



MORENO VALLEY HIGH SCHOOL
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Kurt Kaufman, Director

March 8, 2006

Dr. Johnson, Superintendent
Cimarron Municipal Schools

Dear Dr. Johnson,

Please find our responses to the June 30, 2005 audit report. As I was out of town when your request came in, we are responding in as timely fashion as we could. I left town Sunday, February 26 and returned Monday, March 6. Your fax was sent Monday, February 27 and letter arrived Monday, March 6.

Moreno Valley High School's responses to audit findings

Finding #2004-D page #109: Under-collateralized Cash

The school's director was able to have the International Bank process paper work for the under-collateralized cash situation to be resolved. The school had requested this action when they transferred their account to the bank in 2004 and thought it had been completed. When it showed up again this year, the director went to the bank and explained the situation and it was resolved. The school had selected this bank as it was the same bank Cimarron Municipal Schools uses and thought they would understand the reason for this situation to be resolved. We are now collateralized up to \$200,000 and if balance exceeds then amount is raised to \$250,000.

Finding #2005-A and page #110: Contract Agreements

As the auditor noted, when the interim director discovered irregularities they were addressed and contracts are now issued prior to services being performed.

Finding #2005-B and page #110: Unlicensed School Employee

The employee was the former director whom had promised the Governing Council upon his hiring that he would complete the paperwork to transfer license from Pennsylvania to New Mexico. Due to internal turmoil with the director and staff, his deadline of October 1, 2004 was missed. Upon his resignation the Governing Council was sure to hire an interim director who had license in hand prior to issuance of a contract. Governing Council will follow this practice in the future.

Finding #2005-C and page #111: Governing Council and Foundation Board Member not present at Exit Conference.

The Governing Council member who was scheduled to be at the meeting had the wrong date on their calendar. The Foundation was not aware that they were to attend. The auditor had only called us the morning of the review and we attempted to get a foundation member to the exit interview. These issues will not occur in the future as all parties are fully aware of their responsibilities.

Finding #2005-D and page #111 Collateralized Cash

See response to Finding #2004-D above

Finding #2005-E and page #112: Teachers Licensure

The school's administration has corrected all deficiencies in the area of teacher licensure and will endeavor to hire only teachers with licenses in hand or applied for. Proof of application will include copy of application, copy of money order, and copy of register mail receipt.

Finding #2005-F and page #113: Unallowable Cost

The cost in question arose from the paying for registration cost for the BPA group to national conference. We view BPA as an extension of program and therefore was allowable, but with auditor's interpretation we have refunded federal account.

Finding #2005-G and page #112: Expenditures over approved budget

We were unaware of the requirements under GASB 34 that required us to show offset of revenue and expenses to cover assets on our books. Thus the purchase of the portables through PSFA was not recorded on our books. As we have been made aware of this matter, any future transactions that are handled by PED will be accompanied by BARs to show the transaction in our operational budget. The matter of Direct Instruction was due to a reimbursement for IDEA B funds that had not had the expenditure entry to offset the reimbursement. In the future the expenditure will be recorded in the proper account to offset reimbursement. The Director is in constant communication with financial services provider to keep accounts balanced and within budget. During the 2004-5 school year we showed good faith by creating nearly 30 BARS to make sure we kept budget sound.

John McDermott, Governing Council President
Kurt Kaufman, Director