

STATE OF NEW MEXICO

TOWN OF VAUGHN

Independent Auditors' Report and

Annual Financial Statements

June 30, 2015

State of New Mexico
TOWN OF VAUGHN
Annual Financial Report
For the Year Ended June 30, 2015

TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents	1-3
Official Roster	5

FINANCIAL SECTION

Independent Auditor's Report	9-13
Management's Discussion and Analysis	15-21

BASIC FINANCIAL STATEMENTS

Exhibit

A-1	Statement of Net Position	25
B-1	Statement of Activities	26-27
C-1	Balance Sheet – Governmental Funds	29
C-2	Reconciliation of the Balance Sheet – Governmental Funds To the Statement of Net Position	31
D-1	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	33
D-2	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds To the Statement of Activities	35
E-1	Statement of Revenues and Expenditures – Budget and Actual - General Fund	37
F-1	Proprietary Funds – Statement of Net Position	39
G-1	Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position	41
H-1	Proprietary Funds – Statement of Cash Flows	43
	Notes to the Financial Statements – Index	45
	Notes to the Financial Statements	47-67

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State of New Mexico
TOWN OF VAUGHN
TABLE OF CONTENTS (continued)
June 30, 2015

SUPPLEMENTARY INFORMATION

Summary of Non-Major Governmental Funds	71
Non-Major Governmental Funds	
1. Combining Balance Sheet	72-73
2. Combining Statement of Revenues, Expenditures and Changes in Fund Balance	74-75
Statements of Revenue and Expenditures – Budget and Actual	
3. Corrections Fund – Fund 201	77
4. EMS Fund – Fund 206	78
5. Fire Fund – Fund 209	79
6. Law Enforcement Fund – Fund 211	80
7. Lodgers Tax Fund – Fund 214	81
8. Street Fund – Fund 216	82
9. Recreation Fund – Fund 217	83
10. Senior Citizens Fund – Fund 219	84
11. Wild Land Fund – Fund 299	85
12. Cemetery Fund – Fund 510	86
13. Ambulance Fund – Fund 409	87
14. Airport Fund – Fund 410	88
15. Debt Service Fund – Fund 402	89
16. Proprietary Funds – Solid Waste – Fund 504	90
17. Proprietary Funds – Water and Sewer – Fund 505	91

REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

18. Schedule of Proportionate Share of the Net Pension Liability of PERA Fund Division – General	95
19. Schedule of Contributions, PERA Fund Division – General	97
20. Notes to Required Supplementary Information	99

OTHER SUPPORTING SCHEDULES

21. Schedule of Bank Depositories	103
22. Schedule of Vendor Information	105

COMPLIANCE SECTION

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	109-111
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FINDINGS AND RESPONSES

Schedule of Findings and Responses	115-118
Exit Conference	119

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State of New Mexico
TOWN OF VAUGHN
OFFICEAL ROSTER
June 30, 2015

TOWN COUNCIL

Roman Garcia	Mayor
Billy Lucero	Member
Pat Maes	Member
Rudy Martinez	Member
Lalo Padilla	Member

TOWN ADMINISTRATION

Carmen Sisneros-Langley	Clerk and Treasurer
Paula Foote	Assistant Clerk

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FINANCIAL SECTION

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CALHOON ACCOUNTING & TAX SERVICES
PO BOX 945
ESTANCIA, NEW MEXICO 87016

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, New Mexico State Auditor
Roman Garcia, Mayor
Members of the Town Council
Town of Vaughn
Vaughn, New Mexico

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the Town of Vaughn (the Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents. I have also audited the financial statements of each of the Town's non-major governmental funds and the budgetary comparisons for all non-major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents. I did not audit the Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employee Retirement Association (PERA), the administrator of the cost sharing pension plan for the Town. The schedules and statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Town, is based solely on the report of the other auditors.

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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 Town's internal control. Accordingly, I express no such opinion.

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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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinion

The Town's capital assets and accumulated depreciation are carried at \$13,593,462 and \$5,123,683, respectively, on the Statement of Net Position as of June 30, 2015. I was unable to obtain sufficient appropriate audit evidence relating to the Town's capital assets, accumulated depreciation, and depreciation expense accounts as of and for the year ended June 30, 2015. Furthermore, evidence supporting historical cost of capital assets maintained by the Town was not available. I was unable to verify either accumulated depreciation at July 1, 2014 or the depreciation expense for the fiscal year ended June 30, 2015. Consequently I was unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Town as of June 30, 2015, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for all non-major funds for the year then ended in accordance with 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 14-21, the *Schedule of the Town's Proportionate Share of the Net Pension Liability of PERA Fund Divisions* on page 95, the *Schedule of Contributions* on page 97, and the *Notes to Required Supplementary Information* on page 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with the 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, that basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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Other Information

My audit was conducted for the purpose of forming opinions on the Town of Vaughn's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic 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 auditing standards generally accepted in the United States of America. In my opinion, the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 8, 2015 on my consideration of the Town's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Calhoon Accounting & Tax Services

Calhoon Accounting & Tax Services
Estancia, New Mexico
December 8, 2015

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State of New Mexico
TOWN OF VAUGHN
Management's Discussion and Analysis
For the Year Ended June 30, 2015

As management of the Town of Vaughn (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements of the Town and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$8,408,890 (*net position*). Of this amount, \$13,037 (unrestricted) is obligated to citizens and creditors.
- The government's total net position increased by \$595,028 during the fiscal year. The majority of this increase is due to the gross receipts received from a company that is building a new railroad through town.
- As of June 30, 2015, the Town's governmental funds reported combined ending fund balances of \$765,389. Of this total, \$373,947 is restricted for special revenue funds, \$14,182 is restricted for debt service funds and \$377,260 is unassigned for the general fund.
- The Town is working on capital asset improvements to the water and waste water departments for the coming fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town'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 indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town's that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities the Town includes are general government, public safety, highways and streets, health and welfare, and culture and recreation. The business-type activities of the Town include Solid Waste and Water/Waste Water.

The government-wide financial statements can be found at Exhibits A and B of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds, and proprietary funds.

State of New Mexico
TOWN OF VAUGHN
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains fourteen individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Lodgers Tax Fund, Senior Citizens Fund, and Ambulance Fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, and Grants Capital Projects Fund, to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits C through J of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the Town charges customers either outside customers or internal units or departments of the Town. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains two types of proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-67 of this report.

Combining statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 71-91 of this report.

State of New Mexico
TOWN OF VAUGHN
Management's Discussion and Analysis
For the Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB #34), Basic Financial Statements and Management's Discussion and Analysis (MD&A)-for State and Local Governments.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$8,408,890 at the close of the current fiscal year.

The largest portion of the Town's net position represents the Town's investment of \$8,007,334 in capital assets (e.g., land improvements, building, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position							
For the Year Ended June 30, 2015 and June 30, 2014							
		June 30, 2015			June 30, 2014		
		Governmental	Business Type	Total	Governmental	Business Type	Total
Assets							
Current and other assets	\$	857,661	\$ 246,311	\$ 1,103,972	\$ 422,680	\$ 92,908	\$ 515,588
Capital assets, net of accumulated depreciation		5,610,231	2,859,548	8,469,779	5,672,308	2,908,194	8,580,502
Deferred Out flows of resources		23,275	-	23,275	-	-	-
Total assets	\$	6,491,167	\$ 3,105,859	\$ 9,597,026	\$ 6,094,988	\$ 3,001,102	\$ 9,096,090
Liabilities							
Current liabilities	\$	114,795	\$ 390,455	\$ 505,250	\$ 63,235	\$ 515,030	\$ 578,265
Noncurrent liabilities		131,992	505,340	637,332	185,476	340,423	525,899
Total liabilities		246,787	895,795	1,142,582	248,711	855,453	1,104,164
Deferred inflows of resources		45,554.00	-	45,554	-	-	-
Net Position							
Net investment in capital assets		5,580,389	2,426,945	8,007,334	5,620,242	2,449,194	8,069,436
Restricted		388,519	-	388,519	285,967	-	285,967
Unrestricted		229,918	(216,881)	13,037	(59,932)	(303,545)	(363,477)
Total net position		6,198,826	2,210,064	8,408,890	5,846,277	2,145,649	7,991,926
Total Liabilities, Deferred Inflows of Resources and Net Position	\$	6,491,167	\$ 3,105,859	\$ 9,597,026	\$ 6,094,988	\$ 3,001,102	\$ 9,096,090

State of New Mexico
TOWN OF VAUGHN
Management's Discussion and Analysis
For the Year Ended June 30, 2015

A portion of the Town's net position represents resources that are subject to restrictions. The restrictions related to capital projects and debt service.

At the end of the current fiscal year, the Town is able to report positive balances in all of the categories of net position, for the government as a whole as well as for the business-type activities.

The Town's net position increase by \$416,964 during the current fiscal year. This increase is explained in the government and business-type activities discussion below and is primarily a result of an increase in revenues and a decrease in expenditures in the current fiscal year.

Changes in Net Position							
For the Year Ended June 30, 2015				For the Year Ended June 30, 2014			
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total	
Revenues:							
Program revenue							
Charges for services	\$ 129,106	\$ 633,475	\$ 762,581	\$ 146,660	\$ 333,393	\$ 480,053	
Operating grants and contributions	402,292	-	402,292	261,512	-	261,512	
Capital Grants	22,834	-	22,834	165,929	-	165,929	
General Revenue							
Property Tax	59,227	-	59,227	51,897	-	51,897	
Gross Receipts	639,704	-	639,704	263,532	-	263,532	
Other Taxes	5,600	-	5,600	2,462	-	2,462	
Interest	183	-	183	110	11	121	
Total revenue	1,258,946	633,475	1,892,421	892,102	333,404	1,225,506	
Expenditures:							
General government	448,359	-	448,359	524,314	-	524,314	
Public safety	131,543	-	131,543	176,401	-	176,401	
Highways and streets	23,835	-	23,835	33,256	-	33,256	
Health and welfare	74,459	-	74,459	78,696	-	78,696	
Culture and recreation	96,635	-	96,635	147,232	-	147,232	
Interest on Long-term debt	609	-	609	893	-	893	
Business-type activities	-	543,060	543,060	-	459,328	459,328	
Total expenditures	775,440	543,060	1,318,500	960,792	459,328	1,420,120	
(Decrease) Increase in Assets before transfers	483,506	90,415	573,921	(68,690)	(125,924)	(194,614)	
Transfers	26,000	(26,000)	-	8,017	(8,017)	-	
(Decrease) Increase in Net Position	509,506	64,415	573,921	(60,673)	(133,941)	(194,614)	
Net Position, Beginning of year	5,846,277	2,145,649	7,991,926	5,906,950	2,288,481	8,195,431	
Restatement for Net Pension Liability	(156,957)	-	(156,957)	-	(8,891)	(8,891)	
Ending Net Position	<u>\$ 6,198,826</u>	<u>\$ 2,210,064</u>	<u>\$ 8,408,890</u>	<u>\$ 5,846,277</u>	<u>\$ 2,145,649</u>	<u>\$ 7,991,926</u>	

State of New Mexico
TOWN OF VAUGHN
Management's Discussion and Analysis
For the Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The types of Governmental funds reported by the Town include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$765,389, an increase of \$528,185 in comparison with the prior year. \$377,260 constitutes unreserved fund balance, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$1,262,568 in the fiscal year ended June 30, 2015, which represents an increase of \$352,674 from the fiscal year ended June 30, 2014. Expenditures for governmental activities, totaling \$760,383, decrease by \$157,421 from the fiscal year ended June 30, 2014. In the fiscal year ended June 30, 2015, revenues exceeded expenditures by \$502,185.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$376,870, while total fund balance was \$951,753.

The fund balance of the Town's general fund increase by \$425,633 during the current fiscal year, due to revenues exceeding expenditures. Overall, the general fund's performance in the fiscal year ended June 30, 2015 is due to taxes and state grants.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Solid Waste and Water/Waste Water funds were (\$174,555) and \$25,357, respectively. The change in net position for the proprietary funds was \$64,415. Factors concerning the finances of this fund have been addressed previously in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The Town budgets reflect the same pattern as seen in the revenue and expenditures of the Town. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the Town level, the Town utilizes goals and objectives defined by the Town Councilors, community input meetings, long-term plans and input from various staff groups to develop the Town Budget. The Town priorities are well defined through this process.

State of New Mexico
TOWN OF VAUGHN
 Management's Discussion and Analysis
 For the Year Ended June 30, 2015

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

General Fund Expenditure Budget Performance

	Actual non-GAAP <u>Cash Basis</u>	Favorable (Unfavorable) <u>Variance</u>
<u>Final Budget</u> \$305,803	\$501,175	(\$195,372)

The Town's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year.

The Capital Project Funds are included in the original budget which is submitted to the Department of Finance and Administration (DFA). These funds are spent on a project-by-project basis so the budgets are constantly changing. Instead, the budgets for these funds are created during the year through budget adjustment request (BARs).

Capital Asset and Debt Administration

Capital assets. The Town's capital assets for its governmental and business-type activities as of June 30, 2015 amount to \$8,469,779 (net of accumulated depreciation). Capital assets include land and construction in progress, land improvements, buildings, underground lines, machinery & equipment, and vehicles. The total increase in the Town's capital assets (excluding accumulated depreciation) for the current fiscal year was \$144,365 for governmental activities due primarily to an addition to vehicles. The change in capital assets (excluding accumulated depreciation) in business-type capital assets during the current fiscal year was \$74,067 due to construction in progress and machinery and equipment.

Capital Assets, Net of Depreciation
 June 30, 2015

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Land & Construction in progress	\$ 188,265	\$ 40,891	\$ 229,156
Land improvements	5,424,365	-	5,424,365
Buildings	2,053,347	34,159	2,087,506
Underground lines	-	4,347,338	4,347,338
Machinery and equipment	267,871	469,228	737,099
Vehicles	767,998	-	767,998
Total capital assets	<u>8,701,846</u>	<u>4,891,616</u>	<u>13,593,462</u>
Accumulated depreciation	<u>(3,091,615)</u>	<u>(2,032,068)</u>	<u>(5,123,683)</u>
Capital assets, net of accumulated depreciation	<u>\$ 5,610,231</u>	<u>\$ 2,859,548</u>	<u>\$ 8,469,779</u>

State of New Mexico
TOWN OF VAUGHN
Management's Discussion and Analysis
For the Year Ended June 30, 2015

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 7 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. At the end of the current fiscal year, the Town had total debt obligations outstanding of \$561,075, of this \$39,709 is current portion of debt and \$116,236 is net pension liability.

	Outstanding Debt		Total
	As of June 30, 2015		
	Governmental Activities	Business Type Activities	
Loans and notes payables	\$ 29,842	\$ 512,340	\$ 542,182
Landfill closure costs	-	60,340	60,340
Net pension liability	116,236	-	116,236
Accrued compensated absences	13,770	5,123	18,893
Total long-term liabilities	\$ 159,848	\$ 577,803	\$ 737,651

Long-term debt additions and retirements related to loans for governmental activities for the current year were \$-0- and \$22,224, respectively. Net pension liabilities were \$116,236, for governmental activities. Accrued compensated absences additions and retirements were \$10,369 and \$14,962, respectively, for governmental activities. Long-term debt additions and retirements related to notes and loans for business type activities for the current year were \$-0- and \$7,000, respectively. Landfill closure costs additions and retirements were \$4,310 and \$-0-, respectively. Business type activities accrued compensated absences additions and retirements were \$3,030 and \$7,447, respectively.

See Note 8 in the accompanying Notes to the Financial Statements for further information regarding the Town's long-term debt.

Economic Factors and Next Year's Budgets and Rates.

Inflationary trends in the region compare favorable to national indices.

The above factors were considered in preparing the Town's budget for the 2015 fiscal year. There are no currently known facts, decisions, or conditions that are expected to have significant effect or impact on the Town's financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Town of Vaughn, P.O. Box 278, Vaughn, New Mexico 88353.

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BASIC FINANCIAL STATEMENTS

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State of New Mexico
TOWN OF VAUGHN
Statement of Net Position
As of June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash, cash equivalents and investments	\$ 642,529	\$ 131,652	\$ 774,181
Cash with paying agent	14,182	-	14,182
Receivables, net	133,328	52,378	185,706
Interfund balances	67,622	-	67,622
Restricted assets:			
Meter deposits	-	17,553	17,553
Total Current Assets	857,661	201,583	1,059,244
Noncurrent Assets			
Capital assets	8,701,846	4,891,616	13,593,462
Less: accumulated depreciation	(3,091,615)	(2,032,068)	(5,123,683)
Total Noncurrent Assets	5,610,231	2,859,548	8,469,779
Deferred Outflows of Resources			
Post measurement date contributions	23,275	-	23,275
Total deferred outflows of resources	23,275	-	23,275
Total assets and deferred outflows of resources	\$ 6,491,167	\$ 3,061,131	\$ 9,552,298
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$ 86,939	\$ 249,004	\$ 335,943
Compensated absences - current	5,333	5,123	10,456
Deposits held in trust for others	-	16,978	16,978
Due to other funds	-	67,622	67,622
Current portion of loans payables	22,523	7,000	29,523
Total Current Liabilities	114,795	345,727	460,522
Noncurrent Liabilities			
NMFA loans payable	7,319	445,000	452,319
Landfill closure costs	-	60,340	60,340
Compensated absences	8,437	-	8,437
Net pension liability	116,236	-	116,236
Total Noncurrent Liabilities	131,992	505,340	637,332
Total liabilities	246,787	851,067	1,097,854
Deferred Inflows of Resources			
Investment experience in net pension liability	45,475	-	45,475
Change in assumptions in net pension liability	79	-	79
Total deferred inflows of resources	45,554	-	45,554
Net Position			
Net investment in capital assets	5,580,389	2,426,945	8,007,334
Restricted for:			
Special revenue	374,337	-	374,337
Capital outlay	-	-	-
Debt service	14,182	-	14,182
Unrestricted for:			
General	229,918	(216,881)	13,037
Total net position	6,198,826	2,210,064	8,408,890
Total liabilities, deferred inflows of resources and net position	\$ 6,491,167	\$ 3,061,131	\$ 9,552,298

The accompanying notes are an integral part of these financial statements.
EXHIBIT A

State of New Mexico
TOWN OF VAUGHN
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Charges for Service
Primary Government:		
Government activities:		
General government	\$ 448,359	\$ 96,581
Public safety	131,543	660
Highways and streets	23,835	(8,308)
Health and welfare	74,459	28,424
Culture and recreation	96,635	11,749
Interest on long-term obligation	609	-
Total governmental activities	\$ 775,440	\$ 129,106
Business-type Activities:		
Solid Waste	\$ 64,047	\$ 34,449
Water and Sewer	479,013	599,026
Total business-type activities	\$ 543,060	\$ 633,475
Total Primary Government	\$ 1,318,500	\$ 762,581

The accompanying notes are an integral part of these financial statements.
EXHIBIT B

State of New Mexico
TOWN OF VAUGHN
Statement of Activities
For the Year Ended June 30, 2015

	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		
			Primary Government		
			Governmental Activities	Business-type Activities	Total
	\$ 214,675	\$ 22,834	\$ (114,269)	\$ -	\$ (114,269)
	76,926	-	(53,957)	-	(53,957)
	46,799	-	14,656	-	14,656
	5,200	-	(40,835)	-	(40,835)
	58,692	-	(26,194)	-	(26,194)
	-	-	(609)	-	(609)
	<u>\$ 402,292</u>	<u>\$ 22,834</u>	<u>\$ (221,208)</u>	<u>\$ -</u>	<u>\$ (221,208)</u>
	\$ -	\$ -	\$ -	\$ (29,598)	\$ (29,598)
	-	-	-	120,013	120,013
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,415</u>	<u>\$ 90,415</u>
	<u>\$ 402,292</u>	<u>\$ 22,834</u>	\$ (221,208)	\$ 90,415	\$ (130,793)
General Revenues:					
Taxes:					
			59,227	-	59,227
			639,704	-	639,704
			5,600	-	5,600
			183	-	183
			704,714	-	704,714
			26,000	(26,000)	-
		Change in net position	509,506	64,415	573,921
		Net position - beginning	5,846,277	2,145,649	7,991,926
		Restatement for Net Pension Liability	(156,957)	-	(156,957)
		Net position-beginning as restated	5,689,320	2,145,649	7,834,969
		Net position - ending	<u>\$ 6,198,826</u>	<u>\$ 2,210,064</u>	<u>\$ 8,408,890</u>

The accompanying notes are an integral part of these financial statements.
EXHIBIT B (continued)

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State of New Mexico
TOWN OF VAUGHN
 Balance Sheet - Governmental Funds
 As of June 30, 2015

	General Fund	Ambulance Fund	Other Governmental Funds	Total Governmental
Assets				
Cash and investments	\$ 368,622	\$ 24,298	\$ 249,609	\$ 642,529
Cash with paying agent	-	-	14,182	14,182
Tax and accounts receivable	106,197	6,780	20,351	133,328
Due from other funds	42,858	-	118,856	161,714
Total assets	<u>\$ 517,677</u>	<u>\$ 31,078</u>	<u>\$ 402,998</u>	<u>\$ 951,753</u>
Liabilities				
Accounts payable	\$ 11,476	\$ 11,959	\$ 7,114	\$ 30,549
Accrued salaries & benefits	56,390	-	-	56,390
Accrued compensated absences	4,312	-	1,021	5,333
Due to other funds	68,629	1,240	24,223	94,092
Total liabilities	<u>140,807</u>	<u>13,199</u>	<u>32,358</u>	<u>186,364</u>
Deferred inflows of resources				
Unavailable revenue - property tax	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance				
Restricted for:				
General fund	-	-	-	-
Special revenue funds	-	17,879	356,068	373,947
Capital projects fund	-	-	-	-
Debt service fund	-	-	14,182	14,182
Assigned for:				
General fund	-	-	-	-
Special revenue fund	-	-	-	-
Unassigned for:				
Special revenue fund	-	-	390	390
General fund	376,870	-	-	376,870
Total fund balance	<u>376,870</u>	<u>17,879</u>	<u>370,640</u>	<u>765,389</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 517,677</u>	<u>\$ 31,078</u>	<u>\$ 402,998</u>	<u>\$ 951,753</u>

The accompanying notes are an integral part of these financial statements.
 EXHIBIT C

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State of New Mexico
TOWN OF VAUGHN
 Reconciliation of the Balance Sheet - Governmental Funds
 To the Statement of Net Position
 As of June 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund balances - Governmental Funds		\$ 765,389
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

The cost of capital assets is:	\$ 8,701,846		
Accumulated depreciation is	<u>(3,091,615)</u>	5,610,231	

Other liabilities are not due and payable in the current period and therefore are not reported in the funds - accrued interest payable.

Long-term debt, including current maturities, and certain other liabilities are not recorded until due and therefore are not reported as liabilities in the governmental funds: Long-term and other liabilities at year-end consisted of:

Notes payable	(29,842)		
Accrued compensated absences - non current	(8,437)		
Net pension liabilities	<u>(138,515)</u>	<u>(176,794)</u>	

Total net position-governmental activities		<u>\$ 6,198,826</u>
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The accompanying notes are an integral part of these financial statements.
 EXHIBIT D

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State of New Mexico
TOWN OF VAUGHN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Ambulance Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 581,127	\$ 67,336	\$ 22,834	\$ 671,297
Intergovernmental - State	216,645	-	241,832	458,477
Licenses and permits	1,357	-	-	1,357
Charges for services	77,688	-	-	77,688
Fines and forfeits	6,975	-	-	6,975
Interest on Investments	-	-	-	-
Miscellaneous	5,473	-	12,826	18,299
Federal revenue	-	28,475	-	28,475
Total revenue	<u>889,265</u>	<u>95,811</u>	<u>277,492</u>	<u>1,262,568</u>
Expenditures:				
Current				
General government	261,680	-	-	261,680
Public safety	85,267	-	46,276	131,543
Highways and streets	-	-	62,508	62,508
Health and welfare	-	68,587	5,872	74,459
Culture and recreation	14,590	-	1,443	16,033
Public works	-	-	41,929	41,929
Other - miscellaneous	5,033	-	-	5,033
Noncurrent				
Debt service-principal	-	-	22,224	22,224
Debt service-Interest and fiscal charges	-	-	609	609
Capital outlay	122,173	22,192	-	144,365
Total expenditures	<u>488,743</u>	<u>90,779</u>	<u>180,861</u>	<u>760,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>400,522</u>	<u>5,032</u>	<u>96,631</u>	<u>502,185</u>
Other financing sources (uses):				
Proceeds from loan	-	-	-	-
Operating transfers in	30,650	-	5,539	36,189
Operating transfers out	(5,539)	(4,255)	(395)	(10,189)
Total other financing sources (uses)	<u>25,111</u>	<u>(4,255)</u>	<u>5,144</u>	<u>26,000</u>
Net change in fund balances	<u>425,633</u>	<u>777</u>	<u>101,775</u>	<u>528,185</u>
Fund balances - beginning of year	(48,763)	17,102	268,865	237,204
Restatement	-	-	-	-
Fund balances - beginning of year, restated	<u>(48,763)</u>	<u>17,102</u>	<u>268,865</u>	<u>237,204</u>
Fund balances - end of year	<u>\$ 376,870</u>	<u>\$ 17,879</u>	<u>\$ 370,640</u>	<u>\$ 765,389</u>

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

EXHIBIT E

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State of New Mexico
TOWN OF VAUGHN
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes In Fund Balances - Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2015

Amounts reported for governmental activities in the Statement of Activities are different because:

Total net change in fund balances - governmental funds	\$ 528,185
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those assets are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation and loss disposals.

Depreciation expense	\$ (206,442)	
Capital outlays	<u>144,365</u>	(62,077)

In the Statement of Activities, certain operating expenses are measured by the amounts incurred during the year. However, in the fund financial statements, expenditures are measured by the amount of financial resources used or available for use (essentially the amounts actually paid). The (increase) decrease in the assets and liabilities for the year were:

Decrease in compensated absences payable non current	2,732
Decrease in net pension liability	18,442

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.

Notes principal payments	<u>22,224</u>
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Total changes in net position-governmental activities	<u><u>\$ 509,506</u></u>
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The accompanying notes are an integral part of these financial statements.
 EXHIBIT F (continued)

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State of New Mexico
TOWN OF VAUGHN
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual - General Fund - 101
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 133,534	\$ 133,534	\$ 583,097	\$ 449,563
Intergovernmental - State	178,992	178,992	214,675	35,683
License and fees	700	700	1,357	657
Charges for Services	2,938	2,938	5,041	2,103
Fines and forfeits	14,282	14,282	6,975	(7,307)
Miscellaneous	2,000	2,000	5,473	3,473
Total Revenues	<u>332,446</u>	<u>332,446</u>	<u>816,618</u>	<u>484,172</u>
Expenditures:				
Current:				
General government	163,079	163,079	274,112	(111,033)
Public safety	135,231	135,231	85,267	49,964
Highways and streets	-	-	-	-
Culture and recreation	7,493	7,493	14,590	(7,097)
Other - Miscellaneous	-	-	5,033	(5,033)
Non-current				
Capital outlay	-	-	122,173	(122,173)
Debt service principle	-	-	-	-
Debt service interest	-	-	-	-
Total expenditures	<u>305,803</u>	<u>305,803</u>	<u>501,175</u>	<u>(195,372)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,643</u>	<u>26,643</u>	<u>315,443</u>	<u>679,544</u>
Other financing sources (uses):				
Transfers in (out)	(1,064)	(1,064)	25,111	(26,175)
Total other financing sources (uses)	<u>(1,064)</u>	<u>(1,064)</u>	<u>25,111</u>	<u>(26,175)</u>
Net change in fund balances	<u>25,579</u>	<u>25,579</u>	<u>340,554</u>	<u>-</u>
Cash balances - beginning of year	<u>22,640</u>	<u>22,640</u>	<u>28,068</u>	<u>-</u>
Cash balances - end of year	<u>\$ 48,219</u>	<u>\$ 48,219</u>	<u>\$ 368,622</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 340,554	
Adjustment to revenues for accruals and other deferrals			72,647	
Adjustment to expenditures for payables, prepaids and other accruals			<u>12,432</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 425,633</u>	

The accompanying notes are an integral part of these Financial Statements.
EXHIBIT G

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State of New Mexico
TOWN OF VAUGHN
Statement of Net Position - Proprietary Funds
As of June 30, 2015

	Solid Waste	Water and Sewer	Total
Assets			
Current assets, unrestricted:			
Cash, cash equivalents and investments	\$ -	131,652	\$ 131,652
Due from other funds	44,728	-	44,728
Customer accounts receivable, net of allowance for doubtful accounts	5,869	46,509	52,378
Total current unrestricted assets	50,597	178,161	228,758
Current assets, restricted:			
Cash, cash equivalents and investments			
Meter deposits	-	17,553	17,553
Total current restricted assets	-	17,553	17,553
Total current assets	50,597	195,714	246,311
Capital assets:			
Capital assets	256,470	4,635,146	4,891,616
Accumulated depreciation	(188,787)	(1,843,281)	(2,032,068)
Net capital assets	67,683	2,791,865	2,859,548
Total assets	\$ 118,280	\$ 2,987,579	\$ 3,105,859
Liabilities and Net Position			
Liabilities:			
Current liabilities			
Accounts Payables	\$ 214,100	\$ 16,259	\$ 230,359
Accrued interest	-	18,645	18,645
Notes payable	-	7,000	7,000
Compensated absences	-	5,123	5,123
Due to other funds	18,395	93,955	112,350
Customer deposits	-	16,978	16,978
Total current liabilities	232,495	157,960	390,455
Noncurrent liabilities			
Notes payable	-	445,000	445,000
Landfill closure costs	60,340	-	60,340
Total noncurrent liabilities	60,340	445,000	505,340
Total liabilities	292,835	602,960	895,795
Net Position:			
Net investment in capital assets	67,683	2,359,262	2,426,945
Unrestricted, undesignated	(242,238)	25,357	(216,881)
Total net position	(174,555)	2,384,619	2,210,064
Total liabilities and net position	\$ 118,280	\$ 2,987,579	\$ 3,105,859

The accompanying notes are an integral part of these financial statements.
EXHIBIT H

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State of New Mexico
TOWN OF VAUGHN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Solid Waste	Water and Sewer	Total Governmental Funds
Operating revenues:			
Sales and service	\$ 34,449	\$ 597,881	\$ 632,330
Other	-	1,145	1,145
Total operating revenue	<u>34,449</u>	<u>599,026</u>	<u>633,475</u>
Operating expenses:			
Personnel services	-	137,317	137,317
Operating expenses	39,427	196,853	236,280
Fuel and power/utilities	-	26,383	26,383
Depreciation	24,620	98,093	122,713
Total operating expenses	<u>64,047</u>	<u>458,646</u>	<u>522,693</u>
Operating income (loss)	<u>(29,598)</u>	<u>140,380</u>	<u>110,782</u>
Non-operating income (expenses):			
Grant revenue for capital outlay	-	-	-
Interest income (expense)	-	(20,367)	(20,367)
Total non-operating income (expenses)	<u>-</u>	<u>(20,367)</u>	<u>(20,367)</u>
Income (loss) before contributions and transfers	<u>(29,598)</u>	<u>120,013</u>	<u>90,415</u>
Transfers in (out)	<u>30,000</u>	<u>(56,000)</u>	<u>(26,000)</u>
Total transfers	30,000	(56,000)	(26,000)
Change in net position	402	64,013	64,415
Net position, beginning of year	(174,957)	2,320,606	2,145,649
Net position, end of year	<u>\$ (174,555)</u>	<u>\$ 2,384,619</u>	<u>\$ 2,210,064</u>

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

EXHIBIT I

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State of New Mexico
TOWN OF VAUGHN
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Solid Waste	Water and Sewer	Total Governmental Funds
Cash flows from operating activities			
Cash received from customers	\$ 35,782	\$ 581,325	\$ 617,107
Cash paid to and on behalf of employees	-	(141,770)	(141,770)
Cash paid to vendors for goods and services	(35,117)	(220,186)	(255,303)
Net cash flow from operating activities	<u>665</u>	<u>219,369</u>	<u>220,034</u>
Cash flows used for noncapital financing activities			
Operating transfers received (paid)	<u>30,000</u>	<u>(56,000)</u>	<u>(26,000)</u>
Net cash flow from noncapital financing activities	<u>30,000</u>	<u>(56,000)</u>	<u>(26,000)</u>
Cash flows from capital and related financing activities			
Interest income (expense)	-	(20,660)	(20,660)
Loan repayments	-	(7,000)	(7,000)
Capital outlay	-	(74,067)	(74,067)
Net cash flows from capital and related financing activities	<u>-</u>	<u>(101,727)</u>	<u>(101,727)</u>
Cash flows from investing activities			
Investment income	-	-	-
Net cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	30,665	61,642	92,307
Cash and cash equivalents, beginning of year	<u>14,063</u>	<u>42,835</u>	<u>56,898</u>
Cash and cash equivalents, end of year	<u>\$ 44,728</u>	<u>\$ 104,477</u>	<u>\$ 149,205</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Net operating income (loss)	\$ (29,598)	\$ 140,380	\$ 110,782
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	24,620	98,093	122,713
Receivables	1,333	(17,701)	(16,368)
Accounts payable	-	2,976	2,976
Accrued expenses	4,310	(4,379)	(69)
Net cash provided by operating activities	<u>\$ 665</u>	<u>\$ 219,369</u>	<u>\$ 220,034</u>

The accompanying notes are an integral part of these financial statements.
EXHIBIT J

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State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

INDEX

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 - A. Financial Reporting Entity
 - B. Government-Wide and Fund Financial Statements
 - C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
 - D. Assets, Liabilities and Net Position or Equity
2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
Budget Requirements, Accounting and Reporting
3. DEPOSITS AND INVESTMENTS
4. ACCOUNTS RECEIVABLES
5. ACCOUNTS PAYABLES
6. TRANSFERS AND DUE TO/DUE FROM
7. CAPITAL ASSETS
8. LONG-TERM DEBT
 - A. Changes in Long-Term Debt
 - B. Accrued Compensation Absences
 - C. Closure and Post Closure Landfill Costs
9. OPERATING LEASE
10. RISK MANAGEMENT
11. BUDGET AUTHORITY EXCEEDED
12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES
13. SUBSEQUENT EVENTS
14. MEMORANDUM OF UNDERSTANDING/JOINT POWER AGREEMENTS
15. RESTATEMENT OF NET POSITION
16. RELATED PARTY TRANSACTIONS
17. RETIREE HEALTH CARE ACT CONTRIBUTIONS
18. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

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State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Vaughn (Town) was incorporated under provisions of Chapter 3, Article 2 NMSA 1978 as amended. The Town operates under mayor – council form of government and provides the following services as provided by law: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public works, planning and zoning, economic development and general administrative services. The Town operates the following funds: enterprises: water/sewer and solid waste.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 61. Although legally separate entities, blended component units are in substance part of the government's operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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 selection 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. 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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Town has no component units, and is not a component unit of another governmental agency.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities and Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to the compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

The Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets the Town holds for others in an agency capacity. The Town had no agency funds as of June 30, 2015.

Governmental funds are used to account for the Town's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, license and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Town except for items included in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds. The Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Town is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the General Fund and the Ambulance Fund. No other funds were required to be presented as major.

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Ambulance Fund* is used to provide and develop an emergency medical system within the county. Funding is authorized by NMSA 24-10A-1 and 16-11-6.

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Town reports its proprietary funds as major business-type funds.

The *Solid Waste Fund* is used to account for the provision of solid waste services to the residents of the Town.

The *Water and Sewer Fund* is used to account for the provision of water and sewer to the residents of the town and others.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Program revenues reduce the cost of the function to be financed from the Town's general revenues. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Town does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified and is included in the direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Town's enterprise fund is charges for services for the Town's various utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short term deposits with maturities of six months or less from the date of acquisition.

State statutes authorize the Town to invest in Certificates of Deposit, obligations of the U.S. Governments, and the State Treasurer's Investment Pool.

Investments for the Town are reported at fair value.

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds or internal balances” (i.e., the current portion of inter-fund loans) or “advances to/from other funds or internal balances” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

Inter-fund Receivables and Payables: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Prepaid Items: Prepaid expenses are reported in the Statement of Net Position (government-wide statement) and balance sheet (fund financial statement) when expenditures for goods or services are made that benefit future periods.

Inventory of Supplies: There were no material amounts of inventory at June 30, 2015. Purchases for supplies are recorded as expenditures and are not recorded as an asset on the statement of net position or balance sheet.

Restricted Cash - Meter Deposits: The Town maintains a separate bank account for utility customer service deposits. The monies on deposit in this account are not available for purposes other than the repayment of the deposits.

Capital Assets: Capital assets, which include property plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Capital assets of the primary government are depreciated using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Infrastructure	20-30 years
Land Improvements	25-65 years
Building and improvement	25-65 years
Vehicles and rolling stock	5-10 years
Machinery, equipment and other	5-20 years

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as unearned revenue.

Deferred Inflow/Outflows of Resources: GASB 63 amended previous guidance on unearned revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is the acquisition of net assets by the government that is applicable to a future reporting period.

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2015, along with applicable PERA, FICA, and Medicare payables.

Compensated Absences: The Town's policies regarding the vacation leave, permit employees to accumulate earned but unused compensated absences. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources and the proprietary funds use the economic resources measurement focus.

Long Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

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 New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, 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.

Net Position or Fund Equity:

Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

Net investment in capital assets, net of related debt consists of net position including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Inter-fund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute any reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expense in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the Town's financial statements include management's estimate of the useful lives of capital assets.

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Tax Revenues: The Town receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Town recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Town records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting and Reporting

All budgets are adopted on the cash basis of accounting, which is inconsistent with Generally Accepted Accounting Principles (GAAP). Budgetary comparison statements present budget and actual amounts on the budgetary basis of accounting (cash basis).

The Town is required to follow the procedures established by the New Mexico Department of Finance and Administration when developing its budgets, as follows:

1. The Fiscal Officer submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Town offices to obtain public comment.
3. The budget is tentatively approved by the Town Council, and final approval is ultimately made by the Department of Finance and Administration, Local Government Division.
4. The Fiscal Officer requests authorization from the Town Council to transfer budget amounts within departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Commission and by the Local Government Division of the Department of Finance and Administration, State of New Mexico.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

Amendments to the budget, including operating transfers, which increase or decrease a fund's total budgeted expenditures that must be approved by the Town Council and the Local Government Division of the Department of Finance and Administration, State of New Mexico. Amendments made to the original budget are included in the budgetary comparison schedules of this report, which reflect actual to budget.

Budgets and amendments to the budgets for all funds are adopted in a legally permissible manner. The legal level of budgetary control is the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level. Outstanding encumbrances lapse at year end but may be re-budgeted in the next year's budget. The Town did not use encumbrance accounting during the year ended June 30, 2015.

State of New Mexico
TOWN OF VAUGHN
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2015

NOTE 3 DEPOSITS AND INVESTMENTS

State statutes authorize the investment of Town funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pools, money market accounts and United States government obligations. All invested funds of the Town properly followed State investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or noninterest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Town. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States Government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

New Mexico state statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, for at least one half of the amount on deposit with the institution. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Town's deposits.

	Wells Fargo <u>Bank</u>	Everyone's Federal <u>Credit Union</u>	NMFA <u>Reserves</u>
Deposits, Checking	\$ 435,116	\$ 358,584	\$ 14,182
Savings and/or Certificate of Deposits	<u>11,772</u>	<u>275</u>	<u>-</u>
Total Deposits	446,888	358,859	14,182
Less:FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(14,182)</u>
Total uninsured public funds	196,888	108,859	-
50% Collateral requirement	98,444	54,430	-
Pledged Securities	<u>-</u>	<u>-</u>	<u>-</u>
(Over) Under collateralized	<u>\$ 98,444</u>	<u>\$ 54,430</u>	<u>\$ -</u>
Custodial Credit Risk-Deposits			
Account Balance	\$ 819,929		
FDIC Insured	514,182		
Collateral held by the pledging Bank, not in the Town's name	-		
Uninsured and uncollateralized	<u>305,747</u>		
Total Deposits	<u>\$ 819,929</u>		

State of New Mexico
TOWN OF VAUGHN
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2015

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

Reconciliation of Cash and Temporary Investments

Carrying amounts by fund per financial statement at June 30, 2015 is:

Governmental Funds-Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 805,916
Add Reconciling items	<u>14,013</u>
	<u>\$ 819,929</u>

Interest Rate Risk – The Town does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Town’s investments at June 30, 2015 include, NMFA reserves \$14,182.

Custodial Credit Risk - The risk that in the event of failure of a depository institution, a Town will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. New Mexico State Statutes require collateral pledged for bank accounts in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Town for at least 50% of the amount on deposit with the institution. The Town is currently uninsured and under collateralized by \$305,747.

NOTE 4 ACCOUNTS RECEIVABLES

The receivables of the Town of Vaughn, by fund type, at June 30, 2015 are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
Locally assessed taxes	\$ 2,181		
State shared taxes	102,102		
Customer utility accounts			\$ 38,444
Other	<u>1,914</u>	<u>27,131</u>	<u>13,934</u>
Total	<u>\$106,197</u>	<u>\$ 27,131</u>	<u>\$ 52,378</u>

State of New Mexico
TOWN OF VAUGHN
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2015

NOTE 5 ACCOUNTS PAYABLES

Accounts payable as of June 30, 2015, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Payable to suppliers	\$30,549	\$248,053
Payables to employees and others	<u>56,390</u>	<u>951</u>
Total	<u>\$86,939</u>	<u>\$249,004</u>

NOTE 6 TRANSFERS AND DUE TO/DUE FROM

A. Transfers

This schedule is reported on the government-wide basis of accounting due to the transfers of capital assets between governmental funds and business-type funds.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 33,155	\$ 35,528
Lodgers' Tax Fund	111	
Recreation Fund		395
Airport Fund	5,428	
Solid Waste Fund	2,617	
Water/Waste Water Fund	27,483	28,616
Meter Deposit Fund		100
Ambulance Fund		<u>4,255</u>
Total	<u>\$ 68,794</u>	<u>\$ 68,794</u>

State of New Mexico
TOWN OF VAUGHN
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2015

NOTE 6 TRANSFERS AND DUE TO/DUE FROM (continued)

B. Due To/Due From

The “due to” and “due from” accounts were generally created to reflect amounts that were receipted or expended from the wrong fund or account.

The following schedule details the net “due to” and “due from” made by the Town during the year ended as of June 30, 2015:

General Fund	<u>Due From</u>	<u>Due To</u>
206 EMS	\$ 5,549	
214 Lodger Tax		\$68,629
219 Senior Citizens	6,960	
300 Airport	10,136	
509 Ambulance	1,240	
510 Cemetery	578	
504 Landfill	<u>18,395</u>	<u>-</u>
Total General Fund	<u>42,858</u>	<u>68,629</u>
Special Revenue Funds	<u>Due From</u>	<u>Due To</u>
206 EMS		
101 General		\$ 5,549
214 Lodgers Tax		
101 General	\$ 68,629	
216 Municipal Street		
217 Recreation	1,000	
505 Water Utility	39,091	
217 Recreation		
216 Municipal Street		1,000
219 Senior Citizens		
101 General		6,960
300 Airport		
101 General		10,136
505 Water Utility	10,136	
509 Ambulance		
101 General		1,240
510 Cemetery Fund		
101 General Fund		<u>578</u>
Total Special Revenue Funds	<u>118,856</u>	<u>25,463</u>
Proprietary Funds		
504 Solid Waste		
101 General		18,395
505 Water Utility	44,728	
505 Water Utility		
216 Municipal Street		39,091
300 Airport		10,136
504 Solid Waste		<u>44,728</u>
Total Proprietary Funds	<u>44,728</u>	<u>112,350</u>
Total All Funds	<u>\$206,442</u>	<u>\$206,442</u>

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 7 CAPITAL ASSETS

The following is a summary of changes in the **Governmental Activities** capital assets during the fiscal year:

Governmental activities	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
Land	\$ 188,265	\$ -	\$ -	\$ 188,265
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	188,265	-	-	188,265
Capital assets being depreciated:				
Land improvements	5,424,365	-	-	5,424,365
Buildings	2,053,347	-	-	2,053,347
Machinery and equipment	267,871	-	-	267,871
Vehicles	<u>623,633</u>	<u>144,365</u>	<u>-</u>	<u>767,998</u>
Total	8,369,216	144,365	-	8,513,581
Less accumulated depreciation for:				
Land improvements	674,166	-	100,367	777,533
Buildings	1,357,554	-	82,134	1,439,688
Machinery and equipment	251,823	-	5,854	257,677
Vehicles	<u>601,630</u>	<u>-</u>	<u>15,087</u>	<u>616,717</u>
Total	<u>2,885,173</u>	<u>-</u>	<u>206,442</u>	<u>3,091,615</u>
Total capital assets being depreciated, net	<u>5,484,043</u>	<u>144,365</u>	<u>206,442</u>	<u>5,421,966</u>
Total Governmental activities, capital assets, net	<u>\$5,672,308</u>	<u>\$144,365</u>	<u>\$206,442</u>	<u>\$5,610,231</u>

The following is a summary of changes in the **Business-type Activities** capital assets during the fiscal year:

Business-type activities	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
Capital assets not being depreciated:				
Land	\$ 19,203	\$ -	\$ -	\$ 19,203
Construction in progress	<u>-</u>	<u>21,688</u>	<u>-</u>	<u>21,688</u>
Total	19,203	21,688	-	40,891
Capital assets being depreciated:				
Buildings	34,159	-	-	34,159
Underground lines	4,347,338	-	-	4,347,338
Machinery and equipment	<u>416,849</u>	<u>52,379</u>	<u>-</u>	<u>469,228</u>
Total	4,798,346	52,379	-	4,850,725
Less accumulated depreciation for:				
Buildings	17,022	-	1,366	18,388
Underground lines	1,585,152	-	86,947	1,672,099
Machinery and equipment	<u>307,181</u>	<u>-</u>	<u>34,400</u>	<u>341,581</u>
Total	<u>1,909,355</u>	<u>-</u>	<u>122,713</u>	<u>2,032,068</u>
Total capital assets being depreciated, net	<u>2,888,991</u>	<u>52,379</u>	<u>122,713</u>	<u>2,818,657</u>
Total Business type activities, capital assets, net	<u>\$2,908,194</u>	<u>\$ 74,067</u>	<u>\$ 122,713</u>	<u>\$2,859,548</u>

State of New Mexico
TOWN OF VAUGHN
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2015

NOTE 8 LONG-TERM DEBT

A. Changes in Long-term debt

The following is a schedule of changes in **Governmental Funds** long-term debt for the year ended June 30, 2015.

	<u>Balance</u> <u>06/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2015</u>	<u>Current</u> <u>Portion</u>
Notes payable	\$ 52,066	\$ -	\$ 22,224	\$ 29,842	\$22,523
Net pension liability	-	116,236	-	116,236	-
Accrued compensated absences	<u>18,363</u>	<u>10,369</u>	<u>14,962</u>	<u>13,770</u>	<u>5,333</u>
Total	<u>\$ 70,429</u>	<u>\$126,605</u>	<u>\$ 37,186</u>	<u>\$159,848</u>	<u>\$27,586</u>

The Town entered into a note with the New Mexico Finance Authority on March 8, 2006 in the amount of \$138,889 for the purchase of a fire truck to enhance the ability of the Town to fight brush fires. The note bears interest at rates ranging from 3.140% to 3.630% and is also subject to an administration fee of 0.25%. Annual payments range from \$11,675 to \$15,205 and are subject to an intercept agreement whereby the annual amount due the fire fund is reduced and submitted to New Mexico Finance Authority. The balance on the note was \$15,205 at June 30, 2015.

The Town entered into a five year note with the New Mexico Finance Authority on December 16, 2011 in the amount of \$36,591 for the purchase of a police vehicle. The note is at 0% interest but includes an administration fee of \$541. There are 4 payment of \$7,318 and one payment of \$7,319. The balance on the note was \$14,637 at June 30, 2015.

Annual debt service requirements for the NMFA notes are as follow:

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Admin</u> <u>Fees</u>	<u>Total</u>
<u>06/30</u>				
2016	22,523	274	38	22,835
2017	<u>7,319</u>	<u>-</u>	<u>-</u>	<u>7,319</u>
Total	<u>\$ 29,842</u>	<u>\$ 274</u>	<u>\$ 38</u>	<u>\$ 30,154</u>

The following is a schedule of the changes in **Proprietary Funds** long-term debt for the year ended June 30, 2015:

	<u>Balance</u> <u>06/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2015</u>	<u>Current</u> <u>Portion</u>
Note payable	\$ 459,000		\$ 7,000	\$ 452,000	\$ 7,000
Landfill closure costs	56,030	\$ 4,310	-	60,340	
Compensated absences	<u>9,540</u>	<u>3,030</u>	<u>7,447</u>	<u>5,123</u>	<u>5,123</u>
Total	<u>\$ 524,570</u>	<u>\$ 7,340</u>	<u>\$14,447</u>	<u>\$ 517,463</u>	<u>\$12,123</u>

The following is a schedule of long-term debt principal, interest and charges on proprietary fund long-term debt.

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>06/30</u>			
2016	7,000	20,340	27,340
2017	8,000	20,030	28,030
2018	8,000	19,670	27,670
2019	8,000	19,310	27,310
2020	9,000	19,310	28,310
2021-2029	<u>412,000</u>	<u>284,380</u>	<u>696,380</u>
Total	<u>\$452,000</u>	<u>\$383,040</u>	<u>\$835,040</u>

State of New Mexico
TOWN OF VAUGHN
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2015

NOTE 8 LONG-TERM DEBT (continued)

B. Accrued Compensated Absences

The Town allows for the accrual and payment of annual leave. Annual leave is awarded at a rate of two weeks per year for all employees who work five eight hour days in a regular workweek. Upon termination or retirement an employee will be paid for unused vacation at his or her final rate of pay.

Accrued compensated absences of the governmental funds have been recorded pursuant to GASB 16 and appear on the Statement of Net Position as follows:

Governmental Funds:	Current <u>Portion</u>	Non-current <u>Portion</u>	<u>Total</u>
General Fund	\$ 4,312	\$ 5,531	\$ 9,843
Seniors Fund	<u>1,021</u>	<u>2,906</u>	<u>3,927</u>
Total	<u>\$ 5,333</u>	<u>\$ 8,437</u>	<u>\$13,770</u>

C. Closure and Post Closure Landfill Costs

State and federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Town reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The total liabilities for closure and post closure costs of \$60,340 at June 30, 2015 represent the cumulative amount reported to date based upon approximately 29% of the usable capacity of the landfill. The liability is based upon an estimate performed in March 2003. The estimated current year accrual of the future closure and post-closure care costs amounted to \$4,310. The actual cost of closure and post closure care may be higher, of course, due to inflation, or changes in technology.

The Town is required by state and federal laws and regulations to make annual contributions to finance closure and post closure care. The Town does not have any restricted cash to fund the current accrued liability.

The State of New Mexico Environment Department has issued an administrative order requiring compliance and assessing a civil penalty in the amount of \$214,100 to the Town of Vaughn for violations of the municipal landfill. The liability has been recorded as a payable in the financial statements.

The Town entered into a joint power agreement with the Estancia Valley Solid Waste Authority for the collection and disposal of waste. The Town is no longer accepting waste into the landfill.

NOTE 9 OPERATING LEASE

The Town entered into a lease agreement with the Greater Santa Rosa Council on Alcoholism, Inc. on March 10, 2015. The lease agreement is to allow the Council to occupy the Town of Vaughn Clinic, located at 520 E. 8th Street, Vaughn, New Mexico. The leased premise is \$825 per month. The lease term shall be determined on a month by month bases.

State of New Mexico
TOWN OF VAUGHN
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2015

NOTE 10 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions, employee injuries and illnesses, and natural disasters. The Town participates in the New Mexico Self-Insurers' Fund risk pool. The Town is also covered by insurance through the Insurance Services of New Mexico.

The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. The Town contributed \$43,295 to Insurance Services of New Mexico during the June 30, 2015 fiscal year.

The standard premium for the Workers' Compensation policy is subject to an audit that normally increases or decreases the premium according to the actual payroll expense upon which the premium had been estimated.

NOTE 11 BUDGET AUTHORITY EXCEEDED

The Town overspent its budget authority in the following funds in the amounts indicated. As explained in Note 1, expenditures may not exceed the budget at the fund level.

	<u>Overspent Amount</u>
General Fund	\$ 195,372
EMS Fund	672
Ambulance Fund	2,647
Cemetery Fund	1,141
Debt Service Fund	22,833
Water & Waste Water Fund	\$ 183,461

NOTE 12 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures as part of the Combining Statements – Overview of certain information concerning individual funds including:

Deficit fund balance in individual funds, EMS Fund (\$5,514).

NOTE 13 SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 8, 2015, which is the date on which the financial statements were dated.

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 14 MEMORANDUM OF UNDERSTANDING/JOINT POWERS AGREEMENTS

Participants: Town of Vaughn (Town) and Estancia Valley Solid Waste Authority (EVSWA)

Purpose: The Town is permitted to dispose of solid waste at the EVSWA landfill.

Responsible Party for Operations and Audit: Town of Vaughn

Term: July 2010 until terminated

Total Estimated Amount of Project and Actual Amount Contributed: \$150,000 Caterpillar compactor and current member rate tipping fees

Participants: Town of Vaughn (Town) and Vaughn Municipal Schools (Schools)

Purpose: The Town is to assist the School with road equipment and operators and improvement projects

Responsible Party for Operations and Audit: Town of Vaughn

Term: July 16, 2014- July 14, 2015

Total Estimated Amount of Project and Actual Amount Contributed: The Town is to provide equipment and operators at an unknown cost

Participants: Town of Vaughn (Town) and Eastern Plains Council of Governments (EPCOG)

Purpose: The Town is to administer and provide meals to the elderly

Responsible Party for Operations and Audit: Town of Vaughn

Term: July 1, 2014 – June 30, 2015

Total Estimated Amount of Project and Actual Amount Contributed: The Town contributes personnel and equipment at an unknown cost

NOTE 15 RESTATEMENT OF NET POSITION

GASB 68 requires a restatement of Net Position to include the net pension liability at June 30, 2015 as the Town is required to recognize the liability on the government-wide financial statements.

Beginning Net Position-Proprietary Fund	\$5,846,277
Restatement	<u>(156,957)</u>
Beginning Net Position, restated	<u>\$5,689,320</u>

NOTE 16 RELATED PARTY TRANSACTIONS

The Town paid \$1,912 for repairs and maintenance to T-N-T Towing & Service, which is owned by the Fire Chief, Thomas Owen. The Town also paid \$336 for equipment and food supplies to Lalo's Cash & Carry, which is owned by board member Lalo Padilla.

NOTE 17 RETIREE HEALTH CARE ACT CONTRIBUTIONS

The employees of the Town have elected not to participate under the Retiree Health Care Act. This plan would have provided health care benefits to Town employees upon retirement.

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 18 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

Plan Description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

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 Town 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 1 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 options that apply to the Town are: General Division. Statutorily required contributions to the pension plan from the Town were \$26,807 and employer paid member benefits that were “picked up” by the employer were \$0 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.

State of New Mexico
TOWN OF VAUGHN
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2015

NOTE 18 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (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 performed 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 Town'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 1, 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 General Division, at June 30, 2015, the Town reported a liability of \$116,236 for its proportionate share of the net pension liability. At June 30, 2014, the Town's proportion was 0.0149 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, 2014, the Town recognized PERA Fund Division – General Division pension expense of \$4,849. At June 30, 2015, the Town reported PERA Fund Division – General Division 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	\$ -	\$ -
Changes of assumptions	-	79
Net difference between projected and actual earnings on Pension plan investments		45,475
Changes in proportion and differences between the Town Contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	<u>23,275</u>	
Total	\$23,275	\$45,554

State of New Mexico
TOWN OF VAUGHN
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2015

NOTE 18 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (continued)

The Town reported \$23,275 as deferred outflows of resources related to pensions resulting from Town 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:

<u>Year ended June 30</u>	
2016	\$ (11,388)
2017	(11,388)
2018	(11,388)
2019	(11,388)
2020	-

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 of 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

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:

State of New Mexico
TOWN OF VAUGHN
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2015

NOTE 18 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (continued)

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	<u>4.0</u>	4.15
Total	100.00%	

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.

Sensitivity of the Town’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 Town’s net pension liability in each PERA Fund Division that the Town 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	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town’s proportionate Share of the net pension Liability	\$219,131	\$116,236	\$36,745

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at: <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2015, the Town had \$5,506 payables for contributions to the pension plan.

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SUPPLEMENTARY INFORMATION

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State of New Mexico
TOWN OF VAUGHN
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015

NON-MAJOR SPECIAL REVENUE FUNDS

Corrections - To establish an additional source of funds to municipalities to offset the costs of corrections. The source of funds is a five dollar fee which must be paid by all persons violating laws relating to the operations of a motor vehicle. Funding is authorized by NMSA 33-9-3.

E.M.S. - To account for the acquisition of emergency medical equipment and the operation of the equipment financed through a grant from the State of New Mexico. Funding is authorized by NMSA 24-10-A-1.

Fire Protection – To account for the operations and maintenance of the fire department. Contributions are from the state fire allotment.

Law Enforcement - To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Funding is authorized by NMSA 29-13-1 and 29-13- 4.

Lodgers Tax – To account for lodger’s tax collections. The tax is to be used for cultural and recreational activities. Funding is authorized by NMSA 3-38-14.

Municipal Streets - To account for funds of special gasoline tax for use in repairing and maintaining roads streets for which the Town has responsibility. Funding is authorized by Funding is authorized by NMSA 7-1-6.9 and 7-13-1 to 18.

Recreation - To account for the operation and maintenance of recreational facilities in the Town. Funding is provided by a specific annual cigarette tax levy. Funding is authorized by NMSA 7-12-1 & 7-12-15.

Senior Citizens – To account for the funds that are to provide services to senior citizens. Financing is from state appropriations, federal funds and local sources.

Wild Land Fund – To account for funds used to provide services to fight wild land fires. Financing is from the State of New Mexico Energy, Minerals and Natural Resources Department Forestry Division.

Airport Fund – To account for the construction and equipment used for the airport runway. Sources of revenue are from federal, state and local sources.

Cemetery – To account for revenue from the sales of lots and donations to be used for cemetery improvements. Funding is authorized by NMSA 58-17-4.

NON-MAJOR DEBT SERVICE FUND

Debt Service - Used to accumulate monies for payment of interest and principal due on general obligation bonds.

State of New Mexico
TOWN OF VAUGHN
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	SPECIAL REVENUE FUNDS				
	Corrections Fund	EMS Fund	Fire Fund	Law Enforcement Fund	Lodgers Tax Fund
Assets					
Cash and investments	\$ 4,441	\$ 35	\$ 37,989	\$ 5,904	\$ 139,933
Cash with paying agent	-	-	-	-	-
Taxes and accounts receivable	-	-	-	-	3,392
Due from other funds	-	-	-	-	68,629
Total assets	\$ 4,441	\$ 35	\$ 37,989	\$ 5,904	\$ 211,954
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 5,359	\$ -	\$ -
Accrued compensated absences	-	-	-	-	-
Due to other funds	-	5,549	-	-	-
Total liabilities	-	5,549	5,359	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted for:					
Special revenue funds	4,441	-	32,630	-	211,954
Capital project funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Assigned for:					
Special revenue funds	-	-	-	-	-
Unassigned for:					
Special revenue funds	-	(5,514)	-	5,904	-
Total fund balance	4,441	(5,514)	32,630	5,904	211,954
Total liabilities and fund balance	\$ 4,441	\$ 35	\$ 37,989	\$ 5,904	\$ 211,954

The accompanying notes are an integral part of these financial statements.
STATEMENT 1

State of New Mexico
TOWN OF VAUGHN
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

SPECIAL REVENUE FUNDS							
Street Fund	Recreation Fund	Senior Citizens Fund	Wildland Fund	Cemetery Fund	Airport Fund	Debt Service Fund	Total Non-major Funds
\$ 33,582	\$ 1,973	9,421	\$ 11,463	\$ 4,868	\$ -	\$ -	\$ 249,609
-	-	-	-	-	-	14,182	14,182
8,272	-	8,687	-	-	-	-	20,351
40,091	-	-	-	-	10,136	-	118,856
\$ 81,945	\$ 1,973	\$ 18,108	\$ 11,463	\$ 4,868	\$10,136	\$ 14,182	\$ 402,998
\$ 1,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,114
-	-	1,021	-	-	-	-	1,021
-	1,000	6,960	-	578	10,136	-	24,223
1,755	1,000	7,981	-	578	10,136	-	32,358
-	-	-	-	-	-	-	-
80,190	973	10,127	11,463	4,290	-	-	356,068
-	-	-	-	-	-	-	-
-	-	-	-	-	-	14,182	14,182
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	390
80,190	973	10,127	11,463	4,290	-	14,182	370,640
\$ 81,945	\$ 1,973	\$ 18,108	\$ 11,463	\$ 4,868	\$10,136	\$ 14,182	\$ 402,998

The accompanying notes are an integral part of these financial statements.
 STATEMENT 1 (continued) STATEMENT 1 (continued)

State of New Mexico
TOWN OF VAUGHN
Combining Statement of Revenues, Expenditures
And Changes In Fund Balance Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS				
	Corrections	EMS	Fire	Law	Lodgers
	Fund	Fund	Fund	Enforcement Fund	Tax Fund
Revenues:					
Taxes - other	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state	-	1,361	63,646	13,280	58,052
Grant revenue	-	-	-	-	-
Miscellaneous local sources	2	4	-	11	-
Total revenues	<u>2</u>	<u>1,365</u>	<u>63,646</u>	<u>13,291</u>	<u>58,052</u>
Expenditures:					
Current					
Public safety	-	-	38,034	6,974	-
Highways and streets	-	-	-	-	-
Health and welfare	-	5,872	-	-	-
Culture and recreation	-	-	-	-	-
Public works	-	-	-	-	18,094
Non-Current					
Debt service principal	-	-	-	-	-
Debt service interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>5,872</u>	<u>38,034</u>	<u>6,974</u>	<u>18,094</u>
Excess (deficiency) of revenues over (under) expenditures	2	(4,507)	25,612	6,317	39,958
Other financing sources (uses):					
Proceeds from loan	-	-	-	-	-
Operating transfers in	-	-	-	-	111
Operating transfers out	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111</u>
Net changes in fund balances	2	(4,507)	25,612	6,317	40,069
Fund balance, beginning of year	<u>4,439</u>	<u>(1,007)</u>	<u>7,018</u>	<u>(413)</u>	<u>171,885</u>
Fund balance, end of year	<u>\$ 4,441</u>	<u>\$ (5,514)</u>	<u>\$ 32,630</u>	<u>\$ 5,904</u>	<u>\$ 211,954</u>

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

STATEMENT 2

State of New Mexico
TOWN OF VAUGHN
Combining Statement of Revenues, Expenditures
And Changes In Fund Balance Nonmajor Governmental Funds
For the Year Ended June 30, 2015

SPECIAL REVENUE FUNDS

Street Fund	Recreation Fund	Senior Citizens Fund	Wildland Fund	Cemetery Fund	Airport Fund	Debt Service Fund	Total Non-Major Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,834	\$ 22,834
46,799	2	58,692	-	-	-	-	241,832
-	-	-	-	-	-	-	-
-	-	11,362	649	280	402	116	12,826
<u>46,799</u>	<u>2</u>	<u>70,054</u>	<u>649</u>	<u>280</u>	<u>402</u>	<u>22,950</u>	<u>\$ 277,492</u>
-	-	-	1,268	-	-	-	46,276
-	-	62,508	-	-	-	-	62,508
-	-	-	-	-	-	-	5,872
-	-	-	-	1,443	-	-	1,443
23,835	-	-	-	-	-	-	41,929
-	-	-	-	-	-	22,224	22,224
-	-	-	-	-	-	609	609
-	-	-	-	-	-	-	-
<u>23,835</u>	<u>-</u>	<u>62,508</u>	<u>1,268</u>	<u>1,443</u>	<u>-</u>	<u>22,833</u>	<u>180,861</u>
22,964	2	7,546	(619)	(1,163)	402	117	96,631
-	-	-	-	-	-	-	-
-	-	-	-	-	5,428	-	5,539
-	(395)	-	-	-	-	-	(395)
<u>-</u>	<u>(395)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,428</u>	<u>-</u>	<u>5,144</u>
22,964	(393)	7,546	(619)	(1,163)	5,830	117	101,775
57,226	1,366	2,581	12,082	5,453	(5,830)	14,065	268,865
<u>\$ 80,190</u>	<u>\$ 973</u>	<u>\$ 10,127</u>	<u>\$ 11,463</u>	<u>\$ 4,290</u>	<u>\$ -</u>	<u>\$ 14,182</u>	<u>\$ 370,640</u>

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

STATEMENT 2 (continued)

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State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Corrections Fund - 201
For the Year Ended June 30, 2015

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Intergovernmental - State	\$ -	\$ -	\$ -	\$ -
Miscellaneous local sources	31	31	2	(29)
Total revenue	<u>31</u>	<u>31</u>	<u>2</u>	<u>(29)</u>
Expenditures:				
Public Safety:				
Current:				
Operating expenses	-	-	-	-
Non-current				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31</u>	<u>31</u>	<u>2</u>	<u>(29)</u>
Other financing sources (uses):				
Bond Proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances			<u>2</u>	
Cash balances - beginning of year	<u>-</u>	<u>-</u>	<u>4,439</u>	
Cash balances - end of year			<u>\$ 4,441</u>	
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 2	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 2</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 3

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - EMS Fund - 206
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental - State	\$ 5,200	\$ 5,200	\$ 5,200	\$ -
Miscellaneous local sources	5	5	4	(1)
Total revenue	5,205	5,205	5,204	(1)
Expenditures:				
Public Safety:				
Current:				
Operating expenses	5,200	5,200	5,872	(672)
Non-current				
Capital outlay	-	-	-	-
Total expenditures	5,200	5,200	5,872	(672)
Excess (deficiency) of revenues over (under) expenditures	5	5	(668)	(673)
Other financing sources (uses):				
Operating transfers in	-	-	0	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	5	5	(668)	-
Cash balances - beginning of year	-	-	703	
Cash balances - end of year	\$ 5	\$ 5	\$ 35	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (668)	
Adjustment to revenues for accruals and other deferrals			(3,839)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (4,507)	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 4

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual - Fire Protection Fund - 209
For the Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Budget</u>	<u>Budget</u>		
Revenues:				
Intergovernmental - State	\$ 55,500	\$ 55,500	\$ 63,646	\$ 8,146
Miscellaneous local sources	87	87	0	(87)
Total revenue	<u>55,587</u>	<u>55,587</u>	<u>63,646</u>	<u>8,059</u>
Expenditures:				
Public Works:				
Current:				
Operating expenses	55,520	55,520	33,010	22,510
Non-current				
Capital outlay	-	-	-	-
Total expenditures	<u>55,520</u>	<u>55,520</u>	<u>33,010</u>	<u>22,510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>67</u>	<u>67</u>	<u>30,636</u>	<u>30,569</u>
Other financing sources (uses):				
Bond Proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>67</u>	<u>67</u>	<u>30,636</u>	<u>-</u>
Cash balances - beginning of year	-	-	7,353	
Cash balances - end of year	<u>\$ 67</u>	<u>\$ 67</u>	<u>\$ 37,989</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 30,636	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(5,024)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 25,612</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 5

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Law Enforcement Fund - 211
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental - State	\$ 20,600	\$ 20,600	\$ 13,280	\$ (7,320)
Miscellaneous local sources	10	10	11	1
Total revenue	20,610	20,610	13,291	(7,319)
Expenditures:				
Public Safety:				
Current:				
Operating expenses	20,200	20,200	7,194	13,006
Non-current				
Capital outlay	-	-	-	-
Total expenditures	20,200	20,200	7,194	13,006
Excess (deficiency) of revenues over (under) expenditures	410	410	6,097	5,687
Other financing sources (uses):				
Bond Proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	410	410	6,097	-
Cash balances - beginning of year			(193)	
Cash balances - end of year	\$ 410	\$ 410	\$ 5,904	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 6,097	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			220	
Net change in fund balance (GAAP Basis)			\$ 6,317	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 6

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Lodgers Tax Fund - 214
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental - State	\$ 50,680	\$ 50,680	\$ 59,365	\$ 8,685
Miscellaneous local sources	162	162	110	(52)
Total revenue	<u>50,842</u>	<u>50,842</u>	<u>59,475</u>	<u>8,633</u>
Expenditures:				
Culture and recreation				
Current:				
Personnel services	-	-	-	-
Operating expenses	29,916	29,916	18,487	11,429
Non-current				
Capital outlay	-	-	-	-
Total expenditures	<u>29,916</u>	<u>29,916</u>	<u>18,487</u>	<u>11,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,926</u>	<u>20,926</u>	<u>40,988</u>	<u>20,062</u>
Other financing sources (uses):				
Bond Proceeds	-	-	-	-
Operating transfers in	-	-	111	(111)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>111</u>	<u>(111)</u>
Net change in fund balances	<u>20,926</u>	<u>20,926</u>	<u>41,099</u>	<u>19,951</u>
Cash balances - beginning of year			<u>98,834</u>	
Cash balances - end of year	<u>\$ 20,926</u>	<u>\$ 20,926</u>	<u>\$ 139,933</u>	<u>\$ 19,951</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 41,099	
Adjustment to revenues for accruals and other deferrals			(1,423)	
Adjustment to expenditures for payables, prepaids and other accruals			<u>393</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 40,069</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 7

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual - Street Fund - 216
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental - State	\$ 32,906	\$ 32,906	\$ 41,666	\$ 8,760
CDBG Grant	-	-	-	-
Miscellaneous local sources	-	-	-	-
Total revenue	32,906	32,906	41,666	8,760
Expenditures:				
Public Safety:				
Current:				
Operating expenses	29,435	29,435	24,212	5,223
Non-current				
Capital outlay	-	-	-	-
Total expenditures	29,435	29,435	24,212	5,223
Excess (deficiency) of revenues over (under) expenditures	3,471	3,471	17,454	13,983
Other financing sources (uses):				
Loan Payment	-	-	-	-
Operating transfers in	-	9,200	-	9,200
Operating transfers out	-	(17,440)	-	(17,440)
Total other financing sources (uses)	-	(8,240)	-	(8,240)
Net change in fund balances	-	-	17,454	-
Cash balances - beginning of year	-	-	16,128	
Cash balances - end of year	\$ -	\$ -	\$ 33,582	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 17,454	
Adjustment to revenues for accruals and other deferrals			5,133	
Adjustment to expenditures for payables, prepaids and other accruals			377	
Net change in fund balance (GAAP Basis)			\$ 22,964	

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

STATEMENT 8

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Recreation Fund - 217
For the Year Ended June 30, 2015

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Intergovernmental - State	\$ -	\$ -	\$ -	\$ -
Miscellaneous local sources	3	3	2	(1)
Total revenue	<u>3</u>	<u>3</u>	<u>2</u>	<u>(1)</u>
Expenditures:				
Culture and recreation				
Current:				
Personnel services	-	-	-	-
Operating expenses	-	-	0	-
Non-current				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3</u>	<u>3</u>	<u>2</u>	<u>(1)</u>
Other financing sources (uses):				
Bond Proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(395)	395
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(395)</u>	<u>395</u>
Net change in fund balances	<u>3</u>	<u>3</u>	<u>(393)</u>	<u>-</u>
Cash balances - beginning of year	<u>-</u>	<u>-</u>	<u>2,366</u>	<u>-</u>
Cash balances - end of year	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 1,973</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (393)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (393)</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 9

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Senior Citizens Fund - 219
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental - State	\$ 56,000	\$ 57,500	\$ 53,221	\$ (4,279)
Federal Funding	-	-	-	-
Miscellaneous local sources	4,003	4,003	11,362	7,359
Total revenue	<u>60,003</u>	<u>61,503</u>	<u>64,583</u>	<u>3,080</u>
Expenditures:				
Culture and recreation:				
Current:				
Operating expenses	81,067	82,567	64,700	17,867
Non-current				
Capital outlay	-	-	-	-
Total expenditures	<u>81,067</u>	<u>82,567</u>	<u>64,700</u>	<u>17,867</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,064)</u>	<u>(21,064)</u>	<u>(117)</u>	<u>20,947</u>
Other financing sources (uses):				
Bond Proceeds	-	-	-	-
Operating transfers in	21,064	21,064	-	21,064
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>21,064</u>	<u>21,064</u>	<u>-</u>	<u>21,064</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(117)</u>	<u>-</u>
Cash balances - beginning of year			<u>9,538</u>	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,421</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (117)	
Adjustment to revenues for accruals and other deferrals			5,471	
Adjustment to expenditures for payables, prepaids and other accruals			<u>2,192</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 7,546</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 10

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Wildland Fund - 299
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State Funding	\$ -	\$ -	\$ -	\$ -
Miscellaneous local sources	2,017	2,017	649	(1,368)
Total revenue	<u>2,017</u>	<u>2,017</u>	<u>649</u>	<u>(1,368)</u>
Expenditures:				
Culture and recreation:				
Current:				
Operating expenses	2,000	2,000	1,268	732
Non-current				
Capital outlay	-	-	-	-
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,268</u>	<u>732</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17</u>	<u>17</u>	<u>(619)</u>	<u>(636)</u>
Other financing sources (uses):				
Bond Proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>17</u>	<u>17</u>	<u>(619)</u>	<u>-</u>
Cash balances - beginning of year			12,082	
Cash balances - end of year	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 11,463</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (619)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (619)</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 11

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Cemetery Fund - 510
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Interest on investments	\$ 7	\$ 7	\$ 5	\$ (2)
Miscellaneous local sources	295	295	275	(20)
Total revenue	302	302	280	(22)
Expenditures:				
Health and welfare:				
Current:				
Operating expenses	302	302	1,443	(1,141)
Total expenditures	302	302	1,443	(1,141)
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,163)	(1,163)
Other financing sources (uses):				
Bond Proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,163)	-
Cash balances - beginning of year			6,031	
Cash balances - end of year	\$ -	\$ -	\$ 4,868	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,163)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (1,163)	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 12

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Ambulance Fund - 509
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ 63,492	\$ 63,492
Charges for Services	30,246	30,246	26,748	(3,498)
Miscellaneous local sources	48,629	48,629	1,727	(46,902)
Total revenue	<u>78,875</u>	<u>78,875</u>	<u>91,967</u>	<u>13,092</u>
Expenditures:				
Public Safety:				
Current:				
Personnel services	-	-	48,044	(48,044)
Operating expenses	76,252	76,252	18,663	57,589
Non-current				
Capital outlay	-	-	12,192	(12,192)
Total expenditures	<u>76,252</u>	<u>76,252</u>	<u>78,899</u>	<u>(2,647)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,623</u>	<u>2,623</u>	<u>13,068</u>	<u>10,445</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(4,255)	4,255
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,255)</u>	<u>4,255</u>
Net change in fund balances	<u>2,623</u>	<u>2,623</u>	<u>8,813</u>	<u>-</u>
Cash balances - beginning of year			<u>15,485</u>	
Cash balances - end of year	<u>\$ 2,623</u>	<u>\$ 2,623</u>	<u>\$ 24,298</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 8,813	
Adjustment to revenues for accruals and other deferrals			3,844	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(11,880)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 777</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 13

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Airport Fund - 409
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State grant revenue	\$ -	\$ -	\$ -	\$ -
Federal grant revenue	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Non-current:				
Capital assets:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Operating transfers in	-	-	5,428	(5,428)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,428</u>	<u>(5,428)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>5,428</u>	<u>-</u>
Cash balances - beginning of year			<u>(5,428)</u>	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 5,428	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>402</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 5,830</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 14

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP Basis) - Debt Service Fund - 402
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental - State	\$ -	\$ -	\$ 22,950	\$ 22,950
Total revenue	<u>-</u>	<u>-</u>	<u>22,950</u>	<u>22,950</u>
Expenditures:				
Non-current:				
Debt service:				
Principal payment	-	-	22,224	(22,224)
Interest payment	-	-	609	(609)
Agent fees	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>22,833</u>	<u>(22,833)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>117</u>	<u>117</u>
Other financing sources (uses):				
Loan Proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>117</u>	<u>-</u>
Cash balances - beginning of year			<u>14,065</u>	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,182</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 117	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 117</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 15

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues, Expenditures - Budget (Non-GAAP Budgetary
Basis) and Actual (GAAP Basis) - Solid Waste Fund - 504
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Charges for services	\$ 37,060	\$ 37,060	\$ 35,782	\$ (1,278)
Taxes	4,391	4,391	-	(4,391)
Interest	9	9	-	(9)
Total revenues	41,460	41,460	35,782	(5,678)
Expenses				
Current				
Operating expenses	54,460	54,460	35,117	19,343
Non-current				
Debt service	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenses	54,460	54,460	35,117	19,343
Excess (deficiency) of revenues over (under) expenditures	(13,000)	(13,000)	665	13,665
Other financing sources (uses):				
Operating transfers in	13,000	13,000	30,000	(17,000)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	13,000	13,000	30,000	(17,000)
Net change in fund balances	-	-	30,665	(3,335)
Cash balances - beginning of year	-	-	14,063	
Cash balances - end of year	\$ -	\$ -	\$ 44,728	\$ (3,335)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 30,665	
Adjustment to revenues for accruals and other deferrals			(1,333)	
Adjustment to expenditures for payables, prepaids and other accruals			(28,930)	
Net change in fund balance (GAAP Basis)			\$ 402	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 16

State of New Mexico
TOWN OF VAUGHN
Statement of Revenues, Expenditures - Budget (Non-GAAP Budgetary
Basis) and Actual (GAAP Basis) - Water & Sewer Fund - 505
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues				
Charges for services	\$ 325,000	\$ 325,000	\$ 580,180	\$ 255,180
Interest	21	21	1,145	1,124
Total revenues	<u>325,021</u>	<u>325,021</u>	<u>581,325</u>	<u>256,304</u>
Expenses				
Current				
Personnel services	-	-	141,770	(141,770)
Operating expenses	280,222	280,222	193,803	86,419
Fuel and power utilities	-	-	26,383	(26,383)
Non-current				
Debt service	-	-	7,000	(7,000)
Interest and fiscal charges	-	-	20,660	(20,660)
Capital outlay	-	-	74,067	(74,067)
Total expenses	<u>280,222</u>	<u>280,222</u>	<u>463,683</u>	<u>(183,461)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44,799</u>	<u>44,799</u>	<u>117,642</u>	<u>439,765</u>
Other financing sources (uses):				
Operating transfers in	-	-	100	(100)
Operating transfers out	(33,000)	(33,000)	(56,100)	23,100
Total other financing sources (uses)	<u>(33,000)</u>	<u>(33,000)</u>	<u>(56,000)</u>	<u>23,000</u>
Net change in fund balances	<u>11,799</u>	<u>11,799</u>	<u>61,642</u>	<u>462,765</u>
Cash balances - beginning of year	-	-	42,835	
Cash balances - end of year	<u>\$ 11,799</u>	<u>\$ 11,799</u>	<u>\$ 104,477</u>	<u>\$ 462,765</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 61,642	
Adjustment to revenues for accruals and other deferrals			17,701	
Adjustment to expenditures for payables, prepaids and other accruals			(15,330)	
Net change in fund balance (GAAP Basis)			<u>\$ 64,013</u>	

The accompanying notes are an integral part of these Financial Statements.
STATEMENT 17

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**REQUIRED SUPPLEMENTARY INFORMATION
PENSION LIABILITY**

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State of New Mexico
TOWN OF VAUGHN
June 30, 2015

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA
FUND DIVISION – GENERAL
Public Employees Retirement Association (PERA)
Plan Last 10 Fiscal Years*

	<u>2015</u>
Proportion of the net pension liability (asset)	0.0149%
Proportionate share of the net pension liability (asset)	\$116,236
Covered-employee payroll	\$165,633
Proportionate share of the net pension liability (asset) as a Percentage of its covered-employee payroll	70.18%
Plan fiduciary net position as a percentage of the total Pension liability	81.29%

*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 State of New Mexico will present information for those years for which information is available.

The accompanying notes are an integral part of these financial statements

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State of New Mexico
TOWN OF VAUGHN
June 30, 2015

SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Division – General
Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$23,275
Contributions in relation to the contractually required	\$23,275
Contribution deficiency (excess)	-
Covered-employee payroll	\$189,682
Contributions as a percentage of covered-employee payroll	12.27%

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

The accompanying notes are an integral part of these financial statements

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State of New Mexico
TOWN OF VAUGHN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in 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/Investments/RetirementFundValuationReports/6-30-2014%20PER%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.

The accompanying notes are an integral part of these financial statements

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OTHER SUPPORTING SCHEDULES

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State of New Mexico
TOWN OF VAUGHN
 SCHEDULE OF BANK DEPOSITORIES
 June 30, 2015

Bank Name	Account Name	Account Type	Bank Balance	Outstanding Checks	Deposits in Transit	Book Balance
Wells Fargo Bank						
Governmental Activities:						
	Local Government Correctional	3	\$ 4,441	\$ -		\$ 4,441
	Juvenile Recreation Fund	1	-	-		-
	Municipal Rd 10% Plate Fund	1	33,582	-		33,582
	General Fund	1	374,193	5,571	-	368,622
	Total		412,216	5,571	-	406,645
Business-type Activities						
	Water & Sewer Improvement	1	1	-		1
	Water & Sewer Improvement	1	27,340	-		27,340
	Water Department	3	7,331	-		7,331
	Total		34,672	-	-	34,672
	Total Wells Fargo Bank		<u>\$ 446,888</u>	<u>\$ 5,571</u>	<u>\$ -</u>	<u>\$ 441,317</u>
Everyone's Federal Credit Union						
Governmental Activities:						
	Juvenile Recreation Fund Share Account	1	\$ 25	\$ -	\$ -	\$ 25
	Juvenile Recreation Fund Commerical Dra	1	1,948	-	-	1,948
	Health Services Share Account	1	25	-	-	25
	Health Services Commercial Draft Accoun	1	1,219	1,209	-	10
	Fire Fund Share Account	1	25	-	-	25
	Fire Fund Commercial Draft Account	1	40,227	2,263	-	37,964
	Fire Fund/Wildland Share Account	1	25	-	-	25
	Fire Fund/Wildland Commercial Draft Acc	1	11,438	-	-	11,438
	Law Enforcement Fund Share Account	1	25	-	-	25
	Law Enforcement Commercial Draft Acco	1	5,889	10	-	5,879
	Senior Citizens Fund Share Account	1	25	-	-	25
	Senior Citizens Commercial Draft Account	1	10,182	786	-	9,396
	Ambulance Service Fund Share Account	1	25	-	-	25
	Ambulance Service Commercial Draft Acc	1	27,402	3,129	-	24,273
	Operation & Maintenance Fund Share Acc	1	25	-	-	25
	Operation & Maintenance Commercial Dr	1	97,607	652	-	96,955
	Cemetery Share Account	1	25	-	-	25
	Cemetery Commercial Draft Account	1	4,843	-	-	4,843
	Meter Fund Share Account	1	25	-	-	25
	Meter Fund Commerical Draft	1	17,528	-	-	17,528
	Lodgers Tax Fund Share Account	1	25	-	-	25
	Lodgers Tax Fund Commercial Draft Acco	1	140,301	393	-	139,908
	Total Everyone's Federal Credit Union		<u>358,859</u>	<u>8,442</u>	<u>-</u>	<u>350,417</u>
Bank of Albuquerque						
	Trust Service/Debt Service	4	\$ 13,996	\$ -	\$ -	\$ 13,996
	Total Bank of Albuquerque		<u>\$ 13,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,996</u>
New Mexico Finance Authority						
	State Treasurere D/S	4	182	-	-	182
	State Treasurere D/S	4	4	-	-	4
	Total New Mexico Finance Authority		<u>\$ 186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186</u>
	Total all accounts		<u>\$ 819,929</u>	<u>\$ 14,013</u>	<u>\$ -</u>	<u>\$ 805,916</u>

1 Checking account 2 Savings account
 3 Certificate of Deposit 4 Trustee account

SEE INDEPENDENT AUDITORS' REPORT

The accompanying Notes are an integral part of these Financial Statements
 STATEMENT 21

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State of New Mexico
TOWN OF VAUGHN
 SCHEDULE OF VENDOR INFORMATION
 FOR PURCHASES EXCEEDING \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of All Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
n/a	n/a	n/a	\$112,000	n/a	Southwest Ambulance Sales, RS Country Rd. 2182, Emory, TX 75440	Y	N	Purchase of Ambulance

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COMPLIANCE SECTION

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**CALHOON ACCOUNTING & TAX SERVICES
PO BOX 945
ESTANCIA, NEW MEXICO 87016**

**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

Timothy Keller, State Auditor
Roman Garcia, Mayor
Members of the Town Council
Town of Vaughn
Vaughn, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the Town of Vaughn (Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Town, presented as supplemental information, and have issued my report thereon dated December 8, 2015.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Finding and Responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses. The material weakness is described as finding 2007-001.

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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. I consider the deficiency described as finding 2010-003 in the accompanying Schedule of Findings and Responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2002-025, 2014-001, 2014-002, and 2015-001.

The Town of Vaughn's Response to Findings

The Town of Vaughn's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

This purpose of this report is solely to describe the scope of my 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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Calhoon Accounting & Tax Services

Calhoon Accounting & Tax Services
Estancia, New Mexico
December 8, 2015

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FINDINGS AND RESPONSES

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State of New Mexico
TOWN OF VAUGHN
 SCHEDULE OF FINDINGS AND RESPONSES
 For the Year Ended June 30, 2015

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

- 2002-025 Expenditures in Excess of Budget (Non-Compliance) - Repeated, Revised
- 2007-001 Capital Assets (Material Weakness) - Repeated
- 2010-001 Missing Cancelled Checks (Significant Deficiency) - Resolved
- 2010-002 Missing 941 Tax Reports (Material Weakness) - Resolved
- 2010-003 Accounts Receivable and Accounts Payable (Significant Deficiency) –Repeated
- 2011-003 Transactions Incorrectly Recorded (Material Weakness) - Resolved
- 2012-002 Deficit Cash in Special Revenue Funds (Non-Compliance) - Resolved
- 2012-003 Purchase Order Violations (Non-Compliance) – Resolved
- 2014-001 Travel and Per diem (Non-Compliance) – Repeated, Revised
- 2014-002 Public Employees Retirement Act (Non-Compliance) – Repeated, Revised

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES

2002-025 [2002-25] Expenditures In Excess of Budgets repeated and revised (Non-Compliance)

Criteria: State Statute, 6-6-6, NMSA 1978 requires the expenditures of public bodies not to exceed budget authority.

Condition: The town of Vaughn’s actual expenditures exceeded the budgeted authority in the following funds:

<u>Name</u>	<u>Number</u>	<u>Revised Budget</u>	<u>Actual Expenditures</u>	<u>Overspent Amount</u>
General Fund	101	\$305,803	\$501,175	\$195,372
EMS Fund	206	5,200	5,872	672
Debt Service Fund	400	-0-	22,833	22,833
Ambulance Fund	509	76,252	78,899	2,647
Cemetery Fund	510	302	1,443	1,141
Water & Waste Water Fund	505	280,222	463,683	183,461

Cause: The Town policies and procedures do not prevent over expenditure of funds and do not require budget adjustments when necessary.

Effect: The Town is in violation of applicable laws, regulations and policies established by the Town, State and Department of Finance and Administration.

Recommendation: Management should implement procedures to prevent expenditures from exceeding budget.

Management’s response: The Town Clerk will monitor the budget on a monthly basis. Training will be given to the Clerk to help improve the understanding of budget control and completing budget adjustments in a timely manner. The Clerk is responsible for monitoring the budget and submitting adjustments as necessary. Management is responsible for corrective action and expects to correct this finding by June 30, 2016.

State of New Mexico
TOWN OF VAUGHN
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2015

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES (continued)

2007-001 [2007-01] Capital Assets repeated (Material Weakness)

Criteria: Per state statute 12-6-10, NMSA 1978 and regulation 2.20.1.15 NMAC, the town should establish controls over its fixed assets for the primary purpose of safeguarding them and establishing accountability for their custody and use. Assets must be properly capitalized, classified, valued and depreciated.

Condition: The Town does not have a complete listing of capital assets and has not calculated and recorded depreciation expense on those assets.

Cause: The Town has not kept a complete inventory of their capital assets.

Effect: The failure to maintain adequate capital asset records results in the inability of the Town to maintain control over the capital assets and also results in the Town being noncompliant with state requirements.

Recommendation: I recommend that the Town obtain assistance in compiling an accurate capital asset listing, including an updated depreciation schedule and update it annually for any additions or dispositions of assets.

Management's response: The Assistant Town Clerk is currently working on compiling an accurate capital asset listing, including updated depreciation schedules. The Town Clerk is responsible for ensuring this is corrected and expects this to be completed by June 30, 2016.

2010-003 [2010-03] Accounts Receivable and Accounts Payable repeated (Significant Deficiency)

Criteria: 2011 Government Auditing Standards Section 3.40 as well as 6.20.2.13(D) NMAC, states the Town is required to prepare accurate account balances for financial presentation.

Condition: The Town was unable to prepare a listing of accounts receivable and accounts payable.

Cause: Preparing an accurate accounts receivable and accounts payable sub ledger is essential to the Town's operational and management decisions. The Town's inability to prepare a sub ledger of accounts receivable and account payable could lead to misstating the balances in the proper periods.

Effect: The Town was unable to prepare a listing of accounts receivable and accounts payable for the fiscal year end.

Recommendation: The Town should review all outstanding receipts and expenditures at year end to ensure they are added to the list of accounts receivable or accounts payable as necessary.

Management's response: The Town Clerk will be trained to be able to provide the auditor with a listing of accounts receivable and accounts payables. The Town Clerk is responsible for ensuring this is corrected and expects this to be corrected by June 30, 2016.

State of New Mexico
TOWN OF VAUGHN
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2015

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES (continued)

2014-001 Travel and Per Diem repeated, revised (Non-Compliance)

Criteria: In accordance with the Town's travel per diem and mileage policy; which is to follow the New Mexico Travel Per Diem and Mileage Act Sections 13-1-1 to 13-1-199, NMSA, 1978 and NMAC 2.42.2, they are not in compliance with the travel per diem and mileage calculations.

Condition: The Town did not ensure that travel voucher had appropriate supporting documentation and approval. The Town is not following their ordinance to pay \$0.33 per mile, they are paying \$0.50 per mile. Meal reimbursements are not calculated correctly. Seventeen out of Twenty vouchers tested were paid incorrectly resulting in an overpayment of \$1,061. One out of the twenty payments had supporting documentation as to dates, time, and purpose of travel reimbursement. Twenty out of twenty had no authorization or approval.

Cause: The Town is not following their ordinance and procedures on travel reimbursements for meal reimbursements and mileage.

Effect: Town employees do not have a clear understanding of the travel per diem and mileage policy and procedures.

Recommendation: The Town administrative staff should train employees on travel and per diem policy and procedures. The Town should review and implement procedures to ensure all travel requests are accurate and complete.

Management's response: The Town will train all employees on the Travel Per Diem and the Mileage Policy. The Town passed a new ordinance authorizing the payment of \$0.50 per mile. The Town will implement procedures to ensure travel is reimbursed appropriately and adequate documentation is maintained. The Town Clerk is responsible for ensuring that Travel and per diem are paid correctly. The Town expects to correct this finding by June 30, 2016.

2014-002 Public Employees Retirement Act repeated, revised (Non-Compliance)

Criteria: In accordance with the Public Employees Retirement Act (PERA) Sections 10-11-1 to 10-11-141 NMSA 1978, payments to PERA is due within 10 days from withholding from the pay date. Payments to PERA are not being submitted and paid timely.

Condition: Payments to PERA are being paid late.

Cause: The payroll administrator is not sending payment to PERA on a timely basis.

Effect: Underpayment to PERA for fiscal year end 2015 is approximately \$5,506.

Recommendation: Train payroll administrator to ensure PERA is submitted and paid timely.

Management's response: The Town will provide training to the payroll administrator and ensure the Town is in compliance with PERA regulations and reports and payments are made timely. The Town Clerk is responsible for ensuring this is corrected and expects to be fully compliant June 30, 2016.

State of New Mexico
TOWN OF VAUGHN
SCHEDULE OF FINDINGS AND RESPONSES (continued)
For the Year Ended June 30, 2015

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES (continued)

2015-001 Pledged Collateral (Non-Compliance)

Criteria: Per New Mexico state statute Section 6-10-16 and 6-10-17, NMSA 1978 and regulations from NMAC 2.2.2.10 N 5)(b), the Town should obtain pledged collateral from depository institutions for at least 50% of its uninsured balances.

Condition: The Town has \$446,888 of total deposits at Wells Fargo Bank and \$358,859 at Everyone's Federal Credit Union. Neither bank provided pledged collateral to the Town.

Cause: The Town did not monitor the cash flow and ensure that each bank collateralized accordingly.

Effect: The Town is a risk for a loss of funds and in violation of NMAC 2.2.2.10 N. (5)(b).

Recommendation: The Town should continue to monitor its depository accounts as it relates to uninsured balances and develop relationships that are beneficial to the Town and in compliance with state statutes.

Management's response: The Town signed a pledged collateral agreement with Wells Fargo as of the date of these financial statements and the bank will provide proof of collateral on a monthly basis. The Town Clerk will ensure Everyone's Federal Credit Union collateralizes the bank accounts or they will remove funds in excess of the FDIC insured amount of \$250,000. The Town is currently working to resolve this finding and expects to be compliant by June 30, 2016.

State of New Mexico
TOWN OF VAUGHN
OTHER DISCLOSURES
For the Year Ended June 30, 2015

AUDITOR PREPARED FINANCIAL STATEMENTS

The accompanying financial statements are the responsibility of the Town of Vaughn and are based on the information from the Town's financial records. Assistance was provided by Calhoon Accounting & Tax Services to the Town in preparing the financial statements and the footnotes for inclusion in the annual audit.

EXIT CONFERENCE

An exit conference was held in the offices of the Town of Vaughn in Vaughn, New Mexico on December 8, 2015. The contents of the report were discussed with the following in attendance:

Town of Vaughn:

Roman Garcia, Mayor
Billy Lucero, Council Member
Carmen Sisneros-Langley, Clerk
Paula Foote, Assistant Clerk

Calhoon Accounting & Tax Services:

Renea L. Calhoon, CPA