

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2015
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STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
OFFICIAL ROSTER

BOARD OF EDUCATION

Antonio Castillo	President
Rudy Martinez	Vice President
Floraida Tapia	Secretary
Crystal Keck	Member
Christopher Matson	Member

SCHOOL OFFICIALS

Dr. Jack Props	Superintendent
Elliot McDaniel	Principal
Trude Bauler	Business Manager



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner

INDEPENDENT AUDITORS' REPORT

Mr. Timothy Keller
State Auditor of the State of New Mexico
Board Members of 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, 2015, 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 presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

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, 2015, 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, 2015, 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2015 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 and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vaughn Municipal Schools internal control over financial reporting and compliance.

Beasley Mitchell & Co LLP

Beasley, Mitchell & Co., LLP

Las Cruces, New Mexico

November 15, 2015

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS	
Current assets	
Cash and cash equivalents	\$ 1,414,606
Property taxes receivable	32,646
Due from other governments	100,622
Inventory	<u>3,073</u>
Total current assets	1,550,947
Non-current assets	
Capital assets	9,361,178
Less accumulated depreciation	<u>(6,057,239)</u>
Total non-current assets	<u>3,303,939</u>
Total assets	4,854,886
Deferred outflows	
Deferred outflows - pension expense	<u>129,268</u>
Total deferred outflows	<u>129,268</u>
Total assets and deferred outflows	<u>\$ 4,984,154</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	<u>Governmental Activities</u>
LIABILITIES AND DEFERRED INFLOWS	
Current liabilities	
Accounts payable	\$ 24,427
Accrued interest	12,317
Accrued compensated absences	8,144
Current portion of bonds payable	<u>228,000</u>
Total current liabilities	272,888
Long-term obligations	
Net pension liability	1,934,234
Bonds payable	<u>1,850,000</u>
Total long-term liabilities	<u>3,784,234</u>
Total liabilities	4,057,122
Deferred inflows	
Deferred inflows - change in assumption	28,816
Deferred inflows - net difference between projected and actual investment earnings	<u>175,845</u>
Total deferred inflows	<u>204,661</u>
Total liabilities and deferred inflows	4,261,783
NET POSITION	
Net investment in capital assets	1,213,622
Restricted for	
Cafeteria fund (inventory)	3,073
Special revenue	248,082
Capital projects	249,149
Debt service	638,390
Unrestricted	<u>(1,629,945)</u>
Total net position	<u>722,371</u>
Total liabilities, deferred inflows, and net position	<u>\$ 4,984,154</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenue and Changes Net Assets
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses - Governmental Activities:					
Instruction	\$ 1,042,689	\$ 15,879	\$ 154,907	\$ -	\$ (871,903)
Support services	556,925	2,300	46,608	-	(508,017)
Central services	121,317	-	-	-	(121,317)
Operation and maintenance of plant	302,770	-	-	8,522	(294,248)
Student transportation	141,251	-	94,946	-	(46,305)
Food services	87,108	7,301	51,888	-	(27,919)
Interest on long-term debt	31,670	-	-	-	(31,670)
Depreciation	209,648	-	-	-	(209,648)
	<u>\$ 2,493,378</u>	<u>\$ 25,480</u>	<u>\$ 348,349</u>	<u>\$ 8,522</u>	<u>(2,111,027)</u>
Total governmental activities					
General Revenues:					
Taxes:					
Property taxes, levied for operating programs					29,930
Property taxes, levied for debt services					281,708
Property taxes, levied for capital projects					121,275
State equalization guarantee					1,751,164
Interest and investment earnings					898
Miscellaneous					1,931
Special item- Emergency funding					<u>176,500</u>
Subtotal, general revenue					<u>2,363,406</u>
Change in net position					252,379
Net position - beginning of year as previously stated					2,476,574
Restatement					<u>(2,006,582)</u>
Net position - beginning of year as restated					<u>469,992</u>
Net position - end of year					<u>\$ 722,371</u>

See independent auditors' report and accompanying notes to financial statements.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2015

	General Fund	Bond Building	Debt Service	Rural Education Achievement Program
ASSETS				
Cash and cash equivalents	\$ 263,569	\$ 750,000	\$ 203,334	\$ -
Property taxes receivable	2,381	-	10,536	-
Due from other funds	100,622	-	-	-
Due from grantors	-	-	-	36,067
	<u>366,572</u>	<u>750,000</u>	<u>213,870</u>	<u>36,067</u>
Total assets	<u>\$ 366,572</u>	<u>\$ 750,000</u>	<u>\$ 213,870</u>	<u>\$ 36,067</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ 36,067
	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,067</u>
Total liabilities	-	-	-	36,067
Deferred inflows:				
Deferred inflows - property tax	1,672	-	7,399	-
	<u>1,672</u>	<u>-</u>	<u>7,399</u>	<u>-</u>
Total deferred inflows	1,672	-	7,399	-
Total liabilities and deferred inflows	1,672	-	7,399	36,067
Fund balances:				
Restricted, reported in:				
Special revenue fund	-	174,383	-	-
Debt service funds	-	-	206,471	-
Capital projects funds	-	575,617	-	-
Unassigned, reported in:				
General fund	364,900	-	-	-
	<u>364,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	364,900	750,000	206,471	-
Total liabilities, deferred inflows and fund balances	<u>\$ 366,572</u>	<u>\$ 750,000</u>	<u>\$ 213,870</u>	<u>\$ 36,067</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
 JUNE 30, 2015

	<u>K-3 Plus</u>	<u>Capital Improvements SB-9</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 62,658	\$ 135,045	\$ 1,414,606
Property taxes receivable	-	14,932	4,797	32,646
Due from other funds	-	-	-	100,622
Inventory	-	-	3,073	3,073
Due from grantors	16,873	-	47,682	100,622
	<u>16,873</u>	<u>-</u>	<u>47,682</u>	<u>100,622</u>
 Total assets	 <u>\$ 16,873</u>	 <u>\$ 77,590</u>	 <u>\$ 190,597</u>	 <u>\$ 1,651,569</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 24,427	\$ -	\$ 24,427
Due to other funds	16,873	-	47,682	100,622
	<u>16,873</u>	<u>-</u>	<u>47,682</u>	<u>100,622</u>
Total liabilities	16,873	24,427	47,682	125,049
Deferred inflows:				
Deferred inflows - property tax	-	10,486	3,369	22,926
	<u>-</u>	<u>10,486</u>	<u>3,369</u>	<u>22,926</u>
Total deferred inflows	-	10,486	3,369	22,926
Total liabilities and deferred inflows	16,873	34,913	51,051	147,975
Fund balances:				
Nonspendable - Inventory	-	-	3,073	3,073
Restricted, reported in:				
Special revenue fund	-	-	73,699	248,082
Capital projects funds	-	42,677	1	249,149
Retirement of long-term debt	-	-	62,773	638,390
Unassigned, reported in:				
General fund	-	-	-	364,900
	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,900</u>
Total fund balances	-	42,677	139,546	1,503,594
Total liabilities, deferred inflows, and fund balances	<u>\$ 16,873</u>	<u>\$ 77,590</u>	<u>\$ 190,597</u>	<u>\$ 1,651,569</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2015

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

Fund balances - total governmental funds	\$ 1,503,594
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,303,939
Deferred outflows - Contributions made after the measurement date, will be recognized as a reduction of net pension liability.	129,268
Deferred inflows due to actual non-investment experience that was better than expected and changes in benefits or assumption which result in a decrease to net pension liability:	
Deferred inflows - change in assumption	(28,816)
Deferred inflows - difference between projected and actual investment earnings on pension plan investments	(175,845)
Long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds - property tax	22,926
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(1,934,234)
Accrued interest	(12,317)
Compensated absences	(8,144)
General obligation bonds	<u>(2,078,000)</u>
Total net position - governmental funds	<u>\$ 722,371</u>

See independent auditors' report and 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, 2015

	<u>General Fund</u>	<u>Bond Building</u>	<u>Debt Service</u>	<u>Rural Education Achievement Program</u>
REVENUES				
Taxes	\$ 29,930	\$ -	\$ 197,525	\$ -
Charges for services	2,300	-	-	-
Bond proceeds	-	750,000	-	-
State sources	1,934,045	-	-	-
Federal sources	-	-	-	8,094
Transportation distribution	94,946	-	-	-
Earnings from investments	898	-	-	-
Miscellaneous	1,931	-	-	-
	<u>2,064,050</u>	<u>750,000</u>	<u>197,525</u>	<u>8,094</u>
Total revenues	2,064,050	750,000	197,525	8,094
EXPENDITURES				
Current:				
Direct instruction	805,941	-	-	-
Instructional support	516,584	-	1,758	8,094
Central services	121,317	-	-	-
Operation and maintenance	258,026	329	-	-
Transportation	141,251	-	-	-
Food services	26,892	-	-	-
Capital outlay	29,915	575,288	-	-
Debt services:				
Principal payments	-	-	165,000	-
Interest	-	-	31,122	-
	<u>1,899,926</u>	<u>575,617</u>	<u>197,880</u>	<u>8,094</u>
Total expenditures	1,899,926	575,617	197,880	8,094
Net change in fund balance	164,124	174,383	(355)	-
Fund balance - beginning of year as previously stated	200,776	575,617	206,826	-
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	<u>200,776</u>	<u>575,617</u>	<u>206,826</u>	<u>-</u>
Fund balance - end of year	<u>\$ 364,900</u>	<u>\$ 750,000</u>	<u>\$ 206,471</u>	<u>\$ -</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>K-3 Plus</u>	<u>Capital Improvements SB-9</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
Taxes	\$ -	\$ 121,276	\$ 61,933	\$ 410,664
Charges for services	-	-	23,180	25,480
Bond proceeds	-	-	-	750,000
State sources	16,873	8,521	86,431	2,045,870
Federal sources	-	-	135,626	143,720
Transportation distribution	-	-	-	94,946
Earnings from investments	-	-	-	898
Miscellaneous	-	-	-	1,931
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	16,873	129,797	307,170	3,473,509
EXPENDITURES				
Current:				
Direct instruction	-	-	248,354	1,054,295
Instructional support	16,873	-	13,616	556,925
Central services	-	-	-	121,317
Operation and maintenance	-	44,415	-	302,770
Transportation	-	-	-	141,251
Food services	-	-	60,216	87,108
Capital outlay	-	68,229	-	673,432
Debt services:				
Principal payments	-	-	32,000	197,000
Interest	-	-	548	31,670
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	16,873	112,644	354,734	3,165,768
Net change in fund balance	-	17,153	(47,564)	307,741
Fund balance - beginning of year as previously stated	-	25,524	215,923	1,224,666
Restatement	-	-	(28,813)	(28,813)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - beginning of year as restated	-	25,524	187,110	1,195,853
Fund balance - end of year	<u>\$ -</u>	<u>\$ 42,677</u>	<u>\$ 139,546</u>	<u>\$ 1,503,594</u>

See independent auditors' report and 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, 2015

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

Change in fund balances - total governmental funds	\$ 307,741
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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	(209,648)
Capital outlay	673,432

Pension retirement expense, net	4,652
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Property taxes that do not provide current financial resources, made available to pay for the current period's expenditures, reported as deferred inflows in the funds.	22,249
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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	(750,000)
Change in accrued interest	1,760
Change in accrued compensated absences	5,193
Principal payment on bond	<u>197,000</u>

Change in net position of governmental activities	<u>\$ 252,379</u>
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See independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 26,692	\$ 26,692	\$ 29,930	\$ 3,238
Charges for services	6,000	6,000	2,300	(3,700)
State sources	2,038,750	2,038,630	2,028,991	(9,639)
Earnings from investments	1,200	1,200	898	(302)
Miscellaneous	-	-	1,931	1,931
	<u>2,072,642</u>	<u>2,072,522</u>	<u>2,064,050</u>	<u>(8,472)</u>
Total revenues				
Expenditures:				
Current:				
Direct instruction	967,053	966,933	805,941	160,992
Instructional support	520,259	520,259	516,584	3,675
Central services	153,110	153,110	121,317	31,793
Operation and maintenance	277,042	453,542	258,026	195,516
Transportation	129,919	153,072	141,251	11,821
Food services	27,914	27,914	26,892	1,022
Capital outlay	155,233	155,233	29,915	125,318
	<u>2,230,530</u>	<u>2,430,063</u>	<u>1,899,926</u>	<u>530,137</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(157,888)	(357,541)	164,124	521,665
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance				
	(157,888)	(357,541)	164,124	521,665
Fund balance - beginning of year	<u>200,776</u>	<u>200,776</u>	<u>200,776</u>	<u>-</u>
Fund balance - end of year	<u>\$ 42,888</u>	<u>\$ (156,765)</u>	<u>\$ 364,900</u>	<u>\$ 521,665</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 164,124	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 164,124</u>	

See independent auditors' report and 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, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 8,111	\$ 8,111	\$ 8,094	\$ (17)
Total revenues	8,111	8,111	8,094	(17)
Expenditures:				
Current:				
Instructional support	8,111	8,111	8,094	17
Capital outlay	155,233	155,233	-	155,233
Total expenditures	163,344	163,344	8,094	155,250
Excess (deficiency) of revenues over expenditures	(155,233)	(155,233)	-	155,233
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(155,233)	(155,233)	-	155,233
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ (155,233)	\$ (155,233)	\$ -	\$ 155,233
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 independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 K-3 PLUS 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, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 21,755	\$ 21,755	\$ 16,873	\$ (4,882)
Total revenues	21,755	21,755	16,873	(4,882)
Expenditures:				
Current:				
Instructional support	21,755	21,755	16,873	4,882
Total expenditures	21,755	21,755	16,873	4,882
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 independent auditors' report and accompanying notes to financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
JUNE 30, 2015

ASSETS

Current Assets

Cash \$ 22,723

Total assets \$ 22,723

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 22,723

Total liabilities \$ 22,723

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Vaughn Municipal Schools (the 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 Schools' 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

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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:

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.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting (Continued)

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

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.

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.

K-3-Plus Fund - To account for funds received to provide the opportunity for the district to address early literacy. The full-day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

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.

Additionally, the District reports the following agency fund:

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, Deferred Outflows, Liabilities, Deferred Inflows, 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 OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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.

Deferred Outflows - In the government-wide fund financial statements, deferred outflows are contributions to a pension plan after the measurement date, and the change in assumption.

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

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

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

Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2015 is considered measurable and available and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2015.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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, 2015.

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.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

Deferred Inflows - Within the governmental funds, revenues must be available in order to be recognized. Revenues such as real estate taxes that are not available are recorded as deferred inflows and reflected within the balance sheet.

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:

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

- 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. 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.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

- b. Restricted net position consists 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 \$1,751,164 in state equalization guarantee distributions during the year ended June 30, 2015.

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

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Revenues (Continued)

'measurable' and 'available' in the governmental fund financial statements. The District recognized \$410,665 in tax revenues in the governmental fund financial statements during the year ended June 30, 2015. 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 \$94,946 in transportation distributions during the year ended June 30, 2015.

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.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Revenues (Continued)

New Accounting Pronouncements - In 2015, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. Earlier application is encouraged. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, GASB issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities or pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of his Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Revenues (Continued)

New Accounting Pronouncements (Continued)

In 2015, the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. The objective of this

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Revenues (Continued)

New Accounting Pronouncements (Continued)

Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

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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 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.

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2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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, 2015.

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.

STATE OF NEW MEXICO
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3. DEPOSIT AND INVESTMENTS (CONTINUED)

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	New Mexico Finance Authority	Total
	<u> </u>	<u> </u>	<u> </u>
Cash on deposit at June 30, 2015	\$ 871,314	\$ 750,000	\$ 1,621,314
FDIC coverage	<u>(250,000)</u>	<u>(750,000)</u>	<u>(1,000,000)</u>
Total uninsured public funds	<u>\$ 621,314</u>	<u>\$ -</u>	<u>\$ 621,314</u>
Pledged collateral	\$ 1,240,000	\$ -	\$ 1,240,000
Collateral requirement (50% of uninsured public funds)	<u>310,657</u>	<u>-</u>	<u>310,657</u>
Over collateralization	<u>\$ 929,343</u>	<u>\$ -</u>	<u>\$ 929,343</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, 2015, \$621,314 of the District's bank balance of \$871,314 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, 2015, the carrying amount of these deposits was \$1,437,329.

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3. DEPOSIT AND INVESTMENTS (CONTINUED)

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents per Governmental Funds - balance sheet	\$ 664,606
Restricted cash and cash equivalents - balance sheet	<u>750,000</u>
Total	<u>1,414,606</u>
Statement of Fiduciary Net Assets - cash	<u>22,723</u>
Total cash and cash equivalents	1,437,329
Add outstanding checks and other reconciling items	<u>183,985</u>
Bank balance of deposits and investments	<u>\$ 1,621,314</u>
Cash source:	
Everyone's Federal Credit Union	\$ 871,314
New Mexico Finance Authority	<u>750,000</u>
Total cash and cash equivalents	<u>\$ 1,621,314</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, 2015 is as follows:

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VAUGHN MUNICIPAL SCHOOLS
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4. **INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

Governmental Activities	Due from other funds	Due to other funds
General fund	\$ 100,622	\$ -
Title I	-	4,825
Rural Education Achievement Program	-	36,067
IDEA-B	-	10,173
IDEA-B Preschool	-	1,546
K-3 Plus	-	16,873
Student Library	-	6,072
Read to Lead	-	9,609
Pre-K Initiative	-	11,718
Breakfast after the Bell	-	3,739
Totals	<u>\$ 100,622</u>	<u>\$ 100,622</u>

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2015.

5. **ACCOUNTS RECEIVABLE**

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

	General	Major Governmental Funds	Non-Major Governmental Funds	Total
Government grants	\$ -	\$ 36,067	\$ 64,555	\$ 100,622
Property taxes	<u>2,381</u>	<u>25,468</u>	<u>4,797</u>	<u>32,646</u>
Total	<u>\$ 2,381</u>	<u>\$ 61,535</u>	<u>\$ 69,352</u>	<u>\$ 133,268</u>

The above receivables are deemed 100% collectible.

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6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 169,045	\$ -	\$ -	\$ 169,045
Construction in progress	<u>-</u>	<u>24,427</u>	<u>-</u>	<u>24,427</u>
Total capital assets not being depreciated	169,045	24,427	-	193,472
Capital assets being depreciated:				
Buildings & building improvements	6,979,923	649,005	-	7,628,928
Equipment, Vehicles, Information Technology Equipment, Software & Books	<u>1,538,778</u>	<u>-</u>	<u>-</u>	<u>1,538,778</u>
Total capital assets being depreciated	8,518,701	649,005	-	9,167,706
Less accumulated depreciation for:				
Buildings & building improvements	4,748,897	174,454	-	4,923,351
Equipment, Vehicles, Information Technology Equipment, Software & Books	<u>1,098,694</u>	<u>35,194</u>	<u>-</u>	<u>1,133,888</u>
Total accumulated depreciation	<u>5,847,591</u>	<u>209,648</u>	<u>-</u>	<u>6,057,239</u>
Total capital assets being depreciated, net	<u>2,671,110</u>	<u>439,357</u>	<u>-</u>	<u>3,110,467</u>
Governmental activities capital assets, net	<u>\$ 2,840,155</u>	<u>\$ 463,784</u>	<u>\$ -</u>	<u>\$ 3,303,939</u>

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NOTES TO THE FINANCIAL STATEMENTS
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6. CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2015, depreciation was charged to the following functions:

Governmental Activities	
Instruction	\$ 63,605
Support services	134,277
Operations and maintenance of plant	<u>11,766</u>
 Total	 <u>\$ 209,648</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 \$2,555,000. 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, 2015 are for governmental activities.

Bonds outstanding at June 30, 2015, are comprised of the following:

	Series 9/15/2005	Series 6/21/2013	Series 12/20/2013	Series 5/25/2015
Original Issue	\$855,000	\$850,000	\$100,000	\$750,000
Maturity	8/1/2019	8/1/2025	8/1/2016	8/1/2027
Principal	August 1	February 1	August 1	February 1
Interest Rate	4.00% - 4.25%	0.10% - 2.45%	0.55% - 0.73%	0.10% - 1.37%
Interest	February 1 & August 1	January 1 & July 1	February 1 & August 1	August 1 & February 1

The following is a summary of the long-term debt and the activity for the year ended June 30, 2015:

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7. LONG-TERM OBLIGATIONS (CONTINUED)

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 1,525,000	\$ 750,000	\$ 197,000	\$ 2,078,000	\$ 228,000
Compensated absences	13,337	6,591	11,784	8,144	8,144
Total governmental activities	<u>\$ 1,538,337</u>	<u>\$ 756,591</u>	<u>\$ 208,784</u>	<u>\$ 2,086,144</u>	<u>\$ 236,144</u>

The annual requirements to amortize the Series 9/15/2005 general obligation bond outstanding as of June 30, 2015, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
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>\$ 490,000</u>	<u>\$ 50,400</u>	<u>\$ 540,400</u>

The annual requirements to amortize the Series 6/21/2013 general obligation bond outstanding as of June 30, 2015, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
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	40,000	7,498	47,498
2021-2025	525,000	16,771	541,771
	<u>\$ 770,000</u>	<u>\$ 58,954</u>	<u>\$ 828,954</u>

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7. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements to amortize the Series 12/20/2013 general obligation bond outstanding as of June 30, 2015, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2016	\$ 28,000	\$ 295	\$ 28,295
2017	40,000	109	40,109
	<u>\$ 68,000</u>	<u>\$ 404</u>	<u>\$ 68,404</u>

The annual requirements to amortize the Series 5/25/2015 general obligation bond outstanding as of June 30, 2015, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2016	\$ 30,000	\$ 11,027	\$ 41,027
2017	15,000	10,849	25,849
2018	10,000	10,730	20,730
2019	15,000	10,617	25,617
2020	65,000	10,398	75,398
2021-2025	415,000	29,752	444,752
2026-2027	200,000	300	200,300
	<u>\$ 750,000</u>	<u>\$ 83,673</u>	<u>\$ 833,673</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, 2015, compensated absences decreased \$5,193 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

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8. RISK MANAGEMENT (CONTINUED)

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, 2015, 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.

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9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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 acts of the legislature. Vaughn Municipal School's contributions to ERB for the fiscal years ending June 30, 2015, 2014, and 2013, were \$129,581, \$122,884, and \$120,660, respectively, which equal the amount of the required contributions for each fiscal year.

The District adopted GASB 68 during the year ended June 30, 2015. GASB 68, *Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their government-wide financial statement presentation. ERB engaged their financial statement auditors to prepare a schedule allocating these obligations to the contributing employers as of the year ended June 30, 2014. As part of adopting GASB 68 during the current year, the District recognized a Net Pension Liability (NPL), which represents the District's share of the underfunded pension obligation at June 30, 2015.

STATE OF NEW MEXICO
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 JUNE 30, 2015

9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Funding Policy

Pension Expense	Deferred Inflows - Difference between Projected and Actual Investment Earnings on Pension Plan Investments	Deferred Inflows - Change in Assumptions	Deferred Outflows - Contributions made after measurement date
\$ 133,920	\$ 175,845	\$ 28,816	\$ 129,268

Liability Proportion

Vaughn Municipal Schools 0.0339%

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of Vaughn Municipal Schools, calculated using the discount rate of 7.75 percent, as well as what the School's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
Net Pension Liability	\$ 2,631,750	\$ 1,934,234	\$ 1,351,729

In June 30, 2016 \$ 129,268, deferred outflows - contributions made after measurement date, will be recognized as a reduction of net pension liability.

Additional information on ERB, and the Actuarial assumptions may be found at https://www.nmerb.org/Actuarial_reports.html

STATE OF NEW MEXICO
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NOTES TO THE FINANCIAL STATEMENTS
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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.nmrhca.state.nm.us.

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NOTES TO THE FINANCIAL STATEMENTS
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10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the 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, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Vaughn Municipal Schools contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$28,130, \$28,040, and \$33,012, 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.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

11. LOSS CONTINGENCIES (CONTINUED)

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
2016	\$ 8,529
2017	<u>12,083</u>
	<u>\$ 20,612</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 impaired assets at June 30, 2015.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2015, the date the financial statements were available to be issued.

STATE OF NEW MEXICO
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JUNE 30, 2015

15. RESTATEMENT

A prior period adjustment of \$28,813 was recorded for governmental activities. This amount was an unearned revenue from 2013, that should have been reversed out and earned in 2014. Consequently, revenue and fund balance were understated by \$28,813 and unearned revenue was over stated by \$28,813. The restatement was made to book the calculated net pension liability and deferred outflows and inflows per implementation of GASB 68, as follows:

	<u>Government-Wide</u>
Pension expense, net	3,045
Deferred outflows	129,268
Deferred inflows	(204,661)
Net pension liability	<u>(1,934,234)</u>
Total prior period adjustment	<u>(2,006,582)</u>

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS				
Cash on deposit	\$ 73,699	\$ 1	\$ 61,345	\$ 135,045
Property taxes receivable	-	-	4,797	4,797
Inventory, at cost	3,073	-	-	3,073
Due from grantors	<u>47,682</u>	<u>-</u>	<u>-</u>	<u>47,682</u>
Total assets	<u>\$ 124,454</u>	<u>\$ 1</u>	<u>\$ 66,142</u>	<u>\$ 190,597</u>
LIABILITIES DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Due to other funds	<u>\$ 47,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,682</u>
Total liabilities	47,682	-	-	47,682
Deferred inflows:				
Property tax	<u>-</u>	<u>-</u>	<u>3,369</u>	<u>3,369</u>
Total deferred inflows	<u>-</u>	<u>-</u>	<u>3,369</u>	<u>3,369</u>
Total deferred inflows and liabilities	47,682	-	3,369	51,051
Fund balances:				
Nonspendable - inventory	3,073	-	-	3,073
Restricted, reported in:				
Special revenue funds	73,699	-	-	73,699
Capital project funds	-	1	-	1
Retirement of long-term debt	<u>-</u>	<u>-</u>	<u>62,773</u>	<u>62,773</u>
Total fund balance	<u>76,772</u>	<u>1</u>	<u>62,773</u>	<u>139,546</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 124,454</u>	<u>\$ 1</u>	<u>\$ 66,142</u>	<u>\$ 190,597</u>

See independent auditors' report and 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, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Taxes	\$ -	\$ -	\$ 61,933	\$ 61,933
Charges for services	23,180	-	-	23,180
State sources	86,431	-	-	86,431
Federal sources	135,626	-	-	135,626
	<u>245,237</u>	<u>-</u>	<u>61,933</u>	<u>307,170</u>
Total revenues	245,237	-	61,933	307,170
Expenditures:				
Current:				
Direct instruction	163,392	84,962	-	248,354
Instructional support	13,010	-	606	13,616
Food services	60,216	-	-	60,216
Capital outlay	-	-	-	-
Debt services:				
Principal payments	-	-	32,000	32,000
Interest	-	-	548	548
	<u>236,618</u>	<u>84,962</u>	<u>33,154</u>	<u>354,734</u>
Total expenditures	236,618	84,962	33,154	354,734
Net changes in fund balances	8,619	(84,962)	28,779	(47,564)
Fund balance - beginning of year as previously stated	96,966	84,963	33,994	215,923
Restatement	(28,813)	-	-	(28,813)
	<u>68,153</u>	<u>84,963</u>	<u>33,994</u>	<u>187,110</u>
Fund balance - beginning of year	68,153	84,963	33,994	187,110
Fund balance - end of year	<u>\$ 76,772</u>	<u>\$ 1</u>	<u>\$ 62,773</u>	<u>\$ 139,546</u>

See independent auditors' report and accompanying notes to financial statements.

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

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.

TEACHER/PRINCIPAL TRAINING & RECRUITING (24154) - 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.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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.

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.

BREAKFAST AFTER THE BELL (27155) - is a school breakfast program in which food shall be served or consumed, at no charge, after the instructional day has begun, provided that instruction occurs simultaneously, to all students attending that elementary school through a school breakfast program that meets the federal school breakfast program standards as authorized by Section 4 of the Child Nutrition Act of 1966 and operated in accordance with all applicable policies, guidance, and law, including the requirements listed in 7 CFR Part 220.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2015

	Special Revenue Funds						
	Food Service 21000	Athletics 22000	Title I 24101	Entitlement IDEA-B 24106	IDEA-B Preschool 24109	Teacher/Principal Training & Recruiting 24154	Title XIX Medicaid 3/21 years 25153
ASSETS							
Cash on deposit	\$ 6,889	\$ 2,247	\$ -	\$ -	\$ -	\$ -	\$ 60,190
Inventory, at cost	3,073	-	-	-	-	-	-
Due from grantors	-	-	4,825	10,173	1,546	-	-
Total assets	<u>\$ 9,962</u>	<u>\$ 2,247</u>	<u>\$ 4,825</u>	<u>\$ 10,173</u>	<u>\$ 1,546</u>	<u>\$ -</u>	<u>\$ 60,190</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 4,825	\$ 10,173	\$ 1,546	\$ -	\$ -
Total liabilities	-	-	4,825	10,173	1,546	-	-
Fund balances:							
Nonspendable - inventory	3,073	-	-	-	-	-	-
Restricted, reported in:							
Special revenue funds	<u>6,889</u>	<u>2,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,190</u>
Total fund balance	<u>9,962</u>	<u>2,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,190</u>
Total liabilities and fund balances	<u>\$ 9,962</u>	<u>\$ 2,247</u>	<u>\$ 4,825</u>	<u>\$ 10,173</u>	<u>\$ 1,546</u>	<u>\$ -</u>	<u>\$ 60,190</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2015

	Special Revenue Funds						
	ENMR Education Foundation School Grant 26191	2012 GO Bond Student Library 27107	New Mexico Reads to Lead K-3 Reading Initiative 27114	Pre-K Initiative 27149	Beginning Teacher Mentoring 27154	Breakfast After the Bell 27155	Total Special Revenue Funds
ASSETS							
Cash on deposit	\$ 1,806	\$ -	\$ -	\$ -	\$ 2,567	\$ -	\$ 73,699
Inventory, at cost	-	-	-	-	-	-	3,073
Due from grantors	-	6,072	9,609	11,718	-	3,739	47,682
Total assets	<u>\$ 1,806</u>	<u>\$ 6,072</u>	<u>\$ 9,609</u>	<u>\$ 11,718</u>	<u>\$ 2,567</u>	<u>\$ 3,739</u>	<u>\$ 124,454</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ -	\$ 6,072	\$ 9,609	\$ 11,718	\$ -	\$ 3,739	\$ 47,682
Total liabilities	-	6,072	9,609	11,718	-	3,739	47,682
Fund balances:							
Nonspendable - inventory	-	-	-	-	-	-	3,073
Restricted, reported in:							
Special revenue funds	1,806	-	-	-	2,567	-	73,699
Total fund balance	<u>1,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,567</u>	<u>-</u>	<u>76,772</u>
Total liabilities and fund balances	<u>\$ 1,806</u>	<u>\$ 6,072</u>	<u>\$ 9,609</u>	<u>\$ 11,718</u>	<u>\$ 2,567</u>	<u>\$ 3,739</u>	<u>\$ 124,454</u>

See independent auditors' report and 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, 2015

	Special Revenue Funds						
	Food Service 21000	Athletics 22000	Title I 24101	Entitlement IDEA-B 24106	IDEA-B Preschool 24109	Teacher/Principal Training & Recruiting 24154	Title XIX Medicaid 3/21 years 25153
Revenues:							
Charges for services	\$ 7,302	\$ 15,878	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	48,149	-	25,896	40,956	2,859	-	17,766
Total revenues	55,451	15,878	25,896	40,956	2,859	-	17,766
Expenditures:							
Current:							
Direct instruction	-	14,832	25,896	39,333	2,859	-	3,455
Instructional support	-	-	-	1,623	-	-	4,518
Food services	56,477	-	-	-	-	-	-
Total expenditures	56,477	14,832	25,896	40,956	2,859	-	7,973
Net changes in fund balances	(1,026)	1,046	-	-	-	-	9,793
Fund balance - beginning of year as previously stated	10,988	1,201	-	-	-	28,813	50,397
Restatement	-	-	-	-	-	(28,813)	-
Fund balance - beginning of year as restated	10,988	1,201	-	-	-	-	50,397
Fund balance - end of year as restated	\$ 9,962	\$ 2,247	\$ -	\$ -	\$ -	\$ -	\$ 60,190

See independent auditors' report and 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 (CONTINUED)
 JUNE 30, 2015

	Special Revenue Funds						
	ENMR Education Foundation School Grant 26191	2012 GO Bond Student Library 27107	New Mexico Reads to Lead K-3 Reading Initiative 27114	Pre-K Initiative 27149	Beginning Teacher Mentoring 27154	Breakfast After the Bell 27155	Total Special Revenue Funds
Revenues:							
Charge for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,180
State sources	1,800	3,875	49,545	27,472	-	3,739	86,431
Federal sources	-	-	-	-	-	-	135,626
Total revenues	1,800	3,875	49,545	27,472	-	3,739	245,237
Expenditures:							
Current:							
Direct instruction	-	-	49,545	27,472	-	-	163,392
Instructional support	2,994	3,875	-	-	-	-	13,010
Food services	-	-	-	-	-	3,739	60,216
Total expenditures	2,994	3,875	49,545	27,472	-	3,739	236,618
Net changes in fund balances	(1,194)	-	-	-	-	-	8,619
Fund balance - beginning of year, as previously stated	3,000	-	-	-	2,567	-	96,966
Restatement	-	-	-	-	-	-	(28,813)
Fund balance - beginning of year as restated	3,000	-	-	-	2,567	-	68,153
Fund balance - end of year	\$ 1,806	\$ -	\$ -	\$ -	\$ 2,567	\$ -	\$ 76,772

See independent auditors' report and 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
 JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charge for services	\$ 2,000	\$ 2,000	\$ 7,302	\$ 5,302
Federal sources	60,000	60,000	48,149	(11,851)
	<u>62,000</u>	<u>62,000</u>	<u>55,451</u>	<u>(6,549)</u>
Total revenues	62,000	62,000	55,451	(6,549)
Expenditures:				
Current:				
Food service	62,804	62,804	56,477	6,327
	<u>62,804</u>	<u>62,804</u>	<u>56,477</u>	<u>6,327</u>
Total expenditures	62,804	62,804	56,477	6,327
Excess (deficiency) of revenues over expenditures	<u>(804)</u>	<u>(804)</u>	<u>(1,026)</u>	<u>(222)</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	(804)	(804)	(1,026)	(222)
Fund balance - beginning of year	<u>10,988</u>	<u>10,988</u>	<u>10,988</u>	<u>-</u>
Fund balance - end of year	<u>\$ 10,184</u>	<u>\$ 10,184</u>	<u>\$ 9,962</u>	<u>\$ (222)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (1,026)	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ (1,026)</u>	

See independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 14,204	\$ 14,201	\$ 15,878	\$ 1,677
Total revenues	14,204	14,201	15,878	1,677
Expenditures:				
Current:				
Direct instruction	15,278	23,248	14,832	8,416
Total expenditures	15,278	23,248	14,832	8,416
Excess (deficiency) of revenues over expenditures	(1,074)	(9,047)	1,046	10,093
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(1,074)	(9,047)	1,046	10,093
Fund balance - beginning of year	1,201	1,201	1,201	-
Fund balance - end of year	<u>\$ 127</u>	<u>\$ (7,846)</u>	<u>\$ 2,247</u>	<u>\$ 10,093</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 1,046	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 1,046</u>	

See independent auditors' report and 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, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 27,938	\$ 27,938	\$ 25,896	\$ (2,042)
Total revenues	27,938	27,938	25,896	(2,042)
Expenditures:				
Current:				
Direct instructional	27,938	27,938	25,896	2,042
Total expenditures	27,938	27,938	25,896	2,042
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 independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 32,075	\$ 44,509	\$ 40,956	\$ (3,553)
Total revenues	32,075	44,509	40,956	(3,553)
Expenditures:				
Current:				
Direct instructional	30,075	42,509	39,333	3,176
Instruction support	<u>2,000</u>	<u>2,000</u>	<u>1,623</u>	<u>377</u>
Total expenditures	32,075	44,509	40,956	3,553
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 balances	-	-	-	-
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 independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 3,357	\$ 3,357	\$ 2,859	\$ (498)
Total revenues	3,357	3,357	2,859	(498)
Expenditures:				
Current:				
Direct instructional	3,357	3,357	2,859	498
Total expenditures	3,357	3,357	2,859	498
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 independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 17,014	\$ 17,014	\$ -	\$ (17,014)
Expenditures:				
Current:				
Direct instruction	-	-	-	-
Instructional support	17,014	28,821	-	28,821
Total expenditures	<u>17,014</u>	<u>28,821</u>	<u>-</u>	<u>28,821</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>11,807</u>	<u>-</u>	<u>11,807</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 balances	-	11,807	-	11,807
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ 11,807</u>	<u>\$ -</u>	<u>\$ 11,807</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 independent auditors' report and 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, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 11,856	\$ -	\$ 17,766	\$ 17,766
Expenditures:				
Current:				
Direct instruction	13,802	13,802	3,455	10,347
Instructional support	15,454	15,454	4,518	10,936
	29,256	29,256	7,973	21,283
Total expenditures				
Excess (deficiency) of revenues over expenditures	(17,400)	(29,256)	9,793	39,049
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(17,400)	(29,256)	9,793	39,049
Fund balance - beginning of year	50,397	50,397	50,397	-
Fund balance - end of year	\$ 32,997	\$ 21,141	\$ 60,190	\$ 39,049
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 9,793	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 9,793	

See independent auditors' report and 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, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 2,500	\$ 4,300	\$ 1,800	\$ (2,500)
Total revenues	2,500	4,300	1,800	(2,500)
Expenditures:				
Current:				
Direct instruction	4,799	4,799	2,994	1,805
Total expenditures	4,799	4,799	2,994	1,805
Excess (deficiency) of revenues over expenditures	(2,299)	(499)	(1,194)	(695)
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(2,299)	(499)	(1,194)	(695)
Fund balance - beginning of year	3,000	3,000	3,000	-
Fund balance - end of year	<u>\$ 701</u>	<u>\$ 2,501</u>	<u>\$ 1,806</u>	<u>\$ (695)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (1,194)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (1,194)</u>	

See independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 3,875	\$ 3,875
Total revenues	-	-	3,875	3,875
Expenditures:				
Current:				
Direct instruction	-	-	-	-
Instructional support	6,142	6,142	3,875	2,267
Total expenditures	6,142	6,142	3,875	2,267
Excess (deficiency) of revenues over expenditures	(6,142)	(6,142)	-	6,142
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(6,142)	(6,142)	-	6,142
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ (6,142)	\$ (6,142)	\$ -	\$ 6,142
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 independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 50,000	\$ 50,000	\$ 49,545	\$ (455)
Total revenues	50,000	50,000	49,545	(455)
Expenditures:				
Current:				
Direct instruction	50,000	50,000	49,545	455
Total expenditures	50,000	50,000	49,545	455
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			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 PRE-K 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 30,000	\$ 30,000	\$ 27,472	\$ (2,528)
Total revenues	30,000	30,000	27,472	(2,528)
Expenditures:				
Current:				
Direct instruction	<u>30,000</u>	<u>30,000</u>	<u>27,472</u>	<u>2,528</u>
Total expenditures	30,000	30,000	27,472	2,528
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 balances	-	-	-	-
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 independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
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	<u>2,567</u>	<u>2,567</u>	<u>2,567</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,567</u>	<u>\$ 2,567</u>	<u>\$ 2,567</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 BREAKFAST AFTER BELL 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 3,739	\$ 3,739	\$ 3,739	\$ -
Total revenues	3,739	3,739	3,739	-
Expenditures:				
Current:				
Direct Instruction	3,739	3,739	3,739	-
Total expenditures	3,739	3,739	3,739	-
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 independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

	Education Technology Equipment Act 31900 <hr style="border: 1px solid black;"/>
ASSETS	
Cash on deposit	\$ <u>1</u>
Total assets	<u>\$ 1</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payables	\$ <u>-</u>
Total liabilities	-
Fund balances:	
Restricted, reported in:	
Capital projects funds	<u>1</u>
Total fund balance	<u>1</u>
Total liabilities and fund balances	<u>\$ 1</u>

See independent auditors' report and 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, 2015

	Education Technology Equipment Act 31900 <hr/>
Revenues:	
Taxes	\$ -
	<hr/>
Total revenues	-
Expenditures:	
Current:	
Direct instruction	84,962
Capital outlay	-
	<hr/>
Total expenditures	84,962
	<hr/>
Net changes in fund balances	(84,962)
Fund balance - beginning of year	84,963
	<hr/>
Fund balance - end of year	\$ 1

See independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Capital outlay	84,962	84,962	84,962	-
Total expenditures	84,962	84,962	84,962	-
Excess (deficiency) of revenues over expenditures	(84,962)	(84,962)	(84,962)	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(84,962)	(84,962)	(84,962)	-
Fund balance - beginning of year	84,963	84,963	84,963	-
Fund balance - end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (84,962)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (84,962)</u>	

See independent auditors' report and 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, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Bond proceeds	-	-	750,000	750,000
State sources	-	-	-	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
	-	-	750,000	750,000
Total revenues				
Expenditures:				
Current:				
Operation and maintenance	-	329	329	-
Capital outlay	575,618	575,288	575,288	-
	575,618	575,617	575,617	-
Total expenditures				
Excess (deficiency) of revenues over expenditures	(575,618)	(575,617)	174,383	750,000
Other financing sources (uses)				
Designated cash	-	-	-	-
	-	-	-	-
Total other financing sources (uses)				
Net change in fund balance	(575,618)	(575,617)	174,383	750,000
Fund balance - beginning of year	575,617	575,617	575,617	-
Fund balance - end of year	\$ (1)	\$ -	\$ 750,000	\$ 750,000
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 174,383	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 174,383	

See independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 114,910	\$ 114,910	\$ 121,276	\$ 6,366
State sources	-	-	8,521	8,521
Total revenues	114,910	114,910	129,797	14,887
Expenditures				
Current:				
Operation and maintenance	1,070	48,308	44,415	3,893
Capital outlay	154,479	137,317	68,229	69,088
Total expenditures	155,549	185,625	112,644	72,981
Excess (deficiency) of revenues over expenditures	(40,639)	(70,715)	17,153	87,868
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	(40,639)	(70,715)	17,153	87,868
Fund balance - beginning of year	25,524	25,524	25,524	-
Fund balance - end of year	\$ (15,115)	\$ (45,191)	\$ 42,677	\$ 87,868
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 17,153	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 17,153	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

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.

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2015

	Education Technology Debt Service 43000 <hr style="border: 1px solid black;"/>
ASSETS	
Cash on deposit	\$ 61,345
Taxes receivable	<u>4,797</u>
Total assets	<u>\$ 66,142</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	
Deferred inflows:	
Property tax	<u>\$ 3,369</u>
Total deferred inflows	<u>3,369</u>
Fund balances:	
Restricted, reported in:	
Retirement of long-term debt	<u>62,773</u>
Total fund balance	<u>62,773</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 66,142</u>

See independent auditors' report and 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, 2015

	Education Technology Debt Service 43000
	43000
Revenues:	
Taxes	\$ <u>61,933</u>
Total revenues	61,933
Expenditures:	
Current:	
Instructional support	606
Debt service:	
Bond	32,000
Interest	<u>548</u>
Total expenditures	<u>33,154</u>
Net changes in fund balances	28,779
Fund balance - beginning of year	<u>33,994</u>
Fund balance - end of year	<u>\$ 62,773</u>

See independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 32,549	\$ 32,549	\$ 61,933	\$ 61,933
Total revenues	32,549	32,549	61,933	61,933
Expenditures				
Current:				
Support Services	66,780	606	606	-
Debt service				
Reserve	-	-	-	-
Bond	-	67,634	32,000	35,634
Interest	-	548	548	-
Total expenditures	66,780	68,788	33,154	35,634
Excess (deficiency) of revenues over expenditures	(34,231)	(36,239)	28,779	(7,460)
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	(34,231)	(36,239)	28,779	(7,460)
Fund balance - beginning of year	33,994	33,994	33,994	-
Fund balance - end of year	\$ (237)	\$ (2,245)	\$ 62,773	\$ (7,460)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 28,779	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 28,779	

See independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 228,671	\$ 228,671	\$ 197,525	\$ (31,146)
Total revenues	228,671	228,671	197,525	(31,146)
Expenditures				
Current:				
Instructional support	2,300	2,300	1,758	542
Debt service				
Reserve	-	-	-	-
Bond	434,729	433,751	165,000	268,751
Interest	-	-	31,122	(31,122)
Total expenditures	437,029	436,051	197,880	238,171
Excess (deficiency) of revenues over expenditures	(208,358)	(207,380)	(355)	207,025
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	(208,358)	(207,380)	(355)	207,025
Fund balance - beginning of year	-	-	206,826	206,826
Fund balance - end of year	\$ (208,358)	\$ (207,380)	\$ 206,471	\$ 413,851
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (355)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (355)	

See independent auditors' report and accompanying notes to financial statements.

GENERAL FUND

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET
 GENERAL FUND
 JUNE 30, 2015

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
ASSETS					
Cash	\$ 239,957	\$ 18,346	\$ -	\$ 5,266	\$ 263,569
Taxes receivable	2,381	-	-	-	2,381
Due from other funds	100,622	-	-	-	100,622
 Total assets	 \$ 342,960	 \$ 18,346	 \$ -	 \$ 5,266	 \$ 366,572
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Deferred inflows:					
Property tax	\$ 1,672	\$ -	\$ -	\$ -	\$ 1,672
Total deferred inflows	1,672	-	-	-	1,672
Fund balances:					
Unassigned, reported in:					
General fund	341,288	18,346	-	5,266	364,900
Total fund balances	341,288	18,346	-	5,266	364,900
Total liabilities, deferred inflows, and fund balances	\$ 342,960	\$ 18,346	\$ -	\$ 5,266	\$ 366,572

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
REVENUES					
Taxes	\$ 29,930	\$ -	\$ -	\$ -	\$ 29,930
Charges for services	-	2,300	-	-	2,300
State sources	1,927,664	-	-	6,381	1,934,045
Transportation distribution	-	-	94,946	-	94,946
Earnings from investments	898	-	-	-	898
Miscellaneous	1,931	-	-	-	1,931
	<u>1,960,423</u>	<u>2,300</u>	<u>94,946</u>	<u>6,381</u>	<u>2,064,050</u>
Total revenues	1,960,423	2,300	94,946	6,381	2,064,050
EXPENDITURES					
Current:					
Direct instruction	803,713	-	-	2,228	805,941
Instructional support	516,584	-	-	-	516,584
Central services	121,317	-	-	-	121,317
Operation and maintenance	253,482	4,544	-	-	258,026
Transportation	-	-	141,251	-	141,251
Food services	26,892	-	-	-	26,892
Capital outlay	29,915	-	-	-	29,915
	<u>1,751,903</u>	<u>4,544</u>	<u>141,251</u>	<u>2,228</u>	<u>1,899,926</u>
Total expenditures	1,751,903	4,544	141,251	2,228	1,899,926
Net change in fund balance	208,520	(2,244)	(46,305)	4,153	164,124
Fund balance at beginning of year	<u>132,768</u>	<u>20,590</u>	<u>46,305</u>	<u>1,113</u>	<u>200,776</u>
Fund balance at end of year	<u>\$ 341,288</u>	<u>\$ 18,346</u>	<u>\$ -</u>	<u>\$ 5,266</u>	<u>\$ 364,900</u>

See independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 26,692	\$ 26,692	\$ 29,930	\$ 3,238
State sources	1,926,854	1,926,854	1,927,664	810
Earnings from investments	1,200	1,200	898	(302)
Miscellaneous	-	-	1,931	1,931
	<u>1,954,746</u>	<u>1,954,746</u>	<u>1,960,423</u>	<u>5,677</u>
Total revenues	1,954,746	1,954,746	1,960,423	5,677
Expenditures:				
Current:				
Direct instruction	961,923	961,923	803,713	158,210
Instruction support	520,259	520,259	516,584	3,675
Central services	153,110	153,110	121,317	31,793
Operation and maintenance	255,689	432,189	253,482	178,707
Food services	27,914	27,914	26,892	1,022
Capital outlay	155,233	155,233	29,915	125,318
	<u>2,074,128</u>	<u>2,250,628</u>	<u>1,751,903</u>	<u>498,725</u>
Total expenditures	2,074,128	2,250,628	1,751,903	498,725
Excess (deficiency) of revenues over expenditures	<u>(119,382)</u>	<u>(295,882)</u>	<u>208,520</u>	<u>504,402</u>
Other financial sources (uses)				
Designated cash	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(119,382)	(295,882)	208,520	504,402
Fund balance - beginning of year	<u>132,768</u>	<u>132,768</u>	<u>132,768</u>	<u>-</u>
Fund balance - end of year	<u>\$ 13,386</u>	<u>\$ (163,114)</u>	<u>\$ 341,288</u>	<u>\$ 504,402</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 208,520	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 208,520</u>	

See independent auditors' report and 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, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 6,000	\$ 6,000	\$ 2,300	\$ (3,700)
Total revenues	6,000	6,000	2,300	(3,700)
Expenditures:				
Current:				
Operation and maintenance	21,353	21,353	4,544	16,809
Total expenditures	21,353	21,353	4,544	16,809
Excess (deficiency) of revenues over expenditures	(15,353)	(15,353)	(2,244)	13,109
Other financial sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(15,353)	(15,353)	(2,244)	13,109
Fund balance - beginning of year	20,590	20,590	20,590	-
Fund balance - end of year	<u>\$ 5,237</u>	<u>\$ 5,237</u>	<u>\$ 18,346</u>	<u>\$ 13,109</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (2,244)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (2,244)</u>	

See independent auditors' report and 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 106,766	\$ 106,766	\$ 94,946	\$ (11,820)
Total revenues	106,766	106,766	94,946	(11,820)
Expenditures:				
Current:				
Transportation	129,919	153,072	141,251	11,821
Total expenditures	129,919	153,072	141,251	11,821
Excess (deficiency) of revenues over expenditures	(23,153)	(46,306)	(46,305)	1
Other financial sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(23,153)	(46,306)	(46,305)	1
Fund balance - beginning of year	46,305	46,305	46,305	-
Fund balance - end of year	<u>\$ 23,152</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (46,305)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (46,305)</u>	

See independent auditors' report and 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, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 5,130	\$ 5,010	\$ 6,381	\$ 1,371
Total revenues	5,130	5,010	6,381	1,371
Expenditures:				
Current:				
Direct instruction	5,130	5,010	2,228	2,782
Total expenditures	5,130	5,010	2,228	2,782
Excess (deficiency) of revenues over expenditures	-	-	4,153	4,153
Other financial sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	4,153	4,153
Fund balance - beginning of year	1,113	1,113	1,113	-
Fund balance - end of year	\$ 1,113	\$ 1,113	\$ 5,266	\$ 4,153
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 4,153	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 4,153	

See independent auditors' report and accompanying notes to financial statements.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
 FOR THE YEAR ENDED JUNE 30, 2015

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the Procurement Documentation of ALL Vendor(s) that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
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None Noted

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	23001	23002	23003	23004	23008	23009 High School Student Council	23010 General Activity Account	23012 Golden Apple Grant
	Class of 2019	Class of 2020	Class of 2015	Class of 2016	Cheerleaders			
Beginning Cash	\$ 70	\$ -	\$ 508	\$ 899	\$ 1,259	\$ 7,300	\$ 161	\$ 1,352
Additions	1,566	1,590	46	1,383	-	313	1,916	-
Deletions	<u>(68)</u>	<u>(894)</u>	<u>(539)</u>	<u>(1,743)</u>	<u>-</u>	<u>(2,844)</u>	<u>(1,958)</u>	<u>-</u>
Ending Cash	<u>\$ 1,568</u>	<u>\$ 696</u>	<u>\$ 15</u>	<u>\$ 539</u>	<u>\$ 1,259</u>	<u>\$ 4,769</u>	<u>\$ 119</u>	<u>\$ 1,352</u>
Beginning Liabilities	\$ 70	\$ -	\$ 508	\$ 899	\$ 1,259	\$ 7,300	\$ 161	\$ 1,352
Additions	1,566	1,590	46	1,383	-	313	1,916	-
Deletions	<u>(68)</u>	<u>(894)</u>	<u>(539)</u>	<u>(1,743)</u>	<u>-</u>	<u>(2,844)</u>	<u>(1,958)</u>	<u>-</u>
Ending Liabilities	<u>\$ 1,568</u>	<u>\$ 696</u>	<u>\$ 15</u>	<u>\$ 539</u>	<u>\$ 1,259</u>	<u>\$ 4,769</u>	<u>\$ 119</u>	<u>\$ 1,352</u>
	23013 Elementary Student Council	23016 Shop Fund	23020 Fiesta Fund	23025 Class of 2017	23026 Class of 2018	23035 Athletic Fundraising Acct	23040 FFA	TOTAL
Beginning Cash	\$ 2,459	\$ 1,483	\$ 2,947	\$ 2,498	\$ 97	\$ 1,951	\$ 901	\$ 23,885
Additions	-	-	-	20	276	3,611	2,908	13,629
Deletions	<u>-</u>	<u>(241)</u>	<u>(702)</u>	<u>(224)</u>	<u>(24)</u>	<u>(2,179)</u>	<u>(3,375)</u>	<u>(14,791)</u>
Ending Cash	<u>\$ 2,459</u>	<u>\$ 1,242</u>	<u>\$ 2,245</u>	<u>\$ 2,294</u>	<u>\$ 349</u>	<u>\$ 3,383</u>	<u>\$ 434</u>	<u>\$ 22,723</u>
Beginning Liabilities	\$ 2,459	\$ 1,483	\$ 2,947	\$ 2,498	\$ 97	\$ 1,951	\$ 901	\$ 23,885
Additions	-	-	-	20	276	3,611	2,908	13,629
Deletions	<u>-</u>	<u>(241)</u>	<u>(702)</u>	<u>(224)</u>	<u>(24)</u>	<u>(2,179)</u>	<u>(3,375)</u>	<u>(14,791)</u>
Ending Liabilities	<u>\$ 2,459</u>	<u>\$ 1,242</u>	<u>\$ 2,245</u>	<u>\$ 2,294</u>	<u>\$ 349</u>	<u>\$ 3,383</u>	<u>\$ 434</u>	<u>\$ 22,723</u>

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 SCHEDULE OF PLEDGED COLLATERAL
 JUNE 30, 2015

Everyone's Federal Credit Union

Description of Pledge Collateral	<u>Market Value</u>	<u>Maturity Date</u>
Tiered Maturities		
Flushing Bank of NY CD	\$ 248,000	03/31/17
Barclays Bank CD	248,000	04/24/17
Medallion Bank Salt Lake CD	248,000	04/25/17
JP Morgan Chase Bank N.A. CD	248,000	03/25/18
Ally Bank CD	<u>248,000</u>	03/19/18
Total	<u>\$ 1,240,000</u>	

Vaughn Municipal Schools secures their public monies in CD's. The Schools are in compliance as disclosed in Note 3.

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
 JUNE 30, 2015

	<u>Account Type</u>	<u>Amount Per Bank</u>	<u>Net Reconciling Items</u>	<u>Balance Per Books</u>
Everyone's Federal Credit Union				
General Operational	Checking	\$ 848,392	\$ (183,785)	\$ 664,607
Activity Fund	Checking	<u>22,923</u>	<u>(200)</u>	<u>22,723</u>
Total EFCU		871,315	(183,985)	687,330
New Mexico Finance Authority				
Restricted Cash	Savings	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Total NMFA		<u>750,000</u>	<u>-</u>	<u>750,000</u>
Total deposits		<u>\$ 1,621,315</u>	<u>\$ (183,985)</u>	<u>\$ 1,437,330</u>

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
CASH RECONCILIATION
JUNE 30, 2015

	<u>Operational 11000</u>	<u>Teacherage 12000</u>	<u>Transportation 13000</u>	<u>Instructional Materials 14000</u>	<u>Food Service 21000</u>	<u>Athletics Account 22000</u>	<u>Non - Instructional 23000</u>	<u>Federal Flowthrough 24000</u>	<u>Federal Direct 25000</u>
Cash, June 30, 2014	\$ 132,671	\$ 20,590	\$ 46,305	\$ 1,113	\$ 7,915	\$ 1,201	\$ -	\$ -	50,397
Cash receipts, 2014- 2015	1,959,812	2,300	94,946	6,381	55,451	15,878	-	53,166	17,766
Cash disbursements, 2014-2015	<u>(1,751,904)</u>	<u>(4,544)</u>	<u>(141,251)</u>	<u>(2,228)</u>	<u>(56,477)</u>	<u>(14,832)</u>	<u>-</u>	<u>(69,710)</u>	<u>(44,041)</u>
Cash balance, June 30, 2015	<u>\$ 340,579</u>	<u>\$ 18,346</u>	<u>\$ -</u>	<u>\$ 5,266</u>	<u>\$ 6,889</u>	<u>\$ 2,247</u>	<u>\$ -</u>	<u>\$ (16,544)</u>	<u>\$ 24,122</u>
	<u>State Flowthrough 26000</u>	<u>State Flowthrough 27000</u>	<u>Local / State 29000</u>	<u>Bond Building 31100</u>	<u>Cap. Impro. SB 9 31700</u>	<u>ED Tech Equip Act 31900</u>	<u>Debt Service Fund 41000</u>	<u>Ed. Tech. Debt Service 43000</u>	<u>Total</u>
Cash, June 30, 2014	\$ 2,999	\$ 2,567	\$ -	\$ 575,617	\$ 40,639	\$ 84,963	\$ 206,058	\$ 33,906	\$ 1,206,941
Cash receipts, 2014- 2015	1,800	57,739	-	750,000	125,738	-	195,155	60,594	3,396,726
Cash disbursements, 2014-2015	<u>(2,993)</u>	<u>(105,749)</u>	<u>-</u>	<u>(575,617)</u>	<u>(103,719)</u>	<u>(84,962)</u>	<u>(197,879)</u>	<u>(33,155)</u>	<u>(3,189,061)</u>
Cash balance, June 30, 2015	<u>\$ 1,806</u>	<u>\$ (45,443)</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 62,658</u>	<u>\$ 1</u>	<u>\$ 203,334</u>	<u>\$ 61,345</u>	<u>\$ 1,414,606</u>

STATE OF NEW MEXICO
 VAUGHN MUNICIPAL SCHOOLS
 JOINT POWERS AGREEMENTS
 JUNE 30, 2015

<u>Other Principal</u>	<u>Agreement Description</u>	<u>Effective Date</u>	<u>Ending Date</u>	<u>Project Cost</u>	<u>Fiscal Year Contribution</u>	<u>Party Responsible for Operations/Revenues and Expenditure Reporting/ Audit Responsibility (if Any)</u>
Town of Vaughn	Exchange of Equipment	7/1/2014	6/30/2015	-	-	Each their own/annual renewal
Red Cross	Emergency Shelter	-	No end date	Utilities/Sanitary Supplies	-	Vaughn Schools - no reimbursement

COMPLIANCE SECTION



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* INDEPENDENT AUDITORS' REPORT

Mr. Timothy Keller
State Auditor of the State of New Mexico
Board of Directors of 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and the combined and individual funds and related budgetary comparisons presented as supplementary information, and have issued our report thereon dated November 15, 2015

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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

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deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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.

Beasley Mitchell & Co LLP

Beasley, Mitchell & Co., LLP
Las Cruces, New Mexico
November 15, 2015

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

PRIOR AUDIT FINDINGS	Current status
12-01 Budgetary Compliance - Significant Deficiency	Resolved
13-01 Late Audit Report - Significant Deficiency	Resolved
13-02 Late IPA Recommendation Form and Audit Contract Submission - Significant Deficiency	Resolved

CURRENT AUDIT FINDINGS	Current status
None noted	

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2015

The financial statements of Vaughn Municipal Schools as of, and for the year ended June 30, 2015 were prepared by Beasley, Mitchell & Co., LLP, with the aid of responsible District personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

STATE OF NEW MEXICO
VAUGHN MUNICIPAL SCHOOLS
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2015

An entrance conference was conducted September 8, 2015 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

Floraida Tapia	Board Member
Trude Bauler	Business Manager
Denise Castillo	Accounts Payable Clerk

Beasley, Mitchell & Co., LLP

Dahlia Garcia	Senior
Gabriela Cohen	Staff

An exit conference was conducted September 10, 2015 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. Jack Props	Superintendent
Floraida Tapia	Board Member
Trude Bauler	Business Manager
Denise Castillo	Accounts Payable Clerk

Beasley, Mitchell & Co., LLP

Dahlia Garcia	Senior
Gabriela Cohen	Staff