



**KRIEGEL/GRAY/SHAW & CO., P.C.**

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**NEW MEXICO SCHOOL FOR THE  
BLIND AND VISUALLY IMPAIRED**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2010**

# NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

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# NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

OFFICIAL ROSTER  
JUNE 30, 2010

## Board of Regents

<u>NAME</u>	<u>TITLE</u>
Alicia McAninch	President
Christine Hall	Vice President
David Baland	Secretary
James A. Miyagishima	Member
Caroline Benavidez	Member

## School Officials

Linda M. Lyle	Superintendent
Retha L. Coburn	Director of Business & Finance, contracted
John Williams	Executive Assistant to the Superintendent
Veronica Hernandez	Director of Human Resources
Danette Fuller	Acting Director of Student Services



**INDEPENDENT AUDITOR'S REPORT**

Mr. Hector H. Balderas, State Auditor and  
Board of Regents of  
New Mexico School for the Blind and Visually Impaired  
Alamogordo, New Mexico

We have audited the accompanying financial statements of the business-type activities of New Mexico School for the Blind and Visually Impaired, as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements as listed in the table of contents. We have also audited the budget comparisons presented as supplementary information for the year ended June 30, 2010, as listed in the accompanying table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in its financial position and cash flows, where applicable, of only that portion of the financial reporting entity of the business-type activities information of the State of New Mexico that is attributable to the transactions of the School. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2010, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the School, as of June 30, 2010, and the respective changes in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparisons referred to above present fairly, in all material respects the budgetary comparisons for the year then ended in conformity with budgetary basis of accounting prescribed by the New Mexico Administrative Code, and more fully described in the budgetary comparisons, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and  
Board of Regents of  
New Mexico School for the Blind and Visually Impaired  
Alamogordo, New Mexico  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010, on our consideration of the School'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 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, which 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.

Our audit was conducted for the purpose of forming opinions on the financial statements and the budgetary comparisons that collectively comprise the School's financial statements as a whole. The financial schedules listed as supplementary data in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Kriegel/Gray/Shaw & Co., P.C.*  
Kriegel/Gray/Shaw & Co., P.C.

October 29, 2010

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Overview of the Financial Statements**

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements, and notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Basic Financial Statements**

Our basic financial statements are prepared using a business-type model that uses the same basis of accounting as private-sector business enterprises. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows, followed by notes to the financial statements. A budget to actual schedule is presented following the notes. In addition to the basic financial statements, this report also contains required supplementary information pertaining to the schedule of cash accounts and pledged collateral of the School.

**Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets**

The statement of net assets presents information on the School's assets and liabilities, with the difference between the two reported as net assets.

Over time, increases or decreases in net assets may serve as a useful indication of whether the School's financial position is improving or deteriorating. The statement of revenues, expenses, and changes in net assets reports the operating revenues and expenses, and non-operating revenues and expenses of the School for the fiscal year with the difference - the net income or loss - being combined with any capital grants to determine the net change in assets for the fiscal year. That change, combined with the net assets at the end of the previous year, totals to the net assets at the end of the current fiscal year.

**Statement of Cash Flows**

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, and investing activities. The net result of these activities, added to the beginning of the year cash balance, totals to the cash and cash equivalent balance at the end of the current fiscal year.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the basic financial statements because the resources of those funds are not available to support the School's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary financial statements can be found on pages 11 and 31 of this report.

The School's three fiduciary funds account for monies collected and expended for various purposes. The activity fund accounts for receipts and disbursements of student and faculty campus organizations and activities. The student deposits fund accounts for receipts and disbursements of funds entrusted to the School by students and or their parents for personal use. The educational materials credits fund accounts for allotments and requisitions from federal programs for educational materials.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Financial Highlights**

For the years ended June 30, 2010 and 2009, the NMSBVI's financial position was as follows:

**Statement of Net Assets**

	June 30	
	2010	*2009
<b>Assets</b>		
Current assets	\$2,123,824	\$2,344,640
Non-current assets	23,537,503	21,600,137
<i>Total assets</i>	<u>25,661,327</u>	<u>23,944,777</u>
<b>Liabilities</b>		
Current liabilities	1,032,919	1,314,072
Non-current liabilities	115,376	50,611
<i>Total liabilities</i>	<u>1,148,295</u>	<u>1,364,683</u>
<b>Net Assets</b>		
Invested in capital assets, net of debt	15,892,140	14,032,947
Unrestricted	8,653,841	8,547,147
Restricted	(32,949)	0
<i>Total net assets</i>	<u>\$24,513,032</u>	<u>\$22,580,094</u>

**Statement of Revenues, Expenses, and Changes in Net Assets**

	June 30	
	2010	*2009
Operating revenues	\$12,560,159	\$11,948,694
Operating expenses	13,544,713	13,517,264
<i>Net operating loss</i>	<u>(984,554)</u>	<u>(1,568,570)</u>
<b>Non-operating revenues and expenses</b>	<u>2,914,534</u>	<u>5,079,390</u>
Increase (decrease) in net assets	1,929,980	3,510,820
Net assets at beginning of year	22,580,094	19,193,425
Restatements	2,958	(124,151)
<i>Net assets at beginning of year, as restated</i>	<u>22,583,052</u>	<u>19,069,274</u>
<i>Net assets at end of year</i>	<u>\$24,513,032</u>	<u>\$22,580,094</u>

\*Certain reclassifications of the prior year presentations have been made for comparability purposes to the current year.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

In fiscal year 2010, the total assets of the school increased by \$1,716,550 while liabilities decreased by \$983,612. Changes in the Statement of Net Assets include an increase in Long-Term Investments due to a recovering market; an increase in depreciable capital assets due to major capital projects; and a decrease in Accounts Receivable of \$1,023,156, which represents revenue, earned but not received.

While NMSBVI had an Operating Loss of (\$984,554), this was offset by Non-operating Revenue of \$2,914,534 resulting in a change in net assets of (\$1,929,980). The Increase in Net Assets for the fiscal year 2010 is \$1,932,938, an 8.6% improvement from the prior year. The primary component of this change included:

- State appropriations for capital improvements in fiscal year 2010 of \$1,754,397.

Accordingly, the Statement of Net Assets indicates an increase in cash and cash equivalents. The largest use of cash for operations was for payments to or on behalf of employees and former employees; the largest source of operating cash was receipts from Permanent Fund distributions.

As stated above, the operating loss for fiscal year 2010 of (\$984,554) is a decreased operating loss of 37.2% from fiscal year 2009. While operating expenses increased by \$27,449 operating revenues increased by \$611,465. The largest dollar increases in operating revenue were as follows:

- The most significant increase was due to additional federal funding from the U.S. Department of Energy passed through the NM Energy Minerals and Natural Resources Department of \$385,000.
- An increase in Land income from the State Land Office provided an additional \$69,912 for operating expenditures.

The operating expense increased only slightly due to:

- A concerted effort to limit expenses in all areas due to constricted funding as a result of declining overall state, local, and federal economic conditions.

Non operating revenues and expenses decreased due to a decrease in the State appropriations revenue for capital purposes of \$3,659,388. These revenues are one time appropriations for specific capital projects that began in prior fiscal years that are approaching the completion stage at June 30, 2010.

#### **Capital Asset and Debt Administration**

NMSBVI does not have any long-term debt.

During the year the School continued various renovation projects of the buildings and purchased equipment and vehicles as planned through the budget process. Deletions of assets were made for obsolete equipment, furniture and autos.



**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Budget Comparison**

In comparing the total original budgeted revenue to the revised budgeted revenue, there was an increase of \$1,277,530 in unrestricted revenue and an increase of \$253,620 in restricted revenue. Budgeted revenue unrestricted was increased for appropriations for capital outlay and budgeted revenue restricted was increased for the energy grant. The corresponding budgeted expenditure accounts were also increased. A comparison of the actual expenditure amounts to the revised budgeted expenditures indicates total expenditures less than budget by \$1,768,389.

**Economic Outlook**

The New Mexico School for the Blind and Visually Impaired continues to be constricted by national, state and local economic conditions, resulting in decreased funding for the 2011 fiscal year.

NMSBVI's overall financial position is strong due to conservative fiscal management and maintenance of long-term investments. Fund balances are utilized as needed to supplement operational revenues. NMSBVI will maintain a close watch over resources to ensure the school's ability to react to unknown internal and external issues.

# NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

## STATEMENT OF NET ASSETS

JUNE 30, 2010

### ASSETS

#### Current Assets:

Cash	\$970,313
Accounts receivables (net of allowance)	1,101,820
Inventory	44,260
Unused textbook credits	7,431
<i>Total current assets</i>	<u>2,123,824</u>

#### Non-Current Assets:

Investments	7,645,363
Capital assets, net	15,892,140
<i>Total non-current assets</i>	<u>23,537,503</u>

<i>Total assets</i>	<u>25,661,327</u>
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### LIABILITIES

#### Current Liabilities:

Accounts payable	218,050
Accrued payroll liabilities	577,436
Other liabilities	96
Due to others	70,820
Deferred revenues	166,517
<i>Total current liabilities</i>	<u>1,032,919</u>

#### Non-Current Liabilities:

Compensated absences	115,376
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<i>Total liabilities</i>	<u>1,148,295</u>
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### NET ASSETS

Invested in capital assets	15,892,140
Unrestricted	8,620,892

<i>Total net assets</i>	<u>\$24,513,032</u>
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The Notes to Financial Statements are an integral part of these statements.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>Operating Revenues:</b>	
State permanent fund income	\$10,825,778
Medicaid in the schools	365,654
Land income	350,021
State sources	34,460
State appropriations	448,500
Federal sources	576,702
Outreach itinerant income	31,539
Local sources	6,687
Other operating revenues	52,718
<i>Total operating revenues</i>	<u>12,692,059</u>
<b>Operating Expenses:</b>	
Instruction	4,600,320
Academic support	2,985,159
Student support	1,909,163
Instructional support	2,055,438
Plant operations	1,994,633
Capital outlay	0
Renewal and replacements	0
<i>Total operating expenses</i>	<u>13,544,713</u>
<i>Operating loss, net</i>	(852,654)
<b>Non-Operating Revenues (Expenses):</b>	
Investment income	1,095,168
Other income	36,816
Donations	28,153
State appropriations - capital	1,622,497
<i>Total non-operating revenues (expenses)</i>	<u>2,782,634</u>
<i>Change in net assets</i>	1,929,980
Net assets, beginning of year	22,580,094
Restatements	2,958
Net assets, beginning of year, restated	<u>22,583,052</u>
<b><i>Net assets, end of year</i></b>	<b><u>\$24,513,032</u></b>

The Notes to Financial Statements are an integral part of these statements.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from permanent fund, federal and state governments and other operating sources	\$13,628,707
Cash payments to suppliers for goods and services	(2,621,987)
Cash payments to/for employees	(10,502,411)
Cash payments for payroll taxes and employee benefits	0
<i>Net cash provided by operating activities</i>	<u>504,309</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Donations	28,153
Other income	36,816
Due to others	70,820
<i>Net cash provided by noncapital financing activities</i>	<u>135,789</u>
<b>CASH FLOWS FOR CAPITAL AND FINANCING ACTIVITIES</b>	
State appropriations - capital	1,754,397
Acquisition of capital assets	(2,587,866)
Book value of assets deleted	24,108
<i>Net cash (used) by capital and financing activities</i>	<u>(809,361)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from investments	1,000,000
Interest income	352,962
Purchase of investments	(335,967)
<i>Net cash provided by investing activities</i>	<u>1,016,995</u>
<i>Net increase in cash</i>	847,732
Cash and cash equivalents, beginning of year	122,581
<b><i>Cash and cash equivalents, end of year</i></b>	<b><u>\$970,313</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating loss	(\$984,554)
<b>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:</b>	
Depreciation	704,565
Change in unused textbook credits - increase	(7,431)
<b>Change in Assets and Liabilities:</b>	
Decrease in current investments	110
(Increase) in accounts receivable	(1,055,509)
Decrease in intergovernmental receivables	2,124,976
Decrease in inventories	6,402
(Decrease) in accounts payable	(439,567)
Increase in accrued salaries and benefits	56,900
Other current liabilities	96
Increase in deferred revenue	99,789
(Decrease) in compensated absences	(1,468)
<i>Total adjustments</i>	<u>1,488,863</u>
<b><i>Net cash provided by operating activities</i></b>	<b><u>\$504,309</u></b>

The Notes to Financial Statements are an integral part of these statements.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**JUNE 30, 2010**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$9,394
Federal quota funds	45,517
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<b><i>Total assets</i></b>	<b><i>\$54,911</i></b>
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<b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Due to student groups	\$8,808
Due to individual students	586
Held in trust for others	45,517
<hr/>	
<b><i>Total liabilities</i></b>	<b><i>\$54,911</i></b>
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The Notes to Financial Statements are an integral part of these statements.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The New Mexico School for the Blind and Visually Impaired (sometimes referred to as the New Mexico Institute for the Blind for certain legal purposes) was established by the Laws of 1903 Chapters 2 and 3 Sections 21-5-1 through 21-5-23 New Mexico Statutes Annotated, 1978 Compilation.

The School was established to provide proper instruction to New Mexico youths with visual impairments. It is governed by a five-member board of regents appointed by the Governor, and approved by the Senate, for a term of six years each. The regents facilitate the operation of the School through the services of a contractually hired superintendent.

**Reporting Entity**

The financial statements of the New Mexico School for the Blind and Visually Impaired encompasses the activities of the Alamogordo campus and the Albuquerque pre-school satellite, along with their affiliated outreach programs.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the section of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the School has no component units, and is not a component unit of another governmental agency.

**Basis of Presentation and Accounting**

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

The School's basic financial statements are presented on the full accrual basis of accounting and conformity to accounting principles generally accepted in the United States of America.

For financial reporting purposes, the School is considered a special-purpose government engaged only in business-type activities. Accordingly, the School's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated. Grants are recognized when all eligibility requirements are met.

The School applies all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless the FASB pronouncement conflicts with GASB pronouncements.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Statement of Net Assets**

Current Assets consist of unrestricted assets which are available for current operations or which will be available within one year and restricted assets that will be used in current operations. All other assets are included as noncurrent assets. Current Liabilities consist of those liabilities that are due within one year including the current portion of any long-term liabilities.

**Cash and Investments**

Cash consists of cash on hand and current investments, which are defined as investments that are readily convertible to cash or which have an original maturity date within ninety days.

The School accounts for its investments at fair value in accordance with GASB Statement No.31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

Changes in the unrealized gain (loss) on the carrying value of investments are reported as a component of Investment Income in the Statement of Revenues, Expenses, and Changes in Net Assets.

The School's investments are regulated by state law, as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. The State Investment Council has an arrangement composed of separate investment pools. The School's Board of Regents has elected to participate in these external co-mingled pools along with other educational institutions and government bodies so electing within the State. All investments are allocated in the investment pools in a manner consistent with the School's written investment policy.

**Agency Funds**

Agency Funds are used to account for assets held by the School in a trustee capacity or as an agent for individuals, School organizations, or other governments. Agency funds are custodial in nature and do not involve the measurement or results of operations. Accordingly, agency fund assets always equal agency fund liabilities.

The Agency Funds group consists of funds held by the School as custodian or fiscal agent for others, such as student organizations, individual students, or faculty members. Transactions of agency funds represent charges or credits to the individual asset and liability accounts and are not transactions of any other funds.

Activity Funds - Account for receipts and disbursements of student and faculty clubs and activities.

Student Deposits - Account for receipts and disbursements of funds entrusted to the School by students and/or parents for personal use.

Educational Material Credits (Federal Quota Funds) - Account for allotments and requisitions from federal programs qualifying public and parochial schools in New Mexico.

**Income Taxes**

As an instrumentality of the State of New Mexico, the School is not subject to federal or state income taxes.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital Assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. The School's capitalization policy includes all items with a unit cost in excess of \$5,000 per Section 12-6-10 NMSA 1978. The capitalization threshold was changed from \$1,000 in prior years. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Major outlay for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation for the School is computed using the straight-line method over the estimated useful lives of the assets.

Depreciable lives for the various asset classes are as follows:

Major Grounds Improvements	25 years
Building and Structures	40 years
Automobiles	5 – 10 years
Equipment, Machinery and Furniture	5 – 25 years

**Non-Current Liabilities**

Non-current liabilities include accrued compensated absences that will not be paid out within the next fiscal year.

**Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable, available financial resources is reflected as a liability of the School. In accordance with the provisions of the Governmental Accounting Standards Board, Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Annual leave is earned according to the following schedule:

<u>Employee Type</u>	<u>Years of Service</u>	<u>Rate</u>
Full-time employees	1-7 years	1 day/month
Full-time employees	7 years +	1.5 days/month
12 month employees	N/A	14.67 hrs/month
9 month employees	N/A	14.67 hrs/month (prorated)

**Inventory**

Supply inventories are valued at the lower of cost (first-in, first-out) or market, and primarily consist of food inventory, and general cleaning, office, and education supplies.



**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets**

The School's net assets are classified as follows:

*Investment in Capital Assets:* This represents the School's total capital assets. The School does not have any debt related to capital assets.

*Restricted Net Assets:* Restricted expendable net assets include resources, which the School is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Unrestricted net assets:* Unrestricted net assets represent all other resources. These resources are used for transactions relating to the educational and general operations of the School, and may be used at the discretion of the governing board to meet current expenses for any purpose.

**Classification of Revenues**

The School has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues:* Operating revenues of the School include activities that have the characteristics of exchange transactions, such as (1) federal, state and local grants and contracts; (2) state appropriated permanent fund income and land income; (3) income generated through joint powers agreements; (4) fee for service-Medicaid in the schools; and (5) other miscellaneous operating revenues.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, investment income, and other revenue sources that are defined as nonoperating revenues by GASB 9, *Reporting Cash Flows Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 34.

**Classification of Expenses**

The School has classified its expenses as either operating or nonoperating expenses according to the following criteria:

*Operating expenses:* Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries, benefits, and related expenses; (2) utilities, supplies, and other services; (3) professional fees; and (4) depreciation expense related to School property, plant, and equipment. Expenses not meeting this definition are reported as non-operating expenses.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the School's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Process**

The Board adopts an annual budget for the current unrestricted and restricted funds, and the unexpended plant funds that are prepared by the administration and approved by the Board, the state of New Mexico Commission on Higher Education, and the State Budget Division of the Department of Finance and Administration. To amend the budget, the School requires the following order of approval: (1) School Superintendent, (2) School Board Members, (3) Higher Education Department, and (4) Department of Finance and Administration.

Budgets are adopted on a modified accrual basis of accounting. Certain revenues and expenditures that have been earned and incurred in accordance with generally accepted accounting principles are deferred under the budgetary basis. An example would be accrued vacation pay. In the statements prepared in accordance with generally accepted accounting principles, the accrued vacation liability is recognized. For the budgetary basis, the School does not recognize the expense and liability until the wage expense is paid in subsequent years.

Depreciation expense is not recorded for the budgetary basis of accounting.

Budgetary comparisons presented in the accompanying supporting schedules for the current unrestricted and restricted funds are on this modified accrual budgetary basis.

These budgets secure appropriation of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent fiscal year. Since the process in the state of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, the appropriated cash balance is legally restricted and is therefore, used in the calculation to determine the annual budget.

State appropriations received by the School for building renewal and replacement are received under Chapter 76, Section 4, Item I. If these funds are not expended, they revert back to the state. The School expended all of these funds during the year end; therefore, no funds were to be reverted.

Total expenditures or transfers in each of these amounts of budgetary control may not exceed the amount shown in the approved budget: (A) Unrestricted expenditures and restricted expenditures; (B) Instruction and general; (C) Each budget function in current funds other than instruction and general; (D) Within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements and debt service; and (E) each individual item of transfer between funds and/or functions.

**Use of Estimates**

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

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
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**NOTE 2. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2010:

State of New Mexico (Land & Permanent Fund Income)	\$978,272
Navajo Nation - Developmental	18,750
New Mexico Energy, Minerals & Natural Resources	11,250
State of New Mexico – DFA	21,211
State of New Mexico – PED	49,537
Medicaid – FIT Kids	12,955
Miscellaneous Accounts receivable	9,845
	\$1,101,820

All receivables are considered collectible. Accordingly, no allowance for uncollectible accounts has been established.

**NOTE 3. CASH AND CASH EQUIVALENTS**

State regulations require that uninsured demand deposits and deposit type investments, such as certificates of deposit; be collateralized by depository thrift and banking institutions. At present, state statutes require that a minimum of fifty percent of the uninsured balances on deposit with any one institution must be collateralized. A summary of cash and the related collateralization is as follows:

	First National Bank	Wells Fargo Bank
Amount held	\$102,353	\$1,096,033
Less FDIC insurance	(102,353)	(500,000)
Uninsured public funds	\$0	*\$596,033
50% collateral required	\$0	\$298,017
Pledged security	\$0	\$1,079,110

\*In addition, all non interest bearing accounts (checking) are fully insured, in addition to the \$250,000 insurance coverage on demand deposits, through the Temporary Liquidity Guarantee Program.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)**

As shown all the banks were adequately insured.

The banks are reconciled as follows:

	First National Bank	Wells Fargo Bank
Bank balance, June 30, 2010	\$102,353	\$1,096,033
Outstanding deposits	0	0
Outstanding checks	0	(218,789)
Book balance, June 30, 2010	\$102,353	\$877,244
Cash carrying amounts		\$979,707
Less: New Mexico State Treasurer		(110)
		\$979,597

Schedule of cash balances:

Depository	Account Name	Type	Bank Balance	Reconciled Balance
Wells Fargo Bank, N.A.	General Fund	Checking	\$280,969	\$63,118
Wells Fargo Bank, N.A.	Payroll	Checking	4,070	4,070
Wells Fargo Bank, N.A.	Restricted Funds	Checking	70,929	70,929
Wells Fargo Bank, N.A.	Agency Funds	Checking	10,332	9,394
Wells Fargo Bank, N.A.	Money Market	Money Market	729,533	729,533
Wells Fargo Bank, N.A.	Life Skills	Checking	200	200
First National Bank	Escrow Account		102,353	102,353
New Mexico State Treasurer		Overnight	0	110
			\$1,198,386	\$979,707

**Custodial Credit Risk** - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2010, none of the School's bank balance of \$1,198,386 was exposed to custodial credit risk.

The School maintains funds with the State Treasurer External Investment Pool Local Government Investment Pool (LGIP) as noted above.

- The investments are valued at fair value based on quoted market prices as of the valuation date;
- The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978;
- The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested; and

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
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**NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)**

- Participation in the local government investment pool is voluntary.
- The current credit risk rating of the pool is AAAM.
- The weighted average maturity of the pool is 50 days as of June 30, 2010, which is an acceptable method of reporting interest rate risk.
- All investments in the pool are in U.S. dollar denominations. Therefore, the LGIP has no foreign currency risk.

		Matures	Market Value	Safe Keeping Location
Wells Fargo Bank – Collateral Pledged:				
31409GMN3	Federal National Mtg. Pool #8707765	06/01/2036	\$657,201	Wells Fargo Bank Minneapolis, MN
31410VGP0	Federal National Mtg. Pool #899178	02/01/2037	\$421,909	Wells Fargo Bank Minneapolis, MN
			<b>\$1,079,110</b>	

**NOTE 4. INVESTMENTS**

The School’s investments are governed by state law, as well as a formal investment policy. The policy permits investments which are within New Mexico constitutional and statutory law; however, the policy does stipulate that asset-backed or collateralized securities must be rated AA or better. The School invests through the New Mexico State Investment Council, which utilizes a list of legal investments per the State of New Mexico.

**Interest Rate Risk**

As a means of limiting its exposure to fair value risks arising from rising interest rates the School’s investment policy limits interest rate risk by using adequate diversification in the funds noted and rebalancing the portfolio quarterly (based on specified ranges) or more frequently if rapidly changing market conditions occur.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
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**NOTE 4. INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

The School has established the following guidelines in their investment policy for asset allocations:

Asset Class	Minimum	Target	Maximum
<u>Equity:</u>			
Domestic Large Cap Active	4%	8%	12%
Domestic Large Cap Index	20%	24%	30%
Domestic Small/Mid Cap	5%	12%	15%
Developed International	5%	11%	15%
Emerging International	0%	3%	3%
<u>Bonds:</u>			
Domestic Investment Grade	30%	35%	40%
Domestic High Yield	2%	7%	12%

At June 30, 2010, the market value (per quoted market price) of the School's allocable share of the registered, uninsured external investment pools is as follows:

Description	Percentage Of Portfolio	Market Value	Credit Risk Rating
Core Bonds	100%	\$7,645,363	Aa2

Investment income components were as follows:

Investment income earned	\$352,678
Net capital appreciation (depreciation)	742,206
Interest on bank accounts	284
	\$1,095,168

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
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**NOTE 5. EDUCATIONAL MATERIAL CREDITS**

The School is a participant in two programs: one state funded and one federally funded. The programs provide assistance in the form of acquiring educational materials through allocations. The state funded program requires that the School purchase instructional materials and then submit documentation of purchases to the state for reimbursement. Unused allocations are available to be carried forward to future years. The federal program involves utilization of credits for purchases of materials through the American Printing House for the Blind, Inc. Unused credits are available to be carried forward for use in future years. The allocations have been recorded as revenues, along with offsetting expenditures. The School does not budget for these types of non-monetary resources. The School also serves as a trustee, under the federal funded program, for all public and private schools within the state that are eligible for educational materials credits as a result of their enrollment of visually impaired students. Such credits are accounted for as held in trust for others.

**NOTE 6. PERMANENT FUND**

The Ferguson Act of 1898 and the Enabling Act of 1910 granted certain lands held by the federal government to the territory of New Mexico. Under the terms of these grants it was stipulated that such lands, totaling 13.4 million acres, were to be held in trust for the benefit of the public schools and other specific public institutions, of which the New Mexico School for the Blind and Visually Impaired is one. Royalties and principal from land sales are transferred by the State Land Office to the Investment Office, which adds these amounts to the corpus of the Permanent Fund. The income received on the Permanent Fund is distributed by the Investment Office to the beneficiaries. Gains and losses on investment transactions are credited or charged to the corpus and do not directly impact distributions to the beneficiaries.

Changes in the School's share of permanent trust balances held by the Investment Office and other relevant information are as follows:

Balance, June 30, 2009	\$163,284,445
Distributed income	(10,825,778)
State land office transfers	6,979,934
Capital losses net of gains, unrealized losses net of gains, income earnings	22,857,424
<i>Balance, June 30, 2010</i>	<b>\$182,296,025</b>

**NOTE 7. LAND INCOME**

The School receives income directly from the State Land Office Maintenance Fund related to the land held in trust for the New Mexico School for the Blind and Visually Impaired noted in Note 6 above. This income is generated by the State Land Office from oil and gas rental, bonuses, grazing rentals, miscellaneous rentals, interest on cash deposits, and other income. The amount distributed to (and receivable by) the School for the fiscal year ended June 30, 2010 was \$350,021.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
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**NOTE 8. CAPITAL ASSETS**

For the year ended June 30, 2010, changes in the asset composition of capital assets were as follows:

	Balance 06/30/09	Additions	Transactions/ Deletions	Balance 06/30/10
<b>Capital Assets - Non Depreciable:</b>				
Land	\$1,433,234	\$120,290	\$0	\$1,553,524
Construction in process	950,397	1,857,027	0	2,807,424
<i>Total capital assets, not depreciated</i>	<i>2,383,631</i>	<i>1,977,317</i>	<i>0</i>	<i>4,360,948</i>
<b>Capital Assets - Depreciable:</b>				
Improvements	1,426,576	6,184	0	1,432,760
Buildings and Structures	16,773,098	31,775	0	16,804,873
Art	8,000	0	0	8,000
Automotive Equipment	1,496,037	351,076	(73,701)	1,773,412
Furniture, Fixtures, and Equipment	3,111,180	221,514	(245,739)	3,086,955
<i>Total capital assets, depreciated</i>	<i>22,814,891</i>	<i>610,549</i>	<i>(319,440)</i>	<i>23,106,000</i>
<b>Accumulated Depreciation:</b>				
Improvements	(1,114,668)	(25,154)	0	(1,139,822)
Buildings and Structures	(6,417,087)	(308,567)	0	(6,725,654)
Automotive Equipment	(964,772)	(208,323)	49,957	(1,123,138)
Furniture, Fixtures, and Equipment	(2,661,048)	(162,521)	245,375	(2,578,194)
Art	(8,000)	0	0	(8,000)
<i>Total accumulated depreciation</i>	<i>(11,165,575)</i>	<i>(704,565)</i>	<i>295,332</i>	<i>(11,574,808)</i>
<b>Net Capital Assets</b>	<b>\$14,032,947</b>	<b>\$1,883,301</b>	<b>(\$24,108)</b>	<b>\$15,892,140</b>

Depreciation expense of \$704,565 has been recorded in the plant operations function.

Software has been capitalized and depreciated as part of Furniture, Fixtures and Equipment.

Library books have not been capitalized and depreciated because they are generally less than the capitalization threshold of \$5,000 and not purchased as part of a collection.



**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
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**NOTE 9. NON-CURRENT LIABILITIES**

	June 30, 2009	Increases	Decreases	June 30, 2010	Amounts Due Within One Year
Accrued compensated absences	\$116,844	\$154,636	(\$156,104)	\$115,376	\$0

**NOTE 10. ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2010 consist of the following:

Employee benefits payable	\$471,116
Employee wages payable	72,920
Employee taxes payable	31,970
Miscellaneous accrued liabilities	1,430
<b>Total</b>	<b>\$577,436</b>

**NOTE 11. RETIREMENT PLANS**

Pension Plan – Public Employees Retirement Association

*Plan Description.* Some of the School’s full-time employees choose to participate in a public employee retirement system (rather than ERB) 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).

*Funding Policy.* Plan members are required to contribute 7.42% (ranges from 3.83% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The School is required to contribute 16.59% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the School are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The School’s contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$225,956, \$211,532, and \$194,543, respectively, which equal the amount of the required contributions for each fiscal year.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11. RETIREMENT PLANS (CONTINUED)**

**Pension Plan – Educational Retirement Board**

*Plan Description.* Substantially all of the School's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) 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 (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB 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 ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy.* Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The School was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution is increasing by .75% each year until effective July 1, 2011; the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the New Mexico School for the Blind and Visually Impaired are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The School's contributions to ERB for the fiscal years ending June 30, 2010, 2009, and 2008, were \$668,753, \$726,048, and \$683,425, respectively, which equal the amount of the required contributions for each fiscal year.

**Annuity Programs**

Electing employees make contributions through payroll withholdings to one or more tax deferred annuity programs pursuant to Internal Revenue Code Section 403(b) relating to special provisions for employee of public educational institutions. The School makes no contributions to the annuity programs.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
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**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

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

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

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

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

(1)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. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

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**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals. The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The New Mexico School for the Blind and Visually Impaired contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$99,583, \$97,585 and \$144,803, respectively, which equal the required contributions for each year.

**NOTE 13. RISK MANAGEMENT**

The School participates in an insurance program sponsored by the Risk Management Division of the General Services Department of the State of New Mexico. The Program self-insures against certain losses and utilizes blanket policies to cover other losses, as well as excess self-insured losses. In return for premiums paid to the program, the School obtains the benefit of insurance coverage commensurate with that provided by commercial providers for various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; civil rights claims; and natural disasters.

**NOTE 14. RESTATEMENT OF NET ASSETS**

During the fiscal year ended June 30, 2010, the School determined that a change to the beginning of year net assets and fund balance was necessary. A description and the effect of the change are as follows:

	Business-Type Activities
Beginning balance of unused Federal Quota Funds previously shown in Agency Funds	\$2,958

**NOTE 15. CAPITAL OUTLAY APPROPRIATIONS – SEVERANCE TAX BONDS**

	Original Appropriation	Appropriation Period	Expenditures To Date	Balance Encumbered	Balance Unencumbered
Severance Tax Bonds	\$5,500,000	2007	\$5,460,066	\$39,934	\$0
Severance Tax Bonds	\$1,600,000	2008	\$1,594,309	\$1,581	\$4,110

The unencumbered balance will not be expended and therefore; has effectively been reverted.

**SUPPLEMENTARY INFORMATION**

# NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

## ALL FUNDS

### SCHEDULE OF REVENUES AND EXPENDITURES BUDGET (MODIFIED ACCRUAL BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Operating Revenues:</b>				
Federal sources	\$75,104	\$574,854	\$576,702	\$1,848
State sources	0	34,510	34,460	(50)
Local sources	15,000	7,180	6,687	(493)
State appropriations	745,100	2,116,622	2,070,997	(45,625)
State permanent fund income	11,459,882	11,146,994	10,825,778	(321,216)
Land income	271,700	350,021	350,021	0
Outreach itinerant income	232,500	37,487	31,539	(5,948)
Medicaid in the schools	355,095	537,500	365,660	(171,840)
Other operating revenues	171,749	56,913	52,052	(4,861)
<i>Total operating revenues</i>	<u>13,326,130</u>	<u>14,862,081</u>	<u>14,313,896</u>	<u>(548,185)</u>
<b>Operating Expenses:</b>				
Instruction	4,931,371	4,877,369	4,600,320	277,049
Academic support	3,077,171	3,183,083	2,985,159	197,924
Student support	2,234,340	2,064,221	1,909,163	155,058
Institutional support	2,207,124	2,172,707	2,054,772	117,935
Operation and maintenance of plant	1,736,598	1,739,368	1,810,529	(71,161)
Capital outlay	300,000	2,822,780	1,956,386	866,394
Renewal and replacements	0	336,209	111,019	225,190
Student social and cultural activities	44,831	0	0	0
<i>Total operating expenditures</i>	<u>14,531,435</u>	<u>17,195,737</u>	<u>15,427,348</u>	<u>1,768,389</u>
<i>Operating income (loss)</i>	<u>(1,205,305)</u>	<u>(2,333,656)</u>	<u>(1,113,452)</u>	<u>(1,220,204)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment income	20,000	376	284	(92)
Other income	85,000	67,270	60,924	(6,346)
Donations	8,000	101,288	28,153	(73,135)
<i>Total non-operating revenues (expenses)</i>	<u>113,000</u>	<u>168,934</u>	<u>89,361</u>	<u>(79,573)</u>
Net change in fund balance	(1,092,305)	(2,164,722)	(1,024,091)	1,140,631
Fund balance, beginning of year	681,970	1,954,815	1,954,821	6
Restatements	(26,363)	287	281	(6)
<i>Fund balance, beginning of year, as restated</i>	<u>655,607</u>	<u>1,955,102</u>	<u>1,955,102</u>	<u>0</u>
Investments converted to cash	1,386,004	1,386,004	1,000,000	(386,004)
<b><i>Fund Balance, end of year</i></b>	<b><u>\$949,306</u></b>	<b><u>\$1,176,384</u></b>	<b><u>\$1,931,011</u></b>	<b><u>\$754,627</u></b>

The Notes to Financial Statements are an integral part of these statements.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**

**UNRESTRICTED FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES**

**BUDGET (MODIFIED ACCRUAL BUDGETARY BASIS) AND**

**ACTUAL ON BUDGETARY BASIS**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Operating Revenues:</b>				
Federal sources	\$0	\$416,000	\$420,591	\$4,591
State sources	0	3,150	3,100	(50)
Local sources	15,000	7,180	6,687	(493)
State appropriations	745,100	2,116,622	2,070,997	(45,625)
State permanent fund income	11,459,882	11,146,994	10,825,778	(321,216)
Land income	271,700	350,021	350,021	0
Outreach itinerant income	232,500	37,487	31,539	(5,948)
Other operating revenues	86,749	11,007	10,953	(54)
<i>Total operating revenues</i>	<i>12,810,931</i>	<i>14,088,461</i>	<i>13,719,666</i>	<i>(368,795)</i>
<b>Operating Expenses:</b>				
Instruction	4,740,698	4,632,960	4,432,908	200,052
Academic support	2,852,775	2,727,177	2,675,421	51,756
Student support	2,121,409	1,904,221	1,779,040	125,181
Institutional support	2,207,124	2,172,707	2,054,772	117,935
Operation and maintenance of plant	1,736,598	1,739,173	1,810,072	(70,899)
Capital outlay	300,000	2,822,780	1,956,386	866,394
Renewal and replacements	0	336,209	111,019	225,190
Student social and cultural activities	44,831	0	0	0
<i>Total operating expenditures</i>	<i>14,003,435</i>	<i>16,335,227</i>	<i>14,819,618</i>	<i>1,515,609</i>
<i>Operating income (loss)</i>	<i>(1,192,504)</i>	<i>(2,246,766)</i>	<i>(1,099,952)</i>	<i>(1,146,814)</i>
<b>Non-Operating Revenues (Expenses):</b>				
Investment income	20,000	376	284	(92)
Other income	85,000	54,118	48,144	(5,974)
Donations	0	27,550	27,433	(117)
<i>Total non-operating revenues (expenses)</i>	<i>105,000</i>	<i>82,044</i>	<i>75,861</i>	<i>(6,183)</i>
Net change in fund balance	(1,087,504)	(2,164,722)	(1,024,091)	1,140,631
Fund balance, beginning of year	655,607	1,955,102	1,955,102	0
Investments converted to cash	1,386,004	1,386,004	1,000,000	(386,004)
<b><i>Fund Balance, end of year</i></b>	<b><i>\$954,107</i></b>	<b><i>\$1,176,384</i></b>	<b><i>\$1,931,011</i></b>	<b><i>\$754,627</i></b>

The Notes to Financial Statements are an integral part of these statements.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**RESTRICTED FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET (MODIFIED ACCRUAL BUDGETARY BASIS) AND**  
**ACTUAL ON BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Operating Revenues:</b>				
Federal sources	\$75,104	\$158,854	\$156,111	(\$2,743)
State sources	4,801	31,360	31,360	0
Medicaid in the schools	355,095	537,500	365,654	(171,846)
Other operating revenues	85,000	45,906	41,099	(4,807)
<i>Total operating revenues</i>	<u>520,000</u>	<u>773,620</u>	<u>594,224</u>	<u>(179,396)</u>
<b>Operating Expenses:</b>				
Instruction	190,673	244,409	167,412	76,997
Academic support	224,396	455,906	309,738	146,168
Student support	112,931	160,000	130,123	29,877
Institutional support	0	0	0	0
Operation and maintenance of plant	0	195	457	(262)
<i>Total operating expenditures</i>	<u>528,000</u>	<u>860,510</u>	<u>607,730</u>	<u>252,780</u>
<i>Operating income (loss)</i>	<u>(8,000)</u>	<u>(86,890)</u>	<u>(13,506)</u>	<u>(73,384)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Other income	0	13,152	12,780	(372)
Donations	8,000	73,738	720	(73,018)
<i>Total non-operating revenues (expenses)</i>	<u>8,000</u>	<u>86,890</u>	<u>13,500</u>	<u>(73,390)</u>
Net change in fund balance	0	0	(6)	(6)
Fund balance, beginning of year	26,363	(287)	(281)	6
Restatements	(26,363)	287	287	0
<i>Fund balance, beginning of year, as restated</i>	<u>0</u>	<u>0</u>	<u>6</u>	<u>6</u>
<b><i>Fund Balance, end of year</i></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

The Notes to Financial Statements are an integral part of these statements.



# NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

## RECONCILIATION BUDGETARY COMPARISON SCHEDULE

### ALL FUNDS AND STATEMENT OF REVENUES,

### EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

**Sources/Inflows of Resources:**

Actual amounts (budgetary basis) "operating revenues" from the budgetary comparison schedule.	\$14,313,896
Differences - Budget to GAAP:	
State appropriations - non operating (capital)	(1,622,497)
Public service revenues not budgeted	660
<b><i>Total operating revenues as reported on the statement of revenues, expenses, and changes in net assets</i></b>	<b><i>\$12,692,059</i></b>

**Uses/Outflows of Resources:**

Actual amounts (budgetary basis) "operating expenses" from the budgetary comparison schedule.	\$15,427,348
The School budgets for capital assets purchased. Capital additions are not reflected as an operating expense for financial reporting purposes.	(2,587,866)
Depreciation expense is not considered an outflow of operating resources for budgetary basis but is considered an expense for financial reporting purposes.	704,565
Public service revenues not budgeted	666
<b><i>Total operating expenses as reported on the statement of revenues, expenses, and changes in net assets</i></b>	<b><i>\$13,544,713</i></b>

**Sources/Inflows of Resources:**

Actual amounts (budgetary basis) "non-operating revenues" from the budgetary comparison schedule.	\$89,361
For budgetary purposes, the School does not consider the investment income earned as a source of funds. The School budgets proceeds from the investment accounts. For financial reporting, the School reflects the income as non-operating revenue.	1,094,884
State appropriations - non operating (capital)	1,622,497
Net book value of assets deleted	(24,108)
<b><i>Total non-operating revenues as reported on the statement of revenues, expenses, and changes in net assets</i></b>	<b><i>\$2,782,634</i></b>

## SUPPLEMENTARY DATA

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**ALL AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Balance June 30, 2009	Increase/ Receipts	Decrease/ Disbursement	Balance June 30, 2010
<b>ACTIVITY FUNDS</b>				
<b><u>Assets</u></b>				
Cash	\$10,447	\$11,970	\$13,609	\$8,808
<b><u>Liabilities</u></b>				
Due to student groups	\$10,447	\$11,970	\$13,609	\$8,808
<b>STUDENT DEPOSITS</b>				
<b><u>Assets</u></b>				
Cash	\$1,210	\$1,001	\$1,625	\$586
<b><u>Liabilities</u></b>				
Due to individual students	\$1,210	\$1,001	\$1,625	\$586
<b>EDUCATIONAL MATERIALS CREDITS</b>				
Federal quota funds	\$59,361	\$187,785	\$201,629	\$45,517
Textbook credit funds	2,958	0	2,958	0
	<b>\$62,319</b>	<b>\$187,785</b>	<b>\$204,587</b>	<b>\$45,517</b>
<b><u>Liabilities</u></b>				
Held in trust for others	\$62,319	\$187,785	\$204,587	\$45,517
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b><u>Assets</u></b>				
Cash	\$11,657	\$12,971	\$15,234	\$9,394
Federal quota funds	59,361	187,785	201,629	45,517
Textbook credit funds	2,958	0	2,958	0
<b>Total assets</b>	<b>\$73,976</b>	<b>\$200,756</b>	<b>\$219,821</b>	<b>\$54,911</b>
<b><u>Liabilities</u></b>				
Due to student groups	\$10,447	\$11,970	\$13,609	\$8,808
Due to individual students	1,210	1,001	1,625	586
Held in trust for others	62,319	187,785	204,587	45,517
<b>Total liabilities</b>	<b>\$73,976</b>	<b>\$200,756</b>	<b>\$219,821</b>	<b>\$54,911</b>

The Notes to Financial Statements are an integral part of these statements.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Participants</u>	<u>Responsible Party for Operations</u>	<u>Descriptions</u>	<u>Beginning and Ending dates</u>	<u>Total Estimated Amount of Project</u>	<u>Contribution 6/30/2010</u>	<u>Audit Responsibility</u>	<u>Revenues and Expenditures Reported on:</u>
Central Consolidated Schools and NMSBVI	Central Consolidated Schools	NMSBVI to provide Special Education and vision related services to students referred by the District.	July 1, 2009 - June 30, 2010	\$10,268	\$7,906	Central Consolidated Schools	Central Consolidated Schools
Cimarron Municipal Schools and NMSBVI	Cimarron Municipal Schools	NMSBVI to provide Special Education and vision related services to students referred by the District.	July 1, 2009 - June 30, 2010	\$1,147	\$1,147	Cimarron Municipal Schools	Cimarron Municipal Schools
Deming Public Schools and NMSBVI	Deming Public Schools	NMSBVI to provide Special Education and vision related services to students referred by the District.	July 1, 2009 - June 30, 2010	\$2,710	\$2,299	Deming Public Schools	Deming Public Schools
Farmington Municipal Schools and NMSBVI	Farmington Municipal Schools	NMSBVI to provide Special Education and vision related services to students referred by the District.	July 1, 2009 - June 30, 2010	\$5,777	\$5,777	Farmington Municipal Schools	Farmington Municipal Schools
Jemez Valley Public Schools and NMSBVI	Jemez Valley Public Schools	NMSBVI to provide Special Education and vision related services to students referred by the District.	July 1, 2009 - June 30, 2010	\$1,634	\$1,634	Jemez Valley Public Schools	Jemez Valley Public Schools
Maxwell Municipal Schools and NMSBVI	Maxwell Municipal Schools	NMSBVI to provide Special Education and vision related services to students referred by the District.	July 1, 2009 - June 30, 2010	\$1,641	\$1,641	Maxwell Municipal Schools	Maxwell Municipal Schools
Raton Public Schools and NMSBVI	Raton Public Schools	NMSBVI to provide Special Education and vision related services to students referred by the District.	July 1, 2009 - June 30, 2010	\$2,376	\$2,376	Raton Public Schools	Raton Public Schools

The Notes to Financial Statements are an integral part of these statements.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Participants</u>	<u>Responsible Party for Operations</u>	<u>Descriptions</u>	<u>Beginning and Ending dates</u>	<u>Total Estimated Amount of Project</u>	<u>Contribution 6/30/2010</u>	<u>Audit Responsibility</u>	<u>Revenues and Expenditures Reported on:</u>
Socorro Consolidated Schools and NMSBVI	Socorro Consolidated Schools	NMSBVI to provide Special Education and vision related services to students referred by the District.	July 1, 2009 - June 30, 2010	\$4,860	\$4,860	Socorro Consolidated Schools	Socorro Consolidated Schools

The Notes to Financial Statements are an integral part of these statements.



**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***

Mr. Hector H. Balderas, State Auditor and  
Board of Regents of  
New Mexico School for the Blind and Visually Impaired  
Las Cruces, New Mexico

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the New Mexico School for the Blind and Visually Impaired as of and for the year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as items 2010-01 and 2008-01. 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.

Mr. Hector H. Balderas, State Auditor and  
Board of Regents of  
New Mexico School for the Blind and Visually Impaired  
Las Cruces, New Mexico  
Page Two

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2010-02.

The Schools responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the School's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Regents, the School's management, others within the agency, the audit committee, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

*Kriegel/Gray/Shaw & Co., P.C.*  
Kriegel/Gray/Shaw & Co., P.C.

October 29, 2010

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**CURRENT YEAR SIGNIFICANT DEFICIENCIES:**

**2010-01 Capital Assets Taken Out of Service Not Properly Deleted**

**Statement of Condition** – While reviewing the Information Technology’s procedures for erasure of hard drives, it was determined that the IT department had removed computers from service. The computers have essentially been scrapped and are being used for parts. These computers had not been shown as deletions on the capital asset listing.

**Criteria** – Capital assets should only remain on the depreciation schedule if they are in service. When assets are taken out of service the procedures for deletions should take place (approval of deletion by Board, notification to the State Auditor’s Office and deletion from the capital asset schedule).

**Cause** – Lack of understanding of the deletion process.

**Effect** – Capital asset schedule does not properly reflect assets in service for the School.

**Recommendation** – The School should clearly document the process for assets no longer in service and maintain control of assets no longer in service, pending auction or other disposition, separately from assets still in service.

**Management’s Response** – The School will review its current process of how the IS&T department notifies the Property Control Specialist of the disposal of computers that are tagged capital assets. The Business Manager will be responsible for facilitating communication between the IS&T Manager and the Property Control Specialist on a regular basis to ensure that the proper and timely deletion of disposed computers is taking place.



**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):**

**2010-02 Terminated Employees Not Paid Out Timely**

**Statement of Condition** – Two involuntary terminated employees were not paid their final pay within the required five days. We tested 10 terminations.

**Criteria** – NMSA 1978 Section 50-4-4 states employees must be paid within five days for involuntary terminations.

**Cause** – Lack of timely payroll processes and communication of terminations.

**Effect** – Potential for the employee to make a claim for additional compensation.

**Recommendation** – The School establishes and implements a policy for all terminations to be paid out in concurrence with state law.

**Management's Response** – The School will correct its current process of paying out wages from the next scheduled payroll to meet the minimum required number of days as mandated by state statute. Human Resource will revise its current policy NMSBVI Policy 265, Termination of Employment to incorporate the state mandates on unpaid wages or compensation upon voluntary and involuntary terminations.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**CURRENT STATUS OF PRIOR YEAR AUDIT FINDINGS:**

**Item 2008-01 Outreach Itinerant Contract**

Repeated with modification:

**Statement of Condition** – In December 2008, the School implemented a new internal control procedure concerning outreach itinerants and developmental specialists. During our testing of Itinerant activity (selected one itinerant employee per month) to review the monthly service logs, we discovered the following conditions:

- Three monthly service logs were not reviewed timely (by the 15<sup>th</sup> of the following month) by the supervisor.
- Eight monthly service logs were not reviewed timely (within one month of the date of the log) by the business office and/or human resource personnel.

**Criteria** – The School’s policy requires that the monthly service logs (including, supporting documentation) submitted by itinerant personnel be reviewed by their supervisor, business office personnel and the human resource director to determine all expenses and time charged is consistent with the itinerant services provided.

**Cause** – Staffing transitions in the business office as well as work volume issues.

**Effect** – Itinerant services have been billed prior to the complete review of all supporting documentation and therefore incorrect charges may be paid.

**Recommendation** – The School should address work volume and priority issues at each position to better provide for timely review of documentation in accordance with policies.

**Management’s Response** – The School has reviewed its current internal control procedures for the outreach itinerant employees and determined that the process must be further revised in order to facilitate a more timely review and reconciliation of all supporting documentation on a monthly basis.

Revised procedures will stress to the supervisors of the outreach itinerant employees the importance of submitting all documentation to the business office by the specific timeline already in place. The business office will redistribute the workload so that the review process is more evenly distributed among staff. In addition, the business office will implement a procedure to randomly sample which documentation to review each month, thereby further streamlining the process so it will comply with the timelines put in place by the internal control procedures.

**2009-01 Capital Assets – Inventory Control Numbers**

Resolved and not repeated.

**2009-02 Annual Inventory of Capital Assets**

Resolved and not repeated.

**NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED**  
**EXIT CONFERENCE AND**  
**FINANCIAL STATEMENT PREPARATION**  
**JUNE 30, 2010**

**EXIT CONFERENCE**

On November 4, 2010, an exit conference to discuss the contents of this document was held in closed session, with the Board of Regents and school officials. Those in attendance were as follows:

**Board of Regents:**

Alicia McAninch President  
Christine Hall, Vice President  
David Baland, Secretary  
James A. Miyagishima, Member  
Caroline Benavidez, Member

**School Officials:**

Linda Lyle, Superintendent  
Veronica Hernandez, Human Resources Director

**Kriegel/Gray/Shaw & Co., P.C.:**

Debbie Gray, CPA/Shareholder

**FINANCIAL STATEMENT PREPARATION**

The financial statements and footnotes were prepared to conform with accounting principles generally accepted in the United States of America by Kriegel/Gray/Shaw & Co., P.C. from information contained in the general ledger, other books of original entry, internal financial reports, budgetary documents, and other reports and documents of the School.