

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2014
and Independent Auditors' Report**

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

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JUNE 30, 2014**

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VAUGHN MUNICIPAL SCHOOLS**

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**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

OFFICIAL ROSTER

BOARD OF EDUCATION

Antonio Castillo
Henrietta Garcia
Floraida Tapia
Rudy Martinez
Heather Sanchez

President
Vice President
Secretary
Member
Member

SCHOOL OFFICIALS

Dr. Susan Wilkinson

Superintendent

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of Vaughn Municipal Schools (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, 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 comparison statements for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2014, and the respective changes in financial position, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in 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, 2014, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements the combining and individual fund financial statements, and the budgetary comparisons that collectively comprise the District's basic financial statements. The other schedules required by Section 2.2.2. NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of Vaughn Municipal Schools 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 in internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vaughn Municipal Schools internal control over financial reporting and compliance.



El Paso, Texas
December 1, 2014

**BASIC
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,114,418
Property taxes receivable	1,339
Due from other governments	130,678
Inventory	<u>3,073</u>
Total current assets	<u>1,249,508</u>
Non-current assets	
Capital assets	8,687,746
Less accumulated depreciation	<u>(5,847,591)</u>
Total non-current assets	<u>2,840,155</u>
Total assets	<u>\$ 4,089,663</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 15,502
Accrued interest	14,076
Unearned revenue	45,174
Accrued compensated absences	13,337
Current portion of bonds payable	<u>197,000</u>
Total current liabilities	285,089
Long-term obligations	
Bonds payable	<u>1,328,000</u>
Total long-term liabilities	<u>1,328,000</u>
Total liabilities	<u>1,613,089</u>
NET POSITION	
Net investment in capital assets	1,301,079
Restricted for	
Cafeteria fund (inventory)	3,073
Special revenue	49,994
Capital projects	686,104
Debt service	240,819
Unrestricted	<u>195,505</u>
Total net position	<u>\$ 2,476,574</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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	\$ 985,123	\$ 5,400	\$ 146,209	\$ -	\$ (833,514)
Support services	513,618	17,848	74,736	-	(421,034)
Central services	127,802	-	16,994	-	(110,808)
Operation and maintenance of plant	596,461	-	90,131	-	(506,330)
Student transportation	170,275	-	115,829	-	(54,446)
Food services	100,007	2,159	-	-	(97,848)
Interest on long-term debt	33,821	-	-	-	(33,821)
Depreciation	235,843	-	-	-	(235,843)
Total governmental activities	\$ 2,762,950	\$ 25,407	\$ 443,899	\$ -	(2,293,644)
General Revenues:					
Taxes:					
Property taxes, levied for operating programs					27,100
Property taxes, levied for debt services					233,065
Property taxes, levied for capital projects					108,052
State equalization guarantee					1,281,791
Interest and investment earnings					1,428
Miscellaneous					4,904
Special item- Emergency funding					415,421
Subtotal, general revenue					2,071,761
Change in net position					(221,883)
Net position - beginning of year					2,698,457
Net position - end of year					\$ 2,476,574

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Teacher/ Principal Training & Recruiting	Title XIX Medicaid 3/21 Years	Rural Education Achievement Program
ASSETS				
Cash and cash equivalents	\$ 108,155	\$ -	\$ 50,397	\$ -
Property taxes receivable	97	-	-	-
Due from other funds	92,524	-	-	-
Due from grantors	36,879	3,545	-	27,973
	<u>237,655</u>	<u>3,545</u>	<u>50,397</u>	<u>27,973</u>
Total assets	<u>\$ 237,655</u>	<u>\$ 3,545</u>	<u>\$ 50,397</u>	<u>\$ 27,973</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	3,545	-	27,973
Unearned revenue	-	28,813	16,361	-
	<u>-</u>	<u>32,358</u>	<u>16,361</u>	<u>27,973</u>
Total liabilities	-	32,358	16,361	27,973
Fund balances:				
Nonspendable - Inventory	-	-	-	-
Restricted, reported in:				
Special revenue fund	-	-	34,036	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Unassigned fund balance	237,655	(28,813)	-	-
	<u>237,655</u>	<u>(28,813)</u>	<u>34,036</u>	<u>-</u>
Total fund balances	237,655	(28,813)	34,036	-
Total liabilities and fund balances	<u>\$ 237,655</u>	<u>\$ 3,545</u>	<u>\$ 50,397</u>	<u>\$ 27,973</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Bond Building	Capital Improvements SB-9	Debt Service	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 575,617	\$ 40,639	\$ 206,058	\$ 133,552	\$ 1,114,418
Property taxes receivable	-	387	767	88	1,339
Due from other funds	-	-	-	-	92,524
Inventory	-	-	-	3,073	3,073
Due from grantors	-	-	-	62,281	130,678
	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,281</u>	<u>130,678</u>
 Total assets	 <u>\$ 575,617</u>	 <u>\$ 41,026</u>	 <u>\$ 206,825</u>	 <u>\$ 198,994</u>	 <u>\$ 1,342,032</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 15,502	\$ -	\$ -	\$ 15,502
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	61,006	92,524
Unearned revenue	-	-	-	-	45,174
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,174</u>
 Total liabilities	 -	 15,502	 -	 61,006	 153,200
Fund balances:					
Nonspendable - Inventory	-	-	-	3,073	3,073
Restricted, reported in:					
Special revenue fund	-	-	-	15,958	49,994
Capital projects funds	575,617	25,524	-	84,963	686,104
Retirement of long-term debt	-	-	206,825	33,994	240,819
Unassigned fund balance	-	-	-	-	208,842
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,842</u>
 Total fund balances	 <u>575,617</u>	 <u>25,524</u>	 <u>206,825</u>	 <u>137,988</u>	 <u>1,188,832</u>
 Total liabilities and fund balances	 <u>\$ 575,617</u>	 <u>\$ 41,026</u>	 <u>\$ 206,825</u>	 <u>\$ 198,994</u>	 <u>\$ 1,342,032</u>

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 POSITION
JUNE 30, 2014

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

Fund balances - total governmental funds	\$ 1,188,832
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,840,155
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	(14,076)
Compensated absences	(13,337)
General obligation bonds	<u>(1,525,000)</u>
Total net position - governmental funds	<u>\$ 2,476,574</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, 2014

	General Fund	Teacher/ Principal Training & Recruiting	Title XIX Medicaid 3/21 Years	Rural Education Achievement Program
REVENUES				
Taxes	\$ 27,100	\$ -	\$ -	\$ -
Charges for services	5,400	-	-	-
State sources	1,703,381	-	-	-
Federal sources	-	4,316	14,514	-
Transportation distribution	115,829	-	-	-
Earnings from investments	1,428	-	-	-
Miscellaneous	4,904	-	-	-
Total revenues	1,858,042	4,316	14,514	-
EXPENDITURES				
Current:				
Direct instruction	784,857	4,316	1,284	-
Instructional support	502,207	-	6,481	-
Central services	114,500	-	-	-
Operation and maintenance	268,136	-	-	-
Transportation	106,403	-	-	-
Food services	39,038	-	-	-
Total expenditures	1,815,141	4,316	7,765	-
Excess (deficiency) of revenues over expenditures	42,901	-	6,749	-
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	42,901	-	6,749	-
Fund balance - beginning of year	194,754	(28,813)	27,287	-
Fund balance - end of year	\$ 237,655	\$ (28,813)	\$ 34,036	\$ -

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, 2014

	Bond Building	Capital Improvements SB-9	Debt Service	Other Governmental Funds	Total
REVENUES					
Taxes	\$ -	\$ 108,052	\$ 199,137	\$ 33,929	\$ 368,218
Charges for services	-	-	-	20,007	25,407
State sources	-	-	-	155,782	1,859,163
Federal sources	-	-	-	147,288	166,118
Transportation distribution	-	-	-	-	115,829
Earnings from investments	-	-	-	-	1,428
Miscellaneous	-	-	-	-	4,904
Total revenues	-	108,052	199,137	357,006	2,541,067
EXPENDITURES					
Current:					
Direct instruction	-	-	-	193,500	983,957
Instructional support	-	-	1,992	2,938	513,618
Central services	-	-	-	13,302	127,802
Operation and maintenance	274,619	53,706	-	-	596,461
Transportation	-	-	-	63,872	170,275
Food services	-	-	-	60,969	100,007
Capital outlay	-	85,979	-	15,037	101,016
Debt services:					
Principal payments	-	-	175,000	-	175,000
Interest	-	-	33,605	-	33,605
Total expenditures	274,619	139,685	210,597	349,618	2,801,741
Excess (deficiency) of revenues over expenditures	(274,619)	(31,633)	(11,460)	7,388	(260,674)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	100,000	100,000
Total other financing sources (uses)	-	-	-	100,000	100,000
Net change in fund balance	(274,619)	(31,633)	(11,460)	107,388	(160,674)
Fund balance - beginning of year	850,236	57,157	218,285	30,600	1,349,506
Fund balance - end of year	\$ 575,617	\$ 25,524	\$ 206,825	\$ 137,988	\$ 1,188,832

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, 2014**

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

Fund balances - total governmental funds \$ (160,674)

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 position 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 (235,843)
Capital outlay 101,016

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 position.

Issuance of bond (100,000)
Increase in accrued interest (216)
Increase in accrued compensated absences (1,166)
Principal payment on bond 175,000

Change in net position of governmental activities \$ (221,883)

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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 24,517	\$ 24,517	\$ 27,003	\$ 2,486
Charges for services	9,600	9,600	5,400	(4,200)
State sources	1,686,226	1,820,577	1,819,210	(1,367)
Earnings from investments	950	950	1,428	478
Miscellaneous	-	-	4,904	4,904
	<u>1,721,293</u>	<u>1,855,644</u>	<u>1,857,945</u>	<u>2,301</u>
Total revenues				
Expenditures:				
Current:				
Direct instruction	845,819	845,138	784,857	60,281
Instruction support	452,925	512,790	502,207	10,583
Central services	81,688	110,688	114,500	(3,812)
Operation and maintenance	281,854	301,854	268,136	33,718
Transportation	87,246	152,708	106,403	46,305
Other support services	4,979	12,562	-	12,562
Food services	41,197	41,197	39,038	2,159
	<u>1,795,708</u>	<u>1,976,937</u>	<u>1,815,141</u>	<u>161,796</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(74,415)</u>	<u>(121,293)</u>	<u>42,804</u>	<u>164,097</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balance	(74,415)	(121,293)	42,804	164,097
Fund balance - beginning of year	<u>194,754</u>	<u>194,754</u>	<u>194,754</u>	<u>-</u>
Fund balance - end of year	<u>\$ 120,339</u>	<u>\$ 73,461</u>	<u>\$ 237,558</u>	<u>\$ 164,097</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis		\$ 42,804		
Net revenue accruals		97		
Net expenditure accruals		<u>-</u>		
Net changes in fund balance GAAP basis		<u>\$ 42,901</u>		

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**TEACHER/PRINCIPAL TRAINING & RECRUITING 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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 10,252	\$ 22,586	\$ 4,316	\$ (18,270)
Total revenues	10,252	22,586	4,316	(18,270)
Expenditures:				
Current:				
Direct instruction	10,252	22,586	4,316	18,270
Instructional support	-	-	-	-
Total expenditures	10,252	22,586	4,316	18,270
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	(28,813)	(28,813)	(28,813)	-
Fund balance - end of year	\$ (28,813)	\$ (28,813)	\$ (28,813)	\$ -
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**

**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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 11,141	\$ 11,141	\$ 14,514	\$ 3,373
Total revenues	11,141	11,141	14,514	3,373
Expenditures:				
Current:				
Direct instruction	6,500	6,500	1,284	5,216
Other support services	47,751	47,751	6,481	41,270
Total expenditures	54,251	54,251	7,765	46,486
Excess (deficiency) of revenues over expenditures	(43,110)	(43,110)	6,749	49,859
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(43,110)	(43,110)	6,749	49,859
Fund balance - beginning of year	27,287	27,287	27,287	-
Fund balance - end of year	\$ (15,823)	\$ (15,823)	\$ 34,036	\$ 49,859
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 6,749	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 6,749	

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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 8,365	\$ -	\$ (8,365)
Total revenues	-	8,365	-	(8,365)
Expenditures:				
Current:				
Direct instruction	-	8,365	-	8,365
Total expenditures	-	8,365	-	8,365
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, 2014**

ASSETS

Current Assets:

Cash \$ 23,885

Total assets \$ 23,885

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 23,885

Total liabilities \$ 23,885

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.

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.

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.

The Title XIX Medicaid 3/21 Years fund is 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).

The Rural Education Achievement Program fund is used 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.

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 Position 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 Tarrant 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 2014 is considered measurable and available and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2014.

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, 2014.

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

Unearned Revenues and Deferred Inflows of Resources - 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 unearned 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 unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year end are classified as deferred inflow.

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 position and displayed in three components:

- a. Net position 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 Position:
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 position:
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 \$1,281,791 in state equalization guarantee distributions during the year ended June 30, 2014.

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 \$368,217 in tax revenues in the governmental fund financial statements during the year ended June 30, 2014. 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 \$115,829 in transportation distributions during the year ended June 30, 2014.

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 June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The Village 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 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The Village 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 January 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 69 Government Combinations and Disposals of government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. 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 April 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. 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 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 71 Pension Transition for Contributions made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. 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, 2014.

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, 2014	\$ 1,256,623
FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 1,006,623</u>
Pledged collateral	\$ 1,593,000
Collateral requirement (50% of uninsured public funds)	<u>503,312</u>
Over collateralization	<u>\$ 1,089,688</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, 2014, \$1,006,623 of the District's bank balance of \$1,256,623 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, 2014, the carrying amount of these deposits was \$1,138,303.

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents per Governmental Funds - Balance Sheet	\$ 1,114,418
Restricted cash and cash equivalents - Balance Sheet	-
Statement of Fiduciary Net Assets - cash	<u>23,885</u>
	1,138,303
Add outstanding checks and other reconciling items	<u>118,320</u>
Bank balance of deposits and investments	<u>\$ 1,256,623</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, 2014 is as follows:

Governmental Activities	Due from other funds	Due to other funds
General fund	\$ 92,524	\$ -
Title I	-	7,397
Rural Education Achievement Program	-	27,973
IDEA-B	-	23,709
IDEA-B Preschool	-	649
Teacher/Principal Training & Recruiting	-	3,545
2012 Go Bond Student Library	-	2,197
New Mexico Reads to Lead K-3	-	13,858
PreK Initiative	-	10,195
Kindergarden Three Plus	-	3,001
	<u>-</u>	<u>3,001</u>
Totals	<u>\$ 92,524</u>	<u>\$ 92,524</u>

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2014.

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2014, are as follows:

	General	Major Governmental Funds	Non-Major Governmental Funds	Total
Government grants	\$ 36,879	\$ 31,518	\$ 62,281	\$ 130,678
Property taxes	<u>97</u>	<u>1,154</u>	<u>88</u>	<u>1,339</u>
Total	<u>\$ 36,976</u>	<u>\$ 32,672</u>	<u>\$ 62,369</u>	<u>\$ 132,017</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, 2014 is as follows:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 169,045	\$ -	\$ -	\$ 169,045
Total capital assets not being depreciated	<u>169,045</u>	<u>-</u>	<u>-</u>	<u>169,045</u>
Capital assets being depreciated:				
Buildings & building improvements	6,979,923	-	-	6,979,923
Equipment, Vehicles, Information Technology Equipment, Software & Books	<u>1,566,352</u>	<u>101,016</u>	<u>(128,590)</u>	<u>1,538,778</u>
Total capital assets being depreciated	<u>8,546,275</u>	<u>101,016</u>	<u>(128,590)</u>	<u>8,518,701</u>
Less accumulated depreciation for:				
Buildings & building improvements	4,561,487	187,410	-	4,748,897
Equipment, Vehicles, Information Technology Equipment, Software & Books	<u>1,178,851</u>	<u>48,433</u>	<u>(128,590)</u>	<u>1,098,694</u>
Total accumulated depreciation	<u>5,740,338</u>	<u>235,843</u>	<u>(128,590)</u>	<u>5,847,591</u>
Total capital assets being depreciated, net	<u>2,805,937</u>	<u>(134,827)</u>	<u>-</u>	<u>2,671,110</u>
Governmental activities capital assets, net	<u>\$ 2,974,982</u>	<u>\$ (134,827)</u>	<u>\$ -</u>	<u>\$ 2,840,155</u>

For the year ended June 30, 2014, depreciation was charged to the following functions:

Governmental Activities	
Instruction	\$ 81,031
Support services	130,857
Central services	11,671
Operations and maintenance of plant	<u>12,284</u>
 Total	 <u>\$ 235,843</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 was \$1,805,000. 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, 2014 are for governmental activities.

Bonds outstanding at June 30, 2014, are comprised of the following:

	Series 9/15/2005	Series 6/21/2013	Series 12/20/2013
Original Issue:	\$ 855,000	\$ 850,000	\$ 100,000
Maturity	8/1/2019	8/1/2025	8/1/2016
Principal	August 1	February 1	August 1
Interest Rate	4.00% - 4.25%	.10% - 2.64%	.55% - .73%
Interest	February 1 & August 1	January 1 & July 1	February 1 & August 1

The following is a summary of the long-term debt and the activity for the year ended June 30, 2014:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 1,600,000	\$ 100,000	\$ 175,000	\$ 1,525,000	\$ 197,000
Compensated absences	<u>12,171</u>	<u>9,286</u>	<u>8,120</u>	<u>13,337</u>	<u>13,337</u>
 Total governmental activities	 <u>\$ 1,612,171</u>	 <u>\$ 109,286</u>	 <u>\$ 183,120</u>	 <u>\$ 1,538,337</u>	 <u>\$ 210,337</u>

The annual requirements to amortize the December 20, 2013 Series general obligation bonds outstanding as of June 30, 2014, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2015	\$ 32,000	\$ 548	\$ 32,548
2016	28,000	295	28,295
2017	40,000	109	40,109
	<u>\$ 100,000</u>	<u>\$ 952</u>	<u>\$ 100,952</u>

The annual requirements to amortize the September 15, 2005 Series general obligation bonds outstanding as of June 30, 2014, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2015	\$ 85,000	\$ 21,300	\$ 106,300
2016	90,000	17,800	107,800
2017	95,000	14,100	109,100
2018	100,000	10,200	110,200
2019	100,000	6,200	106,200
2020	105,000	2,100	107,100
	<u>\$ 575,000</u>	<u>\$ 71,700</u>	<u>\$ 646,700</u>

The annual requirements to amortize the June 21, 2013 Series general obligation bonds outstanding as of June 30, 2014, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2015	\$ 80,000	\$ 9,822	\$ 89,822
2016	80,000	9,315	89,315
2017	45,000	8,858	53,858
2018	40,000	8,476	48,476
2019	40,000	8,036	48,036
2020-2026	565,000	24,269	589,269
	<u>\$ 850,000</u>	<u>\$ 68,776</u>	<u>\$ 918,776</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, 2014, compensated absences increased \$1,166 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, 2014, there have been no claims that have exceeded insurance coverage.

9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD

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 (ERB) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers and other employees of State public school districts, colleges and universities and beneficiaries). ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy

Member Contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.10% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

Vaughn Municipal Schools contributed 13.15% of gross salary in fiscal year 2014. In fiscal year 2015 Vaughn Municipal Schools will contribute 13.9% of gross covered salary.

The contribution requirements of plan members and the Vaughn Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by facts of the legislature. Vaughn Municipal School's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were \$111,624, \$120,660, and \$100,840, respectively, which equal the amount of the required contributions for each fiscal year.

10. 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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members

pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee’s annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee’s annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Vaughn Municipal Schools contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$29,433, \$33,012, and \$38,684, respectively, which equal the required contributions for each year.

11. 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.

12. OPERATING LEASES

On November 1 2012, the District entered into a lease agreement to lease three copy machines. The lease has a 60 month term with payment of \$710.74 monthly. The first payment was made on December 1, 2012 and the last payment is due November 1, 2017. Future annual rent receipts are as follows:

Years ending June 30,	Amount
2015	\$ 8,529
2016	8,529
2017	8,529
2018	<u>3,554</u>
	<u>\$29,141</u>

13. ANALYSIS FOR IMPAIRMENT

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there are no impairment assets at June 30, 2014.

14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A deficit fund balance of individual funds. The following fund reflected a deficit fund balance as of June 30, 2014:

Teacher/Principal Training & Recruiting	\$28,813
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SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash on deposit	\$ 14,683	\$ 84,963	\$ 33,906	133,552
Property taxes receivable	-	-	88	88
Accounts receivable	-	-	-	-
Inventory, at cost	3,073	-	-	3,073
Due from grantors	62,281	-	-	62,281
	<u>62,281</u>	<u>-</u>	<u>-</u>	<u>62,281</u>
Total assets	<u>\$ 80,037</u>	<u>\$ 84,963</u>	<u>\$ 33,994</u>	<u>\$ 198,994</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	61,006	-	-	61,006
Unearned revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	61,006	-	-	61,006
Fund balances:				
Nonspendable - inventory	3,073	-	-	3,073
Restricted, reported in:				
Special revenue funds	15,958	-	-	15,958
Capital project funds	-	84,963	-	84,963
Retirement of long-term debt	-	-	33,994	33,994
	<u>-</u>	<u>-</u>	<u>33,994</u>	<u>33,994</u>
Total fund balance	<u>19,031</u>	<u>84,963</u>	<u>33,994</u>	<u>137,988</u>
Total liabilities and fund balances	<u>\$ 80,037</u>	<u>\$ 84,963</u>	<u>\$ 33,994</u>	<u>\$ 198,994</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, 2014**

	Special Revenue	Capital Projects	Debt Service	Total
Revenues:				
Taxes	\$ -	\$ -	\$ 33,929	\$ 33,929
Charges for services	20,007	-	-	20,007
State sources	155,782	-	-	155,782
Federal sources	147,288	-	-	147,288
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	323,077	-	33,929	357,006
Expenditures:				
Current:				
Direct instruction	193,500	-	-	193,500
Instructional support	2,938	-	-	2,938
Food services	60,969	-	-	60,969
Professional fees	13,302	-	-	13,302
Operating and maintenance	-	-	-	-
Transportation	63,872	-	-	63,872
Capital outlay	-	15,037	-	15,037
Debt services:				
Principal payments	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	334,581	15,037	-	349,618
Excess (deficiency) of revenues over expenditures	(11,504)	(15,037)	33,929	7,388
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	100,000	-	100,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	100,000	-	100,000
Net changes in fund balances	(11,504)	84,963	33,929	107,388
Fund balance - beginning of year	30,535	-	65	30,600
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - end of year	\$ 19,031	\$ 84,963	\$ 33,994	\$ 137,988
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 ENTITLEMENT SPECIAL (24106), (24206 FEDERAL STIMULUS) – This 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.

IDEA-B PRESCHOOL (24109) – 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.

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.

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

DUAL CREDIT IM/HB2 (27103) – To account for monies received to purchase course materials for dual credit college classes.

2012 GO BOND LIBRARY (27107) - To account for monies received from, Laws of 2012 to be used to improve the library, acquire library books or library resources that support the library program.

NEW MEXICO READS TO LEAD (27114) - Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade- giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

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.

PRE-K INITIATIVE (27149) - The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.

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.

KINDERGARTEN 3-PLUS (27166) - To account for funds received to provide the opportunity for the district to address early literacy. The fullday kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

2013 SCHOOL BUSES (27178) - To provide for the purchase of school buses.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Special Revenue Funds						
	Food Service 21000	Athletics 22000	Title I 24101	Entitlement IDEA-B 24106	IDEA-B Preschool 24109	Child and Adult Food Program 25171	ENMR Plateau Education Foundation School Grant 26191
ASSETS							
Cash on deposit	\$ 7,915	\$ 1,201	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Inventory, at cost	3,073	-	-	-	-	-	-
Due from grantors	-	-	7,397	23,709	649	-	-
Total assets	\$ 10,988	\$ 1,201	\$ 7,397	\$ 23,709	\$ 649	\$ -	\$ 3,000
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 7,397	\$ 23,709	\$ 649	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	-	7,397	23,709	649	-	-
Fund balances:							
Nonspendable - inventory	3,073	-	-	-	-	-	-
Restricted, reported in:							
Special revenue funds	7,915	1,201	-	-	-	-	3,000
Total fund balance	10,988	1,201	-	-	-	-	3,000
Total liabilities and fund balances	\$ 10,988	\$ 1,201	\$ 7,397	\$ 23,709	\$ 649	\$ -	\$ 3,000

Continued

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Special Revenue Funds								
	Dual Credit Instructional Materials/HB2 27103	2012 GO Bond Student Library 27107	New Mexico Reads to Lead K-3 Reading Initiative 27114	Technology for Education 27117	PreK Initiative 27149	Beginning Teacher Mentoring 27154	Kindergarten Three Plus 27166	2013 School Buses 27178	Total Special Revenue Funds
ASSETS									
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,567	\$ -	\$ -	\$ 14,683
Taxes receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Inventory, at cost	-	-	-	-	-	-	-	-	3,073
Due from grantors	-	2,197	13,858	-	10,195	1,275	3,001	-	62,281
Total assets	\$ -	\$ 2,197	\$ 13,858	\$ -	\$ 10,195	\$ 3,842	\$ 3,001	\$ -	\$ 80,037
LIABILITIES AND FUND BALANCES									
Liabilities:									
Due to other funds	\$ -	\$ 2,197	\$ 13,858	\$ -	\$ 10,195	\$ -	\$ 3,001	\$ -	\$ 61,006
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	2,197	13,858	-	10,195	-	3,001	-	61,006
Fund balances:									
Nonspendable - inventory	-	-	-	-	-	-	-	-	3,073
Restricted, reported in:									
Special revenue funds	-	-	-	-	-	3,842	-	-	15,958
Total fund balance	-	-	-	-	-	3,842	-	-	\$ 19,031
Total liabilities and fund balances	\$ -	\$ 2,197	\$ 13,858	\$ -	\$ 10,195	\$ 3,842	\$ 3,001	\$ -	\$ 80,037

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, 2014

	Special Revenue Funds						
	Food Service 21000	Athletics 22000	Title I 24101	Entitlement IDEA-B 24106	IDEA-B Preschool 24109	Child and Adult Food Program 25171	ENMR Plateau Education Foundation School Grant 26191
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	2,159	17,848	-	-	-	-	-
State share of taxes	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	63,384	-	36,733	46,522	649	-	-
Total revenues	65,543	17,848	36,733	46,522	649	-	-
Expenditures:							
Current:							
Direct instruction	-	20,624	36,733	45,995	649	-	-
Instructional support	-	-	-	527	-	-	-
Food services	60,676	-	-	-	-	293	-
Central services	-	-	-	-	-	-	-
Operation and maintenance	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	60,676	20,624	36,733	46,522	649	293	-
Net changes in fund balances	4,867	(2,776)	-	-	-	(293)	-
Fund balance - beginning of year	6,121	3,977	-	-	-	293	3,000
Fund balance - end of year	\$ 10,988	\$ 1,201	\$ -	\$ -	\$ -	\$ -	\$ 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, 2014

Special Revenue Funds									
	Dual Credit Instructional Materials/HB2 27103	2012 GO Bond Student Library 27107	New Mexico Reads to Lead K-3 Reading Initiative 27114	Technology for Education 27117	PreK Initiative 27149	Beginning Teacher Mentoring 27154	Kindergarden Three Plus 27166	2013 School Buses 27178	Total Special Revenue Funds
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	-	-	-	-	-	-	20,007
State share taxes	-	-	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-	-	-
State sources	214	2,197	51,314	-	17,986	-	20,199	63,872	155,782
Federal sources	-	-	-	-	-	-	-	-	147,288
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	214	2,197	51,314	-	17,986	-	20,199	63,872	323,077
Expenditures:									
Current:									
Direct instruction	-	-	51,314	-	17,986	-	20,199	-	193,500
Instructional support	214	2,197	-	-	-	-	-	-	2,938
Food services	-	-	-	-	-	-	-	-	60,969
Central services	-	-	-	13,302	-	-	-	-	13,302
Operation and maintenance	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	63,872	63,872
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	214	2,197	51,314	13,302	17,986	-	20,199	63,872	334,581
Net changes in fund balances	-	-	-	(13,302)	-	-	-	-	(11,504)
Fund balance - beginning of year	-	-	-	13,302	-	3,842	-	-	30,535
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,842	\$ -	\$ -	\$ 19,031

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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charge for services	\$ 2,550	\$ 2,550	\$ 2,159	\$ (391)
Federal sources	<u>62,450</u>	<u>62,450</u>	<u>63,384</u>	<u>934</u>
Total revenues	65,000	65,000	65,543	543
Expenditures:				
Current:				
Food service	<u>70,976</u>	<u>70,976</u>	<u>60,676</u>	<u>10,300</u>
Total expenditures	70,976	70,976	60,676	(10,300)
Excess (deficiency) of revenues over expenditures	<u>(5,976)</u>	<u>(5,976)</u>	<u>4,867</u>	<u>10,843</u>
Other financing sources (uses)				
Designated cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5,976)	(5,976)	4,867	10,843
Fund balance - beginning of year	<u>6,121</u>	<u>6,121</u>	<u>6,121</u>	<u>-</u>
Fund balance - end of year	<u>\$ 145</u>	<u>\$ 145</u>	<u>\$ 10,988</u>	<u>\$ 10,843</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 4,867	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 4,867</u>	

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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 21,205	\$ 21,205	\$ 17,848	\$ (3,357)
Total revenues	21,205	21,205	17,848	(3,357)
Expenditures:				
Current:				
Direct instruction	22,929	22,929	20,624	2,305
Total expenditures	22,929	22,929	20,624	2,305
Excess (deficiency) of revenues over expenditures	(1,724)	(1,724)	(2,776)	(1,052)
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(1,724)	(1,724)	(2,776)	(1,052)
Fund balance - beginning of year	3,977	3,977	3,977	-
Fund balance - end of year	\$ 2,253	\$ 2,253	\$ 1,201	\$ (1,052)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (2,776)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (2,776)	

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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 28,224	\$ 41,714	\$ 29,336	\$ (12,378)
Total revenues	28,224	41,714	29,336	(12,378)
Expenditures:				
Current:				
Direct instructional	28,224	41,714	36,733	4,981
Total expenditures	28,224	41,714	36,733	4,981
Excess (deficiency) of revenues over expenditures	-	-	(7,397)	(7,397)
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(7,397)	(7,397)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ (7,397)	\$ (7,397)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (7,397)	
Net revenue accruals			7,397	
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 ENTITLEMENT 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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 55,370	\$ 46,522	\$ (8,848)
Total revenues	-	55,370	46,522	(8,848)
Expenditures:				
Current:				
Direct instructional	-	52,473	45,995	6,478
Instruction support	-	2,897	527	2,370
Total expenditures	-	55,370	46,522	8,848
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

**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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 7,670	\$ 649	\$ (7,021)
Total revenues	-	7,670	649	(7,021)
Expenditures:				
Current:				
Direct instructional	-	1,752	649	1,103
Instruction support	-	5,918	-	5,918
Total expenditures	-	7,670	649	7,021
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**

**CHILD AND ADULT FOOD 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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 2,113	\$ -	\$ (2,113)
Total revenues	-	2,113	-	(2,113)
Expenditures:				
Current:				
Food services	-	2,113	293	1,820
Total expenditures	-	2,113	293	1,820
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	293	293	293	-
Fund balance - end of year	\$ 293	\$ 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**

**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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 2,999	\$ -	\$ (2,999)
Total revenues	-	2,999	-	(2,999)
Expenditures:				
Current:				
Direct instruction	-	2,999	-	2,999
Total expenditures	-	2,999	-	2,999
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	3,000	3,000	3,000	-
Fund balance - end of year	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
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**

**DUAL CREDIT IM HB2 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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 376	\$ 214	\$ (162)
Total revenues	-	376	214	(162)
Expenditures:				
Current:				
Direct instruction	-	376	214	162
Total expenditures	-	376	214	162
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

**2012 GO BOND STUDENT 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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 6,143	\$ 6,143	\$ 2,197	\$ (3,946)
Total revenues	6,143	6,143	2,197	(3,946)
Expenditures:				
Current:				
Direct instruction	-	-	-	-
Instructional support	6,143	6,143	2,197	3,946
Total expenditures	6,143	6,143	2,197	3,946
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**

**NEW MEXICO READS TO LEAD K-3 READING INITIATIVE 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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 51,519	\$ 51,314	\$ (205)
Total revenues	-	51,519	51,314	(205)
Expenditures:				
Current:				
Direct instruction	-	51,519	51,314	205
Total expenditures	-	51,519	51,314	205
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**

**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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Direct instruction	-	-	-	-
Total expenditures	-	-	-	-
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	13,302	13,302	13,302	-
Fund balance - end of year	13,302	13,302	\$ 13,302	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			(13,302)	
Net changes in fund balance GAAP basis			\$ (13,302)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

PREK INITIATIVE 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, 2014

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 18,000	\$ 18,000	\$ 17,986	\$ (14)
Total revenues	18,000	18,000	17,986	(14)
Expenditures:				
Current:				
Direct instruction	18,000	18,000	17,986	14
Total expenditures	18,000	18,000	17,986	14
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**

**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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Instructional support	-	-	-	-
Total expenditures	-	-	-	-
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	3,842	3,842	3,842	-
Fund balance - end of year	\$ 3,842	\$ 3,842	\$ 3,842	\$ -
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**

**KINDERGARDEN THREE PLUS 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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 26,617	\$ 24,490	\$ 20,199	\$ (4,291)
Total revenues	26,617	24,490	20,199	(4,291)
Expenditures:				
Current:				
Direct Instruction	<u>26,617</u>	<u>24,490</u>	<u>20,199</u>	<u>4,291</u>
Total expenditures	<u>26,617</u>	<u>24,490</u>	<u>20,199</u>	<u>4,291</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**2013 SCHOOL BUSES 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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 63,872	\$ 63,872	\$ -
Total revenues	-	63,872	63,872	-
Expenditures:				
Current:				
Transportation	-	63,872	63,872	-
Total expenditures	-	63,872	63,872	-
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.

CAPITAL PROJECTS FUNDS

EDUCATION TECHNOLOGY EQUIPMENT ACT (31900) - To ensure that American children have the skills they need to succeed in the information-intensive 21st century, the federal government is committed to working with the private sector to promote four major developments in American education: making modern computer technology an integral part of every classroom; creation of this fund is the Federal Property and Administrative Services Act of 1949., Ch. 288, 63 Stat 377, and the National Defense Authorization Act for the fiscal year 1996, Public Law 104-106.

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014**

	Education Technology Equipment Act 31900	Total
ASSETS		
Cash on deposit	\$ 84,963	\$ 84,963
Taxes receivable	-	-
Accounts receivable	-	-
Inventory, at cost	-	-
Due from grantors	-	-
	<hr/>	<hr/>
Total assets	\$ 84,963	\$ 84,963
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payables	\$ -	\$ -
Deferred revenue	-	-
	<hr/>	<hr/>
Total liabilities	-	-
Fund balances:		
Restricted, reported in:		
Capital projects funds	84,963	84,963
	<hr/>	<hr/>
Total fund balance	84,963	84,963
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 84,963	\$ 84,963
	<hr/>	<hr/>

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, 2014

	Education Technology Equipment Act 31900	Total
Revenues:		
State sources	-	-
	<hr/>	<hr/>
Total revenues	-	-
Expenditures:		
Current:		
Direct instruction	-	-
Capital outlay	15,037	15,037
	<hr/>	<hr/>
Total expenditures	15,037	15,037
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(15,037)	(15,037)
Other financing sources (uses):		
Bond proceeds	100,000	100,000
	<hr/>	<hr/>
Total other financing sources	100,000	100,000
	<hr/>	<hr/>
Net changes in fund balances	84,963	84,963
Fund balance - beginning of year	-	-
	<hr/>	<hr/>
Fund balance - end of year	\$ 84,963	\$ 84,963
	<hr/>	<hr/>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS

**EDUCATION TECHNOLOGY EQUIPMENT ACT 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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current:				
Instructional support	-	-	-	-
Capital outlay	-	100,000	15,037	84,963
Total expenditures	-	100,000	15,037	84,963
Excess (deficiency) of revenues over expenditures	-	(100,000)	(15,037)	84,963
Other financing sources (uses)				
Bond proceeds	-	100,000	100,000	-
Total other financing sources (uses)	-	100,000	100,000	-
Net changes in fund balance	-	-	84,963	84,963
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 84,963	\$ 84,963
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 84,963	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 84,963	

See accompanying notes to financial statements.

MAJOR CAPITAL PROJECTS FUNDS

**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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Operation and maintenance	850,236	850,236	274,619	575,617
Total expenditures	850,236	850,236	274,619	575,617
Excess (deficiency) of revenues over expenditures	(850,236)	(850,236)	(274,619)	575,617
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(850,236)	(850,236)	(274,619)	575,617
Fund balance - beginning of year	850,236	850,236	850,236	-
Fund balance - end of year	\$ -	\$ -	\$ 575,617	\$ 575,617
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (274,619)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (274,619)	

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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 98,107	\$ 98,107	\$ 107,665	\$ 9,558
Total revenues	98,107	98,107	107,665	9,558
Expenditures				
Current:				
Instructional support	982	133,738	53,706	80,032
Capital outlay	982	137,893	70,477	67,416
Total expenditures	1,964	271,631	124,183	147,448
Excess (deficiency) of revenues over expenditures	96,143	(173,524)	(16,518)	157,006
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	96,143	(173,524)	(16,518)	157,006
Fund balance - beginning of year	57,157	57,157	57,157	-
Fund balance - end of year	\$ 153,300	\$ (116,367)	\$ 40,639	\$ 157,006
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (16,518)	
Net revenue accruals			387	
Net expenditure accruals			(15,502)	
Net changes in fund balance GAAP basis			\$ (31,633)	

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, 2014**

	Education Technology Debt Service 43000	Total
ASSETS		
Cash on deposit	\$ 33,906	\$ 33,906
Taxes receivable	88	88
Accounts receivable	-	-
Inventory, at cost	-	-
Due from grantors	-	-
	<hr/>	<hr/>
Total assets	\$ 33,994	\$ 33,994
	<hr/>	<hr/>
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	33,994	33,994
	<hr/>	<hr/>
Total fund balance	33,994	33,994
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 33,994	\$ 33,994
	<hr/>	<hr/>

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, 2014

	Education Technology Debt Service 43000	Total
Revenues:		
Taxes	\$ 33,929	\$ 33,929
Charge for services	-	-
State shared taxes	-	-
Local sources	-	-
State sources	-	-
Federal sources	-	-
Earnings form investments	-	-
	<hr/>	<hr/>
Total revenues	33,929	33,929
Expenditures:		
Current:		
Direct instruction	-	-
Instructional support	-	-
Food services	-	-
Capital outlay	-	-
Debt service:		
Bond	-	-
Interest	-	-
	<hr/>	<hr/>
Total expenditures	-	-
Net changes in fund balances	33,929	33,929
Fund balance - beginning of year	65	65
	<hr/>	<hr/>
Fund balance - end of year	<u>\$ 33,994</u>	<u>\$ 33,994</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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ 33,929	\$ 33,929
Total revenues	-	-	33,929	33,929
Expenditures				
Current:				
Support Services	-	-	-	-
Debt service				
Reserve	-	-	-	-
Bond	-	-	-	-
Interest	65	65	-	65
Total expenditures	65	65	-	65
Excess (deficiency) of revenues over expenditures	(65)	(65)	33,929	33,864
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	(65)	(65)	33,929	33,864
Fund balance - beginning of year	65	65	65	-
Fund balance - end of year	\$ -	\$ -	\$ 33,994	\$ 33,864
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 33,929	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 33,929	

See accompanying notes to financial statements.

MAJOR DEBT SERVICE FUNDS

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, 2014

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 202,460	\$ 202,460	\$ 199,137	\$ (3,323)
Total revenues	202,460	202,460	199,137	(3,323)
Expenditures				
Current:				
Instructional support	-	2,100	1,992	108
Debt service				
Reserve	197,822	197,822	-	197,822
Bond	175,000	175,000	175,000	-
Interest	33,605	33,605	33,605	-
Total expenditures	406,427	408,527	210,597	197,930
Excess (deficiency) of revenues over expenditures	(203,967)	(206,067)	(11,460)	194,607
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	(203,967)	(206,067)	(11,460)	194,607
Fund balance - beginning of year	218,285	218,285	218,285	-
Fund balance - end of year	\$ 14,318	\$ 12,218	\$ 206,825	\$ 194,607
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (11,460)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (11,460)	

See accompanying notes to financial statements.

GENERAL FUND

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2014**

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
ASSETS					
Cash	\$ 40,147	\$ 20,590	\$ 46,305	\$ 1,113	\$ 108,155
Taxes receivable	97	-	-	-	97
Due from other funds	92,524	-	-	-	92,524
Due from other grantors	-	-	36,879	-	36,879
	<u>-</u>	<u>-</u>	<u>36,879</u>	<u>-</u>	<u>36,879</u>
 Total assets	<u>\$ 132,768</u>	<u>\$ 20,590</u>	<u>\$ 83,184</u>	<u>\$ 1,113</u>	<u>\$ 237,655</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	<u>132,768</u>	<u>20,590</u>	<u>83,184</u>	<u>1,113</u>	<u>237,655</u>
Total fund balances	<u>132,768</u>	<u>20,590</u>	<u>83,184</u>	<u>1,113</u>	<u>237,655</u>
Total liabilities and fund balances	<u>\$ 132,768</u>	<u>\$ 20,590</u>	<u>\$ 83,184</u>	<u>\$ 1,113</u>	<u>\$ 237,655</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, 2014**

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
REVENUES					
Taxes	\$ 27,100	\$ -	\$ -	\$ -	\$ 27,100
Charges for services	-	5,400	-	-	5,400
State sources	1,697,212	-	-	6,169	1,703,381
Transportation distribution	-	-	115,829	-	115,829
Earnings from investments	1,428	-	-	-	1,428
Miscellaneous	4,904	-	-	-	4,904
	<u>1,730,644</u>	<u>5,400</u>	<u>115,829</u>	<u>6,169</u>	<u>1,858,042</u>
Total revenues	1,730,644	5,400	115,829	6,169	1,858,042
EXPENDITURES					
Current:					
Direct instruction	778,671	-	-	6,186	784,857
Instructional support	502,207	-	-	-	502,207
Central services	114,500	-	-	-	114,500
Operation and maintenance	255,084	13,052	-	-	268,136
Transportation	-	-	106,403	-	106,403
Food services	39,038	-	-	-	39,038
Debt services:					
	<u>1,689,500</u>	<u>13,052</u>	<u>106,403</u>	<u>6,186</u>	<u>1,815,141</u>
Total expenditures	1,689,500	13,052	106,403	6,186	1,815,141
Net change in fund balance	41,144	(7,652)	9,426	(17)	42,901
Fund balance at beginning of year	91,624	28,242	73,758	1,130	194,754
Fund balance at end of year	<u>\$ 132,768</u>	<u>\$ 20,590</u>	<u>\$ 83,184</u>	<u>\$ 1,113</u>	<u>\$ 237,655</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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget (Unfavorable)
Revenues:				
Taxes	\$ 24,517	\$ 24,517	\$ 27,003	\$ 2,486
Charges for services	-	-	-	-
State sources	1,593,378	1,699,146	1,697,212	(1,934)
Earnings from investments	950	950	1,428	478
Miscellaneous	-	-	4,904	4,904
Total revenues	<u>1,618,845</u>	<u>1,724,613</u>	<u>1,730,547</u>	<u>5,934</u>
Expenditures:				
Current:				
Direct instruction	839,245	838,564	778,671	59,893
Instruction support	452,925	512,790	502,207	10,583
Central services	81,688	110,688	114,500	(3,812)
Operation and maintenance	253,099	273,099	255,084	18,015
Transportation	-	-	-	-
Other support services	4,979	12,562	-	12,562
Food services	41,197	41,197	39,038	2,159
Total expenditures	<u>1,673,133</u>	<u>1,788,900</u>	<u>1,689,500</u>	<u>99,400</u>
Excess (deficiency) of revenues over expenditures	<u>(54,288)</u>	<u>(64,287)</u>	<u>41,047</u>	<u>105,334</u>
Other financial sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(54,288)	(64,287)	41,047	105,334
Fund balance - beginning of year	<u>91,624</u>	<u>91,624</u>	<u>91,624</u>	<u>-</u>
Fund balance - end of year	<u>\$ 37,336</u>	<u>\$ 27,337</u>	<u>\$ 132,671</u>	<u>\$ 105,334</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 41,047	
Net revenue accruals			97	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 41,144</u>	

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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 9,600	\$ 9,600	\$ 5,400	\$ (4,200)
Total revenues	9,600	9,600	5,400	(4,200)
Expenditures:				
Current:				
Operation and maintenance	28,755	28,755	13,052	15,703
Total expenditures	28,755	28,755	13,052	15,703
Excess (deficiency) of revenues over expenditures	(19,155)	(19,155)	(7,652)	11,503
Other financial sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(19,155)	(19,155)	(7,652)	11,503
Fund balance - beginning of year	28,242	28,242	28,242	-
Fund balance - end of year	\$ 9,087	\$ 9,087	\$ 20,590	\$ 11,503
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (7,652)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (7,652)	

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, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 87,246	\$ 115,829	\$ 115,829	\$ -
Total revenues	87,246	115,829	115,829	-
Expenditures:				
Current:				
Transportation	87,246	152,708	106,403	46,305
Total expenditures	87,246	152,708	106,403	(46,305)
Excess (deficiency) of revenues over expenditures	-	(36,879)	9,426	46,305
Other financial sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(36,879)	9,426	46,305
Fund balance - beginning of year	73,758	73,758	73,758	-
Fund balance - end of year	\$ 73,758	\$ 36,879	\$ 83,184	\$ 46,305
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 9,426	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 9,426	

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, 2014

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 5,602	\$ 5,602	\$ 6,169	\$ 567
Total revenues	5,602	5,602	6,169	567
Expenditures:				
Current:				
Direct instruction	6,574	6,574	6,186	388
Total expenditures	6,574	6,574	6,186	388
Excess (deficiency) of revenues over expenditures	(972)	(972)	(17)	955
Other financial sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(972)	(972)	(17)	955
Fund balance - beginning of year	1,130	1,130	1,130	-
Fund balance - end of year	\$ 158	\$ 158	\$ 1,113	\$ 955
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (17)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (17)	

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, 2014**

	Balance			Balance
	June 30, 2013	Additions	Deletions	June 30, 2014
Assets				
Cash	<u>\$ 30,449</u>	<u>\$ 19,838</u>	<u>\$ 26,402</u>	<u>\$ 23,885</u>
Total assets	<u>\$ 30,449</u>	<u>\$ 19,838</u>	<u>\$ 26,402</u>	<u>\$ 23,885</u>
Liabilities				
Deposits held for others	<u>\$ 30,449</u>	<u>\$ 19,838</u>	<u>\$ 26,402</u>	<u>\$ 23,885</u>
Total liabilities	<u>\$ 30,449</u>	<u>\$ 19,838</u>	<u>\$ 26,402</u>	<u>\$ 23,885</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2014**

Everyone's Federal Credit Union

Description of Pledge Collateral	Market Value
Tiered Maturities	
Tucumcari Federal Savings CD	\$ 150,000
Tucumcari Federal Savings CD	100,000
Community Bank of the Bay CD	100,000
Merrick Bk South CD	249,000
GE Capital CD	100,000
American Express CD	248,000
Bank of North Carolina CD	248,000
Flushing Bank of NY CD	248,000
Discover Bank CD	<u>150,000</u>
Total:	<u>\$ 1,593,000</u>

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
JUNE 30, 2014**

Bank Account Type/Name	Total
Everyone's Federal Credit Union	
Checking - General Operational	\$ 1,232,452
Checking- Activity Fund	<u>24,171</u>
Total On Demand	1,256,623
Reconciling items	<u>(118,320)</u>
Reconciled Balance June 30, 2014	1,138,303
Less: Fiduciary Funds Cash	<u>(23,885)</u>
Balance Sheet Total June 30, 2014	<u>\$ 1,114,418</u>

See accompanying notes to financial statements.

**STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS**

**CASH RECONCILIATION
JUNE 30, 2014**

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Food Service 21000	Athletics Account 22000	Non - Instructional 23000	Federal Flowthrough 24000	Federal Direct 25000
Cash, June 30, 2013	\$ 20,204	\$ 28,242	\$ 73,759	\$ 1,130	\$ 3,048	\$ 3,977	\$ 30,449	\$ -	43,648
Cash receipts, 2013-2014	1,820,357	5,400	115,829	6,169	65,543	17,848	-	52,919	14,514
Cash disbursements, 2013-2014	<u>(1,679,095)</u>	<u>(13,052)</u>	<u>(143,282)</u>	<u>(6,186)</u>	<u>(60,676)</u>	<u>(20,624)</u>	<u>(30,449)</u>	<u>(117,013)</u>	<u>(35,739)</u>
Cash balance, June 30, 2014	<u>\$ 161,466</u>	<u>\$ 20,590</u>	<u>\$ 46,306</u>	<u>\$ 1,113</u>	<u>\$ 7,915</u>	<u>\$ 1,201</u>	<u>\$ -</u>	<u>\$ (64,094)</u>	<u>22,423</u>
	State Flowthrough 26000	State Flowthrough 27000	Local / State 29000	Bond Building 31100	Cap. Impro. SB 9 31700	ED Tech Equip Act 31900	Debt Service Fund 41000	Ed. Tech. Debt Service 43000	Total
Cash, June 30, 2013	\$ 499	\$ 2,567	\$ -	\$ 850,236	\$ 67,682	\$ -	\$ 217,581	\$ 65	\$ 1,343,087
Cash receipts, 2013-2014	2,500	126,530	-	-	107,966	100,000	199,073	34,183	2,668,831
Cash disbursements, 2013-2014	<u>-</u>	<u>(155,781)</u>	<u>-</u>	<u>(274,619)</u>	<u>(135,009)</u>	<u>(15,037)</u>	<u>(210,596)</u>	<u>(342)</u>	<u>(2,897,500)</u>
Cash balance, June 30, 2014	<u>\$ 2,999</u>	<u>\$ (26,684)</u>	<u>\$ -</u>	<u>\$ 575,617</u>	<u>\$ 40,639</u>	<u>\$ 84,963</u>	<u>\$ 206,058</u>	<u>\$ 33,906</u>	<u>\$ 1,114,418</u>

See accompanying notes to financial statements.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Vaughn Municipal Schools (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements, and the combined and individual funds and related budgetary comparisons of the District, presented as supplementary information, and have issued our report thereon dated December 1, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 2012-001 (12-01) through 2013-002 (13-02).

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management Responses to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



El Paso, Texas
December 1, 2014

**VAUGHN MUNICIPAL SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

PRIOR AUDIT FINDINGS	Current status
2012-001 Budgetary Compliance	Revised and repeated
2013-001 Late Audit Report	Revised and repeated
2013-002 Late IPA Recommendation Form and Audit Contract Submission	Revised and repeated

**VAUGHN MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

Budgetary Compliance - Significant Deficiency 2012-001 (12-01)

CONDITION The District incurred expenditures in excess of the approved budget in the following funds:

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures
Operational Fund	\$110,688	\$114,500	\$3,812

CRITERIA As per NMSA 1978 Section 22-8-11 B all fiscal agents of public monies have a responsibility to monitor spending to comply with established budget guidelines. A budget is a proposed plan of financial operations for a given period of time. The annual budget authorizes and provides the basis for control of financial operations during the fiscal year. The budget should be analyzed monthly to insure expenditures remain within the legally adopted budget and revision should be made whatever necessary. Management is required to have an internal control system of financial reporting including the preparation of the financial statements.

CAUSE The School did not make the appropriate budgetary transfers to alleviate the overexpenditures experienced by the function.

EFFECT The District is not in compliance with NMSA Section 22-8-11 subjecting those responsible to the penalty provisions of the statute.

RECOMMENDATION Accounting personnel should closely monitor expenditures and budget restrictions, if a change is needed to the budget, accounting personnel should ensure that such changes are presented to the Board members and the Public Education Department (PED). If no changes in the budget are deemed necessary, then no payments should be remitted that would cause the total expenditures to exceed the legal budget.

RESPONSE The School has established a policy of budgetary review of year end, and will make necessary budget adjustments and transfer on a monthly basis as needed during the monthly board meetings at the function level.

**VAUGHN MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

Late Audit Report - Significant Deficiency 2013-001 (13-01)

CONDITION	The audit report was not submitted to the New Mexico State Auditor's Office before the required November 15, 2014 submission date.
CRITERIA	NMAC 2-2-2-9 requires that Local Public Bodies submit the audit report by November 15, following the end of each fiscal year at June 30. Failure to file the audit report by the stipulated due date is considered a compliance finding.
CAUSE	The District was not able to provide necessary financial information timely. Additionally, the District did not provide the signed management representation letter timely. Therefore the audit report could not be submitted before the required deadline as stipulated in Section 2.2.2.9 (A)(3)NMAC.
EFFECT	Delays in the submission of the audit report will affect the dissemination of financial information to state agencies and other governmental agencies.
RECOMMENDATION	The District should make all information requested during the audit available to the auditor within a reasonable time frame.
RESPONSE	The District will provide information requested during the audit in a timely manner in the future.

**VAUGHN MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

Late IPA Recommendation Form and Audit Contract Submission - Significant Deficiency 2013-002 (13-02)

CONDITION	The <i>IPA Recommendation Form for Audits</i> and the completed <i>Audit Contract</i> were not submitted to the State Auditor before the stipulated deadline and the commencement of the audit
CRITERIA	Failure to submit the completed IPA Recommendation Form and Audit Contract by the due date of May 1, specified at (ii) of Subparagraph (c) of Paragraph (6) of Subsection G of 2.2.2.8 NMAC is considered noncompliance with this Rule and shall be reported as a current year compliance finding.
CAUSE	There was management oversight at the District and by the IPA.
EFFECT	Delays in the submission of the <i>IPA Recommendation Form for Audits</i> and the completed <i>Audit Contract</i> is considered noncompliance finding.
RECOMMENDATION	The District should review and submit all required documentation to the State Auditor before the stipulated deadline. Additionally, audit field work should not be started until an approved contract from the State Auditor is received.
RESPONSE	In the future the District will ensure that all required documentation has been submitted to and approved by the State Auditor before the stipulated deadline. Additionally, the audit will not be started until the contract has been approved by the State Auditor's Office.

VAUGHN MUNICIPAL SCHOOLS

**FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2014**

The financial statements of Vaughn Municipal Schools as of, and for the year ended June 30, 2014 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, 2014**

An exit conference was conducted November 6, 2014, 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

Dr. Susan Wilkinson	Superintendent
Trude Bauler	Business Manager
Rudy Martinez	Member
Heather Sanchez	Member
Pat Maes	High School Counselor

White + Samaniego + Campbell, LLP

Gloria Mejia	Audit Senior
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