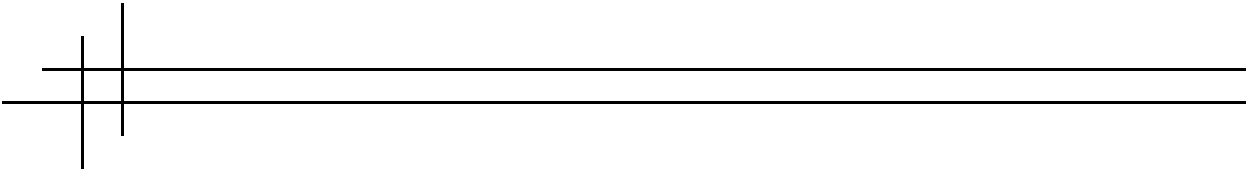




STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2010

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Melrose, New Mexico



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
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 For the Year Ended June 30, 2010

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**MELROSE MUNICIPAL SCHOOLS**  
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STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
Official Roster  
June 30, 2010

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**BOARD OF EDUCATION**

Marvin Estes	President
Ben Widener	Vice-President
Keith McAlister	Secretary
Kenny Jacobs	Member
Scott Dickerman	Member

**SCHOOL OFFICIALS**

Ronald Windom	Superintendent
Pamela Beevers	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the MELROSE MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general funds and major special revenue funds of MELROSE MUNICIPAL SCHOOLS, (District), as of and for the year ended June 30, 2010, 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 and the budgetary comparisons for the major capital project fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 CPA PC

January 27, 2011

## **FINANCIAL SECTION**



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Net Assets  
 June 30, 2010

---

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 483,400
Taxes Receivable	38
Due From Grantor	12,462
Inventory	<u>2,236</u>
Total Current Assets	<u>498,136</u>
Noncurrent Assets	
Capital Assets	10,069,303
Less: Accumulated Depreciation	<u>(6,722,636)</u>
Total Noncurrent Assets	<u>3,346,667</u>
Total Assets	<u>3,844,803</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>12,889</u>
Total Current Liabilities	<u>12,889</u>
Total Liabilities	<u>12,889</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	3,346,667
Unrestricted	<u>485,247</u>
Total Net Assets	<u>\$ 3,831,914</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Activities  
 For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ 1,799,412	\$ 22,511	\$ 324,120	\$ 0	\$ (1,452,781)
Support Services-Students	141,586	0	0	0	(141,586)
Support Services-Instruction	65,343	0	11,555	0	(53,788)
General Administration	115,936	0	0	0	(115,936)
School Administration	164,579	0	12,673	0	(151,906)
Central Services	82,864	0	1,081	0	(81,783)
Operation of Plant	355,755	0	150,633	0	(205,122)
Student Transportation	291,960	0	291,960	0	0
Food Services Operations	112,778	26,208	64,040	0	(22,530)
Depreciation (unallocated)	182,953	0	0	0	(182,953)
Total Governmental Activities	<u>\$ 3,313,166</u>	<u>\$ 48,719</u>	<u>\$ 856,062</u>	<u>\$ 0</u>	<u>(2,408,385)</u>
<b>General Revenues</b>					
Taxes					
					10,897
					43,415
					0
Federal and State aid not restricted to specific purpose					
					2,216,676
					0
Interest and investment earnings					
					7,167
Miscellaneous					
					13,461
					<u>2,291,616</u>
Change in Net Assets					
					(116,769)
Net Assets - beginning					
					<u>3,948,683</u>
Net Assets - ending					
					<u><u>\$ 3,831,914</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2010

	General Fund		
	Operational Fund 11000	Transportation Fund 13000	Instructional Materials Fund 14000
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 242,302	\$ 1	\$ 6,351
Receivables			
Taxes	38	0	0
Due From Grantor	0	0	0
Interfund Balances	12,462	0	0
Inventory	0	0	0
Total Assets	<u>\$ 254,802</u>	<u>\$ 1</u>	<u>\$ 6,351</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 8,309	\$ 0	\$ 3,688
Interfund Balances	0	0	0
Total Liabilities	<u>8,309</u>	<u>0</u>	<u>3,688</u>
<b>Fund Balances</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Unreserved, Undesignated, reported in:			
General Fund	246,493	1	2,663
Capital Projects	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>246,493</u>	<u>1</u>	<u>2,663</u>
Total Liabilities and Fund Balances	<u>\$ 254,802</u>	<u>\$ 1</u>	<u>\$ 6,351</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2010

	Special Revenue Funds	Capital Projects	
	State Fiscal Stabilization Fund 25250	SB-9 31700	Other Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 191,521	\$ 43,225
Receivables			
Taxes	0		0
Due From Grantor	11,893	0	569
Interfund Balances	0	0	0
Inventory	0	0	2,236
Total Assets	<u>\$ 11,893</u>	<u>\$ 191,521</u>	<u>\$ 46,030</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 892	\$ 0
Interfund Balances	11,893	0	569
Total Liabilities	<u>11,893</u>	<u>892</u>	<u>569</u>
<b>Fund Balances</b>			
<b>Reserved for</b>			
Inventory	0	0	2,236
Special Revenue Funds	0	0	42,864
<b>Unreserved, Undesignated, reported in:</b>			
General Fund	0	0	0
Capital Projects	0	190,629	0
Debt Service	0	0	361
Total Fund Balances	<u>0</u>	<u>190,629</u>	<u>45,461</u>
Total Liabilities and Fund Balances	<u>\$ 11,893</u>	<u>\$ 191,521</u>	<u>\$ 46,030</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2010

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	Total Governmental Funds
	<u>                    </u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 483,400
Receivables	
Taxes	38
Due From Grantor	12,462
Interfund Balances	12,462
Inventory	<u>2,236</u>
Total Assets	<u>\$ 510,598</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts Payable	\$ 12,889
Interfund Balances	<u>12,462</u>
Total Liabilities	<u>25,351</u>
Fund Balances	
Reserved for	
Inventory	2,236
Special Revenue Funds	42,864
Unreserved, Undesignated, reported in:	
General Fund	249,157
Capital Projects	190,629
Debt Service	<u>361</u>
Total Fund Balances	<u>485,247</u>
Total Liabilities and Fund Balances	<u>\$ 510,598</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Assets  
 June 30, 2010

---

Total Fund Balance - Governmental Funds \$ 485,247

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

Capital assets used in governmental activities are not  
 financial resources and therefore are not reported as  
 assets in governmental funds.

The cost of capital assets	\$ 10,069,303	
Accumulated depreciation is	<u>(6,722,636)</u>	<u>3,346,667</u>

Total net assets - governmental activities \$ 3,831,914

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2010

	General Funds		
	Operational	Transportation	Instructional
	Fund 11000	Fund 13000	Materials Fund 14000
Revenues			
Property Taxes	\$ 10,897	\$ 0	\$ 0
Interest Income	4,685	0	0
Fees	0	0	0
State & Local Grants	2,216,676	291,960	11,730
Federal Grants	0	0	0
Miscellaneous	13,461	0	0
Total Revenues	<u>2,245,719</u>	<u>291,960</u>	<u>11,730</u>
Expenditures			
Current			
Instruction	1,455,350	0	10,316
Support Services-Students	139,236	0	0
Support Services-Instruction	55,383	0	0
Support Services-General Administration	115,496	0	0
Support Services-School Administration	152,661	0	0
Central Services	81,784	0	0
Operation and Maintenance of Plant	181,468	0	0
Transportation	0	291,960	0
Food Services Operations	25,792	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>2,207,170</u>	<u>291,960</u>	<u>10,316</u>
Excess (Deficiency) of Revenues Over Expenditures	38,549	0	1,414
Beginning Fund Balances	<u>207,944</u>	<u>1</u>	<u>1,249</u>
Fund Balance End of Year	<u>\$ 246,493</u>	<u>\$ 1</u>	<u>\$ 2,663</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special		
	Revenue Funds	Capital Projects	
	State Fiscal Stabilization Fund 25250	SB-9 31700	Other Governmental Funds
Revenues			
Property Taxes	\$ 0	\$ 43,415	\$ 0
Interest Income	0	2,447	35
Fees	0	0	48,719
State & Local Grants	0	0	19,688
Federal Grants	215,305	0	317,379
Miscellaneous	0	0	0
Total Revenues	<u>215,305</u>	<u>45,862</u>	<u>385,821</u>
Expenditures			
Current			
Instruction	64,672	0	269,076
Support Services-Students	0	0	2,350
Support Services-Instruction	0	0	9,960
Support Services-General Administration	0	440	0
Support Services-School Administration	0	0	11,918
Central Services	0	0	1,080
Operation and Maintenance of Plant	150,633	23,654	0
Transportation	0	0	0
Food Services Operations	0	0	86,986
Capital Outlay	0	26,943	0
Total Expenditures	<u>215,305</u>	<u>51,037</u>	<u>381,370</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(5,175)	4,451
Beginning Fund Balances	<u>0</u>	<u>195,804</u>	<u>41,010</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 190,629</u>	<u>\$ 45,461</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2010

---

	Total Governmental Funds
Revenues	
Property Taxes	\$ 54,312
Interest Income	7,167
Fees	48,719
State & Local Grants	2,540,054
Federal Grants	532,684
Miscellaneous	13,461
Total Revenues	<u>3,196,397</u>
Expenditures	
Current	
Instruction	1,799,414
Support Services-Students	141,586
Support Services-Instruction	65,343
Support Services-General Administration	115,936
Support Services-School Administration	164,579
Central Services	82,864
Operation and Maintenance of Plant	355,755
Transportation	291,960
Food Services Operations	112,778
Capital Outlay	26,943
Total Expenditures	<u>3,157,158</u>
Excess (Deficiency) of Revenues Over Expenditures	39,239
Beginning Fund Balances	<u>446,008</u>
Fund Balance End of Year	<u>\$ 485,247</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2010

---

Net Change in Fund Balance-Governmental Funds \$ 39,239

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

	\$	(182,951)	
Depreciation expense		26,943	<u>(156,008)</u>
Capital Outlays		<u>26,943</u>	
Changes in Net Assets of Governmental Activities	\$		<u><u>(116,769)</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 10,221	\$ 10,221	\$ 10,998	\$ 777
Interest Income	6,000	6,000	4,685	(1,315)
State Grant	2,241,902	2,241,902	2,216,676	(25,226)
Miscellaneous	0	0	13,461	13,461
Total Revenues	<u>2,258,123</u>	<u>2,258,123</u>	<u>2,245,820</u>	<u>(12,303)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,040,970	1,069,350	1,057,038	12,312
Employee Benefits	377,472	344,052	336,639	7,413
Professional & Tech Services	12,595	17,635	10,293	7,342
Purchased Services	40,000	40,000	16,171	23,829
Supplies	95,000	70,673	43,097	27,576
Supply Assets	17,000	17,000	2,876	14,124
Total Instruction	<u>1,583,037</u>	<u>1,558,710</u>	<u>1,466,114</u>	<u>92,596</u>
<b>Support Services-Students</b>				
Personnel Services	93,311	93,645	93,644	1
Employee Benefits	53,941	53,473	45,245	8,228
Professional & Tech Services	350	350	76	274
Purchased Services	0	134	133	1
Total Support Services-Students	<u>147,602</u>	<u>147,602</u>	<u>139,098</u>	<u>8,504</u>
<b>Support Services-Instruction</b>				
Personnel Services	42,482	44,532	44,121	411
Employee Benefits	9,289	10,081	9,981	100
Purchased Services	15,000	7,378	542	6,836
Supplies	150	739	739	0
Total Support Services-Instruction	<u>66,921</u>	<u>62,730</u>	<u>55,383</u>	<u>7,347</u>
<b>Support Services-General Administration</b>				
Personnel Services	85,990	85,990	85,990	0
Employee Benefits	17,721	17,722	17,594	128
Professional & Tech Services	15,094	17,568	10,175	7,393
Purchased Services	2,700	3,155	1,345	1,810
Supplies	0	334	333	1
Supply Assets	0	60	60	0
Total Support Services-General Administration	<u>121,505</u>	<u>124,829</u>	<u>115,497</u>	<u>9,332</u>

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 108,015	\$ 112,390	\$ 112,929	\$ (539)
Employee Benefits	36,587	38,621	37,714	907
Professional & Tech Services	1,200	2,067	2,067	0
Purchased Services	200	200	54	146
Total Support Services-School Administration	146,002	153,278	152,764	514
Central Services				
Personnel Services	58,355	58,355	57,354	1,001
Employee Benefits	23,892	23,892	21,822	2,070
Professional & Tech Services	3,000	2,262	1,780	482
Supplies	200	200	0	200
Supply Assets	100	838	838	0
Total Central Services	85,547	85,547	81,794	3,753
Operation & Maintenance of Plant				
Personnel Services	80,976	92,297	89,622	2,675
Employee Benefits	39,750	40,296	38,656	1,640
Professional & Tech Services	500	759	559	200
Purchased Property Services	73,846	61,487	26,687	34,800
Purchased Services	0	233	233	0
Supplies	35,000	35,000	21,456	13,544
Supply Assets	18,257	18,257	1,118	17,139
Total Operation & Maintenance of Plant	248,329	248,329	178,331	69,998
Food Service				
Personnel Services	23,117	23,117	20,552	2,565
Employee Benefits	5,902	5,902	4,780	1,122
Professional & Tech Services	0	200	200	0
Supplies	2,000	1,800	360	1,440
Total Food Service	31,019	31,019	25,892	5,127
Total Expenditures	2,429,962	2,412,044	2,214,873	197,171
Excess (Deficiency) of Revenues Over Expenditures	(171,839)	(153,921)	30,947	184,868
Cash Balance Beginning of Year	223,817	223,817	223,817	0
Cash Balance End of Year	\$ 51,978	\$ 69,896	\$ 254,764	\$ 184,868

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>with Final</u>
			<u>Basis)</u>	<u>Budget-</u>
				<u>Over (Under)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 30,947	
Net change in Taxes Receivable			(100)	
Net change in Accounts Payable			7,702	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 38,549</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GENERAL FUND-TRANSPORTATION-13000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 292,526	291,959	\$ 291,960	\$ 1
Total Revenues	<u>292,526</u>	<u>291,959</u>	<u>291,960</u>	<u>1</u>
<b>Expenditures</b>				
<b>Transportation</b>				
Personnel Services	2,500	2,500	2,500	0
Employee Benefits	535	485	480	5
Purchased Property Services	45,073	45,073	45,073	0
Other Purchased Services	244,418	243,847	243,846	1
Supplies	0	55	61	(6)
Total Transportation	<u>292,526</u>	<u>291,960</u>	<u>291,960</u>	<u>0</u>
Total Expenditures	<u>292,526</u>	<u>291,960</u>	<u>291,960</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(1)	0	1
Cash Balance Beginning of Year	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 8,276	\$ 11,730	\$ 11,730	\$ 0
Total Revenues	<u>8,276</u>	<u>11,730</u>	<u>11,730</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	11,661	15,542	9,292	6,250
Total Instruction	<u>11,661</u>	<u>15,542</u>	<u>9,292</u>	<u>6,250</u>
Total Expenditures	<u>11,661</u>	<u>15,542</u>	<u>9,292</u>	<u>6,250</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,385)	(3,812)	2,438	6,250
Cash Balance Beginning of Year	<u>3,913</u>	<u>3,913</u>	<u>3,913</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 528</u>	<u>\$ 101</u>	<u>\$ 6,351</u>	<u>\$ 6,250</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,438	
Net Change in Payables			<u>(1,024)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,414</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-STATE FISCAL STABILIZATION FUND-25250  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 159,181	\$ 215,307	\$ 203,412	\$ (11,895)
Total Revenues	<u>159,181</u>	<u>215,307</u>	<u>203,412</u>	<u>(11,895)</u>
Expenditures				
Instruction				
Supplies	0	37,840	37,840	0
Supply Assets	0	26,832	26,832	0
Total Instruction	<u>0</u>	<u>64,672</u>	<u>64,672</u>	<u>0</u>
Operation & Maintenance of Plant				
Purchased Property Services	102,654	96,573	96,571	2
Purchased Services	<u>56,527</u>	<u>54,062</u>	<u>54,062</u>	<u>0</u>
Total Operation & Maintenance of Plant	<u>159,181</u>	<u>150,635</u>	<u>150,633</u>	<u>2</u>
Total Expenditures	<u>159,181</u>	<u>215,307</u>	<u>215,305</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(11,893)	(11,893)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,893)</u>	<u>\$ (11,893)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (11,893)	
Net Change in Due from Grantor			<u>11,893</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
Statement of Fiduciary Net Assets and Liabilities-Agency Funds  
For the Year Ended June 30, 2010

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	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>61,975</u>
Total Assets	\$ <u><u>61,975</u></u>
Liabilities	
Deposits Held for Others	\$ <u>61,975</u>
Total Liabilities	\$ <u><u>61,975</u></u>

The notes to the financial statements are an integral part of this statement.

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the MELROSE MUNICIPAL SCHOOLS (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. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

***Governmental Funds***

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt. General Fund - The General Fund consist of three sub funds. The first is the Operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Debt Service Fund - The Debt Service Fund is used to account for the resources for, and the payment of, principal, interest and related costs.

***Fiduciary Fund Type***

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

**MAJOR FUNDS**

The District reports the following major governmental funds:

**GENERAL FUND (11000)(13000)(14000)**

The General Fund consist of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

**SPECIAL REVENUE FUND**

**State Fiscal Stabilization Program Fund (25250).**

The objectives of this grant are to support and restore funding for elementary and secondary education, to avoid reductions in budgets for education and other essential services in exchange for a commitment to advance essential education reforms. The fund was created by grant provisions.

**CAPITAL PROJECT FUNDS**

**Senate Bill Nine (31700)**

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements and maintenance of facilities.

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants such as Transportation, Food Service and other special revenue funds, and 3) program specific capital grants and contributions.

***Fund Financial Statements (FFS)***

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Taxes. Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

Grants. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

Other receipts. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

*Entitlement and shared revenues* (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

*Other receipts* become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

*Salaries* are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Superintendent of Public Instruction) the local school board submits to the District Budget Planning Unit (SBPU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBPU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBPU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.

4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBPU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and

#### Cash and Cash Equivalents

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.

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

#### Investments

All money not immediately necessary for the public uses of the District may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be

Receivables and Payables

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable. The information required to report property taxes at full accrual was not available during the year.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported 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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

#### Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

#### Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

#### Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

#### Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

- Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

#### Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity which has been segregated for specific

Unreserved fund balance indicates that portion of fund equity which is available for budgeting in future

#### Interfund Transactions

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

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

#### Deferred Revenue

The District reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
Notes to the Financial Statements  
June 30, 2010

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Compensated Absences

It is the policy of District to permit certain employees to accumulate a limited amount of earned but unused vacation, which will not be paid to employees upon separation from the school districts' service. In governmental funds, the cost of vacations is recognized when payments are made to employees. No accrual for accumulated compensated absences has been made.

Sick pay does not vest and is recorded as an expenditure when it is paid.

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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B: CASH AND INVESTMENTS**

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

**American Heritage**

<u>Name of Account</u>	Balance Per Bank 6/30/2010	Reconciled Balance	<u>Type</u>
Operational	\$ 179,053	\$ 48,058	Checking
Cafeteria	586	241	Checking
Activity	13,001	6,864	Checking
Athletic	508	408	Checking
SB-9	508	456	Checking
Debt Service	361	361	Checking
FTD Clearing Account	100	100	Checking
Money Market Fund	472,820	472,820	Savings
Melrose School	16,068	16,067	CD
TOTAL Deposited	<u>683,005</u>	<u>\$ 545,375</u>	
Less: FDIC Coverage	<u>(444,117)</u>		
Uninsured Amount	238,888		
50% collateral requirement	119,444		
Pledged securities	560,000		
Over (Under) requirement	<u>\$ 440,556</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
 Notes to the Financial Statements  
 June 30, 2010

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The following securities are pledged at American Heritage:

<u>Description</u>	<u>CUSIP #</u>	<u>Fair Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLB	3133MTRK6	\$ 560,000	11/13/09	*TIB
		<u>\$ 560,000</u>		

\* Texas Independent Bank,  
Dallas, Texas

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance 6/30/2010</u>
Insured	\$ 444,117
Collateralized:	
Collateral held by the pledging bank in District's name	238,888
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 683,005</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010 none of the District's bank balance of \$683,005, was exposed to custodial credit risk.

**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

Receivables consist of the following:

	<u>General Operational 11000</u>	<u>State Fiscal Stabilization 25250</u>	<u>SB-9 31700</u>	<u>Other Governmental Funds</u>
Property Taxes	\$ 38	\$ 0	\$ 0	\$ 0
Due from Grantor	0	11,893	0	569
	<u>\$ 38</u>	<u>\$ 11,893</u>	<u>\$ 0</u>	<u>\$ 569</u>

The interfund balance for June 30, 2010 were as follows,

<u>From:</u>	<u>To:</u>	<u>Amount:</u>
Operation-11000	State Fiscal Stabilization Fund	\$ 11,893
	Other Governmental Funds	569
	Total Interfund Balances	<u>\$ 12,462</u>

The above interfund balances were made to cover short falls and will be repaid within one year.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
Notes to the Financial Statements  
June 30, 2010

**NOTE D: TAXES RECEIVABLE**

Following is a schedule of property taxes receivable as of June 30, 2010:

	General Fund 11000	Senate Bill Nine 31700	Other Governmental Funds 41000	Total
Property Taxes Receivable:				
Available	\$ 38	\$ 0	\$ 0	\$ 38
Unavailable	0	0	0	0
<b>TOTAL Property Taxes</b>	<b>\$ 38</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 38</b>

**NOTE E: DUE FROM OTHER GOVERNMENT UNITS**

Amounts due from other agencies and units of government were as follows as of June 30, 2010:

Federal Agencies	\$ 12,462
Total	<u>\$ 12,462</u>

**NOTE F: DEFERRED REVENUES**

Revenues are deferred in accordance with the modified accrual basis of accounting for the fund financial statements. There were no Deferred Revenues for the year ended June 30, 2010.

**NOTE G: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2010, is as follows:

	Balance 6/30/09	Increases	Decreases	Balance 6/30/10
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 27,672	\$ 0	\$ 0	\$ 27,672
Total Capital Assets, not being Depreciated	<u>27,672</u>	<u>0</u>	<u>0</u>	<u>27,672</u>
Capital Assets, being Depreciated				
Buildings & Improvements	8,907,408	13,875	0	8,921,283
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,152,610	13,068	45,330	1,120,348
Total Capital Assets, being Depreciated	<u>10,060,018</u>	<u>26,943</u>	<u>45,330</u>	<u>10,041,631</u>
Total Capital Assets	<u>10,087,690</u>	<u>26,943</u>	<u>45,330</u>	<u>10,069,303</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	5,399,477	149,956	0	5,549,433
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,185,536	32,997	45,330	1,173,203
Total Accumulated Depreciation	<u>6,585,013</u>	<u>182,953</u>	<u>45,330</u>	<u>6,722,636</u>
Capital Assets, net	<u>\$ 3,502,677</u>	<u>\$ (156,010)</u>	<u>\$ 0</u>	<u>\$ 3,346,667</u>

**NOTE H: COMMITMENTS**

The District has no construction commitments at June 30, 2010.

**NOTE I: PENSION PLAN**

Substantially all of the District's 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, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

Effective July 1, 2009, plan members were required by state statute to contribute 7.9% of their gross salary if they earn \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The District was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2010, 2009, and 2008, were \$340,080, \$332,396 and \$309,504 respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS**

The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides 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 the 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 postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes 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 of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the RHCA, Albuquerque State Government Center, 401 Roma, NW, Suite 200, Albuquerque, New Mexico 87102.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2011	1.666%	0.833%
2012	1.834%	0.917%
2013	2.000%	1.000%

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

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

The District's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$32,668, \$33,288 and \$32,290 respectively, which equal the required contributions for each year.

**NOTE K: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Reconciliations are located at the bottom of each budget actual.

**NOTE L: INSURANCE COVERAGE**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

Workers Compensation  
Property and Automobile Liability and Physical Damage  
Liability and Civil Rights and Personal Injury  
Contract School Bus Coverage; and  
Crime

**NOTE M: SURETY BOND**

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**NOTE N: JOINT POWERS AGREEMENTS**

A joint powers agreement was entered into with the Regional Education Cooperative No. 6 (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94-142 among others.

There are ten schools that participate in the REC, they are Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, San Jon, and Texico. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The expenditures were \$68,237. The revenue and expenditures are reported in IDEA, Part B Entitlement, IDEA, Part B, Discretionary and IDEA, Part B Preschool.

The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130.

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
CAPITAL PROJECTS FUND-SB-9-31700  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 40,883	\$ 40,883	\$ 43,968	\$ 3,085
Interest Income	3,000	3,000	2,447	(553)
Total Revenues	<u>43,883</u>	<u>43,883</u>	<u>46,415</u>	<u>2,532</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	409	440	440	0
Total Support Services-General Administration	<u>409</u>	<u>440</u>	<u>440</u>	<u>0</u>
Operation & Maintenance of Plant				
Maintenance of Grounds	86,000	146,122	51,017	95,105
Total Operation & Maintenance of Plant	<u>86,000</u>	<u>146,122</u>	<u>51,017</u>	<u>95,105</u>
Capital Outlay				
Purchased Property Services	0	0	0	0
Total Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>86,409</u>	<u>146,562</u>	<u>51,457</u>	<u>95,105</u>
Excess (Deficiency) of Revenues Over Expenditures	(42,526)	(102,679)	(5,042)	97,637
Cash Balance Beginning of Year	<u>196,563</u>	<u>196,563</u>	<u>196,563</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 154,037</u>	<u>\$ 93,884</u>	<u>\$ 191,521</u>	<u>\$ 97,637</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (5,042)	
Net change in Taxes Receivable			(552)	
Net change in Accounts Receivable			419	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (5,175)</u>	

The notes to the financial statements are an integral part of this statement.



**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

#### **NONMAJOR SPECIAL REVENUE FUNDS**

**Food Services (21000).** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

**Athletics (22000).** To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

**Title I (24101).** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

**IDEA B, Entitlement (24106).** 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 the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**IDEA B, Discretionary (24107).** 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 the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**IDEA Preschool (24109).** 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 the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**IDEA B, Risk Pool (24120).** 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 the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**Enhancing Education Through Technology Competitive (24149).** To account for resources received from the Department of Education, Office of Elementary and Secondary Education through the Elementary and Secondary Education Act of 1965, Title II, Part D, Subparts 1 and 2, as amended. To provide grants to improve student academic achievement through the use of technology in schools.

**Title V Innovative (24150).** To account for monies received to improve elementary and secondary education for children attending both public and private schools. The fund was created by grant provisions. (PL 103-382).

**NONMAJOR SPECIAL REVENUE FUNDS**

**Teacher/Principal Training & Recruiting (24154).** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**Safe & Drug Free Schools & Communities (24157).** To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act , Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

**Title I Recovery Act (24201).** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

**IDEA B Entitlement Recovery Act (24206).** 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 the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

**IDEA Preschool Recovery Act (24209).** To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

**Rural Education Achievement Program (25233).** To provide financial assistance to rural districts 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.

**Instructional Television Fixed Service (ITFS/FCC) (26111).** To account for resources received from Plateau Telecommunications, Inc. to provide an instructional television fixed service channel to be used for educational needs. The fund was created by grant provisions.

**Rural Vision (26127).** To account for resources received from the sale of telecommunications time to cable networks. The fund was created by grant provisions.

**Hubbard Foundation (26146).** To account for a grant received from the R. D. & Joan Dale Hubbard Foundation for the Quality of Life Program. This fund was created by grant provisions.

**Student Library Fund (27105).** To account for funds received from the New Mexico Public Education Department for purchasing library books. The fund was created by state grant provisions.

**Technology for Education (27117).** To account for monies received to enhance teacher advancement in technology or to purchase technologically advanced equipment. The fund was created by the authority of the State grant provisions. (22-15A-1 NMSA and State Department of Education Regulation 92-2).

**NONMAJOR SPECIAL REVENUE FUNDS**

**Incentives for School Improvement (27138).** To account for revenues and expenditures from a state grant as part of the Incentives for School Improvement Act: awarded based on the improvement in CTBS 5/Terra Nova or New Mexico High School Competency Examination scores. The fund was created by state grant provisions. (NMSA 22-13 A-1).

**Beginning Teacher Mentoring (27154).** To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades sixth through eight. The fund was created by state grant provisions.

**State Directed Activities (27200).** To account for funds received from the New Mexico Public Education Department for the support and direct services, including technical assistance, preparation and professional development and training. To support capacity building activities and improve the delivery of services by local agencies to improve results for children with disabilities. The fund was created by state provisions.

**NONMAJOR DEBT SERVICE FUNDS**

**Debt Service Fund (41000).** To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	<u>Special Revenue</u>		
	<u>Food Service 21000</u>	<u>Athletics 22000</u>	<u>Title I 24101</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,822	\$ 408	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	2,236	0	0
Total Assets	<u>\$ 10,058</u>	<u>\$ 408</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	2,236	0	0
Special Revenue Funds	7,822	408	0
Unreserved, Undesignated			
Debt Service	0	0	0
Total Fund Balance	<u>10,058</u>	<u>408</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 10,058</u>	<u>\$ 408</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	IDEA B, Entitlement 24106	IDEA B, Discretionary 24107	IDEA Preschool 24109
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Unreserved, Undesignated			
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	IDEA B Risk Pool 24120	Enhancing Education Through Technology Competitive 24149	Title V Innovative 24150
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Unreserved, Undesignated			
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	Teacher/ Principal Training & Recruiting 24154	Safe & Drug Free Schools & Communities 24157	Title I Recovery Act 24201
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	390	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 390</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	\$ 0	\$ 390	\$ 0
Total Liabilities	<u>0</u>	<u>390</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Unreserved, Undesignated			
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 390</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	IDEA B Entitlement Recovery Act 24206	IDEA Preschool Recovery Act 24209	Rural Education Achievement Program 25233
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 1
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	1
Unreserved, Undesignated			
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>1</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	ITFS/FCC 26111	Rural Vision 26127	Hubbard Foundation 26146
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,400	\$ 24,347	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 8,400</u>	<u>\$ 24,347</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	8,400	24,347	0
Unreserved, Undesignated			
Debt Service	0	0	0
Total Fund Balance	<u>8,400</u>	<u>24,347</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 8,400</u>	<u>\$ 24,347</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	Student Library Fund 27105	Technology for Education 27117	Incentives for School Improvements 27138
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 1,886	\$ 0
Receivables			
Due From Grantor	179	0	0
Inventory	0	0	0
Total Assets	<u>\$ 179</u>	<u>\$ 1,886</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	\$ 179	\$ 0	\$ 0
Total Liabilities	<u>179</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	1,886	0
Unreserved, Undesignated			
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>1,886</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 179</u>	<u>\$ 1,886</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		Debt Service
	Beginning Teacher Mentoring 27154	State Directed Activities 27200	Debt Service 41000
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 361
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 361</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Unreserved, Undesignated			
Debt Service	0	0	361
Total Fund Balance	<u>0</u>	<u>0</u>	<u>361</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 361</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

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	<u>Total</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 43,225
Receivables	
Due From Grantor	569
Inventory	<u>2,236</u>
Total Assets	<u>\$ 46,030</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Interfund Balances	\$ <u>569</u>
Total Liabilities	<u>569</u>
Fund Balance	
Reserved for	
Inventory	2,236
Special Revenue Funds	42,864
Unreserved, Undesignated	
Debt Service	<u>361</u>
Total Fund Balance	<u>45,461</u>
Total Liabilities and Fund Balance	<u>\$ 46,030</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	Food Service 21000	Athletics 22000	Title I 24101
<b>Revenues</b>			
Interest Income	\$ 35	\$ 0	\$ 0
Fees	26,208	22,511	0
State & Local Grants	0	0	0
Federal Grants	64,040	0	56,037
Total Revenues	<u>90,283</u>	<u>22,511</u>	<u>56,037</u>
<b>Expenditures</b>			
Current			
Instruction	0	22,612	56,037
Support Service-Students	0	0	0
Support Service-Instruction	0	0	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Food Services Operations	86,986	0	0
Total Expenditures	<u>86,986</u>	<u>22,612</u>	<u>56,037</u>
Excess (Deficiency) of Revenues Over Expenditures	3,297	(101)	0
Fund Balances at Beginning of Year	<u>6,761</u>	<u>509</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 10,058</u>	<u>\$ 408</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	IDEA B, Entitlement 24106	IDEA B, Discretionary 24107	IDEA Preschool 24109
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	64,179	0	4,058
Total Revenues	<u>64,179</u>	<u>0</u>	<u>4,058</u>
<b>Expenditures</b>			
Current			
Instruction	55,243	0	4,058
Support Service-Students	0	0	0
Support Service-Instruction	0	0	0
Support Service-School Administration	8,936	0	0
Central Services	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>64,179</u>	<u>0</u>	<u>4,058</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	IDEA B Risk Pool 24120	Enhancing Education Through Technology Competitive 24149	Title V Innovative 24150
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	520	0	0
Total Revenues	<u>520</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	520	0	0
Support Service-Students	0	0	0
Support Service-Instruction	0	0	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>520</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	Teacher/ Principal Training & Recruiting 24154	Safe & Drug Free Schools & Communities 24157	Title I Recovery Act 24201
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	14,151	966	15,326
Total Revenues	<u>14,151</u>	<u>966</u>	<u>15,326</u>
<b>Expenditures</b>			
Current			
Instruction	14,151	211	15,326
Support Service-Students	0	0	0
Support Service-Instruction	0	755	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>14,151</u>	<u>966</u>	<u>15,326</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	IDEA B Entitlement Recovery Act 24206	IDEA Preschool Recovery Act 24209	Rural Education Achievement Program 25233
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	26,821	1,014	18,161
Total Revenues	<u>26,821</u>	<u>1,014</u>	<u>18,161</u>
<b>Expenditures</b>			
Current			
Instruction	23,839	1,014	17,080
Support Service-Students	0	0	0
Support Service-Instruction	0	0	0
Support Service-School Administration	2,982	0	0
Central Services	0	0	1,080
Food Services Operations	0	0	0
Total Expenditures	<u>26,821</u>	<u>1,014</u>	<u>18,160</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	1
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	ITFS/FCC 26111	Rural Vision 26127	Hubbard Foundation 26146
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	1,200	0	7,600
Federal Grants	0	0	0
<b>Total Revenues</b>	<u>1,200</u>	<u>0</u>	<u>7,600</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	0	7,600
Support Service-Students	0	0	0
Support Service-Instruction	0	0	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Food Services Operations	0	0	0
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>7,600</u>
Excess (Deficiency) of Revenues Over Expenditures	1,200	0	0
Fund Balances at Beginning of Year	<u>7,200</u>	<u>24,347</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 8,400</u>	<u>\$ 24,347</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	Student Library Fund 27105	Technology for Education 27117	Incentives for School Improvements 27138
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	9,205	1,683	0
Federal Grants	0	0	0
Total Revenues	<u>9,205</u>	<u>1,683</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	0	1,466	163
Support Service-Students	0	0	0
Support Service-Instruction	9,205	0	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>9,205</u>	<u>1,466</u>	<u>163</u>
Excess (Deficiency) of Revenues Over Expenditures	0	217	(163)
Fund Balances at Beginning of Year	<u>0</u>	<u>1,669</u>	<u>163</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 1,886</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	<u>Special Revenue</u>		<u>Debt Service</u>
	Beginning Teacher Mentoring 27154	State Directed Activities 27200	Debt Service 41000
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	52,106	0
Total Revenues	<u>0</u>	<u>52,106</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	0	49,756	0
Support Service-Students	0	2,350	0
Support Service-Instruction	0	0	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>0</u>	<u>52,106</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>361</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 361</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

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	<u>Total</u>
Revenues	
Interest Income	\$          35
Fees	48,719
State & Local Grants	19,688
Federal Grants	<u>317,379</u>
Total Revenues	<u>385,821</u>
Expenditures	
Current	
Instruction	269,076
Support Service-Students	2,350
Support Service-Instruction	9,960
Support Service-School Administration	11,918
Central Services	1,080
Food Services Operations	<u>86,986</u>
Total Expenditures	<u>381,370</u>
Excess (Deficiency) of Revenues Over Expenditures	4,451
Fund Balances at Beginning of Year	<u>41,010</u>
Fund Balance End of Year	<u>\$          45,461</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-FOOD SERVICE-21000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Interest Income	\$ 40	\$ 40	\$ 35	\$ (5)
Fees	30,100	30,100	26,208	(3,892)
Federal Grant	53,000	53,000	57,963	4,963
Total Revenues	<u>83,140</u>	<u>83,140</u>	<u>84,206</u>	<u>1,066</u>
<b>Expenditures</b>				
<b>Food Service Operations</b>				
Personnel Services	20,226	21,811	21,810	1
Employee Benefits	16,190	11,031	4,901	6,130
Professional and Tech Service	0	306	306	0
Supplies	50,037	53,305	52,680	625
Total Food Services Operations	<u>86,453</u>	<u>86,453</u>	<u>79,697</u>	<u>6,756</u>
Total Expenditures	<u>86,453</u>	<u>86,453</u>	<u>79,697</u>	<u>6,756</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,313)	(3,313)	4,509	7,822
Cash Balance Beginning of Year	<u>3,313</u>	<u>3,313</u>	<u>3,313</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,822</u>	<u>\$ 7,822</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,509	
Net change in Inventory			<u>(1,212)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,297</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-ATHLETICS-22000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Fees	\$ 24,888	\$ 24,888	\$ 22,511	\$ (2,377)
Miscellaneous	0	0	2,680	2,680
Total Revenues	<u>24,888</u>	<u>24,888</u>	<u>25,191</u>	<u>303</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Professional and Tech Service	370	288	186	102
Purchased Services	19,000	21,519	21,517	2
Supplies	6,027	909	909	0
Supply Assets	0	2,681	2,680	1
Total Instruction	<u>25,397</u>	<u>25,397</u>	<u>25,292</u>	<u>105</u>
Total Expenditures	<u>25,397</u>	<u>25,397</u>	<u>25,292</u>	<u>105</u>
Excess (Deficiency) of Revenues Over Expenditures	(509)	(509)	(101)	408
Cash Balance Beginning of Year	<u>509</u>	<u>509</u>	<u>509</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>408</u>	\$ <u>408</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(101)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(101)</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 59,792	\$ 60,184	\$ 56,977	\$ (3,207)
Total Revenues	<u>59,792</u>	<u>60,184</u>	<u>56,977</u>	<u>(3,207)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	41,550	41,550	41,550	0
Employee Benefits	15,991	15,991	13,176	2,815
Supplies	1,310	1,640	1,248	392
Supply Assets	0	62	62	0
Total Instruction	<u>58,851</u>	<u>59,243</u>	<u>56,036</u>	<u>3,207</u>
Total Expenditures	<u>58,851</u>	<u>59,243</u>	<u>56,036</u>	<u>3,207</u>
Excess (Deficiency) of Revenues Over Expenditures	941	941	941	0
Cash Balance Beginning of Year	<u>(941)</u>	<u>(941)</u>	<u>(941)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 941	
Net change in Due from Grantor			<u>(941)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA B, ENTITLEMENT-24106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 17,231	\$ 133,357	81,410	\$ (51,947)
Total Revenues	<u>17,231</u>	<u>133,357</u>	<u>81,410</u>	<u>(51,947)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	28,619	28,618	1
Employee Benefits	0	16,481	16,473	8
Other Purchased Services	0	5,000	5,000	0
Supplies	0	1,798	1,798	0
Supply Assets	0	55,252	3,354	51,898
Total Instruction	<u>0</u>	<u>107,150</u>	<u>55,243</u>	<u>51,907</u>
<b>Support Services-School Administration</b>				
Personnel Services	0	7,500	7,500	0
Employee Benefits	0	1,476	1,436	40
Total Support Services-School Administration	<u>0</u>	<u>8,976</u>	<u>8,936</u>	<u>40</u>
Total Expenditures	<u>0</u>	<u>116,126</u>	<u>64,179</u>	<u>51,947</u>
Excess (Deficiency) of Revenues Over Expenditures	17,231	17,231	17,231	0
Cash Balance Beginning of Year	<u>(17,231)</u>	<u>(17,231)</u>	<u>(17,231)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 17,231	
Net change in Due from Grantor			<u>(17,231)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE-IDEA B, DISCRETIONARY-24107  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 678	\$ 678	\$ 678	\$ 0
Total Revenues	<u>678</u>	<u>678</u>	<u>678</u>	<u>0</u>
<b>Expenditures</b>				
Support Services-School Administration				
Professional & Tech Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services-School Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	678	678	678	0
Cash Balance Beginning of Year	<u>(678)</u>	<u>(678)</u>	<u>(678)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 678	
Net change in Due from Grantor			<u>(678)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 381	\$ 4,986	\$ 4,439	\$ (547)
Total Revenues	<u>381</u>	<u>4,986</u>	<u>4,439</u>	<u>(547)</u>
Expenditures				
Instruction				
Salaries Expense	0	1,365	1,365	0
Employee Benefits	0	1,129	1,089	40
Supplies	0	1,756	1,249	507
Supply Assets	0	355	355	0
Total Instruction	<u>0</u>	<u>4,605</u>	<u>4,058</u>	<u>547</u>
Total Expenditures	<u>0</u>	<u>4,605</u>	<u>4,058</u>	<u>547</u>
Excess (Deficiency) of Revenues Over Expenditures	381	381	381	0
Cash Balance Beginning of Year	<u>(381)</u>	<u>(381)</u>	<u>(381)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 381	
Net change in Due from Grantor			<u>(381)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA B, RISK POOL-24120  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 520	\$ 520	\$ 0
Total Revenues	<u>0</u>	<u>520</u>	<u>520</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	520	520	0
Total Instruction	<u>0</u>	<u>520</u>	<u>520</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>520</u>	<u>520</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE-ENHANCING EDUCATION THROUGH TECHNOLOGY COMPETITIVE-24149  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 9,773	\$ 9,773	\$ 9,773	\$ 0
Total Revenues	<u>9,773</u>	<u>9,773</u>	<u>9,773</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	9,773	9,773	9,773	0
Cash Balance Beginning of Year	<u>(9,773)</u>	<u>(9,773)</u>	<u>(9,773)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,773	
Net change in Due from Grantor			<u>(9,773)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE V INNOVATIVE-24150  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 79	\$ 79	\$ 79	\$ 0
Total Revenues	<u>79</u>	<u>79</u>	<u>79</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	79	79	79	0
Cash Balance Beginning of Year	<u>(79)</u>	<u>(79)</u>	<u>(79)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 79	
Net change in Due from Grantor			<u>(79)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TEACHER/PRINCIPAL TRAINING & RECRUITING-24154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 14,207	\$ 14,215	\$ 14,212	\$ (3)
Total Revenues	<u>14,207</u>	<u>14,215</u>	<u>14,212</u>	<u>(3)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	11,800	11,800	11,799	1
Employee Benefits	2,345	2,353	2,351	2
Supplies	0	0	0	0
Total Instruction	<u>14,145</u>	<u>14,153</u>	<u>14,150</u>	<u>3</u>
Total Expenditures	<u>14,145</u>	<u>14,153</u>	<u>14,150</u>	<u>3</u>
Excess (Deficiency) of Revenues Over Expenditures	62	62	62	0
Cash Balance Beginning of Year	<u>(62)</u>	<u>(62)</u>	<u>(62)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 62	
Net change in Due from Grantor			<u>(62)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-SAFE & DRUG FREE SCHOOLS & COMMUNITIES-24157  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 963	\$ 966	\$ 576	\$ (390)
Total Revenues	<u>963</u>	<u>966</u>	<u>576</u>	<u>(390)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	<u>208</u>	<u>211</u>	<u>211</u>	<u>0</u>
Total Instruction	<u>208</u>	<u>211</u>	<u>211</u>	<u>0</u>
<b>Support Services-Instruction</b>				
Employee Benefits	<u>755</u>	<u>755</u>	<u>755</u>	<u>0</u>
Total Support Services-Instruction	<u>755</u>	<u>755</u>	<u>755</u>	<u>0</u>
Total Expenditures	<u>963</u>	<u>966</u>	<u>966</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(390)	(390)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (390)</u>	<u>\$ (390)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (390)	
Net Change in Due from Grantor			390	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE-TITLE I RECOVERY ACT-24201  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 30,975	\$ 30,814	\$ 30,814	\$ 0
Total Revenues	<u>30,975</u>	<u>30,814</u>	<u>30,814</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	7,322	7,332	7,332	0
Employee Benefits	2,823	2,331	2,332	(1)
Supply Assets	5,342	5,663	5,662	1
Total Instruction	<u>15,487</u>	<u>15,326</u>	<u>15,326</u>	<u>0</u>
Total Expenditures	<u>15,487</u>	<u>15,326</u>	<u>15,326</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	15,488	15,488	15,488	0
Cash Balance Beginning of Year	<u>(15,488)</u>	<u>(15,488)</u>	<u>(15,488)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 15,488	
Net change in Due from Grantor			<u>(15,488)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE-ENTITLEMENT IDEA B RECOVERY ACT-24206  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 26,821	\$ 26,821	\$ 0
Total Revenues	<u>0</u>	<u>26,821</u>	<u>26,821</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	10,761	10,761	0
Employee Benefits	0	8,629	8,629	0
Supplies	0	2,811	2,811	0
Supply Assets	0	1,638	1,638	0
Total Instruction	<u>0</u>	<u>23,839</u>	<u>23,839</u>	<u>0</u>
<b>Support Services-General Administration</b>				
Personnel Services	0	2,500	2,500	0
Employee Benefits	0	482	482	0
Total Support Services-General Administration	<u>0</u>	<u>2,982</u>	<u>2,982</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>26,821</u>	<u>26,821</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE-PRESCHOOL IDEA RECOVERY ACT-24209  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 1,014	\$ 1,014	\$ 0
Total Revenues	<u>0</u>	<u>1,014</u>	<u>1,014</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	546	546	0
Employee Benefits	0	443	444	(1)
Supplies	0	25	24	1
Total Instruction	<u>0</u>	<u>1,014</u>	<u>1,014</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,014</u>	<u>1,014</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 18,161	\$ 18,161	\$ 0
Total Revenues	<u>0</u>	<u>18,161</u>	<u>18,161</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	1,282	1,281	1
Fixed Assets	0	15,799	15,799	0
Total Instruction	<u>0</u>	<u>17,081</u>	<u>17,080</u>	<u>1</u>
<b>Central Services</b>				
Personnel Services	0	908	908	0
Employee Benefits	0	172	172	0
Total Central Services	<u>0</u>	<u>1,080</u>	<u>1,080</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>17,253</u>	<u>18,160</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	0	908	1	(907)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 908</u>	<u>\$ 1</u>	<u>\$ (907)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-ITFS/FCC-26111  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 0	\$ 1,200	\$ 1,200
Total Revenues	<u>0</u>	<u>0</u>	<u>1,200</u>	<u>1,200</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	0	0	0
Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	1,200	1,200
Cash Balance Beginning of Year	<u>7,200</u>	<u>7,200</u>	<u>7,200</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,200</u>	<u>\$ 7,200</u>	<u>\$ 8,400</u>	<u>\$ 1,200</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 1,200</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,200</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-RURAL VISION-26127  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>24,347</u>	<u>24,347</u>	<u>24,347</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 24,347</u>	<u>\$ 24,347</u>	<u>\$ 24,347</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-HUBBARD FOUNDATION-26146  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 7,600	\$ 7,600	\$ 15,200
Total Revenues	<u>0</u>	<u>7,600</u>	<u>7,600</u>	<u>15,200</u>
Expenditures				
Instruction				
Supplies	0	7,600	7,600	0
Total Instruction	<u>0</u>	<u>7,600</u>	<u>7,600</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>7,600</u>	<u>7,600</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-STUDENT LIBRARY FUND-27105  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 9,303	\$ 9,026	\$ (277)
Total Revenues	<u>0</u>	<u>9,303</u>	<u>9,026</u>	<u>(277)</u>
<b>Expenditures</b>				
<b>Support Services-Instruction</b>				
Supplies	0	9,303	9,205	98
Total Support Services-Instruction	<u>0</u>	<u>9,303</u>	<u>9,205</u>	<u>98</u>
Total Expenditures	<u>0</u>	<u>9,303</u>	<u>9,205</u>	<u>98</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(179)	(179)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (179)</u>	<u>\$ (179)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (179)	
Net change in Due from Grantor			<u>179</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TECHNOLOGY FOR EDUCATION-27117  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 0	\$ 1,683	\$ 1,683
Total Revenues	<u>0</u>	<u>0</u>	<u>1,683</u>	<u>1,683</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	825	825	0
Fixed Assets	0	795	641	154
Total Instruction	<u>0</u>	<u>1,620</u>	<u>1,466</u>	<u>154</u>
Total Expenditures	<u>0</u>	<u>1,620</u>	<u>1,466</u>	<u>154</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(1,620)	217	1,837
Cash Balance Beginning of Year	<u>1,669</u>	<u>1,669</u>	<u>1,669</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,669</u>	<u>\$ 49</u>	<u>\$ 1,886</u>	<u>\$ 1,837</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 217	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 217</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-INCENTIVES FOR SCHOOL IMPROVEMENT-27138  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	163	163	0
Total Instruction	<u>0</u>	<u>163</u>	<u>163</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>163</u>	<u>163</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(163)	(163)	0
Cash Balance Beginning of Year	<u>163</u>	<u>163</u>	<u>163</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 163</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (163)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (163)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-BEGINNING TEACHER MENTORING-27154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Support Services-Instruction				
Supplies	0	0	0	0
Fixed Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services-Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-STATE DIRECTED ACTIVITIES-27200  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 559	\$ 58,467	\$ 52,665	\$ (5,802)
Total Revenues	<u>559</u>	<u>58,467</u>	<u>52,665</u>	<u>(5,802)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	31,928	31,928	0
Employee Benefits	0	17,531	17,194	337
Professional & Tech Services	0	6,002	634	5,368
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>55,461</u>	<u>49,756</u>	<u>5,705</u>
<b>Support Services-Students</b>				
Professional & Tech Services	0	2,447	2,350	97
Total Support Services-Students	<u>0</u>	<u>2,447</u>	<u>2,350</u>	<u>97</u>
Total Expenditures	<u>0</u>	<u>57,908</u>	<u>52,106</u>	<u>5,802</u>
Excess (Deficiency) of Revenues Over Expenditures	559	559	559	0
Cash Balance Beginning of Year	<u>(559)</u>	<u>(559)</u>	<u>(559)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 559	
Net change in Due from Grantor			<u>(559)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 0	\$ 0	0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Support Services-General Administration				
Professional & Tech Services	0	0	0	0
Total Support Services-General Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>361</u>	<u>361</u>	<u>361</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 361</u>	<u>\$ 361</u>	<u>\$ 361</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

**OTHER SUPPLEMENTAL INFORMATION**

**FIDUCIARY FUND**

**Activity Trust Fund**

To account for funds of various student groups that are custodial in nature.



STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Schedule of Fiduciary Net Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2010

	Beginning Balance 6/30/09	Additions	Deletions	Ending Balance 6/30/10
<b>ASSETS</b>				
General	\$ 3,245	\$ 3,873	\$ 3,500	\$ 3,618
FFA	1,504	19,788	19,689	1,603
FCCLA	3,801	6,533	5,262	5,072
Concession	2,851	27,362	26,890	3,323
BPA	1,314	13,767	10,794	4,287
Vo Ag Shop	829	20	600	249
Elementary	4,356	11,948	12,021	4,283
Football	5,244	7,951	9,460	3,735
Girls Athletics	2,828	2,968	3,856	1,940
Class of 2011	0	6,473	5,343	1,130
Volleyball	3,205	1,630	1,218	3,617
Boys Athletics	1,286	4,627	5,357	556
Student Council	378	184	402	160
Yearbook	787	5,540	3,033	3,294
Activity Bus	1,062	10,786	10,525	1,323
Music	1,309	1,030	2,173	166
Interest	892	398	819	471
Cheerleaders	7,100	13,412	17,353	3,159
Class of 2010	1,148	365	1,352	161
Baseball	728	8,058	7,265	1,521
Science Club	1,475	3,883	3,233	2,125
Girls Track	13	300	198	115
Certificate of Deposit	15,595	472	0	16,067
Total Assets	<u>\$ 60,950</u>	<u>\$ 151,368</u>	<u>\$ 150,343</u>	<u>\$ 61,975</u>
<b>LIABILITIES</b>				
Deposits Held for Others	\$ 60,950	\$ 151,368	\$ 150,343	\$ 61,975
Total Liabilities	<u>\$ 60,950</u>	<u>\$ 151,368</u>	<u>\$ 150,343</u>	<u>\$ 61,975</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
Cash Reconciliation-All Funds  
For the Year Ended June 30, 2010

		Beginning Cash Balance 6/30/09	Revenue	Expenditures	Transfer/ Loans	Ending Cash Balance 6/30/10
Operations	11000	\$ 223,817	\$ 2,245,821	\$ 2,214,874	\$ 0	\$ 254,764
Transportation	13000	1	291,960	291,960	0	1
Instructional Materials	14000	3,913	11,730	9,292	0	6,351
Food Services	21000	3,313	84,206	79,697	0	7,822
Athletics	22000	510	22,511	22,613	0	408
Activities	23000	60,950	151,368	150,343	0	61,975
Federal Flowthrough	24000	(44,634)	227,313	183,069	0	(390)
Federal Direct	25000	0	221,573	233,465	0	(11,892)
Local Grants	26000	31,547	8,800	7,600	0	32,747
State Flowthrough	27000	1,274	63,374	62,941	0	1,707
SB-9	31700	196,563	46,414	51,456	0	191,521
Debt Service	41000	361	0	0	0	361
Total		\$ 477,615	\$ 3,375,070	\$ 3,307,310	\$ 0	\$ 545,375

The notes to the financial statements are an integral part of this statement.

## FEDERAL COMPLIANCE

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2010

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department Child Nutrition Cluster			
USDA National School Lunch Program	10.555	21000	\$ 57,963
Total Child Nutrition Cluster			<u>57,963</u>
Pass-through State Department of Human Services			
USDA Commodities Program	10.550	21000	(1) 6,077
Total U. S. Department of Agriculture			<u>\$ 64,040</u>
<u>U. S. Department of Education</u>			
Special Education Cluster			
Pass-through Region 9 Education Cooperative			
IDEA B	84.027		\$ 116,805
IDEA Preschool	84.173	24109	4,058
Pass-through State Public Education Department			
IDEA B Recovery Act	84.391	24206	26,821
IDEA Preschool Recovery Act	84.392	24209	1,014
Total Special Education Cluster			<u>148,698</u>
Title I	84.010	24101	56,037
Title I Recovery Act	84.318	24201	15,326
Title II	84.367A	24154	14,151
Title V	84.298	24157	966
State Fiscal Stabilization Fund	84.394	25250	215,305
Direct Program			
Rural Education Achievement Program	84.358A	25233	18,161
Total U. S. Department of Education			<u>\$ 468,644</u>
Total Federal Assistance			<u>\$ 532,684</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**

Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2010

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**Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards**

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

**Note 2: Insurance Requirements**

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

**Note 3: Loans or Loan Guarantees**

There were no loans or loan guarantees outstanding at year end.

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

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*

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the MELROSE MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of MELROSE MUNICIPAL SCHOOL , (District), as of and for the year ended June 30, 2010, and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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.

### 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned cost as item 10-01.

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

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

 De'Ann Willoughby, CPA PC

January 27, 2011

Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance With OMB Circular A-133

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the MELROSE MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

Compliance

We have audited MELROSE MUNICIPAL SCHOOLS (District) compliance with the types of compliance requirements described in the OMB A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.



### Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*De'Ann Willoughby* CPA PC

January 27, 2011

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2010

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**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting

- \* Significant deficiencies  yes  no
- \* Significant deficiencies(s) identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- \* Significant deficiencies  yes  no
- \* Significant deficiencies(s) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
	Special Education Cluster
84.027	IDEA B
84.391	IDEA B Recovery Act
84.173	IDEA Preschool
84.392	IDEA Preschool Recovery Act
84.394	State Fiscal Stabilization Fund Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low risk Auditee  yes  no

**Prior Year Audit Findings**

There were no prior year audit findings

**Current Year Audit Findings**

**10-01 Late Audit Report**

Condition

The audit report was submitted to the State Auditor after the required deadline of November 15, 2010.

Criteria

School audits are to be submitted to the State Auditor by November 15 as required by NMAC 2.2.2.9A (1) (d).

Cause

During the audit process it was realized that the District had \$532,684 in federal expenditure causing it to be a single audit. The contract had to be amended and was not received in time to perform the fieldwork and write the audit.

Effect

The users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit report could have an effect on state and federal funding.

Recommendation

The audit should be filed timely.

Response

The stimulus money caused our District to be a single audit. This should not occur in the future.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held January 27, 2011. Present were Jamie Widner-Superintendent, Pamela Beevers-Business Manager, Marvin Estes-President, Ben Widener-Vice-President, and DeAun Willoughby, CPA.