KRIEGEL/GRAY/SHAW & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962
2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004 • Phone: (575) 523-7444, Fax: (575) 527-0872

NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2015

NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

TABLE OF CONTENTS
JUNE 30, 2015

NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

TABLE OF CONTENTS
JUNE 30, 2015

NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

OFFICIAL ROSTER
JUNE 30, 2015

BOARD OF REGENTS

Name	Title
Christine Hall	*President*
Alfred Sena	*Vice President*
Alicia McAninch	*Secretary*
Cathy Gray	*Member*

SCHOOL OFFICIALS

Linda M. Lyle	*Superintendent*
Sylvia Hartley	*Director of Business & Finance*
John Williams	*Executive Assistant to the Superintendent*
Veronica Hernandez	*Director of Human Resources*
Danette Fuller	*Director of Student Services*
Margie Macias	*Director of Institutional Support Services*

FOUNDATION (COMPONENT UNIT)
BOARD OF DIRECTORS

Teri Glaspy	*President*
Sandra Liggett	*Vice President*
Helen Marquez	*Secretary*
Carol Stephens	*Treasurer*
Sherry Schulz	*Member*
Richard Koehler	*Member*
Agnes Vallejor	*Member*
Remick Ham	*Member*
Alicia McAninch	*Member*
Lynda Lyle	*Member*
Herb Wright	*Executive Director*

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller, State Auditor and
Board of Regents of
New Mexico School for the Blind and Visually Impaired
Alamogordo, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of New Mexico School for the Blind and Visually Impaired, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise New Mexico School for the Blind and Visually Impaired basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons presented as supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004
Phone: (575) 523-7444, Fax: (575) 527-0872

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

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, 2015, 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 and the discretely presented component unit, as of June 30, 2015, and the respective changes in financial position and cash flows for the year then ended in accordance 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and Pension Liability Schedules on pages 38 through 42 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.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2015 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 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 School's internal control over financial reporting and compliance.

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

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 5, 2015

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.

This discussion and analysis of the School's financial statements provides an overview of its' financial activities for the year excluding the Component Unit (Foundation).

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 position, a statement of revenues, expenses and changes in net position, 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 agency funds and joint powers agreements.

Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

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

Over time, increases or decreases in net position 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 position 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 position at the end of the previous year, totals to the net position 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 page 12 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 for third parties.

Financial Highlights

For the years ended June 30, 2015 and 2014, the NMSBVI's financial position was as follows:

*The 2014 amounts have been reclassified for comparability.

Statement of Net Position
June 30,

	2015	**2014 Restated**
Assets		
Current assets	$2,981,709	$2,428,554
Non-current assets	37,885,030	35,124,619
Total assets	40,866,739	37,553,173
Deferred outflows of resources	1,710,709	0
Liabilities		
Current liabilities	1,578,975	1,452,627
Non-current liabilities	17,235,465	17,611,398
Total liabilities	18,814,440	19,064,025
Deferred outflows of resources	2,226,081	0
Net Position		
Net investment in capital assets	29,204,918	25,992,249
Unrestricted	(7,720,284)	(7,551,364)
Restricted	52,293	48,263
Total net position	**$21,536,927**	**$18,489,148**

Statement of Revenues, Expenses, and Changes in Net Position
June 30,

	2015	*2014
Operating revenues	$890,352	$857,266
Operating expenses	15,087,171	14,127,614
Net operating loss	(14,196,819)	(13,270,348)
Non-operating revenues and expenses	17,244,598	20,224,262
Increase (decrease) in net position	3,047,779	6,953,914
Net position at beginning of year, as previously stated	18,489,148	28,980,380
Restatements	0	(17,445,146)
Net position at beginning of year, as restated	18,489,148	11,535,234
Net position at end of year	**$21,536,927**	**$18,489,148**

In fiscal year 2015, the total assets of the School increased by $3,313,566 while liabilities decreased by $249,585. Changes in the Statement of Net Position include an increase in depreciable capital assets due to major capital projects and an increase in Accounts Receivable of $106,497, which represents revenue, earned but not received.

While NMSBVI had an Operating Loss of $14,196,819, this was offset by Non-operating Revenue of $17,244,598 resulting in a change in net position of $3,047,779. The Increase in Net Position for the fiscal year 2015 is $3,047,779, a 16% improvement from the prior year. The primary components of this change included:

- State permanent fund income $11,534,119.
- Public School Finance Authority severance tax bonds for capital improvements in 2015 of $3,555,353.

The Statement of Net Position indicates an increase in cash and cash equivalents. The largest increase of cash was from a transfer of investments of $500,000 near the fiscal year end. The largest source of cash is from permanent fund distributions and the largest use of cash is for payments to or on behalf of employees.

As stated above, the operating loss for fiscal year 2015 of $14,196,819 increased operating loss of 7% from fiscal year 2014. While operating expenses increased by $959,557 and operating revenues by $33,086. The largest dollar change in operating revenue was as follows:

- The most significant increase was due to other income from various sources of $44,379 for operating expenditures.

The operating expense increased due to salary increases.

Non operating revenues and expenses decreased substantially from a decrease in the funding from severance tax bonds for capital purposes of $3,325,983. These revenues are one time appropriations for specific capital projects that began in prior fiscal years which are still in process at June 30, 2015.

In addition, investment income decreased $1,015,907 (due to investment depreciation).

Capital Asset and Debt Administration

NMSBVI does not have any long-term debt.

During the year, the School continued various renovation projects to correct critical deficiencies of the buildings utilizing PSFA severance tax bonds and purchased equipment and vehicles as planned through the budget process. Deletions of assets were made for obsolete equipment, furniture and vehicles.

Budget Comparison

In comparing the total original budgeted revenue to the revised budgeted revenue, there was an increase of $5,275,759 in unrestricted revenue and an increase of $119,898 in restricted revenue. Budgeted revenue unrestricted was increased predominantly for additional PSFA capital outlay funds and budgeted revenue restricted was increased for additional Medicaid revenues. The corresponding budgeted expenditure accounts were also increased or decreased. A comparison of the actual expenditure amounts to the revised budgeted expenditures indicates total unrestricted expenditures less than budget by $10,002,926, due predominantly to slower than anticipated progress on capital projects and restricted expenditures less than budget by $95,039 due to budgeting of all available restricted resources in anticipation of expenditures.

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 2015 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 POSITION

JUNE 30, 2015

	Primary Government	Component Unit
ASSETS		
Current Assets:		
Cash	$1,823,639	$101,497
Investments	0	118,808
Accounts receivables	1,124,605	0
Inventory	19,942	0
Prepaids	3,920	0
Unused textbook credits	9,603	0
Total current assets	2,981,709	220,305
Non-Current Assets:		
Investments	8,680,112	1,610
Capital assets, net	29,204,918	0
Total non-current assets	37,885,030	1,610
Total assets	40,866,739	221,915
Deferred outflows of resources	1,710,709	0
LIABILITIES		
Current Liabilities:		
Accounts payable	250,084	0
Accrued payroll liabilities	1,258,891	0
Due to others	70,000	14,434
Total current liabilities	1,578,975	14,434
Non-Current Liabilities:		
Compensated absences	166,512	0
Net pension liability	17,068,953	0
Total non-current liabilities	17,235,465	0
Total liabilities	18,814,440	14,434
Deferred inflows of resources	2,226,081	0
NET POSITION		
Net investment in capital assets	29,204,918	0
Unrestricted	(7,720,284)	207,481
Restricted by grantor for specified educational purposes	52,293	0
Total net position	**$21,536,927**	**$207,481**

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 NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Primary Government	Component Unit
Operating Revenues:		
Medicaid in the schools	$634,055	$0
State sources	6,309	0
Federal sources	176,177	0
Local sources	10,848	0
Other operating revenues	62,963	3,678
Donations	0	47,476
Investment income	0	597
Total operating revenues	890,352	51,751
Operating Expenses:		
Instruction	5,075,459	0
Academic support	3,363,225	0
Student support	1,889,254	0
Institutional support	2,365,098	0
Plant operations	2,385,370	0
Awards and grants	0	21,793
Other operating expenses	8,765	3,502
Total operating expenses	15,087,171	25,295
Operating loss, net	(14,196,819)	26,456
Non-Operating Revenues (Expenses):		
Investment income	47,851	0
Other income	22,025	0
Gain on sale of assets	26,394	0
Donations	6,745	0
State appropriations - operations	1,107,500	0
Land income	658,755	0
State permanent fund income	11,534,119	0
State appropriations - capital	285,856	0
PSFA severance tax bonds	3,555,353	0
Total non-operating revenues (expenses)	17,244,598	0
Change in net position	3,047,779	26,456
Net position, beginning of year, as previously stated	35,934,294	181,025
Restatements	(17,445,146)	0
Net position, beginning of year, as restated	18,489,148	181,025
Net position, end of year	**$21,536,927**	**$207,481**

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, 2015

	Primary Government	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from federal and state governments and other operating sources	$794,469	$51,751
Cash payments to suppliers for goods and services	(2,251,468)	10,932
Cash payments to/for employees	(11,870,341)	0
Grant awards paid	0	(21,793)
Net cash provided by operating activities	(13,327,340)	40,890
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations - operations	1,107,500	0
Cash received from permanent fund	11,534,119	0
Land income	658,755	0
Donations	6,745	0
Other income	22,025	0
Net cash provided by noncapital financing activities	13,329,144	0
CASH FLOWS FOR CAPITAL AND FINANCING ACTIVITIES		
State appropriations - capital	285,856	0
PSFA severance tax bonds - capital	3,555,353	0
Acquisition of capital assets	(3,912,244)	0
Proceeds from sale of assets	26,394	0
Net cash (used) by capital and financing activities	(44,641)	0
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	500,000	0
Investment earnings, net of fees	47,851	0
Purchase of investments - reinvestments	(47,742)	(13)
Net cash provided by investing activities	500,109	(13)
Net increase/decrease in cash	457,272	40,877
Cash and cash equivalents, beginning of year	1,366,367	60,620
Cash and cash equivalents, end of year	**$1,823,639**	**$101,497**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating (loss) income	($14,196,819)	$26,456
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	699,575	0
Change in unused textbook credits - (increase)	(9,603)	0
Change in Assets and Liabilities:		
(Increase) in accounts receivable	(106,497)	0
(Decrease) in inventories	20,217	0
Increase in accounts payable and due to others	59,220	14,434
Increase in accrued salaries and benefits	67,128	0
Increase in compensated absences	139,179	0
Net changes in pension liability/contributions	260	0
Total adjustments	869,479	14,434
Net cash provided by operating activities	**($13,327,340)**	**$40,890**

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, 2015

	Agency Funds
ASSETS	
Cash	$10,542
Accounts receivable	0
Federal quota funds	67,973
Total assets	**$78,515**
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	$245
Due to student groups	9,436
Due to individual students	861
Held in trust for others	67,973
Total liabilities	**$78,515**

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

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 following is a brief review of the School's reporting entity.

In the financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the School. The decision to include a potential component unit in the School's reporting entity is based upon several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the New Mexico School for the Blind and Visually Impaired Foundation (Foundation) is presented as a discretely presented component unit in these financial statements due to:

1. The economic resources received by the Foundation are entirely for the direct benefit of the School's constituents.

2. The School has an ongoing economic interest in the net position of the Foundation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation was organized as a not-for-profit New Mexico corporation under 501(c)(3) of the Internal Revenue Code. The Foundation receives support from contributions and earnings on investments. The agreement between the School and the Foundation stipulates that:

- The Foundation agrees to actively seek public support for the School and its students through activities for educational purposes and fund raising.

- Activities of the Foundation must be for the benefit of the School and must be consistent with the School's overall goals and development plans and policies as defined by the School's Board of Regents and Superintendent.

- The School will assign a development professional to support the Foundation activities as well as suitable office and meeting space for use by the Foundation.

- The Foundation maintains a record of all gifts and donations to the School.

The Foundation does not issue separate financial statements.

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.

Statement of Net Position

All assets, all liabilities and deferred outflows and inflows of resources are include on the statement of net position.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Position.

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.

The Foundation cash and investments are comprised of interest bearing demand deposit accounts and certificates of deposit. In addition, the Foundation holds two parcels of land received as a gift.

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, faculty members and textbook credits for other schools. 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.

The Foundation is a 501(c)(3) exempt organization under the Internal Revenue Code and therefore, files an annual form 990. No provision for income tax has been provided in this financial statement as the Foundation is not classified as a private foundation and has no unrelated business income during the year ended June 30, 2015.

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

The Foundation does not have any capital assets as of June 30, 2015.

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:

Employee Type	Years of Service	Rate
12 month hourly employees	1-7 years	1 day/month
12 month hourly employees	7 years +	1.5 days/month
Salary employees	N/A	14.67 hrs/month

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The School's net position is classified as follows:

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

Unrestricted Net Position: Unrestricted net position represents 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.

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.

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.

The Foundation does not receive any state or federal funds and therefore, has not adopted a legally binding budget.

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.

NOTE 2. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015:

	Primary Institution (School)	Component Unit (Foundation)
NMSVH Foundation	$33,764	$0
State of New Mexico - Board of Finance	1,857	0
State of New Mexico - DOH FIT Program	4,209	0
State of New Mexico (Land & Permanent Fund Income)	951,686	0
Navajo Nation - Developmental	25,238	0
State of New Mexico - HSD	63,296	0
State of New Mexico - PED	8,892	0
Medicaid - FIT Kids	17,735	0
City of Alamogordo	14,590	0
Miscellaneous accounts receivable	3,338	0
	$1,124,605	$0

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:

Primary Institution – School

	Wells Fargo Bank
Amount held	$1,590,126
Less Government money market fund	(1,074,955)
Less FDIC insurance	(250,000)
Uninsured public funds	$265,170
50% collateral required	$132,585

All non interest bearing accounts (checking) and interest bearing accounts are insured up to $250,000 through the Federal Deposit Insurance Corporation (FDIC).

NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

Collateral held at June 30, 2015:

CUSIP	Description	Collateral Held By	Maturity Date	Market Value
3138M8J61	FN AP4784 3.00%	Bank of NY Mellon	9/01/2042	$41,924
31419ADT1	FN AE0113 4.00%	Bank of NY Mellon	7/01/2040	7,586
31410KNP5	FN 889698 6.00%	Bank of NY Mellon	7/01/2038	356,385
				405,895
Over collateralized				$273,310

The banks are reconciled as follows:

	Wells Fargo Bank
Bank balance, June 30, 2015	$1,590,126
Outstanding deposits	404,396
Outstanding checks	(161,191)
Book balance, June 30, 2015	$1,833,331
Cash carrying amounts	$1,834,181
Less: Petty cash	(850)
	$1,833,331

Schedule of cash balances:

Depository	Account Name	Type	Bank Balance	Reconciled Balance
Wells Fargo Bank, N.A.	General Fund	Checking	$429,728	$268,537
Wells Fargo Bank, N.A.	Payroll	Checking	5,000	409,397
Wells Fargo Bank, N.A.	Restricted Funds	Checking	70,000	70,000
Wells Fargo Bank, N.A.	Agency Funds	Checking	10,243	10,242
Wells Fargo Bank, N.A.	Money Market	Money Market	1,074,955	1,074,955
Wells Fargo Bank, N.A.	Life Skills	Checking	200	200
Petty Cash				850
			$1,590,126	$1,834,181

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, 2015, $265,170 of the School's bank balance of $1,590,126 was exposed to custodial credit risk.

NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

Component Unit – Foundation

	First National Bank	Bank 34	Western Bank	Sandia Labs FCU
Amount held	$28,473	$42,507	$75,565	$74,760
Less: FDIC insurance	(28,473)	(42,507)	(74,565)	(74,760)
Uninsured public funds	$0	$0	$0	$0
Bank balance, June 30, 2015	$28,473	$42,507	$74,565	$74,760
Outstanding deposits	0	0	0	0
Outstanding checks	0	0	0	0
Book balance, June 30, 2015	$28,473	$45,507	$74,565	$74,760

Schedule of cash balances:

Depository	Type	Bank Balance		Reconciled Balance
First National Bank	Checking	$9,230		$9,230
First National Bank	Certificate of Deposit	19,243	*	19,243
Bank 34	Certificate of Deposit	17,507		17,507
Bank 34	Certificate of Deposit	25,000	*	25,000
Western Bank	Certificate of Deposit	74,565	*	74,565
Sandia Labs FCU	Business Checking	74,619		74,619
Sandia Labs FCU	Savings	141		141
				220,305
See Note 4.				(118,808)
				$101,497

*Original maturity greater than 90 days reported as investments.

NOTE 4. INVESTMENTS

Primary Institution – School

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.

Concentration of Credit Risk

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

Asset Class	Minimum	Target	Maximum
Equity:			
Domestic Large Cap Active	7%	12%	17%
Domestic Small/Mid Cap	8%	13%	18%
Developed International	8%	13%	18%
Emerging International	5%	10%	15%
Bonds:			
Core Bond Plus	47%	52%	57%

At June 30, 2015, 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
Large Cap Activity	12.03%	$1,044,131	Not available
Core Bond	51.93%	4,507,159	Not available
Non – US Developed	12.89%	1,118,572	Not available
Non – US Emerging	10.05%	872,333	Not available
Mid/Small Cap	13.10%	1,137,917	Not available
	100%	$8,680,112	

Investment income components were as follows:

Investment income earned	$230,214
Net capital appreciation (depreciation)	(182,472)
Interest on bank accounts	109
	$47,851

NOTE 4. INVESTMENTS (CONTINUED)

Component Unit – Foundation

As of June 30, 2015, the Foundation does not have an investment policy in place.

The Foundation's investments at June 30, 2015 are:

Description	Percentage Of Portfolio	Market Value	Credit Risk Rating
Certificates of deposit - current	99%	$118,808	Not available
Two land parcels – non current	1%	1,610	Not available
	100%	$120,418	

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, 2014	$278,754,258
Distributed income	(11,534,119)
State land office transfers	6,503,452
Capital gains/losses, unrealized gains/losses, income earnings	9,529,848
	$283,253,439

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, 2015 was $658,755, including the land income reapportionment settlement of $3,499.

NOTE 8. CAPITAL ASSETS

For the year ended June 30, 2015, changes in the asset composition of capital assets were as follows:

	Balance June 30, 2014	Restatement	Additions	Transfers/ Deletions	Balance June 30, 2015
Capital Assets - Non Depreciable:					
Land	$1,553,524	$0	$0	$0	$1,553,524
Construction in process	7,063,644	0	3,613,435	0	10,677,079
Total capital assets, not depreciated	8,617,168	0	3,613,435	0	12,230,603
Capital Assets - Depreciable:					
Improvements	1,428,443	0	10,690	0	1,439,133
Buildings and Structures	24,526,250	0	75,816	0	24,602,066
Art	8,000	0	0	0	8,000
Automotive Equipment	2,070,645	0	130,182	(73,430)	2,127,397
Furniture, Fixtures, and Equipment	3,414,030	1,199	82,121	(254,916)	3,242,434
Total capital assets, depreciated	31,447,368	1,199	298,809	(328,346)	31,419,030
Accumulated Depreciation:					
Improvements	(1,203,922)	0	(10,983)	0	(1,214,905)
Buildings and Structures	(8,336,869)	0	(482,398)	0	(8,819,267)
Automotive Equipment	(1,720,943)	0	(127,810)	73,430	(1,775,323)
Furniture, Fixtures, and Equipment	(2,802,553)	(1,199)	(78,384)	254,916	(2,627,220)
Art	(8,000)	0	0	0	(8,000)
Total accumulated depreciation	(14,072,287)	(1,199)	(699,575)	328,346	(14,444,715)
Net Capital Assets	**$25,992,249**	**$0**	**$3,212,669**	**$0**	**$29,204,918**

Depreciation expense of $699,575 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.

NOTE 9. NON-CURRENT LIABILITIES

	June 30, 2014	Increases	Decreases	June 30, 2015	Amounts Due Within One Year
Accrued compensated absences	$166,251	$162,158	($161,897)	$166,512	$0

NOTE 10. ACCRUED LIABILITIES

Accrued liabilities at June 30, 2015 consist of the following:

Employee benefits payable	$752,778
Employee wages payable	419,092
Employee taxes payable	87,021
Total	**$1,258,891**

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the New Mexico School for the Blind and Visually Impaired are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366 Public_Employees_Retirement_Association_2014.pdf. The PERA coverage option that applies to New Mexico School for the Blind and Visually Impaired is: State General Division. Statutorily required contributions to the pension plan from the New Mexico School for the Blind and Visually Impaired were $339,961 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The New Mexico School for the Blind and Visually Impaired's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July l, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division State General, at June 30, 2015, the New Mexico School for the Blind and Visually Impaired reported a liability of $4,479,267 for its proportionate share of the net pension liability. At June 30, 2014, the New Mexico School for the Blind and Visually Impaired's proportion was .22 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the New Mexico School for the Blind and Visually Impaired recognized PERA Fund Division State General pension expense of $338,721. At June 30, 2015, the New Mexico School for the Blind and Visually Impaired reported PERA Fund Division State General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$0	$798,787
Changes of assumptions	0	95,310
Net difference between projected and actual earnings on pension plan investments	0	0
Changes in proportion and differences between New Mexico School for the Blind and Visually Impaired contributions and proportionate share of contributions	0	0
New Mexico School for the Blind and Visually Impaired contributions subsequent to the measurement date	339,961	0
Total	$339,961	$894,097

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

$308,791 reported as deferred outflows of resources related to pensions resulting from New Mexico School for the Blind and Visually Impaired contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$223,435
2017	223,435
2018	223,435
2019	223,435
2020	357
	$894,097

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date		June 30, 2013
Actuarial cost method		Entry age normal
Amortization method		Level percentage of pay
Amortization period		Solved for based on statutory rates
Asset valuation method		Fair value
Actuarial assumptions:		
• Investment rate of return		7.75% annual rate, net of investment expense
• Payroll growth		3.50% annual rate
• Projected salary increases		3.50% to 14.25% annual rate
• Includes inflation at		3.00% annual rate

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	4.0	4.15
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Sensitivity of the New Mexico School for the Blind and Visually Impaired's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the New Mexico School for the Blind and Visually Impaired's net pension liability in each PERA Fund Division that New Mexico School for the Blind and Visually Impaired participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division State General	**1% Decrease (6.75%)**	**Current Discount Rate (7.75%)**	**1% Increase (8.75%)**
New Mexico School for the Blind and Visually Impaired's proportionate share of the net pension liability	$6,495,100	$4,479,267	$2,926,501

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FYl4 Restated PERA financial report. The report is available at http://www.pera.state.nm.us/publications.html.

Payables to the pension plan. The New Mexico School for the Blind and Visually Impaired is legally required to make defined contribution to the cost sharing pension plan on behalf of its participant employees. At June 30, 2015, the School had paid all required contributions and therefore, there is no payable to the pension plan.

NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee' contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmcrb.org.

Benefits provided. A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions. The contribution requirements of defined benefit plan members and the New Mexico School for the Blind and Visually Impaired are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning $20,000 or less contributed 7.90% and employees earning more than $20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning $20,000 or less continued to contribute 7.90% and employees earning more than $20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the New Mexico School for the Blind and Visually Impaired were $892,265 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the New Mexico School for the Blind and Visually Impaired reported a liability of $12,589,686 for its proportionate share of the net pension liability. The New Mexico School for the Blind and Visually Impaired's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the New Mexico School for the Blind and Visually Impaired proportion was .22065 percent, which was an increase of .01027 from its proportion measured as of June 30, 2013.

NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

For the year ended June 30, 2015, the New Mexico School for the Blind and Visually Impaired recognized pension expense of $1,037,725. At June 30, 2015, the New Mexico School for the Blind and Visually Impaired reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$0	$187,540
Changes of assumptions	478,483	0
Net difference between projected and actual earnings on pension plan investments		1,144,444
Changes in proportion and differences between New Mexico School for the Blind and Visually Impaired contributions and proportionate share of contributions	0	0
New Mexico School for the Blind and Visually Impaired contributions subsequent to the measurement date	892,265	0
Total	$1,370,748	$1,331,984

$892,265 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	($112,201)
2017	(112,201)
2018	(111,101)
2019	(122,969)
2020	(228,889)
	($687,361)

(Note – the current year proportionate share of $166,140 ($853,501 – $687,361) was taken in the current year against the pension expense.)

NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than $20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.

2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.

3. COLAs for most retirees are reduced until ERB attains a 100 funded status.

4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30-year return assumptions are summarized in the following table:

Asset Class	2014 Long-Term Expected Real Rate of Return	2103 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERE payroll, where the percentage of payroll is based on the most recent five year contribution history.

NOTE 12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Sensitivity of the New Mexico School for the Blind and Visually Impaired's proportionate share of the net pension liability to changes in the discount rate. The following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is I-percentage-point lower (6.75 percent) or I-percentage-point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
New Mexico School for the Blind and Visually Impaired's proportionate share of the net pension liability	$17,129,722	$12,589,688	$8,797,400

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at www.nmerb.org.

Payables to the pension plan. The New Mexico School for the Blind and Visually Impaired is legally required to make defined contribution to the cost sharing pension plan on behalf of its participant employees. At June 30, 2015, the School had paid all required contributions and therefore, there is no payable to the pension plan.

NOTE 13. 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.

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 board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5 of each participating employee's annual salary; and each participating employee was required to contribute 1.25 of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0 of each participating employee's annual salary; each participating employee was required to contribute 1.0 of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1,2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The New Mexico School for the Blind and Visually Impaired's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were $166,606, $156,666 and $149,837, respectively, which equal the required contributions for each year.

NOTE 14. 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 15. CAPITAL OUTLAY APPROPRIATIONS – SEVERANCE TAX BONDS

	Original Appropriation	Appropriation Period	Expenditures To Date	Balance Encumbered	Balance Unencumbered
State Appropriation – BR&R	$284,000	2012	$264,491	$19,509	$0
State Appropriation – BR&R	$284,000	2013	$6,171	$0	$277,829
State Appropriation – BR&R	$284,000	2014	$0	$0	$284,000
State Appropriation – BR&R	$284,000	2015	$0	$0	$284,000

NOTE 16. COMMITMENTS AND CONTINGENCIES

Construction obligations of $7,744,703 are not presented in the financial statements. These obligations represent unfinished contracts with various entities.

NOTE 17. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 5, 2015, which is the date the financial statements were available to be issued.

NOTE 18. RESTATEMENT

Beginning net position has been restated to recognize the net pension liability at June 30, 2014 for ERB ($12,405,980) and PERA ($5,038,166) totaling $17,445,146.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY OF PERA FUND DIVISION STATE GENERAL

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	2015
NMSBVI's proportion of the net pension liability (asset)	0.22%
NMSBVI's proportionate share of the net pension liability (asset)	$4,479,267
NMSBVI's covered-employee payroll	$2,001,838
NMSBVI's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	223.76%
Plan fiduciary net position as a percentage of the total pension liability	68.5%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the NMSBVI will present information for those years for which information is available.

SCHEDULE OF THE NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - STATE GENERAL

Last 10 Fiscal Years*

	2015
Contractually required contribution	$339,961
Contributions in relation to the contractually required contribution	$339,961
Contribution deficiency (excess)	$0
NMSBVI’s covered-employee payroll	$2,001,838
Contributions as a percentage of covered-employee payroll	16.97%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the NMSBVI will present information for those years for which information is available.

SCHEDULE OF NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY

Educational Retirement Board (ERB) Plan

Last 10 Fiscal Years*

	2015
NMSBVI's proportion of the net pension liability (asset)	0.2206%
NMSBVI's proportionate share of the net pension liability (asset)	$12,589,686
NMSBVI's covered-employee payroll	$6,419,179
NMSBVI's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	196.13%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the NMSBVI will present information for those years for which information is available.

SCHEDULE OF NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED'S CONTRIBUTIONS

Educational Retirement Board (ERB) Pension Plan

Last 10 Fiscal Years*

	2015
Contractually required contribution	$892,265
Contributions in relation to the contractually required contribution (100%)	$892,265
Contribution deficiency (excess)	$0
NMSBVI's covered-employee payroll	$6,419,179
Contributions as a percentage of covered-employee payroll	13.90%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the NMSBVI will present information for those years for which information is available.

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described m Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions.
The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at
http://www.pera.state.nm.us/pdf/lnvestments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states "based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of $30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

Educational Retirement Board Plan (ERB)

Changes of benefit terms. The COLA and retirement eligibility benefits changes in recent years are described in the ***Benefits Provided*** subsection of the financial statement note disclosure ***General Information on the Pension Plan***.

Changes of assumptions.
ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:

    a. Lower wage inflation from 4.75% to 4.25%

    b. Lower payroll growth from 3.75% to 3.50%

    c. Minor changes to demographic assumptions

    d. Population growth per year from 0.75% to 0.50%

2. Assumptions that were not changed:

    a. Investment return will remain at 7.75%

    b. Inflation will remain at 3.00%

See also the ***Actuarial Assumptions*** subsection of the financial statement note disclosure ***General Information on the Pension Plan.***

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Operating Revenues:				
Federal sources	$141,881	$157,659	$148,283	($9,376)
State sources	6,326,656	11,329,746	3,561,662	(7,768,084)
Local sources	7,700	12,200	10,848	(1,352)
State appropriations	1,391,500	1,393,356	1,393,356	0
State permanent fund income	11,819,823	11,604,823	11,534,119	(70,704)
Land income	252,000	760,797	658,755	(102,042)
Medicaid in the schools	582,000	653,645	634,055	(19,590)
Other operating revenues	14,800	19,791	62,963	43,172
Total operating revenues	20,536,360	25,932,017	18,004,041	(7,927,976)
Operating Expenses:				
Instruction	5,490,262	5,409,057	5,067,180	341,877
Academic support	3,497,594	3,566,723	3,306,904	259,819
Student support	2,112,910	2,115,119	1,842,844	272,275
Institutional support	2,636,962	2,641,039	2,347,841	293,198
Operation and maintenance of plant	1,819,749	1,991,868	1,665,679	326,189
Capital outlay	6,625,543	11,599,868	3,860,599	7,739,269
Renewal and replacements	284,000	913,948	48,610	865,338
Total operating expenditures	22,467,020	28,237,622	18,139,657	10,097,965
Operating income (loss)	(1,930,660)	(2,305,605)	(135,616)	2,169,989
Non-Operating Revenues (Expenses):				
Investment income	275	275	109	(166)
Other income	29,300	88,904	48,419	(40,485)
Donations	53,500	63,718	6,745	(56,973)
Total non-operating revenues (expenses)	83,075	152,897	55,273	(97,624)
Net change in fund balance	(1,847,585)	(2,152,708)	(80,343)	2,072,365
Fund balance, beginning of year	650,000	1,770,083	1,770,083	0
Investments converted to cash	1,847,585	1,115,736	500,000	(615,736)
Fund Balance, end of year	**$650,000**	**$733,111**	**$2,189,740**	**$1,456,629**

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Operating Revenues:				
Federal sources	$0	$2,128	$2,128	$0
State sources	6,325,543	11,298,012	3,555,353	(7,742,659)
Local sources	7,700	12,200	10,848	(1,352)
State appropriations	1,391,500	1,393,356	1,393,356	0
State permanent fund income	11,819,823	11,604,823	11,534,119	(70,704)
Land income	252,000	760,797	658,755	(102,042)
Other operating revenues	14,800	15,809	47,299	31,490
Total operating revenues	19,811,366	25,087,125	17,201,858	(7,885,267)
Operating Expenses:				
Instruction	5,326,872	5,208,662	4,895,486	313,176
Academic support	3,100,990	3,107,795	2,912,696	195,099
Student support	1,899,910	1,835,119	1,564,462	270,657
Institutional support	2,636,962	2,641,039	2,347,841	293,198
Operation and maintenance of plant	1,819,749	1,991,868	1,665,679	326,189
Capital outlay	6,625,543	11,599,868	3,860,599	7,739,269
Renewal and replacements	284,000	913,948	48,610	865,338
Total operating expenditures	21,694,026	27,298,299	17,295,373	10,002,926
Operating income (loss)	(1,882,660)	(2,211,174)	(93,515)	2,117,659
Non-Operating Revenues (Expenses):				
Investment income	275	275	109	(166)
Other income	29,300	48,800	31,169	(17,631)
Donations	5,500	9,391	6,327	(3,064)
Total non-operating revenues (expenses)	35,075	58,466	37,605	(20,861)
Net change in fund balance	(1,847,585)	(2,152,708)	(55,910)	2,096,798
Fund balance, beginning of year	650,000	1,686,972	1,686,972	0
Investments converted to cash	1,847,585	1,115,736	500,000	(615,736)
Fund Balance, end of year	**$650,000**	**$650,000**	**$2,131,062**	**$1,481,062**

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Operating Revenues:				
Federal sources	$141,881	$155,531	$146,155	($9,376)
State sources	1,113	31,734	6,309	(25,425)
Medicaid in the schools	582,000	653,645	634,055	(19,590)
Other operating revenues	0	3,982	15,664	11,682
Total operating revenues	724,994	844,892	802,183	(42,709)
Operating Expenses:				
Instruction	163,390	200,395	171,694	28,701
Academic support	396,604	458,928	394,208	64,720
Student support	213,000	280,000	278,382	1,618
Institutional support	0	0	0	0
Operation and maintenance of plant	0	0	0	0
Total operating expenditures	772,994	939,323	844,284	95,039
Operating income (loss)	(48,000)	(94,431)	(42,101)	52,330
Non-Operating Revenues (Expenses):				
Other income	0	40,104	17,250	(22,854)
Donations	48,000	54,327	418	(53,909)
Total non-operating revenues (expenses)	48,000	94,431	17,668	(76,763)
Net change in fund balance	0	0	(24,433)	(24,433)
Fund balance, beginning of year	0	83,111	83,111	0
Fund balance, end of year	**$0**	**$83,111**	**$58,678**	**($24,433)**

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 POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "operating revenues" from the budgetary comparison schedule.	$18,004,041
Differences - Budget to GAAP:	
Land income - non operating	(658,755)
State appropriations - non operating	(1,393,356)
State permanent fund income - non operating	(11,534,119)
Textbook credits not budgeted	27,894
PSFA severance tax bonds - non operating (capital)	(3,555,353)
Total operating revenues as reported on the statement of revenues, expenses, and changes in net position	**$890,352**

Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "operating expenses" from the budgetary comparison schedule.	$18,139,657
The School budgets for capital assets purchased. Capital additions are not reflected as an operating expense for financial reporting purposes.	(3,912,244)
Depreciation expense is not considered an outflow of operating resources for budgetary basis but is considered an expense for financial reporting purposes.	699,575
Pension expense was adjusted to the June 30, 2014 contributions (measurement date) plus additional expense necessary to properly state net pension liabilities	139,179
Bad debt expense not budgeted	2,714
Textbook credits used not budgeted	18,290
Total operating expenses as reported on the statement of revenues, expenses, and changes in net position	**$15,087,171**

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "non-operating revenues" from the budgetary comparison schedule.	$55,273
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. Investment expenses not budget.	47,742
Land income - non operating	658,755
State appropriations - non operating	1,393,356
State permanent fund income - non operating	11,534,119
PSFA severance tax bonds - non operating (capital)	3,555,353
Total non-operating revenues as reported on the statement of revenues, expenses, and changes in net position	**$17,244,598**

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, 2015

	Balance June 30, 2013	Increase/ Receipts	Decrease/ Disbursement	Balance June 30, 2015
ACTIVITY FUNDS				
Assets				
Cash	$9,031	$1,332	$681	$9,682
Accounts receivable	0	0	0	0
Total assets	**$9,031**	**$1,332**	**$681**	**$9,682**
Liabilities				
Accounts payable	$116	$129	$0	$245
Due to student groups	8,915	1,203	681	9,437
Total liabilities	**$9,031**	**$1,332**	**$681**	**$9,682**
STUDENT DEPOSITS				
Assets				
Cash	$1,029	$578	$747	$860
Liabilities				
Due to individual students	$1,029	$578	$747	$860
EDUCATIONAL MATERIALS CREDITS				
Federal quota funds	$29,246	$196,815	$158,088	$67,973
Liabilities				
Held in trust for others	$29,246	$196,815	$158,088	$67,973
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash	$10,060	$1,910	$1,428	$10,542
Accounts receivable	0	0	0	0
Federal quota funds	29,246	196,815	158,088	67,973
Total assets	**$39,306**	**$198,725**	**$159,516**	**$78,515**
Liabilities				
Accounts payable	$116	$129	$0	$245
Due to student groups	8,915	1,203	682	9,436
Due to individual students	1,029	578	746	861
Held in trust for others	29,246	196,815	158,088	67,973
Total liabilities	**$39,306**	**$198,725**	**$159,516**	**$78,515**

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, 2015

Participants	Responsible Party for Operations	Descriptions	Beginning and Ending dates	Total Estimated Amount of Project	Contribution 6/30/2015	Audit Responsibility	Revenues and Expenditures Reported on:

None.

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

NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding $60,000 (excluding GRT)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by Agency Staff Name: Margie Macias

Title: Director of Instructional Support Service Date: 9/2/2015

RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	Name and Physical Address of ALL Vendor(s) that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Brief Description of the Scope of Work
N/A	Sole Source	PNM Electric (Alamogordo)	$197,400.00	N/A	N/A	N/A	Campus Power Utility
N/A	State Agency	New Mexico State University	$115,164.13	N/A	N/A	N/A	Personnel Prep Program
N/A	State Agency	New Mexico State University	$103,701.00	N/A	N/A	N/A	Personnel Prep Program
N/A	State Agency	Wright Express FSC #0	$63,100.00	N/A	N/A	N/A	State Gasoline Card
N/A	Sole Source	City of Alamogordo Ut	$61,729.82	N/A	N/A	N/A	Campus Water Utility

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, State Auditor and
Board of Regents of
New Mexico School for the Blind and Visually Impaired
Alamogordo, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the New Mexico School for the Blind and Visually Impaired as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise New Mexico School for the Blind and Visually Impaired's basic financial statements, and the budgetary comparisons of New Mexico School for the Blind and Visually Impaired, presented as supplemental information, and have issued our report thereon dated October 28, 2015.

Internal Control Over Financial Reporting

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

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

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004
Phone: (575) 523-7444, Fax: (575) 527-0872

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses 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 New Mexico School for the Blind and Visually Impaired'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 2015-001.

New Mexico School for the Blind and Visually Impaired's Responses to Findings

New Mexico School for the Blind and Visually Impaired's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. New Mexico School for the Blind and Visually Impaired's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 5, 2015

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2015-001 Asset Deletions - Notification – Other Matters

Statement of Condition – Although the majority of asset deletions were included in notification to the State Auditor, five assets were omitted from this process.

Criteria – In accordance with Sections 13-6-1 and 13-6-2 NMSA 1978, a written notification of the official finding and proposed disposition must be sent to the State Auditor.

Cause – Oversight, lack of appropriate review.

Effect – Non compliance with notification requirements.

Recommendation – Future deletion lists should be reviewed by someone other than the preparer prior to State Auditor Notification.

Management's Response – Written notifications of official finding and proposed disposition for 111 assets were sent to the State Auditor in FY15. Five assets were omitted from this process. Future deletion lists will be reviewed by someone other than the preparer prior to the State Auditor Notification.

CURRENT STATUS OF PRIOR YEAR AUDIT FINDING:

2014-001 Deposits Not Timely – Other Matters

Resolved and not repeated in the current year.

EXIT CONFERENCE

On November 6, 2015, 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
Cathy Gray, Member
Alfred Sena, Vice President

School Officials:

Linda Lyle, Superintendent
Sylvia Hartley, Business & Finance Interim Director
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.