

**STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS**

Audit Report

For the Year Ended June 30, 2012

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
Melrose, New Mexico

STATE OF NEW MEXICO
Melrose Municipal Schools

Official Roster
For the year ended June 30, 2012

BOARD OF EDUCATION

Keith McAlister..... President
Scott Dickerman..... Vice-President
Jubal Pierce Secretary
Jay Draper..... Member
Neal Delk..... Member

SCHOOL OFFICIALS

Jamie Widner Superintendent
Pamela Beevers..... Business Manager

STATE OF NEW MEXICO
Melrose Municipal Schools
Table of Contents
June 30, 2012

	Page
INTRODUCTORY SECTION	
Official Roster.....	i
Table of Contents	ii-iii
 FINANCIAL SECTION	
Independent Auditor's Report	1-2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5-6
Reconciliation of the Balance Sheet to the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8-9
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	10
Major Funds:	
Statement of Revenues and Expenditures – Budget (Non-GAAP) and Actual General Fund	11
Statement of Assets and Liabilities – Agency Funds	12
Notes to Financial Statements	13-28
 SUPPLEMENTAL INFORMATION:	
Statement of Revenues and Expenditures – Budget (Non-GAAP) and Actual	
Debt Service Fund	29
Bond Building Fund	30
SB-9 Capital Improvements Fund	31
Combining Balance Sheet-General Funds	32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance-General Funds	33
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual-General Fund	
Operational	34
Transportation	35
Instruction Materials	36
Non-major Special Revenue Funds:	
Combining Balance Sheet	37-38
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	39-42

Statement of Revenue and Expenditures - Budget (Non-GAAP) and

Actual:

Food Services	43
Athletics	44
Title I	45
IDEA Entitlement.....	46
IDEA Preschool.....	47
IDEA-B Risk Pool	48
Teacher/Principal Training	49
Entitlement ARRA.....	50
Rural Education Achievement.....	51
Education Job Fund	52
ITFSFCC	53
2009 Dual Credit	54
GO Bonds Student Library Fund.....	55
2010 GO Bonds Student Library Fund.....	56
State Directed Activities	57
McCune Foundation	58

OTHER SUPPLEMENTAL INFORMATION:

Fiduciary Funds:

Schedule of Changes in Assets and Liabilities	59
Cash Reconciliation	60-61

Independent Auditor's 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	62-63
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Schedule of Findings and Questioned Costs and Exit Conference	64
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INDEPENDENT AUDITOR'S REPORT

Hector Balderas, State Auditor
And the Board of Education
Melrose Municipal Schools
Melrose, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Melrose Municipal Schools, as of and for the year ended June 30, 2012, which collectively comprise the Melrose Municipal School's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Melrose Municipal School's nonmajor governmental funds, and the budgetary comparisons for 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, 2012, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

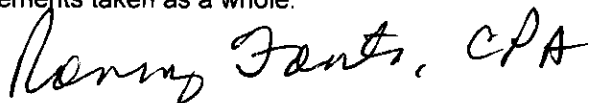
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements 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 School, as of June 30, 2012 and the respective changes in financial position and the 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 Melrose Municipal Schools as of June 30, 2012 and the respective changes in financial position, and the respective budgetary comparisons for the 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 November 1, 2012, on our consideration of Melrose Municipal School'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.

Management has omitted the MD & A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements, and the budgetary comparisons. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United states of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ronny Fouts, CPA
Melrose, New Mexico
November 1, 2012

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
STATEMENT OF NET ASSETS

June 30, 2012

ASSETS	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 983,423
Taxes Receivable	2,159
Due from other Governments	44,174
Inventories	3,226
Non-current Capital Assets - Net	<u>3,929,076</u>
TOTAL ASSETS	<u><u>\$ 4,962,058</u></u>
 LIABILITIES	
Current:	
Accounts Payable	\$ -
Accrued Interest	13,768
Debt Due Within One Year	55,000
Total Current Liabilities	<u>68,768</u>
Non-current	
Debt Due in More Than One Year	<u>1,045,000</u>
Total Non-current Liabilities	<u>1,045,000</u>
TOTAL LIABILITIES	<u>1,113,768</u>
 NET ASSETS	
Invested in capital assets, net of related debt	2,829,076
Restricted	860,375
Unrestricted	<u>158,839</u>
TOTAL NET ASSETS	<u><u>\$ 3,848,290</u></u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES

Year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental activities:					
Instruction	\$ 1,621,049	\$ -	\$ 206,518	\$ -	\$ (1,414,531)
Support Services					
Students	197,574	18,809	3,869	-	(174,896)
Instruction	72,318	-	7,772	-	(64,546)
General Administration	133,063	-	-	-	(133,063)
School Administration	158,920	-	-	-	(158,920)
Central Services	85,647	-	1,191	-	(84,456)
Operation & Maintenance of Plant	276,248	-	-	-	(276,248)
Student Transportation	264,364	-	-	-	(264,364)
Other Support Services	5,950	-	-	-	(5,950)
Community Service	-	-	-	-	-
Food service	115,154	25,758	66,560	-	(22,836)
Debt Interest Paid	37,711	-	-	-	(37,711)
Total Governmental Activities	\$ 2,967,998	\$ 44,567	\$ 285,910	\$ -	(2,637,521)

General Revenues

Property taxes:

Levied for general purposes	11,729
Levied for debt service	97,770
Levied for capital projects	48,048

State aid not restricted	2,625,438
Unrestricted investment earnings	6,556
Other Local Revenues	23,165
Total general revenues	2,812,706

Change in net assets 175,185

Net assets beginning 3,673,105

Net Assets- ending \$ 3,848,290

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	GENERAL FUND	DEBT SERVICE	BOND BUILDING
ASSETS			
Cash on Deposit	\$ 106,153	\$ 72,152	\$ 502,830
Taxes Receivable	182	1,211	-
Due from other Funds	44,174	-	-
Due from other Governments	-	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ 150,509	\$ 73,363	\$ 502,830
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred Revenue	-	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCE			
Fund Balance			
Nonspendable	-	-	-
Restricted	-	73,363	502,830
Committed	-	-	-
Assigned	-	-	-
Unassigned	150,509	-	-
TOTAL FUND BALANCE	150,509	73,363	502,830
TOTAL LIABILITIES AND FUND BALANCE	\$ 150,509	\$ 73,363	\$ 502,830

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

SB-9 CAPITAL IMPROVEMENTS BUILDING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 258,144	\$ 44,144	\$ 983,423
766	-	2,159
-	-	44,174
-	44,174	44,174
-	3,226	3,226
<u>\$ 258,910</u>	<u>\$ 91,544</u>	<u>\$ 1,077,156</u>

\$ -	\$ -	\$ -
-	44,174	\$ 44,174
-	-	-
-	44,174	44,174

-	3,226	3,226
258,910	35,147	870,250
-	667	667
-	8,330	8,330
-	-	150,509
<u>258,910</u>	<u>47,370</u>	<u>1,032,982</u>
<u>\$ 258,910</u>	<u>\$ 91,544</u>	<u>\$ 1,077,156</u>

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

June 30, 2012

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

Fund Balance - total governmental funds	\$ 1,032,982
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	3,929,076
Long Term debt is not due and payable in the current period and therefore are not reported in the funds:	(1,100,000)
Accrued expenses not reported in the funds statements Interest	<u>(13,768)</u>
Net assets of governmental activities	<u>\$ 3,848,290</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

Year ended June 30, 2012

	GENERAL FUND	DEBT SERVICE	BOND BUILDING
REVENUE			
Federal Aid	\$ -	\$ -	\$ -
State Aid	2,480,172	-	-
Property taxes	11,729	97,770	-
Interest	2,096	122	3,539
Insurance recoveries/refunds	11,262	-	-
Other local sources	7,903	-	-
TOTAL REVENUES	2,513,162	97,892	3,539
EXPENDITURES			
Current			
Instruction	1,319,329	-	-
Support Services			
Students	193,705	-	-
Instruction	64,546	-	-
General Administration	132,097	966	-
School Administration	158,920	-	-
Central Services	84,456	-	-
Operation & Maintenance of Plant	351,679	-	-
Transportation of students	264,364	-	-
Other Support Services	5,950	-	-
Community services	-	-	-
Food Service	28,657	-	-
Debt Service			
Principal Retirement	-	-	-
Bond Interest	-	23,943	-
Capital Outlay			
Facilities and construction	-	-	562,978
TOTAL EXPENDITURES	2,603,703	24,909	562,978
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(90,541)	72,983	(559,439)
OTHER FINANCING SOURCES (USES)			
Sale of Bonds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	(90,541)	72,983	(559,439)
FUND BALANCE - JUNE 30, 2011	241,050	380	1,062,269
FUND BALANCE - JUNE 30, 2012	\$ 150,509	\$ 73,363	\$ 502,830

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

SB-9 CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 285,910	\$ 285,910
136,294	8,972	2,625,438
48,048	-	157,547
795	4	6,556
-	-	11,262
-	48,567	56,470
<u>185,137</u>	<u>343,453</u>	<u>3,143,183</u>
-	236,617	1,555,946
-	3,869	197,574
-	7,772	72,318
-	-	133,063
-	-	158,920
-	1,191	85,647
-	-	351,679
-	-	264,364
-	-	5,950
-	-	-
-	86,497	115,154
-	-	-
-	-	23,943
113,659	-	676,637
<u>113,659</u>	<u>335,946</u>	<u>3,641,195</u>
71,478	7,507	(498,012)
-	-	-
-	-	-
71,478	7,507	(498,012)
187,432	39,863	1,530,994
<u>\$ 258,910</u>	<u>\$ 47,370</u>	<u>\$ 1,032,982</u>

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE-
ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

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

Net change in fund balance - total governmental funds	\$ (498,012)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.	686,965
Expenses recognized in the government wide funds not reported in the Government funds	
Interest	<u>(13,768)</u>
Change in Net Assets	<u>\$ 175,185</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - GENERAL FUND - 11000, 13000, & 14000

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	2,495,215	2,479,980	2,480,172	192
Property Taxes	11,383	11,383	11,585	202
Local Revenue	-	-	7,903	7,903
Contributions, donations	-	-	11,262	11,262
Income from Investments	2,500	2,500	2,096	(404)
TOTAL REVENUE	2,509,098	2,493,863	\$ 2,513,018	\$ 19,155

BUDGETED CASH BALANCE	232,108	241,010		
TOTAL REVENUE & CASH	\$ 2,741,206	\$ 2,734,873		

EXPENDITURES

Current

Instruction	\$ 1,369,737	\$ 1,357,506	\$ 1,319,329	\$ 38,177
Support Services				
Students	191,139	199,453	193,705	5,748
Instruction	71,355	71,355	64,546	6,809
General Administration	154,463	147,397	132,097	15,300
School Administration	177,604	177,604	158,920	18,684
Central Services	84,404	87,092	84,456	2,636
Operation & Maintenance of Plant	383,356	389,811	351,679	38,132
Student Transportation	274,235	264,364	264,364	-
Other Support Services	4,350	9,728	5,950	3,778
Community services	-	-	-	-
Food Services	30,563	30,563	28,657	1,906
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 2,741,206	\$ 2,734,873	\$ 2,603,703	\$ 131,170

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 2,513,018
Differences budget to GAAP	
Prior Year receivable	(38)
Change in deferred taxes	-
Current Year receivable	182
Total Revenues (GAAP Basis)	\$ 2,513,162

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 2,603,703
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 2,603,703

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2012

<u>ASSETS</u>	Agency Funds
Pooled Cash and Investments	<u>\$ 53,271</u>
<u>LIABILITIES</u>	
Liabilities:	
Deposits held for others	<u>\$ 53,271</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Melrose Municipal Schools 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.

A. 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 consists 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

The General Fund consists of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District no 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.

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MAJOR FUNDS

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General Fund

The General Fund consists 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.

DEBT SERVICE FUND

Debt Service Fund

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

CAPITAL PROJECT FUNDS

Senate Bill Nine

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 providers 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.

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 paid prior to the end of the fiscal year.

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.

A. 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 of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows these procedures in establishing the budgetary 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 as 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 expenditure 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 adjustments.

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 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

A. 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.

B. 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.

C. 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.

D. 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 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.

E. 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

F. 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.

G. 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.

H. 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.

I. Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets used 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.

J. Fund Balances of Fund Financial Statements

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

Unreserved fund balance indicated that portion of fund equity which is available for budgeting in future years.

K. 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 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.

L. 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.

M. Compensated Absences

It is the policy of the 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.

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Notes to Financial Statements
June 30, 2012

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.

N. 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.

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

Name of Account	Reconciled Per Bank 6/30/2012	Reconciled Balance	Type
Operational	\$209,909	\$77,362.00	Checking
Activity	4,225	4,225	Checking
Athletic	773	773	Checking
SB-9	587	587	Checking
FTD Clearing	33,793	-	
Debt Service	431	431	Checking
Capital Projects Fund	228	228	
Money Market	936,590	936,590	Savings
Activity Account	16,498	16,498	CD
TOTAL Deposited	1,203,034	\$1,036,694.00	
Less: FDIC Coverage	499,946		
Uninsured Amount	703,088		
50% Collateral requirement	351,544		
Pledged securities	1,250,000		
Over (Under) requirement	<u>\$898,456.00</u>		

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

The following securities are pledged at American Heritage:

Description	CUSIP #	Fair Market Value	Maturity Date	Location
FHLB	3133MTRK6	1250000		*TIB
		<u>1250000</u>		

* Texas Independent Bank,
Dallas, Texas

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Notes to Financial Statements
June 30, 2012

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance 6/30/2012
Insured	499,946
Collateralized:	
Collateral held by the pledging bank in District's name	703,088
Uninsured and uncollateralized	-
Total Deposits	<u><u>1,203,034</u></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, 2012 \$0 of the District's bank balance of \$1,203,034, was exposed to custodial credit risk.

C: RECEIVABLES AND INTERFUND BALANCES

Receivables consist of the following:

	General Operational	Debt Service	SB-9	Other Governmental Funds
Property Taxes	\$ 182	\$ 1,211	\$ 766	\$ -
Due from Grantor				44,174
	<u>\$ 182</u>	<u>\$ 1,211</u>	<u>\$ 766</u>	<u>\$ 44,174</u>

The interfund balance for June 30, 2012 were as follows,

<u>From:</u>	<u>To:</u>	<u>Amount</u>
Operation	Other Governmental Funds	\$ 44,174
	Total Interfund Balances	<u><u>\$ 44,174</u></u>

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

D: TAXES RECEIVABLE

Following is a schedule of property taxes receivables as of June 30, 2012:

	General Fund	Debt Service	Senate Bill Nine	Other Governmental Funds	Total
Property Taxes Rceivable:					
Available	\$ 182	\$ 1,211	\$ 766	\$	\$ 1,977
Unavailable					
TOTAL Property Taxes	<u>\$ 182</u>	<u>\$ 1,211</u>	<u>\$ 766</u>	<u>\$</u>	<u>1977</u>

E: DUE FROM OTHER GOVERNMENT UNITS

Amounts due from other agencies and units of government were as follows as of June 30, 2012:

Federal Agencies	\$ 44,174
Total	<u><u>\$ 44,174</u></u>

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Notes to Financial Statements
June 30, 2012

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, 2012.

G: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2012, is as follows:

	Balance 6/30/2011	Increases	Decreases	Balance 6/30/2012
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 27,672	\$ -	\$ -	\$ 27,672
Total Capital Assets, not being Depreciated	<u>\$ 27,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,672</u>
Capital Assets, being Depreciated				
Buildings & Improvements	8,921,283	223,283		9,144,566
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,086,949	590,261	88,816	1,588,394
Total Capital Assets, being Depreciated	<u>10,008,232</u>	<u>813,544</u>	<u>88,816</u>	<u>10,732,960</u>
Total Capital Assets	<u>10,035,904</u>	<u>813,544</u>	<u>88,816</u>	<u>10,760,632</u>
Less Accumulated Depreciation				
Buildings & Improvements	5,610,909	61,476	-	5,672,385
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,182,884	65,103	88,816	1,159,171
Total Accumulated Depreciation	<u>6,793,793</u>	<u>126,579</u>	<u>88,816</u>	<u>6,831,556</u>
Capital Assets, net	<u>\$ 3,242,111</u>	<u>\$ 686,965</u>	<u>\$ -</u>	<u>\$ 3,929,076</u>

H: LONG-TERM DEBT

A summary of activity in the Long-Term Debt is as follows:

	6/30/2011	Additions	Reductions	6/30/2012	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 1,100,000	\$ -	\$ -	\$ 1,100,000	\$ 55,000
Total Bonds	<u>\$ 1,100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100,000</u>	<u>\$ 55,000</u>

Payments on the general obligation bonds are made by the Debt Service Funds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making addition to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they come due:

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Notes to Financial Statements
June 30, 2012

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
5/13/2012	\$1,100,000	3.359	\$1,100,000

The annual requirements to amortize the general obligation bonds as of June 30, 2012 including interest payments are as follows:

	<u>Principal</u>	<u>Principal Interest</u>	<u>Interest Total</u>
2013	\$55,000	\$33,028	\$88,028
2014	70,000	32,069	\$102,069
2015	75,000	30,756	\$105,756
2016	80,000	29,092	\$109,092
2017	85,000	27,063	\$112,063
2018-2022	500,000	91,217	\$591,217
2023-2027	235,000	9,071	\$244,071
	<u>\$1,100,000</u>	<u>\$252,296</u>	<u>\$1,352,296</u>

H: COMMITMENTS

The District has no construction commitments at June 30, 2012.

I: PENSION PLAN

Plan

Description

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

Funding

Policy

Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The Melrose Municipal School has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the Melrose Municipal School contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the Melrose Municipal School will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the Melrose Municipal Schools are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Melrose Municipal School's contributions to the ERA for the years ended June 30, 2012, 2011 and 2010 were: \$311,854, \$321,854, \$340,080.

J: POST EMPLOYEE BENEFITS-STATE RETIREE HEALTH CARE ACT PLAN

Plan Description - Melrose Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post employment healthcare plan administered by the New Mexico 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 supplementay 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.

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, 2012 the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal years ending June 30, 2012 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>
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 as 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, 2012, 2011 and 2010 were \$42,453, \$32,048, \$32,668, respectively, which equal the required contributions for each year.

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 that are:

- 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.

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

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.

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 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.

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - DEBT SERVICE FUND -41000

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 23,944	\$ 24,900	\$ 96,559	\$ 71,659
Investment Income	-	-	122	122
TOTAL REVENUE	<u>23,944</u>	<u>24,900</u>	<u>\$ 96,681</u>	<u>\$ 71,781</u>
BUDGETED CASH BALANCE	<u>361</u>	<u>361</u>		
TOTAL REVENUE & CASH	<u>\$ 24,305</u>	<u>\$ 25,261</u>		
EXPENDITURES				
Current				
General Administration	\$ 240	\$ 1,196	\$ 966	\$ 230
Debt Service				
Principal Retirement	-	-	-	-
Bond Interest	23,944	23,944	23,943	1
Non-operating Reserves	121	121	-	121
TOTAL EXPENDITURES	<u>\$ 24,305</u>	<u>\$ 25,261</u>	<u>\$ 24,909</u>	<u>\$ 352</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 96,681
Differences budget to GAAP	
Prior Year receivable	-
Change in deferred taxes	-
Current Year receivable	1,211
Total Revenues (GAAP Basis)	<u>\$ 97,892</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 24,909
Differences-budget to GAAP	
Prior year Principal due	-
Prio year interest due	-
Total Expenditures (GAAP Basis)	<u>\$ 24,909</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - CAPITAL PROJECTS - BOND BUILDING FUND -31100

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Sale of Bonds	\$ -	\$ -	\$ -	\$ -
Other Local Income	-	-	-	-
Investment Income	-	-	3,539	3,539
TOTAL REVENUE	-	-	\$ 3,539	\$ 3,539
BUDGETED CASH BALANCE	1,080,500	1,080,500		
TOTAL REVENUE & CASH	\$ 1,080,500	\$ 1,080,500		
EXPENDITURES				
Current				
Facilities and construction	\$ 1,080,500	\$ 1,080,500	\$ 562,978	\$ 517,522
TOTAL EXPENDITURES	\$ 1,080,500	\$ 1,080,500	\$ 562,978	\$ 517,522

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 3,539
Differences budget to GAAP	
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ 3,539

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 562,978
Differences-budget to GAAP	
Current Year Accounts Payable	-
Total Expenditures (GAAP Basis)	\$ 562,978

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - CAPITAL PROJECTS - SB-9 CAPITAL IMPROVEMENTS FUND -31700

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 45,517	\$ 45,517	\$ 47,433	\$ 1,916
Insurance recoveries	-	-	-	
Investment Income	1,500	1,500	795	(705)
TOTAL LOCAL REVENUE	47,017	47,017	48,228	1,211
State Revenue				
State flowthrough	-	40,918	136,294	95,376
TOTAL FEDERAL REVENUE	-	40,918	136,294	95,376
TOTAL REVENUE	47,017	87,935	\$ 184,522	\$ 96,587
BUDGETED CASH BALANCE	311,219	311,219		
TOTAL REVENUE & CASH	\$ 358,236	\$ 399,154		
EXPENDITURES				
Current				
Facilities and construction	358,236	399,154	113,659	285,495
TOTAL EXPENDITURES	\$ 358,236	\$ 399,154	\$ 113,659	\$ 285,495

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 184,522
Differences budget to GAAP	
Prior Year receivable	(151)
Change in deferred taxes	-
Current Year receivable	766
Total Revenues (GAAP Basis)	\$ 185,137
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 113,659
Differences-budget to GAAP	
Prior year accounts payable	-
Total Expenditures (GAAP Basis)	\$ 113,659

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET - GENERAL FUNDS

June 30, 2012

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
ASSETS				
Cash on Deposit	\$ 103,776	\$ 1	\$ 2,376	\$ 106,153
Taxes Receivable	182	-	-	182
Due from other Funds	44,174	-	-	44,174
Due from other Governments	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 148,132	\$ 1	\$ 2,376	\$ 150,509
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	148,132	1	2,376	150,509
TOTAL FUND BALANCE	148,132	1	2,376	150,509
TOTAL LIABILITIES AND FUND BALANCE	\$ 148,132	\$ 1	\$ 2,376	\$ 150,509

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUNDS

Year ended June 30, 2012

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
REVENUE				
Federal Aid	\$ -	\$ -	\$ -	\$ -
State Aid	2,206,131	264,364	9,677	2,480,172
Property taxes	11,729	-	-	11,729
Interest	2,096	-	-	2,096
Refunds/ reimbursements	11,262	-	-	11,262
Other local sources	7,903	-	-	7,903
TOTAL REVENUES	2,239,121	264,364	9,677	2,513,162
EXPENDITURES				
Current				
Instruction	1,311,929	-	7,400	1,319,329
Support Services				
Students	193,705	-	-	193,705
Instruction	64,546	-	-	64,546
General Administration	132,097	-	-	132,097
School Administration	158,920	-	-	158,920
Central Services	84,456	-	-	84,456
Operation & Maintenance of Plant	351,679	-	-	351,679
Transportation of students	-	264,364	-	264,364
Other support services	5,950	-	-	5,950
Food Service	28,657	-	-	28,657
Community Services	-	-	-	-
Non-current				
Facilities and construction	-	-	-	-
TOTAL EXPENDITURES	2,331,939	264,364	7,400	2,603,703
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(92,818)	-	2,277	(90,541)
FUND BALANCE - JUNE 30, 2011	240,950	1	99	241,050
FUND BALANCE - JUNE 30, 2012	\$ 148,132	\$ 1	\$ 2,376	\$ 150,509

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - GENERAL FUND - OPERATIONAL - 11000

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	2,213,702	2,206,157	2,206,131	(26)
Property Taxes	11,383	11,383	11,585	202
Local Revenue	-	-	7,903	7,903
Contributions, donations	-	-	11,262	11,262
Income from Investments	2,500	2,500	2,096	(404)
TOTAL REVENUE	2,227,585	2,220,040	\$ 2,238,977	\$ 18,937

BUDGETED CASH BALANCE	230,797	240,911
TOTAL REVENUE & CASH	\$ 2,458,382	\$ 2,460,951

EXPENDITURES				
Current				
Instruction	\$ 1,361,148	\$ 1,347,948	\$ 1,311,929	\$ 36,019
Support Services				
Students	191,139	199,453	193,705	5,748
Instruction	71,355	71,355	64,546	6,809
General Administration	154,463	147,397	132,097	15,300
School Administration	177,604	177,604	158,920	18,684
Central Services	84,404	87,092	84,456	2,636
Operation & Maintenance of Plant	383,356	389,811	351,679	38,132
Student Transportation	-	-	-	-
Other Support Services	4,350	9,728	5,950	3,778
Community services	-	-	-	-
Food Services	30,563	30,563	28,657	1,906
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 2,458,382	\$ 2,460,951	\$ 2,331,939	\$ 129,012

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 2,238,977
Differences budget to GAAP	
Prior Year receivable	(38)
Change in deferred taxes	-
Current Year receivable	182
Total Revenues (GAAP Basis)	\$ 2,239,121
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 2,331,939
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 2,331,939

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - GENERAL FUND - TRANSPORTATION - 13000

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 274,235	\$ 264,364	\$ 264,364	\$ -
TOTAL REVENUE	<u>274,235</u>	<u>264,364</u>	<u>\$ 264,364</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 274,235</u>	<u>\$ 264,364</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 274,235	\$ 264,364	\$ 264,364	\$ -
TOTAL EXPENDITURES	<u>\$ 274,235</u>	<u>\$ 264,364</u>	<u>\$ 264,364</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 264,364
Differences budget to GAAP	
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 264,364</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 264,364
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 264,364</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - GENERAL FUND - INSTRUCTIONAL MATERIALS - 14000

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 7,278	\$ 9,459	\$ 9,677	\$ 218
TOTAL REVENUE	<u>7,278</u>	<u>9,459</u>	<u>\$ 9,677</u>	<u>\$ 218</u>
BUDGETED CASH BALANCE	<u>1,311</u>	<u>99</u>		
TOTAL REVENUE & CASH	<u>\$ 8,589</u>	<u>\$ 9,558</u>		
EXPENDITURES				
Current				
Instruction	\$ 8,589	\$ 9,558	\$ 7,400	\$ 2,158
Support Services				
Instruction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 8,589</u>	<u>\$ 9,558</u>	<u>\$ 7,400</u>	<u>\$ 2,158</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 9,677
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 9,677</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 7,400
Differences-budget to GAAP	
Prior year Accounts Payable	\$ -
Total Expenditures (GAAP Basis)	<u>\$ 7,400</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2012

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	IDEA-B ENTITLEMENT 24106	IDEA-B PRESCHOOL 24109	IDEA-B RISK POOL 24120
ASSETS						
Cash on Deposit	\$ 8,330	\$ 667	\$ -	\$ -	\$ -	\$ -
Due from other Governments	-	-	13,752	21,647	3,852	67
Inventories	3,226	-	-	-	-	-
TOTAL ASSETS	\$ 11,556	\$ 667	\$ 13,752	\$ 21,647	\$ 3,852	\$ 67
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	13,752	21,647	3,852	67
Deferred Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	13,752	21,647	3,852	67
FUND BALANCE						
Fund Balance						
Nonspendable	3,226	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	667	-	-	-	-
Assigned	8,330	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE	11,556	667	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	\$ 11,556	\$ 667	\$ 13,752	\$ 21,647	\$ 3,852	\$ 67

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

TEACHER PRINCIPAL TRAINING 24154	ITFS FCC 26111	RURAL VISION 26127	2009 DUAL CREDIT 27103	GO BONDS STUDENT 27105	2010 GO BONDS STUDENT 27106	STATE DIRECTED ACTIVITIES 27200	MCCUNE FOUNDATION 29114	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ 10,800	\$ 24,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,144
-	-	-	296	-	4,560	-	-	44,174
-	-	-	-	-	-	-	-	3,226
<u>\$ -</u>	<u>\$ 10,800</u>	<u>\$ 24,347</u>	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ 4,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,544</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	296	-	4,560	-	-	44,174
-	-	-	296	-	4,560	-	-	44,174
-	-	-	-	-	-	-	-	3,226
-	10,800	24,347	-	-	-	-	-	35,147
-	-	-	-	-	-	-	-	667
-	-	-	-	-	-	-	-	8,330
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>10,800</u>	<u>24,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,370</u>
<u>\$ -</u>	<u>\$ 10,800</u>	<u>\$ 24,347</u>	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ 4,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,544</u>

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2012

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	IDEA-B ENTITLEMENT 24106
REVENUES				
Federal Aid	\$ 66,560	\$ -	\$ 59,319	\$ 76,512
State Aid	-	-	-	-
Local revenues	25,758	18,809	-	-
Interest	4	-	-	-
TOTAL REVENUES	92,322	18,809	59,319	76,512
EXPENDITURES				
Current				
Instruction	-	18,327	59,319	76,512
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Service	86,497	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	86,497	18,327	59,319	76,512
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,825	482	-	-
FUND BALANCE- JUNE 30, 2011	5,731	185	-	-
FUND BALANCE - JUNE 30, 2012	\$ 11,556	\$ 667	\$ -	\$ -

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

IDEA - B PRESCHOOL 24109	IDEA-B RISK POOL 24120	TEACHER PRINCIPAL TRAINING 24154
\$ 5,535	\$ 408	\$ 12,070
-	-	-
-	-	-
-	-	-
<u>5,535</u>	<u>408</u>	<u>12,070</u>

5,535	408	12,070
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>5,535</u>	<u>408</u>	<u>12,070</u>

-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS

Year ended June 30, 2012

	ENTITLEMENT FED STIM 24206	PRESCHOOL FED STIM 24209	RURAL ED ACHIEVEMENT PROGRAM 25233	EDUCATION JOB FUND 25255	ITFS FCC 26111
REVENUES					
Federal Aid	\$ -	\$ -	\$ 16,767	\$ 938	\$ -
State Aid	-	-	-	-	1,200
Local revenues	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL REVENUES	-	-	16,767	938	1,200
EXPENDITURES					
Current					
Instruction	-	-	15,576	938	-
Support Services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	1,191	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Food Service	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	-	-	16,767	938	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	1,200
FUND BALANCE- JUNE 30, 2011	-	-	-	-	9,600
FUND BALANCE - JUNE 30, 2012	\$ -	\$ -	\$ -	\$ -	\$ 10,800

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

RURAL VISION 26127	2009 DUAL CREDIT 27103	2008 GO BOND STUDENT 27105	2010 GO BOND STUDENT 27106	STATE DIRECTED ACTIVITIES 27200	MCCUNE FOUNDATION 29114	COMBINED
\$ -	\$ -	\$ -	\$ -	\$ 47,801	\$ -	\$ 285,910
-	1,487	97	6,188	-	-	8,972
-	-	-	-	-	4,000	48,567
-	-	-	-	-	-	4
-	1,487	97	6,188	47,801	4,000	343,453
-	-	-	-	43,932	4,000	236,617
-	-	-	-	3,869	-	3,869
-	1,487	97	6,188	-	-	7,772
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,191
-	-	-	-	-	-	-
-	-	-	-	-	-	86,497
-	-	-	-	-	-	-
-	1,487	97	6,188	47,801	4,000	335,946
-	-	-	-	-	-	-
-	-	-	-	-	-	7,507
-	-	-	-	-	-	-
24,347	-	-	-	-	-	39,863
\$ 24,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,370

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - FOOD SERVICE - 21000

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ 51,367	\$ 51,367	\$ 58,372	\$ 7,005
State Aid	-	-	-	-
Local Revenue	28,200	28,200	25,758	(2,442)
Income from Investments	25	25	4	(21)
TOTAL REVENUE	79,592	79,592	\$ 84,134	\$ 4,542
BUDGETED CASH BALANCE	3,415	3,415		
TOTAL REVENUE & CASH	\$ 83,007	\$ 83,007		
EXPENDITURES				
Current				
Food Service	83,007	83,007	80,312	2,695
TOTAL EXPENDITURES	\$ 83,007	\$ 83,007	\$ 80,312	\$ 2,695

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 84,134
Differences budget to GAAP	
Commodities received	8,188
Total Revenues (GAAP Basis)	\$ 92,322

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 80,312
Differences-budget to GAAP	
Commodities used	8,188
Change in Inventories	(2,003)
Total Expenditures (GAAP Basis)	\$ 86,497

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - ATHLETICS - 22000

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Fees from activities	\$ 27,500	\$ 27,500	\$ 18,809	\$ (8,691)
Investment income	-	-	-	-
TOTAL REVENUE	<u>27,500</u>	<u>27,500</u>	<u>\$ 18,809</u>	<u>\$ (8,691)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 27,500</u>	<u>\$ 27,500</u>		
EXPENDITURES				
Current				
Instruction	\$ 27,500	\$ 27,500	\$ 18,327	\$ 9,173
TOTAL EXPENDITURES	<u>\$ 27,500</u>	<u>\$ 27,500</u>	<u>\$ 18,327</u>	<u>\$ 9,173</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 18,809
Differences budget to GAAP	
Prior Year deferral	-
Current Year deferral	-
Total Revenues (GAAP Basis)	<u>\$ 18,809</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 18,327
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 18,327</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - TITLE I - 24101

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 57,073	\$ 60,704	\$ 45,567	\$ (15,137)
TOTAL REVENUE	57,073	60,704	45,567	(15,137)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 57,073	\$ 60,704		
EXPENDITURES				
Current				
Instruction	\$ 57,073	\$ 60,704	\$ 59,319	\$ 1,385
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of plant	-	-	-	-
TOTAL EXPENDITURES	\$ 57,073	\$ 60,704	\$ 59,319	\$ 1,385

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 45,567
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	13,752
Total Revenues (GAAP Basis)	\$ 59,319

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 59,319
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 59,319

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - IDEA - ENTITLEMENT - 24106

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 61,597	\$ 80,147	\$ 54,865	\$ (25,282)
TOTAL REVENUE	<u>61,597</u>	<u>80,147</u>	<u>\$ 54,865</u>	<u>\$ (25,282)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 61,597</u>	<u>\$ 80,147</u>		
EXPENDITURES				
Current				
Instruction	\$ 61,597	\$ 73,029	\$ 69,394	\$ 3,635
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
School Administration	-	7,118	7,118	-
Central Services	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 61,597</u>	<u>\$ 80,147</u>	<u>\$ 76,512</u>	<u>\$ 3,635</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 54,865
Differences budget to GAAP	
Prior Year deferral	-
Current Year Receivable	21,647
Total Revenues (GAAP Basis)	<u>\$ 76,512</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 76,512
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 76,512</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - IDEA - PRESCHOOL - 24109

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 4,161	\$ 6,048	\$ 2,526	\$ (3,522)
TOTAL REVENUE	<u>4,161</u>	<u>6,048</u>	<u>\$ 2,526</u>	<u>\$ (3,522)</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL REVENUE & CASH	 <u>\$ 4,161</u>	 <u>\$ 6,048</u>		
 EXPENDITURES				
Current				
Instruction	\$ 4,161	\$ 3,955	\$ 3,442	\$ 513
Support Services				
Students	-	2,093	2,093	-
TOTAL EXPENDITURES	<u>\$ 4,161</u>	<u>\$ 6,048</u>	<u>\$ 5,535</u>	<u>\$ 513</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 2,526
Differences budget to GAAP	
Prior Year Receivable	(843)
Current Year Receivable	3,852
Total Revenues (GAAP Basis)	<u>\$ 5,535</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 5,535
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,535</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - IDEA-B RISK POOL - 24120

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 408	\$ 341	\$ (67)
TOTAL REVENUE	<u>-</u>	<u>408</u>	<u>\$ 341</u>	<u>\$ (67)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 408</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 408	\$ 408	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 408</u>	<u>\$ 408</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 341
Differences budget to GAAP	-
Prior Year deferral	67
Current Year Receivable	<u>67</u>
Total Revenues (GAAP Basis)	<u>\$ 408</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 408
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	<u>\$ 408</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - TEACHER/PRINCIPAL TRAINING - 24154

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ 12,091	\$ 12,176	\$ 12,070	\$ (106)
TOTAL REVENUE	12,091	12,176	<u>12,070</u>	<u>(106)</u>
 BUDGETED CASH BALANCE	 -	 -		
 TOTAL REVENUE & CASH	 <u>\$ 12,091</u>	 <u>\$ 12,176</u>		
 EXPENDITURES				
Current				
Instruction	\$ 12,091	\$ 12,176	\$ 12,070	\$ 106
Support Services - Students	-	-	-	-
Support Services - General Administration	-	-	-	-
Support Services - School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 12,091</u>	<u>\$ 12,176</u>	<u>\$ 12,070</u>	<u>\$ 106</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 12,070
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 12,070</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 12,070
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 12,070</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - IDEA - ENTITLEMENT ARRA - 24206

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 17,978	\$ 17,978
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 17,978</u>	<u>\$ 17,978</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 17,978
Differences budget to GAAP	
Prior Year receivable	(17,978)
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ -</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ -</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - RURAL EDUCATION ACHIEVEMENT - 25233

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 16,800	\$ 16,767	\$ (33)
TOTAL REVENUE	-	16,800	16,767	(33)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 16,800		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 15,600	\$ 15,576	\$ 24
Support Services	-	-	-	-
Central Services	-	1,200	1,191	9
TOTAL EXPENDITURES	\$ -	\$ 16,800	\$ 16,767	\$ 33

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 16,767
Differences budget to GAAP	
Prior Year Deferral	-
Current Year Deferral	-
Total Revenues (GAAP Basis)	\$ 16,767

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 16,767
Differences-budget to GAAP	
	-
Total Expenditures (GAAP Basis)	\$ 16,767

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - EDUCATION JOB FUND - 25255

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ -	\$ 938	\$ 8,972	\$ 8,034
TOTAL REVENUE	<u>-</u>	<u>938</u>	<u>\$ 8,972</u>	<u>\$ 8,034</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 938</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 938	\$ 938	\$ -
Supprt Services				
Instruction	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 938</u>	<u>\$ 938</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 8,972
Differences budget to GAAP	
Prior Year Receivable	(8,034)
Current Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 938</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 938
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 938</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - ITFSFCC - 26111

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue	\$ 9,600	\$ 9,600	\$ 1,200	\$ (8,400)
TOTAL REVENUE	<u>9,600</u>	<u>9,600</u>	<u>\$ 1,200</u>	<u>\$ (8,400)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 9,600</u>	<u>\$ 9,600</u>		
EXPENDITURES				
Current				
Instruction	\$ 9,600	\$ 9,600	\$ -	\$ 9,600
Support Services				
Instruction	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 9,600</u>	<u>\$ 9,600</u>	<u>\$ -</u>	<u>\$ 9,600</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 1,200
Differences budget to GAAP	-
Prior Year Receivable	-
Current Year Deferral	-
Total Revenues (GAAP Basis)	<u>\$ 1,200</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	<u>\$ -</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - 2009 DUAL CREDIT - 27103

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 1,516	\$ 1,191	\$ (325)
TOTAL REVENUE	<u>-</u>	<u>1,516</u>	<u>\$ 1,191</u>	<u>\$ (325)</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL REVENUE & CASH	 <u>\$ -</u>	 <u>\$ 1,516</u>		
 EXPENDITURES				
Current				
Support Services				
Instruction	\$ -	\$ 1,516	\$ 1,487	\$ 29
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 1,516</u>	<u>\$ 1,487</u>	<u>\$ 29</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 1,191
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	296
Total Revenues (GAAP Basis)	<u>\$ 1,487</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 1,487
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,487</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - GO BONDS STUDENT LIBRARY FUND - 27105

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 98	\$ 97	\$ (1)
TOTAL REVENUE	-	98	97	(1)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 98		
EXPENDITURES				
Current				
Support Services				
Instruction	\$ -	\$ 98	\$ 97	\$ 1
TOTAL EXPENDITURES	\$ -	\$ 98	\$ 97	\$ 1

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 97
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	-
Total Revenues (GAAP Basis)	\$ 97

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 97
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 97

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - 2010 GO BONDS STUDENT LIBRARY- 27106

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 6,188	\$ 6,188	\$ 1,628	\$ (4,560)
TOTAL REVENUE	<u>6,188</u>	<u>6,188</u>	<u>\$ 1,628</u>	<u>\$ (4,560)</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 6,188</u>	<u>\$ 6,188</u>		
 EXPENDITURES				
Current				
Support Services				
Instruction	\$ 6,188	\$ 6,188	\$ 6,188	\$ -
TOTAL EXPENDITURES	<u>\$ 6,188</u>	<u>\$ 6,188</u>	<u>\$ 6,188</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 1,628
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	4,560
Total Revenues (GAAP Basis)	<u>\$ 6,188</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 6,188
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,188</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - STATE DIRECTED ACTIVITIES - 27200

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 47,801	\$ 47,801	\$ -
TOTAL REVENUE	-	47,801	47,801	-
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 47,801		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 43,932	\$ 43,932	\$ -
Support Services				
Students	-	3,869	3,869	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 47,801	\$ 47,801	\$ -

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 47,801
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ 47,801

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 47,801
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 47,801

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
AND ACTUAL - SPECIAL REVENUE FUND - MCCUNE FOUNDATION - 29114

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local	\$ -	\$ 4,000	\$ 4,000	\$ -
TOTAL REVENUE	<u>-</u>	<u>4,000</u>	<u>\$ 4,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 4,000</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 4,000	\$ 4,000	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 4,000
Differences budget to GAAP	-
Prior Year Receivable	-
Current Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 4,000</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 4,000
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	<u>\$ 4,000</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SCHEDULE OF FIDUCIARY NET ASSETS AND LIABILITIES - AGENCY FUNDS

Year Ended June 30, 2012

	Beginning Balance 06/30/11	Additions	Deletions	Ending Balance 06/30/12
ASSETS				
General	\$ 1,082	\$ 3,679	\$ 2,868	\$ 1,893
FFA	1,691	26,076	27,607	160
FCCLA	5,238	5,287	7,879	2,646
Concession	138	14,324	12,177	2,285
BPA	4,142	16,087	16,548	3,681
Vo Ag Shop	249	-	129	120
Elementary	2,527	17,735	18,743	1,519
Football	2,217	1,056	1,929	1,344
Girls Athletics	477	5,373	4,771	1,079
Class of 2012	1,895	207	2,102	-
Class of 2011	424	-	424	-
Volleyball	421	1,070	421	1,070
Boys Athletics	62	5,179	5,151	90
Student Council	3	547	469	81
Yearbook	2,963	4,831	3,593	4,201
Activity Bus	7,801	16,916	16,806	7,911
Music	90	-	-	90
Interest	240	166	-	406
Cheerleaders	1,656	7,044	6,214	2,486
Class of 2010	161	-	161	-
Baseball	1,528	10,601	11,466	663
Boys track	-	2,377	650	1,727
Science Club	2,184	1,250	1,894	1,540
Girls Track	141	1,387	650	878
Class of 2013	-	1,418	768	650
Athletic Student Travel	-	7,779	7,779	-
District 4A 8Man Football	-	709	456	253
Certificate of Deposit	16,350	148	-	16,498
Total Assets	\$ 53,680	\$ 151,246	\$ 151,655	\$ 53,271
LIABILITIES				
Deposits Held for Others	\$ 53,680	\$ 151,246	\$ 151,655	\$ 53,271
Total Liabilities	\$ 53,680	\$ 151,246	\$ 151,655	\$ 53,271

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
CASH RECONCILIATION
June 30, 2012

	<u>Beginning Cash</u>	<u>Adjustments</u>	<u>Receipts</u>	<u>Distributions</u>
Loving Municipal Schools				
Operational Account	\$ 214,057	\$ 26,852	\$ 2,238,980	\$ (2,331,939)
Transportation	1	-	264,364	(264,364)
Instructional Materials	99	-	9,677	(7,400)
Food Services	4,508	-	84,134	(80,312)
Athletics	185	-	18,808	(18,326)
Federal Flowthrough	-	(18,820)	133,346	(153,845)
Federal Direct	-	(8,034)	25,739	(17,705)
Local Grants Fund	33,947	-	1,200	-
State Flowthrough	-	-	50,718	(55,573)
Bond Building	1,062,269	-	3,539	(562,978)
Capital Improvement SB-9	187,281	-	184,522	(113,659)
Debt Service	380	-	96,681	(24,909)
Student Activities	53,680	-	151,246	(151,655)
	<u>\$ 1,556,407</u>	<u>\$ (2)</u>	<u>\$ 3,262,954</u>	<u>\$ (3,782,665)</u>
Total Loving Schools				

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Melrose Municipal Schools			
Operational	Checking	American Heritage	\$ 209,909
Athletics	Checking	American Heritage	773
Activity	Checking	American Heritage	4,225
SB-9	Checking	American Heritage	587
Debt Service	Checking	American Heritage	431
FTD Clearing Account	Checking	American Heritage	33,793
Capital Projects Fund	Checking	American Heritage	228
Money Market	Savings	American Heritage	936,590
Activity Account	CD	American Heritage	16,498
Total Melrose Municipal Schools			<u>1,203,034</u>

Total Bank Balances	1,203,034
Reconciling Items	<u>(166,340)</u>
Report Balance	<u>\$ 1,036,694</u>

Other	Net Cash end of Period
\$ (44,174)	\$ 103,776
-	1
-	2,376
-	8,330
-	667
39,319	-
-	-
-	35,147
4,855	-
-	502,830
-	258,144
-	72,152
-	53,271
<u>\$ -</u>	<u>\$ 1,036,694</u>

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

Hector Balderas, State Auditor
Melrose Municipal Schools and
Board of Education
Melrose, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of 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 Schools as of and for the year ended June 30, 2012, and have issued our report thereon dated November 1, 2012. 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

Management of Melrose Municipal Schools is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Melrose Municipal School's control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Melrose Municipal School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Melrose Municipal School's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Melrose Municipal School'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 disclose no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the agency, the audit committee, the State Auditor, the New Mexico Legislature, Public Education Department and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Ronny Fouts, CPA". The signature is written in a cursive style.

Ronny Fouts, CPA
Melrose, New Mexico
November 1, 2012

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Prior Year Audit Findings

None

Current Year Audit Findings

There are no current year audit findings

Financial Statement Preparation

The financial statements were prepared by Ronny Fouts, CPA with the assistance of school personnel.

Exit Conference

An exit conference was held on November 14, 2012. Those present were Keith McAlister, Board Member, Jamie Widner, Superintendent, Pamela Beevers, Business Manager, and Ronny Fouts, CPA.

Ronny Fouts, CPA