

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2011
and Independent Auditors' Report**

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

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JUNE 30, 2011**

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**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

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STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

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**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

OFFICIAL ROSTER

BOARD OF EDUCATION

Antonio Castillo
Henrietta Garcia
Louis Guana
Rudy Martinez
Floraida Tapia

President
Vice President
Secretary
Member
Member

SCHOOL OFFICIALS

Johnnie Cain

Superintendent

INDEPENDENT AUDITORS' REPORT

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Vaughn Municipal Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Vaughn Municipal Schools (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects funds, debt service fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects funds, debt service fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with

Government Auditing Standards and should be considered in assessing the results of our audit.

The District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined in necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statement and budgetary comparisons presented as supplemental information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

White + Sanouija + Campbell, LLP

El Paso, Texas
October 25, 2011

**BASIC
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 471,695
Property taxes receivable	2,461
Due from other governments	84,132
Inventory	<u>2,307</u>
Total current assets	<u>560,595</u>
Non-current assets	
Restricted cash and cash equivalents	94,510
Bond issuance costs, net of amortization of \$65,129	33,608
Capital assets	8,290,767
Less accumulated depreciation	<u>(5,141,139)</u>
Total non-current assets	<u>3,277,746</u>
Total assets	\$ <u>3,838,341</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 3,528
Accrued interest	21,849
Deferred revenue	17,521
Current portion of bonds payable	<u>160,000</u>
Total current liabilities	202,898
Long-term obligations	
Bonds payable	920,000
Accrued compensated absences	<u>13,152</u>
Total long-term liabilities	<u>933,152</u>
Total liabilities	<u>1,136,050</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,081,387
Restricted for	
Cafeteria fund (inventory)	2,307
Special revenue	50,418
Capital projects	124,154
Debt service	273,253
Unrestricted	<u>170,772</u>
Total net assets	\$ <u>2,702,291</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses:					
Governmental Activities:					
Instruction	\$ 1,072,389	\$ 8,650	\$ 123,391	\$ -	\$ (940,348)
Support services	599,094	24,745	121,325	7,345	(445,679)
Central services	121,920	-	-	-	(121,920)
Operation and maintenance of plant	369,179	-	-	-	(369,179)
Student transportation	65,136	-	63,833	-	(1,303)
Food services	91,232	-	-	-	(91,232)
Interest on long-term debt	48,744	-	-	-	(48,744)
Depreciation	383,290	-	-	-	(383,290)
Amortization	9,273	-	-	-	(9,273)
Total governmental activities	<u>\$ 2,760,257</u>	<u>\$ 33,395</u>	<u>\$ 308,549</u>	<u>\$ 7,345</u>	<u>(2,410,968)</u>
General Revenues:					
Taxes:					
Property taxes, levied for operating programs					21,931
Property taxes, levied for debt services					213,152
Property taxes, levied for capital projects					87,784
State equalization guarantee					1,261,859
Interest and investment earnings					1,618
Miscellaneous					725
Special item- Emergency funding					<u>340,000</u>
Subtotal, general revenue					<u>1,927,069</u>
Change in net assets					(483,899)
Net assets - beginning of year					<u>3,186,190</u>
Net assets - end of year					<u>\$ 2,702,291</u>

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Entitlement IDEA B	Teacher/Principal Training & Recruiting	Bond Building
ASSETS				
Cash and cash equivalents	\$ 99,626	\$ -	\$ -	\$ 94,510
Property taxes receivable	166	-	-	-
Due from other funds	84,132	-	-	-
Due from grantors	-	16,115	59,260	-
	<u>183,924</u>	<u>16,115</u>	<u>59,260</u>	<u>94,510</u>
Total assets	<u>\$ 183,924</u>	<u>\$ 16,115</u>	<u>\$ 59,260</u>	<u>\$ 94,510</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	16,115	59,260	-
	<u>-</u>	<u>16,115</u>	<u>59,260</u>	<u>-</u>
Total liabilities	-	16,115	59,260	-
Fund balances:				
Nonspendable - Inventory	-	-	-	-
Restricted, reported in:				
Special revenue fund	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	94,510
Unassigned, reported in:				
General fund	183,924	-	-	-
	<u>183,924</u>	<u>-</u>	<u>-</u>	<u>94,510</u>
Total fund balances	<u>183,924</u>	<u>-</u>	<u>-</u>	<u>94,510</u>
Total liabilities and fund balances	<u>\$ 183,924</u>	<u>\$ 16,115</u>	<u>\$ 59,260</u>	<u>\$ 94,510</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Capital Improvements SB-9	Debt Service	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 93,727	\$ 177,049	\$ 101,293	\$ 566,205
Property taxes receivable	666	1,629	-	2,461
Due from other funds	-	-	-	84,132
Inventory	-	-	2,307	2,307
Due from grantors	-	-	8,757	84,132
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 94,393	\$ 178,678	\$ 112,357	\$ 739,237
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,528	\$ -	\$ -	\$ 3,528
Accrued payroll	-	-	-	-
Due to other funds	-	-	8,757	84,132
Deferred revenue	-	-	17,521	17,521
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	3,528	-	26,278	105,181
Fund balances:				
Nonspendable - Inventory	-	-	2,307	2,307
Restricted, reported in:				
Special revenue fund	-	-	50,418	50,418
Capital projects funds	90,865	-	33,289	124,154
Retirement of long-term debt	-	178,678	65	273,253
Unassigned, reported in:				
General fund	-	-	-	183,924
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	90,865	178,678	86,079	634,056
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 94,393	\$ 178,678	\$ 112,357	\$ 739,237

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Amounts reported for government activities in the statement of net assets are different because:

Fund balances - total governmental funds	\$ 634,056
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,149,628
Bond issuance costs	33,608
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest	(21,849)
Compensated absences	(13,152)
General obligation bonds	<u>(1,080,000)</u>
Total net assets - governmental funds	<u>\$ 2,702,291</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Entitlement IDEA B	Teacher/Principal Training & Recruiting	Bond Building
REVENUES				
Taxes	\$ 21,930	\$ -	\$ -	\$ -
Charges for services	8,650	-	-	-
State sources	1,605,521	-	-	-
Federal sources	-	52,348	16,052	-
Transportation distribution	63,833	-	-	-
Earnings from investments	1,618	-	-	-
Miscellaneous	225	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,701,777	52,348	16,052	-
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
Direct instruction	886,229	52,348	13,180	-
Instructional support	519,627	-	2,872	-
Central services	121,920	-	-	-
Operation and maintenance	323,110	-	-	6,447
Transportation	65,136	-	-	-
Food services	-	-	-	-
Capital outlay	94,436	-	-	-
Debt services:				
Principal payments	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,010,458	52,348	16,052	6,447
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(308,681)	-	-	(6,447)
Fund balance - beginning of year	492,605	-	-	100,957
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 183,924	\$ -	\$ -	\$ 94,510
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Capital Improvements SB-9	Debt Service	Other Governmental Funds	Total
REVENUES				
Taxes	\$ 87,784	\$ 213,152	\$ -	\$ 322,866
Charges for services	-	-	24,745	33,395
State sources	7,345	-	54,341	1,667,207
Federal sources	-	-	118,314	186,714
Transportation distribution	-	-	-	63,833
Earnings from investments	-	-	-	1,618
Miscellaneous	-	-	500	725
	<u>95,129</u>	<u>213,152</u>	<u>197,900</u>	<u>2,276,358</u>
Total revenues				
EXPENDITURES				
Current:				
Direct instruction	-	-	125,314	1,077,071
Instructional support	875	2,124	73,596	599,094
Central services	-	-	-	121,920
Operation and maintenance	39,622	-	-	369,179
Transportation	-	-	-	65,136
Food services	-	-	91,232	91,232
Capital outlay	62,742	-	-	157,178
Debt services:				
Principal payments	-	45,000	-	45,000
Interest	-	39,911	-	39,911
	<u>103,239</u>	<u>87,035</u>	<u>290,142</u>	<u>2,565,721</u>
Total expenditures				
Net change in fund balance	(8,110)	126,117	(92,242)	(289,363)
Fund balance - beginning of year	<u>98,975</u>	<u>52,561</u>	<u>178,321</u>	<u>923,419</u>
Fund balance - end of year	<u>\$ 90,865</u>	<u>\$ 178,678</u>	<u>\$ 86,079</u>	<u>\$ 634,056</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Amount reported for governmental activities in the statement of net assets are different because:

Fund balances - total governmental funds \$ (289,363)

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs 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 depreciation expense exceeds capital outlays in the period

Depreciation expense (383,290)
Capital outlay 157,178

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Amortization of bond issuance costs (9,273)
Increase in accrued interest (8,833)
Decrease in accrued compensated absences 4,682
Principal payment on bond 45,000

Change in net assets of governmental activities \$ (483,899)

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

GENERAL FUND COMBINED
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 21,932	\$ 21,932	\$ 21,930	\$ (2)
Charges for services	9,000	9,000	8,650	(350)
State sources	1,845,510	1,799,360	1,669,354	(130,006)
Earnings from investments	951	951	1,618	667
Miscellaneous	1,720	1,720	225	(1,495)
Total revenues	1,879,113	1,832,963	1,701,777	(131,186)
Expenditures:				
Current:				
Direct instruction	1,000,330	928,615	886,229	42,386
Instruction support	533,927	548,679	519,627	29,052
Central services	124,328	124,328	121,920	2,408
Operation and maintenance	359,852	365,330	323,110	42,220
Transportation	113,236	145,631	159,572	(13,941)
Other support services	3,695	23,034	-	23,034
Food services	38,239	33,739	-	33,739
Total expenditures	2,173,607	2,169,356	2,010,458	158,898
Excess (deficiency) of revenues over expenditures	(294,494)	(336,393)	(308,681)	27,712
Other financing sources (uses)				
Designated cash	99,626	99,626	-	(99,626)
Total other financing sources (uses)	99,626	99,626	-	(99,626)
Net change in fund balance	(194,868)	(236,767)	(308,681)	(71,914)
Fund balance - beginning of year	492,605	492,605	492,605	-
Fund balance - end of year	\$ 297,737	\$ 255,838	\$ 183,924	\$ (71,914)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (308,681)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (308,681)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

IDEA-B ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 35,655	\$ 92,429	\$ 52,348	\$ (40,081)
Total revenues	35,655	92,429	52,348	(40,081)
Expenditures:				
Current:				
Direct instructional	33,098	89,872	52,348	37,524
Instruction support	2,557	2,557	-	2,557
Total expenditures	35,655	92,429	52,348	40,081
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

TEACHER / PRINCIPAL TRAINING AND RECRUITING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 12,522	\$ 25,116	\$ 16,052	\$ (9,064)
Total revenues	12,522	25,116	16,052	(9,064)
Expenditures:				
Current:				
Direct instruction	10,233	22,244	13,180	9,064
Instruction support	2,289	2,872	2,872	-
Total expenditures	12,522	25,116	16,052	9,064
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

FIDUCIARY FUNDS FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
JUNE 30, 2011

ASSETS

Current Assets:

Cash \$ 35,501

Total assets \$ 35,501

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 35,501

Total liabilities \$ 35,501

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Vaughn Municipal Schools (District) is a special purpose government corporation governed by an elected five member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the Town of Vaughn. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Vaughn Public School's management who is responsible for their integrity and objectivity. The financial statements and disclosures of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

A. Reporting Entity

In evaluating how to define the District, 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. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely 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 District 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 assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by State Equalization Guarantee, taxes and intergovernmental revenues.

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 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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. 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.

Governmental 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 or soon enough thereafter to pay liabilities of 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 compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes 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. Property taxes are accrued as receivable when levied, net of estimated refund and uncollectible amounts. Grants and similar items are recognized as revenue as soon as all

eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The General Fund is the District'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 by district school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

Entitlement IDEA B fund is used to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

The Teacher/Principal training and recruiting fund is used to account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

Bond Building fund is used to accounts for the revenue received from bonds sold by the school to be used for improvements and additions to school owned property.

Capital Improvements SB - 9 fund is used to account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also to account for resources received from the State of New Mexico General Fund.

Debt Service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

Additionally, the District reports the following agency fund:

The Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Restricted Assets - The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

Receivables and Payables - Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Guadalupe and Torrance County. The funds are collected by the County Treasurers and are remitted to the District the following month.

Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2011 is considered measurable and available and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2011.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventory - The District uses the consumption method of accounting for inventory. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed.

Inventory is valued at cost utilizing the consumption basis of accounting. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

U.S.D.A. commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No deferred revenue was recorded for unused commodity inventory as of June 30, 2011.

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 (amount not rounded) 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 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 District was a phase II government for purposes of implementing GASB 34 however, the District does not

have any infrastructure asset to report.

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.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	20-50
Furniture, Equipment Vehicles and Library Books	3-15

Deferred Revenues - Under both accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by corresponding liability for deferred revenue. 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 deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

Compensated Absences - Twelve month employees are entitled to accumulate annual leave up to 10 days per year for the first five years. After five years of service, they will earn one and one quarter days per month for a total of 15 days per year.

Qualified employees are entitled to accumulate sick leave. There is no limit to the amount of sick leave which an employee may accumulate; however, no payment is due to the employee upon termination of employment.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are

reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance of Fund Financial Statements - In the fund financial statements, governmental funds are classified as follows:

Nonspendable - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.
- c. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

Unassigned - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The District's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Net assets invested in 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 those assets.
- b. Restricted Net Assets:
Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments;

or (2) law through constitutional provisions or enabling legislation.

c. Net assets:

All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Estimates - The preparation of financial statements in conformity with 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.

E. Revenues

State Equalization Guarantee - School districts in the State of New Mexico receive a state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs.

A school district's program costs are determined through the use of various formulas using program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,261,859 in state equalization guarantee distributions during the year ended June 30, 2011.

Tax Revenues - The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. 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 District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$322,865 in tax revenues in the governmental fund financial statements during the year ended June 30, 2011. 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.

Transportation Distribution - School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$63,833 in transportation distributions during the year ended June 30, 2011.

Public School Capital Outlay - Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B), core administrative function of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4 (0); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

Federal Grants - The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

New Accounting Pronouncements - In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010, and earlier application is encouraged. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year. The District incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, which is effective upon issuance for certain provisions of the statement and for periods beginning after June 15, 2011 for other provisions. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 58 Accounting and Financial Reporting for Chapter 9 Bankruptcies, which is effective for reporting periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. The District incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In June 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 59 Financial Instruments Omnibus, which is effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments: National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, is updated to be consistent with the amendments to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, regarding certain financial guarantees. Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, are amended to remove the fair

value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Statement 31, is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Statement No. 40, Deposit and Investment Risk Disclosures, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool. Statement 53 is amended to: – Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance – Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be investment derivative instruments entered into primarily for the purpose of obtaining income or profit – Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53 – Provide that one of the “leveraged yield” criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 60 Accounting and Financial Reporting for Service Concession Arrangements, which is effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. That Statement supersedes Statement No. 20, Accounting and Financial

Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. Statement 62 is effective for financial statements for periods beginning after December 15, 2011, with early application encouraged. The objective of this statement is to provide non-conflicting pronouncements between FASB and GASB. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position, which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53, which is effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis. Budgeted expenditures exclude encumbrances and the budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, when the budget is approved those funds are legally restricted and shown as reserved fund balance.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Public Education Department.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board and the New Mexico Public Education Department.
5. Formal budgetary integration is employed as a management control device during the year For the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Budget basis expenditures exclude encumbrances

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in each individual budgetary comparison.

3. DEPOSIT AND INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2011.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or

more banks or savings and loan associations within the geographical boundaries of the District. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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.

The types of collateral allowed are limited to direct obligations of the United States Government or agency, districts or political subdivisions of the States of New Mexico.

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

Deposits:

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the School District for at least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Everyone's Federal Credit Union
Cash on deposit at June 30, 2011	\$ 835,982
FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 585,982</u>
Pledged collateral	\$ 1,000,000
Collateral requirement (50% of uninsured public funds)	<u>292,991</u>
Over collateralization	<u>\$ 707,009</u>

Custodial Credit Risk-Deposits—Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2011, \$585,982 of the District's bank balance of \$835,982 was exposed to custodial credit risk because or was uninsured and the collateral was held by the pledging bank's trust department, not in the District's name. At June 30, 2011, the carrying amount of these deposits was \$601,706.

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents per Governmental Funds - Balance Sheet	\$ 471,695
Restricted cash and cash equivalents - Balance Sheet	94,510
Statement of Fiduciary Net Assets - cash	<u>35,501</u>
	601,706
 Add outstanding checks and other reconciling items	 <u>234,276</u>
 Bank balance of deposits and investments	 <u>\$ 835,982</u>

Credit and Interest Rate Risk

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District's investment policy limits the School District's investment portfolio to maturities of less than one year.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2011 is as follows:

Governmental Activities	Due from other funds	Due to other funds
General fund	\$ 84,132	\$ -
Title I	-	4,797
IDEA-B Entitlement	-	16,115
IDEA-B Preschool	-	1,658
IDEA-B Risk Pool	-	253
Teacher/Principal Training & Recruiting	-	59,260
Safe and Drug Freeschools	-	1,530
REAP	-	<u>519</u>
Totals	<u>\$ 84,132</u>	<u>\$ 84,132</u>

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2011.

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2011, are as follows:

	General	Major Governmental Funds	Total
Government grants	\$ -	\$ 84,132	\$ 84,132
Property taxes	<u>166</u>	<u>2,295</u>	<u>2,461</u>
Total	<u>\$ 166</u>	<u>\$ 86,427</u>	<u>\$ 86,593</u>

The above receivables are deemed 100% collectible.

6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2011 is as follows:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 169,045	\$ -	\$ -	\$ 169,045
Construction in progress	<u>-</u>	<u>81,613</u>	<u>-</u>	<u>81,613</u>
Total capital assets not being depreciated	<u>169,045</u>	<u>81,613</u>	<u>-</u>	<u>250,658</u>
Capital assets being depreciated:				
Buildings & building improvements	6,785,202	-	-	6,785,202
Equipment, Vehicles, Information Technology Equipment, Software & Books	<u>1,179,342</u>	<u>75,565</u>	<u>-</u>	<u>1,254,907</u>
Total capital assets being depreciated	<u>7,964,544</u>	<u>75,565</u>	<u>-</u>	<u>8,040,109</u>
Less accumulated depreciation for:				
Buildings & building improvements	4,149,837	153,097	-	4,302,934
Equipment, Vehicles, Information Technology Equipment, Software & Books	<u>608,012</u>	<u>230,193</u>	<u>-</u>	<u>838,205</u>
Total accumulated depreciation	<u>4,757,849</u>	<u>383,290</u>	<u>-</u>	<u>5,141,139</u>
Total capital assets being depreciated, net	<u>3,206,695</u>	<u>(307,725)</u>	<u>-</u>	<u>2,898,970</u>

Governmental activities capital assets, net	\$ 3,375,740	\$ (226,112)	\$ -	\$ 3,149,628
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For the year ended June 30, 2011, depreciation was charged to the following functions:

Governmental Activities	
Instruction	\$ 131,692
Support services	212,668
Central services	19,961
Operations and maintenance of plant	<u>18,969</u>
Total	<u>\$ 383,290</u>

7. LONG TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$1,597,000. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2011 are for governmental activities.

Bonds outstanding at June 30, 2011, are comprised of the following:

	Series 9/15/2005	Series 4/1/2001
Original Issue:	\$ 855,000	\$ 742,000
Maturity	8/1/2019	7/1/2013
Principal	August 1	July 1
Interest Rate	4.00% - 4.25%	5.40% - 5.95%
Interest	February 1 & August 1	January 1 & July 1

The following is a summary of the long-term debt and the activity for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 1,125,000	\$ -	\$ 45,000	\$ 1,080,000	\$ 160,000
Compensated absences	<u>17,834</u>	<u>13,152</u>	<u>17,834</u>	<u>13,152</u>	<u>-</u>
Total governmental activities	<u>\$ 1,142,834</u>	<u>\$ 13,152</u>	<u>\$ 62,834</u>	<u>\$ 1,093,152</u>	<u>\$ 160,000</u>

The annual requirements to amortize the April 1, 2001 Series general obligation bonds outstanding as of June 30, 2011, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2012	\$ 110,000	\$ 10,020	\$ 120,020
2013	120,000	3,360	123,360
2013	<u>120,000</u>	<u>3,360</u>	<u>123,360</u>
	<u>\$ 350,000</u>	<u>\$ 16,740</u>	<u>\$ 366,740</u>

The annual requirements to amortize the September 15, 2005 Series general obligation bonds outstanding as of June 30, 2011, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2012	\$ 50,000	\$ 28,263	\$ 78,263
2013	50,000	26,200	76,200
2014	55,000	24,100	79,100
2015	85,000	21,300	106,300
2016	90,000	17,800	107,800
2017-2020	<u>400,000</u>	<u>32,600</u>	<u>432,600</u>
	<u>\$ 730,000</u>	<u>\$ 150,263</u>	<u>\$ 880,263</u>

Compensated Absences - Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2011, compensated absences decreased \$4,682 from the prior year accrual.

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors omissions; and natural disasters, for which the District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750

deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2011, there have been no claims that have exceeded insurance coverage.

9. DEFERRED REVENUE

In accordance with the terms of the various grants agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to grantor.

10. ERA PENSION PLAN

Plan Description. Substantially all of the Vaughn Municipal Schools full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers and other employees of State public school districts, colleges and universities and beneficiaries). ERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERA, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERA's website at www.nmerb.org.

Funding Policy. Effective July 1, 2009 through June 30, 2011, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Maxwell Municipal Schools was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The Maxwell Municipal Schools is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the Maxwell Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Maxwell Municipal Schools' contributions to ERB for the fiscal years ending June 30, 2011, 2010, and 2009, were \$95,726, \$133,808, and \$151,727, respectively, which equal the amount of the required contributions for each fiscal year.

11. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 12	1.834%	.917%
FY 13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee's annual salary, and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contributions rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 12	2.292%	1.146%
FY 13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

Vaughn Municipal Schools contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$28,216, \$22,029, and \$8,431, respectively, which equal the required contributions for each year.

12. LOSS CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

13. OPERATING LEASES

On January 29, 2008, the District entered into a lease agreement to lease two copy machines. The lease has a five year term with payment of \$328, monthly. Future annual minimum payments are as follows:

Years ending June 30,	Amount
2012	<u>\$ 1,968</u>
	<u>\$ 1,968</u>

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash on deposit	\$ 67,939	\$ 33,289	\$ 65	101,293
Property taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Inventory, at cost	2,307	-	-	2,307
Due from grantors	8,757	-	-	8,757
	<u>8,757</u>	<u>-</u>	<u>-</u>	<u>8,757</u>
Total assets	<u>\$ 79,003</u>	<u>\$ 33,289</u>	<u>\$ 65</u>	<u>\$ 112,357</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 8,757	\$ -	\$ -	\$ 8,757
Deferred revenue	17,521	-	-	17,521
	<u>17,521</u>	<u>-</u>	<u>-</u>	<u>17,521</u>
Total liabilities	26,278	-	-	26,278
Fund balances:				
Nonspendable - inventory	2,307	-	-	2,307
Restricted, reported in:				
Special revenue funds	50,418	-	-	50,418
Capital project funds	-	33,289	-	33,289
Retirement of long-term debt	-	-	65	65
	<u>50,418</u>	<u>33,289</u>	<u>65</u>	<u>86,079</u>
Total fund balance	<u>52,725</u>	<u>33,289</u>	<u>65</u>	<u>86,079</u>
Total liabilities and fund balances	<u>\$ 79,003</u>	<u>\$ 33,289</u>	<u>\$ 65</u>	<u>\$ 112,357</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue	Capital Projects	Debt Service	Total
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	24,745	-	-	24,745
State share of taxes	-	-	-	-
Local sources	-	-	-	-
State sources	54,341	-	-	54,341
Federal sources	118,314	-	-	118,314
Earnings from investments	500	-	-	500
Total revenues	197,900	-	-	197,900
Expenditures:				
Current:				
Direct instruction	125,314	-	-	125,314
Instructional support	73,596	-	-	73,596
Food services	91,232	-	-	91,232
Central services	-	-	-	-
Operating and maintenance	-	-	-	-
Capital outlay	-	-	-	-
Debt services:				
Principal payments	-	-	-	-
Interest	-	-	-	-
Total expenditures	290,142	-	-	290,142
Net changes in fund balances	(92,242)	-	-	(92,242)
Fund balance - beginning of year	144,967	33,289	65	178,321
Fund balance - end of year	\$ 52,725	\$ 33,289	\$ 65	\$ 86,079

See accompanying notes to financial statements.

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local Funded grants. These grants are awarded to the District with the purpose of accomplishing specific education tasks. Grants accounted for in the Special Revenue Funds include:

FOOD SERVICE (21000) - This program provides financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 Stat. 889, as amended; 84 Stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 Stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 Stat. 3341; Public Law 100-71, 101 Stat. 430. Also State Law NMSA 22-13-13.

ATHLETICS (22000) – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

TITLE I IASA (24101 ENTITLEMENT), (24201 FEDERAL STIMULUS) – The Title I project provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

IDEA-B PRESCHOOL (24109), (24209 FEDERAL STIMULUS) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

IDEA-B RISK POOL (24120) – Risk Pool Fund is for the high cost risk pool or state level activity “U” of the Basic IDEA-B grant.

SAFE & DRUG FREE SCHOOLS & COMMUNITIES (24157) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources (P.L. 106-553).

READING FIRST (24167) – To account for federal resources administered by the New Mexico Public Education Department for a comprehensive reading approach which will incorporate research-based materials, intensive and systematic on-site professional development and an assessment-teaching-learning cycle that feeds assessment data into dynamic instructional decision-making (P.L. 100-297).

TITLE XIX MEDICAID 3/21 YEARS (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children (Title XIX Social Security Act).

CHILD AND ADULT FOOD PROGRAM (25171) – created by the National School Lunch Act, this fund is designed to initiate and maintain nonprofit food service programs for children.

RURAL EDUCATION ACHIEVEMENT PROGRAM (25233) – To provide financial assistance to rural district to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

STATE EQUALIZATION GUARANTEE - STIMULUS (25250) – Education funds provided through the American Recovery and Reinvestment Act (ARRA) provide a unique opportunity to jump start school reform and improvement efforts while also saving and creating jobs and stimulating the economy.

EDUCATION JOBS - STIMULUS (25255) – to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education

A PLUS FOR ENERGY (26179) – Local grant which supports and rewards teachers who implement innovative energy education activities in the classroom.

ENMR PLATEAU - EDUCATION FOUNDATION SCHOOL GRANT (26191) – To account for monies received to purchase equipment needed to use the Accelerated Math Program.

GO BOND (27105), GO BOND LIBRARY (27170) - To account for monies received from the SB301, Laws of 2006 to be used to improve the library, acquire library books or library resources that support the library program.

TECHNOLOGY FOR EDUCATION PED (27117) - To account for State funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities. Financing and Authority is provided by NMSA 22-15A-1 to 22-15A-10.

BEGINNING TEACHER MENTORING (27154) - To account for monies appropriated by the State Legislature to be used for stipends to mentors, for professional development opportunities, release time; including payment of substitutes, materials and supplies and for minor administrative costs. Financing and authority is provided by the State Legislature.

PARENTS REACHING OUT (29102) - To account for revenue and expenditures from a non-profit organization, Parents Reaching Out for the purpose of development and implementation of the School Parent Community Involvement Plan. The fund was created by grant provisions.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Special Revenue Funds						
	Food Service 21000	Athletics 22000	Title I IASA 24101 & 24201	IDEA-B Preschool 24109 & 24209	IDEA-B Risk Pool 24120	Safe & Drug Free Schools & Communities 24157	Reading First 24167
ASSETS							
Cash on deposit	\$ 107	\$ 2,019	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Inventory, at cost	2,307	-	-	-	-	-	-
Due from grantors	-	-	4,797	1,658	253	1,530	-
Total assets	\$ 2,414	\$ 2,019	\$ 4,797	\$ 1,658	\$ 253	\$ 1,530	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 4,797	\$ 1,658	\$ 253	\$ 1,530	\$ -
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	4,797	1,658	253	1,530	-
Fund balances:							
Nonspendable - inventory	2,307	-	-	-	-	-	-
Restricted, reported in:							
Special revenue funds	107	2,019	-	-	-	-	-
Total fund balance	2,414	2,019	-	-	-	-	-
Total liabilities and fund balances	\$ 2,414	\$ 2,019	\$ 4,797	\$ 1,658	\$ 253	\$ 1,530	\$ -

Continued

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Special Revenue Funds						
	Title XIX Medicaid 3/21 Years 25153	Child and Adult Food Program 25171	Rural Education Achievement Program 25233	State Equalization Guarantee 25250	Education Jobs 25255	A Plus for Energy 26179	ENMR Plateau Education Foundation School Grant 26191
ASSETS							
Cash on deposit	\$ 35,778	\$ 293	\$ -	\$ -	\$ -	\$ -	\$ 8,000
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Inventory, at cost	-	-	-	-	-	-	-
Due from grantors	-	-	519	-	-	-	-
Total assets	<u>\$ 35,778</u>	<u>\$ 293</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,000</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 519	\$ -	\$ -	\$ -	\$ -
Deferred revenue	8,491	-	-	-	-	-	5,000
Total liabilities	<u>8,491</u>	<u>-</u>	<u>519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Fund balances:							
Nonspendable - inventory	-	-	-	-	-	-	-
Restricted, reported in:							
Special revenue funds	27,287	293	-	-	-	-	3,000
Total fund balance	<u>27,287</u>	<u>293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total liabilities and fund balances	<u>\$ 35,778</u>	<u>\$ 293</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,000</u>

Continued

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Special Revenue Funds				
	Go Bond & Go Bond Library 27105 & 27170	Technology for Education 27117	Beginning Teacher Mentoring 27154	Parents Reaching Out 29102	Total Special Revenue Funds
ASSETS					
Cash on deposit	\$ -	\$ 14,816	\$ 3,842	\$ 3,084	\$ 67,939
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Inventory, at cost	-	-	-	-	2,307
Due from grantors	-	-	-	-	8,757
	<u>-</u>	<u>14,816</u>	<u>3,842</u>	<u>3,084</u>	<u>79,003</u>
Total assets	<u>\$ -</u>	<u>\$ 14,816</u>	<u>\$ 3,842</u>	<u>\$ 3,084</u>	<u>\$ 79,003</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 8,757
Deferred revenue	-	1,514	-	2,516	17,521
	<u>-</u>	<u>1,514</u>	<u>-</u>	<u>2,516</u>	<u>26,278</u>
Total liabilities	-	1,514	-	2,516	26,278
Fund balances:					
Nonspendable - inventory	-	-	-	-	2,307
Restricted, reported in:					
Special revenue funds	-	13,302	3,842	568	50,418
	<u>-</u>	<u>13,302</u>	<u>3,842</u>	<u>568</u>	<u>52,725</u>
Total fund balances	-	13,302	3,842	568	52,725
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 14,816</u>	<u>\$ 3,842</u>	<u>\$ 3,084</u>	<u>\$ 79,003</u>

Concluded

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Special Revenue Funds						
	Food Service 21000	Athletics 22000	Title I IASA 24101 & 24201	IDEA-B Preschool 24109 & 24209	IDEA-B Risk Pool 24120	Safe & Drug Free Schools & Communities 24157	Reading First 24167
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	5,313	19,432	-	-	-	-	-
State share of taxes	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-
State sources	49,163	-	-	-	-	-	-
Federal sources	-	-	52,180	2,175	225	602	-
Miscellaneous	-	500	-	-	-	-	-
Total revenues	54,476	19,932	52,180	2,175	225	602	-
Expenditures:							
Current:							
Direct instruction	-	21,795	47,746	2,175	225	602	-
Instructional support	-	-	4,434	-	-	-	69,162
Food services	88,895	-	-	-	-	-	-
Central services	-	-	-	-	-	-	-
Operation and maintenance	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	88,895	21,795	52,180	2,175	225	602	69,162
Net changes in fund balances	(34,419)	(1,863)	-	-	-	-	(69,162)
Fund balance - beginning of year	36,833	3,882	-	-	-	-	69,162
Fund balance - end of year	\$ 2,414	\$ 2,019	\$ -	\$ -	\$ -	\$ -	\$ -

Continued

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Special Revenue Funds						
	Title XIX Medicaid 3/21 Years 25153	Child and Adult Food Program 25171	Rural Education Achievement Program 25233	State Equalization Guarantee 25250	Education Jobs 25255	A Plus for Energy 26179	ENMR Plateau Education Foundation School Grant 26191
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	-	-	-	-	-
State share taxes	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	2,178	3,000
Federal sources	10,460	2,630	-	13,546	36,496	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	10,460	2,630	-	13,546	36,496	2,178	3,000
Expenditures:							
Current:							
Direct instruction	89	-	-	13,546	36,496	2,178	-
Instructional support	-	-	-	-	-	-	-
Food services	-	2,337	-	-	-	-	-
Central services	-	-	-	-	-	-	-
Operation and maintenance	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	89	2,337	-	13,546	36,496	2,178	-
Net changes in fund balances	10,371	293	-	-	-	-	3,000
Fund balance - beginning of year	16,916	-	-	-	-	-	-
Fund balance - end of year	\$ 27,287	\$ 293	\$ -	\$ -	\$ -	\$ -	\$ 3,000

Continued

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Special Revenue Funds				
	Go Bond & Go Bond Library 27105 & 27170	Technology for Education 27117	Beginning Teacher Mentoring 27154	Parents Reaching Out 29102	Total Special Revenue Funds
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	24,745
State share taxes	-	-	-	-	-
Local sources	-	-	-	-	-
State sources	-	-	-	-	54,341
Federal sources	-	-	-	-	118,314
Miscellaneous	-	-	-	-	500
Total revenues	-	-	-	-	197,900
Expenditures:					
Current:					
Direct instruction	292	-	170	-	125,314
Instructional support	-	-	-	-	73,596
Food services	-	-	-	-	91,232
Central services	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	292	-	170	-	290,142
Net changes in fund balances	(292)	-	(170)	-	(92,242)
Fund balance - beginning of year	292	13,302	4,012	568	144,967
Fund balance - end of year	\$ -	\$ 13,302	\$ 3,842	\$ 568	\$ 52,725

Concluded

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

FOOD SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charge for services	\$ 2,500	\$ 2,500	\$ 5,313	\$ 2,813
Federal sources	45,000	45,000	49,163	4,163
Total revenues	47,500	47,500	54,476	6,976
Expenditures:				
Current:				
Food service	81,621	90,012	88,895	1,117
Excess (deficiency) of revenues over expenditures	(34,121)	(42,512)	(34,419)	8,093
Other financing sources (uses)				
Designated cash	34,121	42,512	-	(42,512)
Total other financing sources (uses)	34,121	42,512	-	(42,512)
Net change in fund balance	-	-	(34,419)	(34,419)
Fund balance - beginning of year	-	-	36,833	36,833
Fund balance - end of year	\$ -	\$ -	\$ 2,414	\$ 2,414
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (34,419)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (34,419)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 15,000	\$ 15,000	\$ 19,932	\$ 4,932
Expenditures:				
Current:				
Direct instruction	<u>18,460</u>	<u>21,879</u>	<u>21,795</u>	<u>84</u>
Excess (deficiency) of revenues over expenditures	<u>(3,460)</u>	<u>(6,879)</u>	<u>(1,863)</u>	<u>5,016</u>
Other financing sources (uses)				
Designated cash	<u>3,460</u>	<u>6,879</u>	<u>-</u>	<u>(6,879)</u>
Total other financing sources (uses)	<u>3,460</u>	<u>6,879</u>	<u>-</u>	<u>(6,879)</u>
Net change in fund balance	-	-	(1,863)	(1,863)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>3,882</u>	<u>3,882</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,019</u>	<u>\$ 2,019</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (1,863)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (1,863)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

TITLE I IASA SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 38,407	\$ 63,268	\$ 52,180	\$ (11,088)
Expenditures:				
Current:				
Direct instruction	45,917	67,471	47,746	19,725
Instruction support	3,889	4,489	4,434	(55)
Total expenditures	49,806	71,960	52,180	19,780
Excess (deficiency) of revenues over expenditures	(11,399)	(8,692)	-	8,692
Other financing sources (uses)				
Designated cash	11,399	8,692	-	(8,692)
Total other financing sources (uses)	11,399	8,692	-	(8,692)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

IDEA-B PRESCHOOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 3,943	\$ 8,104	\$ 2,175	\$ (5,929)
Expenditures:				
Current:				
Direct instructional	3,943	8,104	2,175	5,929
Total expenditures	3,943	8,104	2,175	5,929
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

IDEA-B RISK POOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 225	\$ 225	\$ -
Expenditures:				
Current:				
Direct instructional	-	225	225	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

SAFE & DRUG FREE SCHOOLS & COMMUNITIES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 602	\$ 602	\$ -
Expenditures:				
Current:				
Direct instruction	-	602	602	-
Total expenditures	-	602	602	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	
See accompanying notes to financial statements.				

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

READING FIRST SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Expenditures:				
Current:				
Instructional support	-	-	69,162	(69,162)
Excess (deficiency) of revenues over expenditures	-	-	(69,162)	(69,162)
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(69,162)	(69,162)
Fund balance - beginning of year	-	-	69,162	69,162
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (69,162)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (69,162)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

TITLE XIX MEDICAID 3/21 YEARS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ 10,460	\$ 10,460
Expenditures:				
Current:				
Direct instruction	18,844	18,844	89	18,755
Instructional support	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>19,844</u>	<u>19,844</u>	<u>89</u>	<u>19,755</u>
Excess (deficiency) of revenues over expenditures	<u>(19,844)</u>	<u>(19,844)</u>	<u>10,371</u>	<u>30,215</u>
Other financing sources (uses)				
Designated cash	<u>19,844</u>	<u>19,844</u>	<u>-</u>	<u>(19,844)</u>
Total other financing sources (uses)	<u>19,844</u>	<u>19,844</u>	<u>-</u>	<u>(19,844)</u>
Net change in fund balances	-	-	10,371	10,371
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>16,916</u>	<u>16,916</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,287</u>	<u>\$ 27,287</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 10,371	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 10,371</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

CHILD AND ADULT PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 2,994	\$ 2,630	\$ (364)
Expenditures:				
Current:				
Food services	-	2,994	2,337	657
Total expenditures	-	2,994	2,337	657
Excess (deficiency) of revenues over expenditures	-	-	293	293
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	293	293
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 293	\$ 293
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 293	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 293	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

RURAL EDUCATION ACHIEVEMENT PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 9,283	\$ -	\$ (9,283)
Expenditures:				
Current:				
Direct instruction	-	9,283	-	9,283
Total expenditures	-	9,283	-	9,283
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	
See accompanying notes to financial statements.				

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

STATE EQUALIZATION GUARANTEE - STIMULUS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 13,492	\$ 13,546	\$ 13,546	\$ -
Expenditures:				
Current:				
Direct instruction	13,492	13,546	13,546	-
Total expenditures	13,492	13,546	13,546	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

EDUCATION JOBS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 36,496	\$ 36,496	\$ -
Expenditures:				
Current:				
Direct instruction	-	36,496	36,496	-
Total expenditures	-	36,496	36,496	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

A PLUS FOR ENERGY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ 2,178	\$ 2,178
Expenditures:				
Current:				
Direct instruction	-	2,178	2,178	-
Total expenditures	-	2,178	2,178	-
Excess (deficiency) of revenues over expenditures	-	(2,178)	-	2,178
Other financing sources (uses)				
Designated cash	-	2,178	-	2,178
Total other financing sources (uses)	-	2,178	-	2,178
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

ENMR PLATEAU - EDUCATION FOUNDATION SCHOOL GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ 3,000	\$ 3,000
Expenditures:				
Current:				
Direct instruction	-	8,000	-	8,000
Total expenditures	-	8,000	-	8,000
Excess (deficiency) of revenues over expenditures	-	(8,000)	3,000	11,000
Other financing sources (uses)				
Designated cash	-	8,000	-	(8,000)
Total other financing sources (uses)	-	8,000	-	(8,000)
Net change in fund balance	-	-	3,000	3,000
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 3,000	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 3,000</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

GO BOND LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 4,089	\$ -	\$ (4,089)
Expenditures:				
Current:				
Direct instruction	-	4,089	292	3,797
Total expenditures	-	4,089	292	3,797
Excess (deficiency) of revenues over expenditures	-	-	(292)	(292)
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	(292)	(292)
Fund balance - beginning of year	-	-	292	292
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 292	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 292	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

TECHNOLOGY FOR EDUCATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 168	\$ -	\$ (168)
Expenditures:				
Current:				
Direct instruction	-	14,985	-	14,985
Total expenditures	-	14,985	-	14,985
Excess (deficiency) of revenues over expenditures	-	(14,817)	-	14,817
Other financing sources (uses)				
Designated cash	-	14,817	-	(14,817)
Total other financing sources (uses)	-	14,817	-	(14,817)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	13,302	13,302
Fund balance - end of year	-	-	\$ 13,302	\$ 13,302
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

BEGINNING TEACHER MENTORING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Direct instruction	-	-	170	(170)
Excess (deficiency) of revenues over expenditures	-	-	(170)	(170)
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(170)	(170)
Fund balance - beginning of year	-	-	4,012	4,012
Fund balance - end of year	\$ -	\$ -	\$ 3,842	\$ 3,842
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (170)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (170)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

PARENTS REACHING OUT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	568	568
Fund balance - end of year	\$ -	\$ -	\$ 568	\$ 568
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

SPECIAL CAPITAL OUTLAY - STATE (31400) - To account for resources received from the New Mexico State General Fund, HB-885, Chapter 347, Section 48, Paragraph 287, Laws of 2005 for \$80,000 to plan, design, construct and purchase a building for the youth entrepreneurial and teen center. Also, from the General Fund, HB622, Chapter I I I, Section 39, Paragraph 248, Laws of 2006 for \$45,000 to improve and equip the library.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011

	Special Capital Outlay State 31400	Total
ASSETS		
Cash on deposit	\$ 33,289	\$ 33,289
Taxes receivable	-	-
Accounts receivable	-	-
Inventory, at cost	-	-
Due from grantors	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 33,289</u>	<u>\$ 33,289</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ -	\$ -
Deferred revenue	-	-
	<hr/>	<hr/>
Total liabilities	-	-
Fund balances:		
Restricted, reported in:		
Capital projects funds	33,289	33,289
	<hr/>	<hr/>
Total fund balance	<u>33,289</u>	<u>33,289</u>
Total liabilities and fund balances	<u>\$ 33,289</u>	<u>\$ 33,289</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011

	Special Capital Outlay State 31400	Total
Revenues:		
Taxes	\$ -	\$ -
State sources	-	-
	<hr/>	<hr/>
Total revenues	-	-
Expenditures:		
Current:		
Direct instruction	-	-
Capital outlay	-	-
	<hr/>	<hr/>
Total expenditures	<hr/>	<hr/>
	-	-
Net changes in fund balances	-	-
Fund balance - beginning of year	<hr/>	<hr/>
	33,289	33,289
Fund balance - end of year	<hr/>	<hr/>
	\$ 33,289	\$ 33,289
	<hr/>	<hr/>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

SPECIAL CAPITAL OUTLAY STATE CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	33,289	33,289
Fund balance - end of year	\$ -	\$ -	\$ 33,289	\$ 33,289
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

DEBT SERVICE FUNDS

EDUCATION TECHNOLOGY DEBT SERVICE (43000) - To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2011

	Education Technology Debt Service 43000	Total
ASSETS		
Cash on deposit	\$ 65	\$ 65
Taxes receivable	-	-
Accounts receivable	-	-
Inventory, at cost	-	-
Due from grantors	-	-
	<hr/>	<hr/>
Total assets	\$ 65	\$ 65
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ -	\$ -
Deferred revenue	-	-
	<hr/>	<hr/>
Total liabilities	-	-
Fund balances:		
Restricted, reported in:		
Retirement of long-term debt	65	65
	<hr/>	<hr/>
Total fund balance	65	65
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 65	\$ 65

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2011

	Education Technology Debt Service 43000	Total
Revenues:		
Taxes	\$ -	\$ -
Charge for services	-	-
State shared taxes	-	-
Local sources	-	-
State sources	-	-
Federal sources	-	-
Earnings form investments	-	-
	<hr/>	<hr/>
Total revenues	-	-
Expenditures:		
Current:		
Direct instruction	-	-
Instructional support	-	-
Food services	-	-
Capital outlay	-	-
Debt service:		
Bond	-	-
Interest	-	-
	<hr/>	<hr/>
Total expenditures	-	-
Net changes in fund balances	-	-
Fund balance - beginning of year	<hr/> 65	<hr/> 65
Fund balance - end of year	<hr/> <u>\$ 65</u>	<hr/> <u>\$ 65</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

EDUCATION TECHNOLOGY DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current:				
Instructional support	-	-	-	-
Debt service				
Reserve	-	-	-	-
Bond	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	65	65
Fund balance - end of year	\$ -	\$ -	\$ 65	\$ 65
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

BOND BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Capital outlay	103,039	103,039	6,447	96,592
Total expenditures	103,039	103,039	6,447	96,592
Excess (deficiency) of revenues over expenditures	(103,039)	(103,039)	(6,447)	96,592
Other financing sources (uses)				
Designated cash	94,510	94,510	-	(94,510)
Total other financing sources (uses)	94,510	94,510	-	(94,510)
Net change in fund balance	(8,529)	(8,529)	(6,447)	2,082
Fund balance - beginning of year	100,957	100,957	100,957	-
Fund balance - end of year	<u>\$ 92,428</u>	<u>\$ 92,428</u>	<u>\$ 94,510</u>	<u>\$ 2,082</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (6,447)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (6,447)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

**CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 88,021	\$ 88,021	\$ 87,407	\$ (614)
State sources	12,006	16,015	7,345	(8,670)
Total revenues	100,027	104,036	94,752	(9,284)
Expenditures				
Current:				
Instructional support	800	875	875	-
Capital outlay	166,440	170,374	102,364	68,010
Total expenditures	167,240	171,249	103,239	68,010
Excess (deficiency) of revenues over expenditures	(67,213)	(67,213)	(8,487)	58,726
Other financing sources (uses)				
Designated cash	67,213	67,213	-	(67,213)
Total other financing sources (uses)	67,213	67,213	-	(67,213)
Net changes in fund balance	-	-	(8,487)	(8,487)
Fund balance - beginning of year	98,975	98,975	98,975	-
Fund balance - end of year	\$ 98,975	\$ 98,975	\$ 90,488	\$ (8,487)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (8,487)	
Net revenue accruals			377	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (8,110)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 207,667	\$ 207,667	\$ 213,152	\$ 5,485
Total revenues	207,667	207,667	213,152	5,485
Expenditures				
Current:				
Instructional support	2,077	2,125	2,124	1
Debt service				
Reserve	134,071	134,023	-	134,023
Bond	155,000	155,000	45,000	110,000
Interest	52,677	52,677	39,911	12,766
Total expenditures	343,825	343,825	87,035	256,790
Excess (deficiency) of revenues over expenditures	(136,158)	(136,158)	126,117	262,275
Other financing sources (uses)				
Designated cash	54,284	54,284	-	(54,284)
Total other financing sources (uses)	54,284	54,284	-	(54,284)
Net changes in fund balance	(81,874)	(81,874)	126,117	207,991
Fund balance - beginning of year	52,561	52,561	52,561	-
Fund balance - end of year	\$ (29,313)	\$ (29,313)	\$ 178,678	\$ 207,991
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 126,117	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 126,117	

See accompanying notes to financial statements.

GENERAL FUND

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2011

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
ASSETS					
Cash	\$ 73,804	\$ 19,900	\$ 1	\$ 5,921	\$ 99,626
Taxes receivable	166	-	-	-	166
Due from other funds	84,132	-	-	-	84,132
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 158,102</u>	<u>\$ 19,900</u>	<u>\$ 1</u>	<u>\$ 5,921</u>	<u>\$ 183,924</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Unassigned, reported in:					
General fund	158,102	19,900	1	5,921	183,924
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>158,102</u>	<u>19,900</u>	<u>1</u>	<u>5,921</u>	<u>183,924</u>
Total liabilities and fund balances	<u>\$ 158,102</u>	<u>\$ 19,900</u>	<u>\$ 1</u>	<u>\$ 5,921</u>	<u>\$ 183,924</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
REVENUES					
Taxes	\$ 21,930	\$ -	\$ -	\$ -	\$ 21,930
Charges for services	50	8,600	-	-	8,650
State sources	1,601,859	-	-	3,662	1,605,521
Transportation distribution	-	-	63,833	-	63,833
Earnings from investments	1,618	-	-	-	1,618
Miscellaneous	225	-	-	-	225
	<u>1,625,682</u>	<u>8,600</u>	<u>63,833</u>	<u>3,662</u>	<u>1,701,777</u>
Total revenues					
EXPENDITURES					
Current:					
Direct instruction	885,954	-	-	275	886,229
Instructional support	519,627	-	-	-	519,627
Central services	121,920	-	-	-	121,920
Operation and maintenance	318,310	4,800	-	-	323,110
Transportation	344	-	64,792	-	65,136
Food services	-	-	-	-	-
Capital outlay	15,597	-	78,839	-	94,436
Debt services:					
	<u>1,861,752</u>	<u>4,800</u>	<u>143,631</u>	<u>275</u>	<u>2,010,458</u>
Total expenditures					
Net change in fund balance	(236,070)	3,800	(79,798)	3,387	(308,681)
Fund balance at beginning of year	394,172	16,100	79,799	2,534	492,605
Fund balance at end of year	<u>\$ 158,102</u>	<u>\$ 19,900</u>	<u>\$ 1</u>	<u>\$ 5,921</u>	<u>\$ 183,924</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

OPERATIONAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget (Unfavorable)
Revenues:				
Taxes	\$ 21,932	\$ 21,932	\$ 21,930	\$ (2)
Charges for services	-	-	50	50
State sources	1,728,615	1,691,966	1,601,859	(90,107)
Earnings from investments	951	951	1,618	667
Miscellaneous	1,720	1,720	225	(1,495)
Total revenues	1,753,218	1,716,569	1,625,682	(90,887)
Expenditures:				
Current:				
Direct instruction	996,671	924,953	885,954	38,999
Instruction support	533,927	548,679	519,627	29,052
Central services	124,328	124,328	121,920	2,408
Operation and maintenance	338,224	343,702	310,855	32,847
Transportation	2,000	2,000	344	1,656
Other support services	3,695	23,034	-	23,034
Food services	38,239	33,739	23,052	10,687
Total expenditures	2,037,084	2,000,435	1,861,752	138,683
Excess (deficiency) of revenues over expenditures	(283,866)	(283,866)	(236,070)	47,796
Other financial sources (uses)				
Designated cash	288,720	288,720	-	(288,720)
Total other financing sources (uses)	288,720	288,720	-	(288,720)
Net change in fund balance	4,854	4,854	(236,070)	(240,924)
Fund balance - beginning of year	394,172	394,172	394,172	-
Fund balance - end of year	\$ 399,026	\$ 399,026	\$ 158,102	\$ (240,924)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (236,070)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (236,070)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

TEACHERAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 9,000	\$ 9,000	\$ 8,600	\$ (400)
Total revenues	9,000	9,000	8,600	(400)
Expenditures:				
Current:				
Operation and maintenance	21,628	21,628	4,800	16,828
Total expenditures	21,628	21,628	4,800	16,828
Excess (deficiency) of revenues over expenditures	(12,628)	(12,628)	3,800	16,428
Other financial sources (uses)				
Designated cash	8,318	8,318	-	(8,318)
Total other financing sources (uses)	8,318	8,318	-	(8,318)
Net change in fund balance	(4,310)	(4,310)	3,800	8,110
Fund balance - beginning of year	16,100	16,100	16,100	-
Fund balance - end of year	\$ 11,790	\$ 11,790	\$ 19,900	\$ 8,110
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 3,800	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 3,800	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 113,236	\$ 103,732	\$ 63,833	\$ (39,899)
Total revenues	113,236	103,732	63,833	(39,899)
Expenditures:				
Current:				
Transportation	113,236	143,631	143,631	-
Total expenditures	113,236	143,631	143,631	-
Excess (deficiency) of revenues over expenditures	-	(39,899)	(79,798)	(39,899)
Other financial sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(39,899)	(79,798)	(39,899)
Fund balance - beginning of year	79,799	79,799	79,799	-
Fund balance - end of year	\$ 79,799	\$ 39,900	\$ 1	\$ 39,899
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (79,798)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (79,798)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

INSTRUCTIONAL MATERIALS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 3,659	\$ 3,662	\$ 3,662	\$ -
Total revenues	3,659	3,662	3,662	-
Expenditures:				
Current:				
Direct instruction	3,659	3,662	275	3,387
Total expenditures	3,659	3,662	275	3,387
Excess (deficiency) of revenues over expenditures	-	-	3,387	3,387
Other financial sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	3,387	3,387
Fund balance - beginning of year	2,534	2,534	2,534	-
Fund balance - end of year	\$ 2,534	\$ 2,534	\$ 5,921	\$ 3,387
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 3,387	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 3,387	

See accompanying notes to financial statements.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Balance			Balance
	June 30, 2010	Additions	Deletions	June 30, 2011
Assets				
Cash	\$ 43,135	\$ 8,573	\$ 16,207	\$ 35,501
Total assets	<u>\$ 43,135</u>	<u>\$ 8,573</u>	<u>\$ 16,207</u>	<u>\$ 35,501</u>
Liabilities				
Deposits held for others	\$ 43,135	\$ 8,573	\$ 16,207	\$ 35,501
Total liabilities	<u>\$ 43,135</u>	<u>\$ 8,573</u>	<u>\$ 16,207</u>	<u>\$ 35,501</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2011

Everyone's Federal Credit Union

Description of Pledge Collateral	Market Value
MBS Inc. - Multi Bank Securities Inc.	<u>\$ 1,000,000</u>
Total:	<u>\$ 1,000,000</u>

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
JUNE 30, 2011

Bank Account Type/Name	Total
Everyone's Federal Credit Union	
Checking - General Operational	\$ 800,958
Checking- Activity Fund	<u>35,024</u>
Total On Demand	835,982
Reconciling items	<u>(234,276)</u>
Reconciled Balance June 30, 2011	601,706
Less: Fiduciary Funds Cash	<u>(35,501)</u>
Balance Sheet Total June 30, 2011	<u>\$ 566,205</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

CASH RECONCILIATION
JUNE 30, 2011

	<u>Operational 11000</u>	<u>Teacherage 12000</u>	<u>Transportation 13000</u>	<u>Instructional Materials 14000</u>	<u>Food Service 21000</u>	<u>Athletics Account 22000</u>	<u>Non - Instructional 23000</u>	<u>Federal Flowthrough 24000</u>		
Cash, June 30, 2010	\$ 171,707	\$ 16,100	\$ 79,799	\$ 2,534	\$ 34,483	\$ 3,882	\$ 43,135	\$ 94,568		
Cash receipts, 2010-2011	1,784,098	8,600	103,733	3,662	54,476	19,931	8,573	126,879		
Cash disbursements, 2010-2011	(1,882,001)	(4,800)	(183,531)	(275)	(88,852)	(21,794)	(16,207)	(221,447)		
Cash balance, June 30, 2011	<u>\$ 73,804</u>	<u>\$ 19,900</u>	<u>\$ 1</u>	<u>\$ 5,921</u>	<u>\$ 107</u>	<u>\$ 2,019</u>	<u>\$ 35,501</u>	<u>\$ -</u>		
	<u>Federal Direct 25000</u>	<u>State Flowthrough 26000</u>	<u>State Flowthrough 27000</u>	<u>Local / State 29000</u>	<u>Bond Building 31100</u>	<u>Capital Outlay 31400</u>	<u>Cap. Impro. SB 9 31700</u>	<u>Debt Service Fund 41000</u>	<u>Ed. Tech. Debt Service 43000</u>	
Cash, June 30, 2010	\$ 25,407	\$ 7,178	\$ 18,659	\$ 3,084	\$ 100,957	\$ 33,289	\$ 98,597	\$ 51,676	\$ 65	
Cash receipts, 2010-2011	63,131	3,000	7,311	-	-	-	94,841	212,408	-	
Cash disbursements, 2010-2011	(52,467)	(2,178)	(7,312)	-	(6,447)	-	(99,711)	(87,035)	-	
Cash balance, June 30, 2011	<u>\$ 36,071</u>	<u>\$ 8,000</u>	<u>\$ 18,658</u>	<u>\$ 3,084</u>	<u>\$ 94,510</u>	<u>\$ 33,289</u>	<u>\$ 93,727</u>	<u>\$ 177,049</u>	<u>\$ 65</u>	

See accompanying notes to financial statements.

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**

Hector H. Balderas
State Auditor of the State of New Mexico
Board of Directors of the Vaughn Municipal Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Vaughn Municipal Schools (the "District") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identified deficiencies in internal control over financial reporting that we consider to be material weaknesses however, other deficiencies were identified that we consider to be 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. We consider the deficiency described in the accompanying schedule of findings and responses (item 08-02) to be significant a deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 item 07-02.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board Members, the District's management, the Public Education Department, the State Auditor, the New Mexico State Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

White + Samaniego + Campbell, LLP

El Paso, Texas
October 25, 2011

**VAUGHN MUNICIPAL SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

PRIOR AUDIT FINDINGS	Current status
07-01 Late Audit Report	Resolved
07-02 Employees were overpaid based on their contracts	Repeat
07-03 Budgetary Compliance	Resolved
08-02 Capital Assets	Repeat
08-04 PED Report	Resolved
08-05 941 Payments	Resolved
08-06 Lack of Supervision and Segregation of Duties	Resolved

**VAUGHN MUNICIPAL SCHOOLS
 SCHEDULE OF FINDINGS AND RESPONSES
 FOR THE YEAR ENDED JUNE 30, 2011**

Employees were overpaid based on their contracts (07-02)

CONDITION	During our testwork of employee contracts, it was noted that there were 1 out of 7 employees tested being paid an amount over the contract price agreed upon between the employee and the school district totaling \$500.
CRITERIA	"The local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP." N.M. Admin. Code tit. 6.section 6.20.2.18.
CAUSE	The payroll department miscalculated or intentionally paid one employee more than the amount on the contract, amended contracts and stipends. As result this employee received an amount in excess of the agreed upon contract price for the services.
EFFECT	Employees were paid in excess of the agreed upon contract price. As a result, the school district overpaid for employees services and/or employee was paid in excess of services rendered.
RECOMMENDATION	There should be a reconciliation, review and approval of all payroll runs before the checks are given to the employees comparing contracts, amended contracts and stipends.
RESPONSE	All Contracts and Contract Adjustments/ Stipends and Increments will be in accordance with the Board approved Increment/Stipend Schedule and signed by the Superintendent before any payroll position will be set up and any payroll disbursement be made.

Capital Assets (08-02)

CONDITION	During our test work, we noted that the District's capital asset records were not complete. The beginning capital assets detail provided at the start of field work did not agree to the general ledger.
CRITERIA	According to NMAC 6.20.2.22 C, assets of a long-term character which are intended to continue to be held or used, such as land, buildings, furniture, machinery and equipment shall be acquired and accounted for through the development and implementation of a complete property control system which shall be adopted by the local board and in accordance with GAAP.
CAUSE	The District has asset listings, but has not adequately maintained those listings to ensure they agree with audited financial statements.
EFFECT	The District's capital asset detail does not agree to the general ledger.

RECOMMENDATION

The District must implement a property control system in accordance with NMAC 6.20.2.22 C in order to have an accurate capital asset listing which includes depreciation expense.

RESPONSE

The School District has tagged and recounted all fixed and supply assets and is in the process to update and link the prior and current data base information. Capital asset information will be reassessed from the past two fiscal years and brought into alignment with the general ledger, noting any discrepancies and establishing accumulated depreciation.

VAUGHN MUNICIPAL SCHOOLS

**FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2011**

The financial statements of Vaughn Municipal Schools as of, and for the year ended June 30, 2011 were prepared by White + Samaniego + Campbell, LLP, with the aid of responsible District personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

VAUGHN MUNICIPAL SCHOOLS

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2011**

An exit conference was conducted October 5, 2011, in a closed meeting of the Vaughn Municipal School pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Vaughn Municipal Schools

Johnnie S Cain	Superintendent
Trude Bauler	Business Manager
Henrietta Garcia	Vice President
Floraida Tapia	Member
Paula Foote	Audit Committee

White + Samaniego + Campbell, LLP

Luis Molina	Supervisor
Joanna Favela	Audit Staff