to capital assets.
2. Restricted net assets consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments: or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position are all other net position's that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned depending on the constraints that control how the Commission can spend the amounts.

**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

**D. Budgetary Procedures and Budgetary Accounting**

The State Legislature makes annual appropriations to the Commission. Legal compliance is monitored through the establishment of a budget and a financial control system which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation level.

Budgeted category amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriation Act. The budget amounts shown in the financial statements are the final authorized amounts as legally revised during the year.

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) No later than September 1, the Commission submits to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
- (2) Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committee. The final outcome of those hearings is incorporated into the state's General Appropriation Act.
- (3) The Act is signed into Law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
- (4) The budget for the governmental funds is adopted on a basis consistent with generally accepted accounting principles (GAAP) and 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 (Section 6-10-4 NMSA 1978), that must be paid out of the next year's budget. Under the modified accrual basis of accounting, encumbrances are excluded from budgeted expenditures. Budgetary comparisons presented for these funds in this report are on that basis.

**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

**D. Budgetary Procedures and Budgetary Accounting (continued)**

- (5) The Commission submits, not later than May 1, to DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The DFA-Budget Division reviews and approves the opening budget which becomes effective on July 1. All subsequent budgetary adjustment must be approved by the Director of the DFA-Budget Division.
- (6) Legal budgetary control for expenditures and encumbrances is by appropriation unit.
- (7) Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
- (8) Appropriations lapse at the end of the fiscal year.
- (9) The Commission's budget for the fiscal year ending June 30, 2017 was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.

**E. Compensated Absences Payable**

Vacation and sick leave earned and not taken is 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 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually 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 semiannual period.

Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate. Accrued vacation and sick leave pay expected to be liquidated with current financial resources, if any, is recorded as a liability and as expenditure in the General Fund.

**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

(1) **Organization and Summary of Significant Accounting Policies (continued)**

**E. Compensated Absences Payable**

Qualified employees accumulate annual leave to a maximum of 240 hours as follow:

<u>Years Of Service</u>	<u>Hours Earned Per Pay Period</u>
Less than 3 years	3.08 hours
3 but less than 7 years	3.69 hours
7 but less than 11 years	4.61 hours
11 but less than 15 years	5.54 hours
15 years or more	6.15 hours

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employment terminates, they are compensated for accumulated unpaid annual leave as of the date of termination up to the maximum of 240 hours.

**F. Use of Estimates**

Management uses estimate and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Accordingly, actual results could differ from those estimates

**G. Program Revenues**

The Commission has program revenue from a federal grant from the U.S. Department of Education for assistive technology. The grant revenue is recognized when all applicable eligibility requirements are met.

**H. Expenditures**

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



**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

**(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER**

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

As provided for in Chapter 8-6 of the NM Statutes Annotated 1978, the 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. Agency cash receipts are deposited with STO and pooled in a State Investment Pool, when amounts are greater than immediate needs they are placed into short-term investments. When agencies make payment to vendors and employees they are made from this pool and their claims on the pool are reduced.

The comprehensive cash reconciliation model, which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the STO, is now in its third year. This process has been reviewed multiple times by the IPA's during the audits of the General Fund, The Department of Finance and Administration and State of New Mexico Comprehensive Annual Financial Report. The reviews have deemed the process to be sound and the Department of Finance and Administration fully compliant with the requirements of the monthly process. As of June 30, 2017, resources held in the pool were equivalent to the corresponding business unit claim on those resources. All claims are recorded in SHARE shall be honored at face value.

All cash of the Commission is on deposit with the New Mexico State Treasurer. These monies are held on deposit with the State Treasurer and are pooled and invested by the State Treasurer. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits. Cash on deposit with the State Treasurer at year end is as follows:

<u>Fund</u>	SHARES	Book
	<u>Fund #</u>	<u>Balance</u>
Operating account	05800	\$450,511

**State of New Mexico**  
**Governor's Commission on Disability**  
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**(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER (continued)**

The Commission has cash on deposit with the State Treasurer in the General Fund Investment Pool (GFIP). The State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Section 6-10-10.I through O NMSA 1978 as amended. The State Treasurer, with the advice and consent of the state board of finance can invest money held in demand deposits and not immediately needed for the operations of state government in:

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies that are either direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government.
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States or its agencies or by other securities backed by the United States or its agencies or instrumentalities having a market value of at least one hundred two percent of the amount of the contract. The securities required as collateral shall be delivered to a third-party custodian bank and delivery shall be made simultaneously with the transfer, no later than the same day the funds are transferred. The contracting bank, brokerage firm or institutional investor must have a net worth in excess of five hundred million dollars.
- (c) Contracts for the temporary exchange of state owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or cash equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required shall be delivered to the fiscal agent of New Mexico or the designee simultaneously with the transfer of funds, no later than the same day the state-owned securities are transferred. The contracting bank, brokerage firm or institutional investor must have a net worth in excess of five hundred million dollars.

**State of New Mexico**  
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**(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER (continued)**

- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests: (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.; (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalents by a nationally recognized rating service.
- (e) Shares of an open-ended diversified investment company that is registered with the United States Securities and Exchange Commission, complies with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, or the United States Securities and Exchange Commission applicable to money market mutual funds; and assesses no fees pursuant to Rule 12b-1, or any successor rule, on sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, provided that the state shall not, at any time, own more than five percent of a money market mutual fund's assets.
- (f) Individual common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b), and (d) above, provided that the investment manager has assets under management of at least one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

Public funds to be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall not be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser.

For additional disclosures information regarding the investment in the State Treasurer's GFIP, the reader should see the separate audit report for the State Treasurer's for the fiscal year ended June 30, 2017, review the State Treasurer's Investment Policy at and review Sections 2.60.4.1 through 2.60.4.15 of the New Mexico Administrative Code, regarding Investment of Deposits of Public Funds Depository Bank Requirements, Collateral Level Requirements and Custodial Bank Requirements.

**State of New Mexico  
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June 30, 2017**

**(3) Grant Receivable**

The Commission receives federal financial assistance through the U.S. Department of Education to assist persons with assistive technology. Expenditures are reimbursed on a cost reimbursement basis. The Commission expended \$509,094 during the fiscal year. The amount of \$106,080 has been accrued as a receivable at June 30, 2017 to cover account payables for the federal program and amount not previously drawn. The grant receivable is considered fully collectible.

**(4) Accounts Payable**

Accounts payable represent expenditures for goods and services received prior to June 30, 2017 and paid after June 30.

**(5) Accrued Payroll**

A portion of payroll expenditures pertaining to the year ended June 30, 2017 was accrued. Disbursement occurred subsequent to June 30, 2017. Accrued payroll and benefits payable totaling \$36,818 have been reflected in the balance sheet.

**(6) Capital Assets**

**Governmental Activities**

Capital assets activity for the year end June 30, 2017 was as follows:

<u>Cost</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Machinery and equipment	\$ 42,316	\$ -	\$ -	\$ 42,316
Vehicles	<u>114,285</u>	<u>-</u>	<u>-</u>	<u>114,285</u>
Total	<u>156,601</u>	<u>-</u>	<u>-</u>	<u>156,601</u>
Accumulated depreciation				
Machinery and equipment	18,421	6,952	-	25,373
Vehicles	<u>102,867</u>	<u>8,556</u>	<u>-</u>	<u>111,423</u>
Total	<u>121,288</u>	<u>15,508</u>	<u>-</u>	<u>136,796</u>
Net capital assets	<u>\$ 35,313</u>	<u>\$(15,508)</u>	<u>\$ -</u>	<u>\$ 19,805</u>

Current year depreciation expense is \$15,508 charged to general government.

**State of New Mexico  
Governor's Commission on Disability  
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June 30, 2017**

**(7) Compensated Absences Payable**

A summary of changes in Compensated Absences Payable follows:

	Balance			Balance	Due
	June 30, 2016	Increase	Decrease	June 30, 2017	Within
					One Year
Compensated absences	<u>\$ 47,723</u>	<u>\$ 40,900</u>	<u>\$46,042</u>	<u>\$ 41,088</u>	<u>\$41,088</u>

The Commission's general fund is used to pay compensated absences.

**(8) Commitments-Operating Leases**

The Commission currently leases office space in Albuquerque, New Mexico for its NMTAP program. The lease began in September 2013 and will expire in ten years with an option to renew. During the year ending June 30, 2017 the Commission paid \$55,521 in lease costs. Future lease payments are as follows:

2018	57,931
2019	59,191
2020	62,828
2021-2023	<u>184,275</u>
Total	<u>\$ 476,454</u>

**(9) PERA Retirement Plan**

**Plan Description.** Substantially all of the Commission's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**State of New Mexico**  
**Governor's Commission on Disability**  
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**June 30, 2017**

**(9) PERA Retirement Plan (continued)**

**Funding Policy.** Plan members are required to contribute 8.92% of their gross salary. The Governor's Commission on Disability is required to contribute 16.99% of their gross covered salary. The contribution requirements of plan members and the Commission are established in state statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Commission's contributions to PERA for the fiscal years ending June 30, 2017, 2016 and 2015 were \$ 113,579, and \$118,398 and \$101,454 respectively, which equal the amount of the required contributions for each fiscal year.

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has 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 a 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 Component Appropriation Funds Annual Financial Report (General Fund) and 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 General Fund and the CAFR and will be available, when issued from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico 87501

**(10) Deferred Compensations**

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 is 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 Employee's Retirement Association, which administers the plan.

**State of New Mexico  
Governor's Commission on Disability  
Notes to Financial Statements  
June 30, 2017**

**(11) Post-Employment Benefits- State Retiree Health Care Plan**

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

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

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

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

**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

**(11) Post-Employment Benefits- State Retiree Health Care Plan (continued)**

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3,4 or 5; municipal fire member coverage plan 3,4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statute requires each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978 at the first session of the Legislature following July 1, 2016, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Commission's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$13,371, \$13,937 and \$11,946, respectively, which equal the required contributions for each year.

**(12) Risk Management**

The Governor's Commission on Disability is exposed to various risks of loss. The Commission carries insurance with the Risk Management Division of New Mexico General Services Department. Coverage is provided for General Liability, Surety Bond, Property and Workers Compensation.



**State of New Mexico**  
**Governor's Commission on Disability**  
**Notes to Financial Statements**  
**June 30, 2017**

**(13) Operating Transfers**

The Commission had operating transfers from the Department of Finance and Administration for the State General Fund Appropriation Laws of 2015 Chapter 101 Section 4 totaling \$1,223,400 from shares fund# 85300 to the Commission's shares fund #05800.

**(14) Reversion to State General Fund**

The Commission's general fund is non-reverting in accordance with Section 28-10-5, NMSA 1978 Comp. The Brain Injury Advisory Council program within the Commission's general fund has a separate program codes for budgeted revenues and expenditures to determine amount due to the State General Fund. The reversion to the State General Fund at June 30, 2017 for the Brain Injury Council Program was \$6,949 from the Commission share fund #05800 to the State General Fund share fund # 858300.

**JOSEPH M. SALAZAR**  
**CERTIFIED PUBLIC ACCOUNTANT**  
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**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***

**Independent Auditor's Report**

Mr. Tim Keller  
New Mexico State Auditor  
Santa Fe, New Mexico  
and  
Commission Members of the  
Governor's Commission on Disability  
Santa Fe, New Mexico

We have audited in accordance with the auditing standard 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, major fund, and the respective budgetary comparison for the general fund of the State of New Mexico, Governor's Commission on Disability(Commission) as of and for the year ended June 30, 2016 and the related notes to the financial statements which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 6, 2016.

**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 an 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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

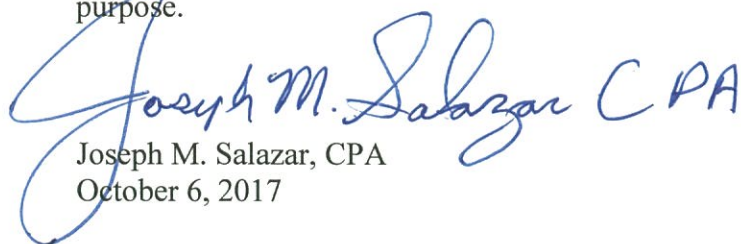
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant and therefore material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 of material misstatements, we perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

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



Joseph M. Salazar, CPA  
October 6, 2017

**State of New Mexico  
Governor's Commission on Disability  
Prior Year Audit Findings  
June 30, 2016**

No prior year or current year audit findings

**Financial Statement Preparation**

The financial statements and notes to the financial statements were prepared by the independent certified public accountant performing the audit. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance. Management has the knowledge and experience to prepare, review and approve financial statements. Management has reviewed and approved the financial statements, notes to the financial statements.

**State of New Mexico  
Governor's Commission on Disability  
Exit Conference  
June 30, 2017**

The contents of this report were discussed at an exit conference on October 6, 2017. Those attending were as follows:

Susan Gray, Commission Chairwoman

Karen Courtney Peterson, Director

Independent Auditor

Joseph M. Salazar CPA