

**STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS**

Audit Report

For the Year Ended June 30, 2013

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
Melrose, New Mexico

STATE OF NEW MEXICO
Melrose Municipal Schools

Official Roster
For the year ended June 30, 2013

BOARD OF EDUCATION

Scott Dickerman..... President
Neal Delk..... Vice-President
Jubal Pierce Secretary
Jay Draper..... Member
Tyler Belcher Member

SCHOOL OFFICIALS

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

STATE OF NEW MEXICO
Melrose Municipal Schools
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June 30, 2013

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FINANCIAL SECTION

CERTIFIED PUBLIC ACCOUNTANT

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Melrose, NM 88124

(505) 253-4554
Fax: (505) 253-4727

INDEPENDENT AUDITOR'S REPORT

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board Of Education
Melrose Municipal Schools
Melrose, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Melrose Municipal School, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise Melrose Municipal Schools basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Melrose Municipal Schools nonmajor governmental funds, and the budgetary comparisons for the major capital projects funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Melrose Municipal Schools preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Melrose Municipal Schools internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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 Melrose Municipal Schools, as of June 30, 2013, and the respective changes in financial position where applicable, cash flows thereof 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 Melrose Municipal Schools as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters


Required Supplementary Information

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 Melrose Municipal Schools financial statements the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.22.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United states of America. In our opinion, the other schedules as required by 2.2.2 NMAC is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013, on our consideration of the 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*, in considering Melrose Municipal Schools internal control over financial reporting and Compliance.


Ronny Fouts, CPA
Melrose, New Mexico
October 28, 2013

Basic Financial Statements

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION

June 30, 2013

ASSETS	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 761,439
Taxes Receivable	1,171
Due from other Governments	25,314
Inventories	1,509
Non-current Capital Assets - Net	<u>4,116,900</u>
TOTAL ASSETS	<u><u>\$ 4,906,333</u></u>
 LIABILITIES AND NET POSITION	
Current:	
Accounts Payable	\$ -
Accrued Interest	13,768
Debt Due Within One Year	70,000
Total Current Liabilities	<u>83,768</u>
Non-current Debt Due in More Than One Year	<u>975,000</u>
Total Non-current Liabilities	<u>975,000</u>
TOTAL LIABILITIES	<u>1,058,768</u>
 NET POSITION	
Invested in capital assets, net of related debt	3,071,900
Restricted for	
Special Revenue Funds	37,856
Capital Projects Funds	526,023
Debt Service Funds	78,345
Assigned	16,712
Committed	845
Unrestricted	<u>115,884</u>
TOTAL NET POSITION	<u><u>\$ 3,847,565</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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Position
					Primary Governmental Activities
Primary Government:					
Governmental activities:					
Instruction	\$ 1,607,658	\$ -	\$ 160,939	\$ -	\$ (1,446,719)
Support Services					
Students	198,918	21,077	-	-	(177,841)
Instruction	70,367	-	-	-	(70,367)
General Administration	135,969	-	-	-	(135,969)
School Administration	168,404	-	-	-	(168,404)
Central Services	85,346	-	1,318	-	(84,028)
Operation & Maintenance of Plant	486,734	-	-	-	(486,734)
Student Transportation	284,957	-	-	-	(284,957)
Other Support Services	7,592	-	-	-	(7,592)
Community Service	-	-	-	-	-
Food service	114,010	22,762	66,347	-	(24,901)
Debt Interest Paid	33,027	-	-	-	(33,027)
Total Governmental Activities	\$ 3,192,982	\$ 43,839	\$ 228,604	\$ -	(2,920,539)

General Revenues	
Property taxes:	
Levied for general purposes	12,349
Levied for debt service	107,616
Levied for capital projects	50,397
State aid not restricted	2,710,830
Unrestricted investment earnings	5,014
Other Local Revenues	33,608
Total general revenues	<u>2,919,814</u>
Change in net position	(725)
Net position beginning	<u>3,848,290</u>
Net position - ending	<u>\$ 3,847,565</u>

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

Fund Financial Statements

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	GENERAL FUND	DEBT SERVICE	BOND BUILDING
ASSETS			
Cash on Deposit	\$ 96,242	\$ 91,390	\$ 193,940
Taxes Receivable	106	723	-
Due from other Funds	19,536	-	-
Due from other Governments	-	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ 115,884	\$ 92,113	\$ 193,940
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred Revenue	-	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCE			
Fund Balance			
Nonspendable	-	-	-
Restricted	-	92,113	193,940
Committed	-	-	-
Assigned	-	-	-
Unassigned	115,884	-	-
TOTAL FUND BALANCE	115,884	92,113	193,940
TOTAL LIABILITIES AND FUND BALANCE	\$ 115,884	\$ 92,113	\$ 193,940

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

SB-9 CAPITAL IMPROVEMENTS BUILDING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 331,741	\$ 48,126	\$ 761,439
342	-	1,171
-	-	19,536
-	25,314	25,314
-	1,509	1,509
<u>\$ 332,083</u>	<u>\$ 74,949</u>	<u>\$ 808,969</u>

\$ -	\$ -	\$ -
-	19,536	\$ 19,536
-	-	-
-	19,536	19,536

-	1,509	1,509
332,083	36,347	654,483
-	845	845
-	16,712	16,712
-	-	115,884
<u>332,083</u>	<u>55,413</u>	<u>789,433</u>
<u>\$ 332,083</u>	<u>\$ 74,949</u>	<u>\$ 808,969</u>

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

June 30, 2013

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

Fund Balance - total governmental funds	\$ 789,433
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	4,116,900
Long Term debt is not due and payable in the current period and therefore are not reported in the funds:	(1,045,000)
Accrued expenses not reported in the funds statements	
Interest	<u>(13,768)</u>
Net assets of governmental activities	<u>\$ 3,847,565</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, 2013

	GENERAL FUND	DEBT SERVICE	BOND BUILDING
REVENUE			
Federal Aid	\$ -	\$ -	\$ -
State Aid	2,634,141	-	-
Property taxes	12,349	107,616	-
Interest	1,746	188	1,598
Insurance recoveries/refunds	329	-	-
Other local sources	28,279	-	-
TOTAL REVENUES	2,676,844	107,804	1,598
EXPENDITURES			
Current			
Instruction	1,360,729	-	-
Support Services			
Students	198,918	-	-
Instruction	70,367	-	-
General Administration	134,942	1,027	-
School Administration	168,404	-	-
Central Services	84,028	-	-
Operation & Maintenance of Plant	369,966	-	-
Transportation of students	284,957	-	-
Other Support Services	7,592	-	-
Community services	-	-	-
Food Service	31,566	-	-
Debt Service			
Principal Retirement	-	55,000	-
Bond Interest	-	33,027	-
Capital Outlay			
Facilities and construction	-	-	310,488
TOTAL EXPENDITURES	2,711,469	89,054	310,488
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(34,625)	18,750	(308,890)
OTHER FINANCING SOURCES (USES)			
Sale of Bonds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	(34,625)	18,750	(308,890)
FUND BALANCE - JUNE 30, 2012	150,509	73,363	502,830
FUND BALANCE - JUNE 30, 2013	\$ 115,884	\$ 92,113	\$ 193,940

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

SB-9 CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 228,604	\$ 228,604
73,790	2,899	2,710,830
50,397	-	170,362
1,482	-	5,014
-	-	329
-	48,839	77,118
<u>125,669</u>	<u>280,342</u>	<u>3,192,257</u>
-	188,537	1,549,266
-	-	198,918
-	-	70,367
-	-	135,969
-	-	168,404
-	1,318	85,346
-	-	369,966
-	-	284,957
-	-	7,592
-	-	-
-	82,444	114,010
-	-	55,000
-	-	33,027
52,496	-	362,984
<u>52,496</u>	<u>272,299</u>	<u>3,435,806</u>
73,173	8,043	(243,549)
-	-	-
<u>73,173</u>	<u>8,043</u>	<u>(243,549)</u>
258,910	47,370	1,032,982
<u>\$ 332,083</u>	<u>\$ 55,413</u>	<u>\$ 789,433</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, 2013

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

Net change in fund balance - total governmental funds \$ (243,549)

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. 187,824

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

Accrued interest -
Principal payments on bonds 55,000

Change in Net Assets \$ (725)

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

Major Funds

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	2,599,418	2,616,024	2,634,141	18,117
Property Taxes	11,683	11,683	12,425	742
Local Revenue	-	-	28,279	28,279
Contributions, donations	-	-	329	329
Income from Investments	2,000	2,000	1,746	(254)
TOTAL REVENUE	2,613,101	2,629,707	\$ 2,676,920	\$ 47,213

BUDGETED CASH BALANCE

232,108 241,010

TOTAL REVENUE & CASH

\$ 2,845,209 \$ 2,870,717

EXPENDITURES

Current

Instruction	\$ 1,356,490	\$ 1,380,134	\$ 1,360,729	\$ 19,405
Support Services				
Students	202,913	203,913	198,918	4,995
Instruction	73,413	72,973	70,367	2,606
General Administration	142,427	142,136	134,942	7,194
School Administration	172,428	172,643	168,404	4,239
Central Services	86,954	86,958	84,028	2,930
Operation & Maintenance of Plant	425,667	394,488	369,966	24,522
Student Transportation	259,165	284,957	284,957	-
Other Support Services	6,792	9,812	7,592	2,220
Community services	-	-	-	-
Food Services	32,019	32,019	31,566	453
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 2,758,268	\$ 2,780,033	\$ 2,711,469	\$ 68,564

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 2,676,920
Differences budget to GAAP	
Prior Year receivable	(182)
Change in deferred taxes	-
Current Year receivable	106
Total Revenues (GAAP Basis)	\$ 2,676,844

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 2,711,469
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 2,711,469

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, 2013

<u>ASSETS</u>	Agency Funds
Pooled Cash and Investments	<u>\$ 69,696</u>
<u>LIABILITIES</u>	
Liabilities:	
Deposits held for others	<u>\$ 69,696</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. 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.

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Notes to Financial Statements
June 30, 2013

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.

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 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.

Bond Building Fund

This fund is used to account for the issuance of GO Bonds and the expenditure of those funds to purchase capital assets and renovations to the facilities of the school.

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

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.

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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.

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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

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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.

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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

Nonspendable - amounts that can not be spent because they are either: not in spendable form (not expected to be converted to cash, i.e. inventory and prepaid items.

Restricted - The use of the resource is limited by an external party such as the donor or other governmental unit.

Committed - Limited to a specific purpose by the highest level of decision making authority of a district/Charter.

Assigned - Amount that a district intends to use for a specific purpose.

Unassigned - Everything else is unassigned. Funds are available for any purpose.

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

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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		Reconciled Per Bank 06/30/13		Reconciled Balance	Type
Operational	\$	365,393	\$	135,517	Checking
Activity		7,980		6,417	Checking
Athletic		845		845	Checking
SB-9		702		702	Checking
IFTD Clearing		-		-	
Debt Service		580		580	Checking
Capital Projects Fund		440		440	
Money Market Fund		670,000		670,000	Savings
Melrose School		16,634		16,634	CD
TOTAL Deposited		<u>1,062,574</u>	\$	<u>831,135</u>	
Less: FDIC Coverage		<u>250,000</u>			
Uninsured Amount		812,574			
50% Collateral requirement		406,287			
Pledged securities.		<u>1,250,000</u>			
Over (Under) requirement	\$	<u>843,713</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:

<u>Description</u>	<u>CUSIP #</u>	<u>Fair Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLB	3133MTRK6	\$ 1,250,000		*TIB
		<u>\$ 1,250,000</u>		

* Texas Independent Bank,
Dallas, Texas

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Custodial Credit Risk-Deposits

<u>Depository Account</u>		Bank Balance 06/30/13
Insured	\$	250,000
Collateralized:		
Collateral held by the pledging bank in District's name		1,250,000
Uninsured and uncollateralized		-
Total Deposits	\$	<u>1,500,000</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 \$ 1,062,574

C: RECEIVABLES AND INTERFUND BALANCES

Receivables consist of the following:

	General Operational	Debt Service	SB-9	Other Governmental Funds
Property Taxes	\$ 106	\$ 723	\$ 342	\$ -
Due from Grantor				44,174
	<u>\$ 106</u>	<u>\$ 723</u>	<u>\$ 342</u>	<u>\$ 44,174</u>

The interfund balance for June 30, 2013 were as follows,

<u>From:</u>	<u>To:</u>	Amount
Operation	Other Governmental Funds	\$ 19,536
	Total Interfund Balances	<u>\$ 19,536</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, 2013:

	General Fund	Debt Service	Senate Bill Nine	Other Governmental Funds	Total
Property Taxes Rceivable:					
Available	\$ 106	\$ 723	\$ 342	\$	\$ 1,171
Unavailable					
TOTAL Property Taxes	<u>\$ 106</u>	<u>\$ 723</u>	<u>\$ 342</u>	<u>\$</u>	<u>\$ 1,171</u>

E: DUE FROM OTHER GOVERNMENT UNITS

Amounts due from other agencies and units of government were as follows as of June 30, 2013:

Federal Agencies	\$ 25,314
Total	<u>\$ 25,314</u>

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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, 2013, is as follows:

	Balance 06/30/12		Increases	Decreases	Balance 06/30/13
Governmental Activities					
Capital Assets, not being Depreciated					
Land	\$	27,672	\$ -	\$ -	\$ 27,672
Total Capital Assets, not being Depreciated	\$	27,672	\$ -	\$ -	\$ 27,672
Capital Assets, being Depreciated					
Buildings & Improvements		9,144,566	115,430		9,259,996
Equipment, Vehicles, Information Technology Equipment, Software & Library Books		1,588,394	194,200	-	1,782,594
Total Capital Assets, being Depreciated		10,732,960	309,630	-	11,042,590
Total Capital Assets		10,760,632	309,630	-	11,070,262
Less Accumulated Depreciation					
Buildings & Improvements		5,672,385	63,414	-	5,735,799
Equipment, Vehicles, Information Technology Equipment, Software & Library Books		1,159,171	58,392	-	1,217,563
Total Accumulated Depreciation		6,831,556	121,806	-	6,953,362
Capital Assets, net	\$	3,929,076	\$ 187,824	\$ -	\$ 4,116,900

H: LONG-TERM DEBT

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

	06/30/12	Additions	Reductions	06/30/13	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 1,100,000	\$ -	\$ 55,000	\$ 1,045,000	\$ 70,000
Total Bonds	\$ 1,100,000	\$ -	\$ 55,000	\$ 1,045,000	\$ 70,000

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:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
05/13/12	\$1,100,000	25 3.359	\$1,045,000

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

	Principal	Interest	Total
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	90,000	24,688	\$114,688
2019-2023	525,000	73,304	\$598,304
2024-2028	120,000	2,316	\$122,316
	<u>\$1,045,000</u>	<u>\$219,288</u>	<u>\$1,264,288</u>

H: COMMITMENTS

The District has no construction commitments at June 30, 2013.

I: PENSION PLAN - Educational Retirement Board

Pension Plan – Educational Retirement Board

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

Funding Policy – Plan members earning \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

In the future, the Melrose Municipal Schools will contribute the following percentages of the gross covered salary of employees: 13.5% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the Melrose Municipal School are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Melrose Municipal School's contributions to the ERB for the years ended June 30, 2013, 2012, and 2011 were: \$314,409, \$311,854, and \$321,854, respectively, which equal the amount of the required contributions for each fiscal year.

Post-Employee Benefits – State Retiree Health Care Plan

Plan Description – Melrose Municipal School contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA 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.

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The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and /or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and member pursuant to the judicial retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition pursuant to Section 10-7C-15 (G0 NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provide under the Retiree Health Care Act.

The Melrose Municipal School's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$46,112, \$42,453 and \$32,048 respectively, which equal the required contributions for each year.

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Notes to Financial Statements
June 30, 2013

J: 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.

K: 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

L: 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.

M. 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.

SUPPLEMENTAL INFORMATION

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

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 88,028	\$ 88,028	\$ 108,104	\$ 20,076
Investment Income	150	150	188	38
TOTAL REVENUE	88,178	88,178	\$ 108,292	\$ 20,114
BUDGETED CASH BALANCE	71,238	71,238		
TOTAL REVENUE & CASH	\$ 159,416	\$ 159,416		
EXPENDITURES				
Current				
General Administration	\$ 1,027	\$ 1,027	\$ 1,027	\$ -
Debt Service				
Principal Retirement	55,000	55,000	55,000	-
Bond Interest	33,028	33,028	33,027	1
Non-operating Reserves	70,361	70,361	-	70,361
TOTAL EXPENDITURES	\$ 159,416	\$ 159,416	\$ 89,054	\$ 70,362

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 108,292
Differences budget to GAAP		
Prior Year receivable		(1,211)
Change in deferred taxes		-
Current Year receivable		723
Total Revenues (GAAP Basis)		\$ 107,804
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 89,054
Differences-budget to GAAP		
Prior year Principal due		-
Prio year interest due		-
Total Expenditures (GAAP Basis)		\$ 89,054

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Sale of Bonds	\$ -	\$ -	\$ -	\$ -
Other Local Income	-	-	-	-
Investment Income	2,000	2,000	1,598	(402)
TOTAL REVENUE	<u>2,000</u>	<u>2,000</u>	<u>\$ 1,598</u>	<u>\$ (402)</u>
BUDGETED CASH BALANCE	<u>515,202</u>	<u>515,202</u>		
TOTAL REVENUE & CASH	<u>\$ 517,202</u>	<u>\$ 517,202</u>		
EXPENDITURES				
Current				
Facilities and construction	\$ 517,202	\$ 517,202	\$ 310,488	\$ 206,714
TOTAL EXPENDITURES	<u>\$ 517,202</u>	<u>\$ 517,202</u>	<u>\$ 310,488</u>	<u>\$ 206,714</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 1,598
Differences budget to GAAP	
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 1,598</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 310,488
Differences-budget to GAAP	
Current Year Accounts Payable	-
Total Expenditures (GAAP Basis)	<u>\$ 310,488</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 - SB-9 CAPITAL IMPROVEMENTS FUND -31700

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 47,947	\$ 47,947	\$ 50,821	\$ 2,874
Insurance recoveries	-	-	-	
Investment Income	1,000	1,000	1,482	482
TOTAL LOCAL REVENUE	48,947	48,947	52,303	3,356
State Revenue				
State flowthrough	-	31,810	73,790	41,980
TOTAL FEDERAL REVENUE	-	31,810	73,790	41,980
TOTAL REVENUE	48,947	80,757	\$ 126,093	\$ 45,336
BUDGETED CASH BALANCE				
	293,396	293,396		
TOTAL REVENUE & CASH	\$ 342,343	\$ 374,153		
EXPENDITURES				
Current				
Facilities and construction	342,343	374,153	52,496	321,657
TOTAL EXPENDITURES	\$ 342,343	\$ 374,153	\$ 52,496	\$ 321,657

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 126,093
Differences budget to GAAP	
Prior Year receivable	(766)
Change in deferred taxes	-
Current Year receivable	342
Total Revenues (GAAP Basis)	\$ 125,669

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 52,496
Differences-budget to GAAP	
Prior year accounts payable	-
Total Expenditures (GAAP Basis)	\$ 52,496

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, 2013

	OPERATIONAL TRANSPORTATION		INSTRUCTIONAL	TOTAL
	11000	13000	MATERIALS	GENERAL
			14000	FUND
ASSETS				
Cash on Deposit	\$ 86,499	\$ 1	\$ 9,742	\$ 96,242
Taxes Receivable	106	-	-	106
Due from other Funds	19,536	-	-	19,536
Due from other Governments	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 106,141	\$ 1	\$ 9,742	\$ 115,884
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	106,141	1	9,742	115,884
TOTAL FUND BALANCE	106,141	1	9,742	115,884
TOTAL LIABILITIES AND FUND BALANCE	\$ 106,141	\$ 1	\$ 9,742	\$ 115,884

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, 2013

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
REVENUE				
Federal Aid	\$ -	\$ -	\$ -	\$ -
State Aid	2,334,241	284,957	14,943	2,634,141
Property taxes	12,349	-	-	12,349
Interest	1,746	-	-	1,746
Refunds/ reimbursements	329	-	-	329
Other local sources	28,279	-	-	28,279
TOTAL REVENUES	2,376,944	284,957	14,943	2,676,844
EXPENDITURES				
Current				
Instruction	1,353,152	-	7,577	1,360,729
Support Services				
Students	198,918	-	-	198,918
Instruction	70,367	-	-	70,367
General Administration	134,942	-	-	134,942
School Administration	168,404	-	-	168,404
Central Services	84,028	-	-	84,028
Operation & Maintenance of Plant	369,966	-	-	369,966
Transportation of students	-	284,957	-	284,957
Other support services	7,592	-	-	7,592
Food Service	31,566	-	-	31,566
Community Services	-	-	-	-
Non-current				
Facilities and construction	-	-	-	-
TOTAL EXPENDITURES	2,418,935	284,957	7,577	2,711,469
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(41,991)	-	7,366	(34,625)
FUND BALANCE - JUNE 30, 2012	148,132	1	2,376	150,509
FUND BALANCE - JUNE 30, 2013	\$ 106,141	\$ 1	\$ 9,742	\$ 115,884

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	2,325,310	2,316,124	2,334,241	18,117
Property Taxes	11,683	11,683	12,425	742
Local Revenue	-	-	28,279	28,279
Contributions, donations	-	-	329	329
Income from Investments	2,000	2,000	1,746	(254)
TOTAL REVENUE	2,338,993	2,329,807	\$ 2,377,020	\$ 47,213
BUDGETED CASH BALANCE	230,797	240,911		
TOTAL REVENUE & CASH	\$ 2,569,790	\$ 2,570,718		

EXPENDITURES

Current

Instruction	\$ 1,339,021	\$ 1,362,815	\$ 1,353,152	\$ 9,663
Support Services				
Students	202,913	203,913	198,918	4,995
Instruction	73,413	72,973	70,367	2,606
General Administration	142,427	142,136	134,942	7,194
School Administration	172,428	172,643	168,404	4,239
Central Services	86,954	86,958	84,028	2,930
Operation & Maintenance of Plant	425,667	394,488	369,966	24,522
Student Transportation	-	-	-	-
Other Support Services	6,792	9,812	7,592	2,220
Community services	-	-	-	-
Food Services	32,019	32,019	31,566	453
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 2,481,634	\$ 2,477,757	\$ 2,418,935	\$ 58,822

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 2,377,020
Differences budget to GAAP	
Prior Year receivable	(182)
Change in deferred taxes	-
Current Year receivable	106
Total Revenues (GAAP Basis)	\$ 2,376,944

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 2,418,935
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 2,418,935

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 259,165	\$ 284,957	\$ 284,957	\$ -
TOTAL REVENUE	259,165	284,957	<u>\$ 284,957</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 259,165</u>	<u>\$ 284,957</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 259,165	\$ 284,957	\$ 284,957	\$ -
TOTAL EXPENDITURES	<u>\$ 259,165</u>	<u>\$ 284,957</u>	<u>\$ 284,957</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 284,957
Differences budget to GAAP	
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 284,957</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 284,957
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 284,957</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 14,943	\$ 14,943	\$ 14,943	\$ -
TOTAL REVENUE	14,943	14,943	14,943	-
BUDGETED CASH BALANCE	2,526	2,376		
TOTAL REVENUE & CASH	\$ 17,469	\$ 17,319		
EXPENDITURES				
Current				
Instruction	\$ 17,469	\$ 17,319	\$ 7,577	\$ 9,742
Support Services				
Instruction	-	-	-	-
TOTAL EXPENDITURES	\$ 17,469	\$ 17,319	\$ 7,577	\$ 9,742

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 14,943
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ 14,943

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 7,577
Differences-budget to GAAP	
Prior year Accounts Payable	\$ -
Total Expenditures (GAAP Basis)	\$ 7,577

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

Non-Major Funds

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2013

	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	\$ 10,934	\$ 845	\$ -	\$ -	\$ -	\$ -
Due from other Governments	5,778	-	14,034	1,133	1,877	297
Inventories	1,509	-	-	-	-	-
TOTAL ASSETS	\$ 18,221	\$ 845	\$ 14,034	\$ 1,133	\$ 1,877	\$ 297
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	14,034	1,133	1,877	297
Deferred Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	14,034	1,133	1,877	297
FUND BALANCE						
Fund Balance						
Nonspendable	1,509	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	845	-	-	-	-
Assigned	16,712	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE	18,221	845	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	\$ 18,221	\$ 845	\$ 14,034	\$ 1,133	\$ 1,877	\$ 297

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	FORMATIVE ASSESSMENT 27111	MCCUNE FOUNDATION 29114	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ 12,000	\$ 24,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,126
2,195	-	-	-	-	-	-	-	25,314
-	-	-	-	-	-	-	-	1,509
<u>\$ 2,195</u>	<u>\$ 12,000</u>	<u>\$ 24,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,949</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,195	-	-	-	-	-	-	-	19,536
-	-	-	-	-	-	-	-	-
<u>2,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,536</u>
-	-	-	-	-	-	-	-	1,509
-	12,000	24,347	-	-	-	-	-	36,347
-	-	-	-	-	-	-	-	845
-	-	-	-	-	-	-	-	16,712
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>12,000</u>	<u>24,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,413</u>
<u>\$ 2,195</u>	<u>\$ 12,000</u>	<u>\$ 24,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,949</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, 2013

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	IDEA-B ENTITLEMENT 24106
REVENUES				
Federal Aid	\$ 66,347	\$ -	\$ 72,089	\$ 64,495
State Aid	-	-	-	-
Local revenues	22,762	21,077	-	-
Interest	-	-	-	-
TOTAL REVENUES	89,109	21,077	72,089	64,495
EXPENDITURES				
Current				
Instruction	-	20,899	72,089	64,495
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Service	82,444	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	82,444	20,899	72,089	64,495
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,665	178	-	-
FUND BALANCE- JUNE 30, 2012	11,556	667	-	-
FUND BALANCE - JUNE 30, 2013	\$ 18,221	\$ 845	\$ -	\$ -

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

IDEA -B PRESCHOOL 24109	IDEA-B RISK POOL 24120	TEACHER PRINCIPAL TRAINING 24154
\$ 4,265	\$ 297	\$ 7,343
-	-	-
-	-	-
-	-	-
4,265	297	7,343
4,265	297	7,343
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,265	297	7,343
-	-	-
-	-	-
\$ -	\$ -	\$ -

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	ITFS FCC 26111	RURAL VISION 26127
REVENUES					
Federal Aid	\$ -	\$ -	\$ 13,768	\$ -	\$ -
State Aid	-	-	-	1,200	-
Local revenues	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL REVENUES	-	-	13,768	1,200	-
EXPENDITURES					
Current					
Instruction	-	-	12,450	-	-
Support Services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	1,318	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Food Service	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	-	-	13,768	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	1,200	-
FUND BALANCE- JUNE 30, 2011	-	-	-	10,800	24,347
FUND BALANCE - JUNE 30, 2012	\$ -	\$ -	\$ -	\$ 12,000	\$ 24,347

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

HUBBARD FOUNDATION 26146	2009 DUAL CREDIT 27103	2008 GO BOND STUDENT 27105	2010 GO BOND STUDENT 27106	FORMATIVE ASSESSMENTS 27111	MCCUNE FOUNDATION 29114	COMBINED
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,604
	199	-	-	1,500	-	2,899
5,000	-	-	-	-	-	48,839
-	-	-	-	-	-	-
5,000	199	-	-	1,500	-	280,342
5,000	199	-	-	1,500	-	188,537
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,318
-	-	-	-	-	-	-
-	-	-	-	-	-	82,444
-	-	-	-	-	-	-
5,000	199	-	-	1,500	-	272,299
-	-	-	-	-	-	-
-	-	-	-	-	-	8,043
-	-	-	-	-	-	-
-	-	-	-	-	-	47,370
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,413

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ 60,000	\$ 60,000	\$ 54,824	\$ (5,176)
State Aid	-	-	-	-
Local Revenue	25,000	25,000	22,762	(2,238)
Income from Investments	-	-	-	-
TOTAL REVENUE	85,000	85,000	\$ 77,586	\$ (7,414)
BUDGETED CASH BALANCE	5,232	8,330		
TOTAL REVENUE & CASH	\$ 90,232	\$ 93,330		
EXPENDITURES				
Current				
Food Service	90,232	93,330	74,982	18,348
TOTAL EXPENDITURES	\$ 90,232	\$ 93,330	\$ 74,982	\$ 18,348

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 77,586
Differences budget to GAAP	
Accounts Receivable Current year	5,778
Commodities received	5,745
Total Revenues (GAAP Basis)	\$ 89,109

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 74,982
Differences-budget to GAAP	
Commodites used	5,745
Change in Inventories	1,717
Total Expenditures (GAAP Basis)	\$ 82,444

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Fees from activities	\$ 20,000	\$ 20,000	\$ 21,077	\$ 1,077
Investment income	-	-	-	-
TOTAL REVENUE	<u>20,000</u>	<u>20,000</u>	<u>\$ 21,077</u>	<u>\$ 1,077</u>
BUDGETED CASH BALANCE	<u>2,250</u>	<u>2,250</u>		
TOTAL REVENUE & CASH	<u>\$ 22,250</u>	<u>\$ 22,250</u>		
EXPENDITURES				
Current				
Instruction	\$ 22,250	\$ 22,250	\$ 20,899	\$ 1,351
TOTAL EXPENDITURES	<u>\$ 22,250</u>	<u>\$ 22,250</u>	<u>\$ 20,899</u>	<u>\$ 1,351</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 21,077
Differences budget to GAAP	-
Prior Year deferral	-
Current Year deferral	-
Total Revenues (GAAP Basis)	<u>\$ 21,077</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 20,899
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	<u>\$ 20,899</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 50,866	\$ 72,221	\$ 71,807	\$ (414)
TOTAL REVENUE	50,866	72,221	<u>71,807</u>	<u>(414)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 50,866</u>	<u>\$ 72,221</u>		
EXPENDITURES				
Current				
Instruction	\$ 50,866	\$ 72,221	\$ 72,089	\$ 132
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of plant	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 50,866</u>	<u>\$ 72,221</u>	<u>\$ 72,089</u>	<u>\$ 132</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 71,807
Differences budget to GAAP	
Prior Year Receivable	(13,752)
Current Year Receivable	14,034
Total Revenues (GAAP Basis)	<u>\$ 72,089</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 72,089
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 72,089</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 - 24106

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 60,505	\$ 69,366	\$ 85,009	\$ 15,643
TOTAL REVENUE	60,505	69,366	<u>85,009</u>	<u>15,643</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 60,505</u>	<u>\$ 69,366</u>		
EXPENDITURES				
Current				
Instruction	\$ 60,505	\$ 69,366	\$ 64,495	\$ 4,871
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 60,505</u>	<u>\$ 69,366</u>	<u>\$ 64,495</u>	<u>\$ 4,871</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 85,009
Differences budget to GAAP	
Prior Year deferral	(21,647)
Current Year Receivable	1,133
Total Revenues (GAAP Basis)	<u>\$ 64,495</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 64,495
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 64,495</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 4,000	\$ 4,954	\$ 6,240	\$ 1,286
TOTAL REVENUE	4,000	4,954	6,240	1,286
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 4,000	\$ 4,954		
EXPENDITURES				
Current				
Instruction	\$ 4,000	\$ 4,954	\$ 4,265	\$ 689
Support Services				
Students	-	-	-	-
TOTAL EXPENDITURES	\$ 4,000	\$ 4,954	\$ 4,265	\$ 689

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 6,240
Differences budget to GAAP	
Prior Year Receivable	(3,852)
Current Year Receivable	1,877
Total Revenues (GAAP Basis)	\$ 4,265

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 4,265
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 4,265

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 297	\$ 67	\$ (230)
TOTAL REVENUE	-	297	67	(230)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 297		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 297	\$ 297	\$ -
TOTAL EXPENDITURES	\$ -	\$ 297	\$ 297	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 67
Differences budget to GAAP	
Prior Year receivable	(67)
Current Year Receivable	297
Total Revenues (GAAP Basis)	<u>\$ 297</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 297
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 297</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ 10,738	\$ 12,102	\$ 5,148	\$ (6,954)
TOTAL REVENUE	10,738	12,102	5,148	(6,954)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 10,738	\$ 12,102		
EXPENDITURES				
Current				
Instruction	\$ 10,738	\$ 12,102	\$ 7,343	\$ 4,759
Support Services - Students	-	-	-	-
Support Services - General Administration	-	-	-	-
Support Services - School Administration	-	-	-	-
TOTAL EXPENDITURES	\$ 10,738	\$ 12,102	\$ 7,343	\$ 4,759

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 5,148
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	2,195
Total Revenues (GAAP Basis)	\$ 7,343

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 7,343
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 7,343

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 17,477	\$ 13,768	\$ (3,709)
TOTAL REVENUE	-	17,477	13,768	(3,709)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 17,477		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 16,150	\$ 12,450	\$ 3,700
Support Services	-	-	-	-
Central Services	-	1,327	1,318	9
TOTAL EXPENDITURES	\$ -	\$ 17,477	\$ 13,768	\$ 3,709

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 13,768
Differences budget to GAAP	
Prior Year Deferral	-
Current Year Deferral	-
Total Revenues (GAAP Basis)	\$ 13,768

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 13,768
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 13,768

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue	\$ 10,800	\$ 10,800	\$ 1,200	\$ (9,600)
TOTAL REVENUE	<u>10,800</u>	<u>10,800</u>	<u>\$ 1,200</u>	<u>\$ (9,600)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 10,800</u>	<u>\$ 10,800</u>		
EXPENDITURES				
Current				
Instruction	\$ 10,800	\$ 10,800	\$ -	\$ 10,800
Support Services				
Instruction	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 10,800</u>	<u>\$ 10,800</u>	<u>\$ -</u>	<u>\$ 10,800</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 - RURAL VISION - 26127

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>24,347</u>	<u>24,347</u>		
TOTAL REVENUE & CASH	<u>\$ 24,347</u>	<u>\$ 24,347</u>		
EXPENDITURES				
Current				
Instruction	\$ 24,347	\$ 24,347	\$ -	\$ 24,347
Support Services				
Instruction	-	-	-	-
General Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 24,347</u>	<u>\$ 24,347</u>	<u>\$ -</u>	<u>\$ 24,347</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences budget to GAAP	-
Prior Year Receivable	-
Current Year Deferral	-
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 - HUBBARD FOUNDATION - 26146

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue	\$ -	\$ 5,000	\$ 5,000	\$ -
TOTAL REVENUE	-	5,000	5,000	-
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 5,000		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 4,790	\$ 4,790	\$ -
Support Services				
Instruction	-	-	-	-
General Administration	-	210	210	-
TOTAL EXPENDITURES	\$ -	\$ 5,000	\$ 5,000	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 5,000
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Deferral	-
Total Revenues (GAAP Basis)	\$ 5,000

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 5,000
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 5,000

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 527	\$ 495	\$ (32)
TOTAL REVENUE	-	527	495	(32)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 527		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 527	\$ 199	\$ 328
TOTAL EXPENDITURES	\$ -	\$ 527	\$ 199	\$ 328

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 495
Differences budget to GAAP	
Prior Year Receivable	(296)
Current Year Receivable	-
Total Revenues (GAAP Basis)	\$ 199

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 199
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 199

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 4,560	\$ 4,560	\$ -
TOTAL REVENUE	-	4,560	4,560	-
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 4,560		
EXPENDITURES				
Current				
Support Services				
Instruction	\$ -	\$ 4,560	\$ -	\$ 4,560
TOTAL EXPENDITURES	\$ -	\$ 4,560	\$ -	\$ 4,560

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 4,560
Differences budget to GAAP		
Prior Year Receivable		(4,560)
Current Year Receivable		-
Total Revenues (GAAP Basis)		\$ -
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ -
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		\$ -

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 - FORMATIVE ASSESSMENTS - 27111

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 1,522	\$ 1,500	\$ (22)
TOTAL REVENUE	<u>-</u>	<u>1,522</u>	<u>\$ 1,500</u>	<u>\$ (22)</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL REVENUE & CASH	 <u>\$ -</u>	 <u>\$ 1,522</u>		
 EXPENDITURES				
Current				
Instruction	\$ -	\$ 1,522	\$ 1,500	\$ 22
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 1,522</u>	<u>\$ 1,500</u>	<u>\$ 22</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 1,500
Differences budget to GAAP		
Prior Year Receivable		-
Current Year Receivable		-
Total Revenues (GAAP Basis)		<u>\$ 1,500</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 1,500
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 1,500</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 - 2010 GOB INSTRUCTIONAL MATERIALS - 27171

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 2,057	\$ -	\$ (2,057)
TOTAL REVENUE	<u>-</u>	<u>2,057</u>	<u>\$ -</u>	<u>\$ (2,057)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 2,057</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 2,057	\$ -	\$ 2,057
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 2,057</u>	<u>\$ -</u>	<u>\$ 2,057</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences budget to GAAP	-
Prior Year Receivable	-
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
SCHEDULE OF FIDUCIARY NET ASSETS AND LIABILITIES - AGENCY FUNDS

Year Ended June 30, 2013

	Beginning Balance 06/30/12	Additions	Deletions	Ending Balance 06/30/13
ASSETS				
General	\$ 1,893	\$ 7,789	\$ 3,880	\$ 5,802
FFA	160	19,673	19,063	770
FCCLA	2,646	4,914	5,197	2,363
Concession	2,285	37,061	36,223	3,123
BPA	3,681	18,490	16,649	5,522
Vo Ag Shop	120	-	-	120
Elementary	1,519	13,729	12,904	2,344
Football	1,344	3,973	4,297	1,020
Girls Athletics	1,079	500	-	1,579
Class of 2015	-	1,317	334	983
Class of 2011	-	-	-	-
Volleyball	1,070	500	861	709
Boys Athletics	90	969	536	523
Student Council	81	78	75	84
Yearbook	4,201	3,350	1,900	5,651
Activity Bus	7,911	14,619	15,017	7,513
Music	90	-	-	90
Interest	406	195	500	101
Cheerleaders	2,486	6,020	7,523	983
Class of 2014	-	3,345	1,926	1,419
Baseball	663	500	-	1,163
Boys track	1,727	2,913	1,984	2,656
Science Club	1,540	75	986	629
Girls Track	878	2,567	1,480	1,965
Class of 2013	650	381	1,031	-
Athletic Student Travel	-	8,533	7,584	949
District 4A 8Man Football	253	600	371	482
District 3A	-	7,800	3,281	4,519
Certificate of Deposit	16,498	136	-	16,634
Total Assets	\$ 53,271	\$ 160,027	\$ 143,602	\$ 69,696
LIABILITIES				
Deposits Held for Others	\$ 53,271	\$ 160,027	\$ 143,602	\$ 69,696
Total Liabilities	\$ 53,271	\$ 160,027	\$ 143,602	\$ 69,696

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
CASH RECONCILIATION
June 30, 2013

	Beginning Cash	Adjustments	Receipts	Distributions
Melrose Municipal Schools				
Operational Account	\$ 103,777	\$ 44,173	\$ 2,377,020	\$ (2,418,935)
Transportation	1	-	284,957	(284,957)
Instructional Materials	2,376	-	14,943	(7,577)
Food Services	8,330	-	77,586	(74,982)
Athletics	667	-	21,077	(20,899)
FederalFlowthrough	-	(39,317)	168,270	(148,489)
Federal Direct	-	-	13,768	(13,768)
Local Grants Fund	35,147	-	6,200	(5,000)
State Flowthrough	-	(4,855)	6,554	(1,699)
Bond Building	502,830	-	1,598	(310,488)
Capital Improvement SB-9	258,144	-	126,093	(52,496)
Debt Service	72,152	-	108,292	(89,054)
Student Activities	53,271	-	160,027	(143,602)
Total Loving Schools	\$ 1,036,695	\$ 1	\$ 3,366,385	\$ (3,571,946)

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Melrose Municipal Schools			
Operational	Checking	American Heritage	\$ 365,393
Athletics	Checking	American Heritage	845
Activity	Checking	American Heritage	7,980
SB-9	Checking	American Heritage	702
Debt Service	Checking	American Heritage	580
FTD Clearing Account	Checking	American Heritage	-
Capital Projects Fund	Checking	American Heritage	440
Money Market	Savings	American Heritage	670,000
Activity Account	CD	American Heritage	16,634
Total Melrose Municipal Schools			1,062,574

Total Bank Balances	1,062,574
Reconciling Items	(231,439)
Report Balance	<u>\$ 831,135</u>

Other	Net Cash end of Period
\$ (19,536)	\$ 86,499
-	1
-	9,742
-	10,934
-	845
19,536	-
-	-
-	36,347
-	-
-	193,940
-	331,741
-	91,390
-	69,696
<u>\$ -</u>	<u>\$ 831,135</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**

INDEPENDENT AUDITOR'S REPORT

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Education
Melrose Municipal School
Melrose, New Mexico

We have audited, 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds, of the Melrose Municipal Schools as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise Melrose Municipal Schools basic financial statements, and the combining and individual funds and related budgetary comparisons of Melrose Municipal Schools presented as supplemental information, and have issued our report thereon dated October 28, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Melrose Municipal Schools 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*.

Purpose of this Report

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



Ronny Fouts, CPA
Melrose, New Mexico
October 28, 2013

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

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 7, 2013. Those present were Neal Delk, Board Member, Jamie Widner, Superintendent, Pamela Beevers, Business Manager, and Ronny Fouts, CPA.