

**STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS**

*Audit Report*

For the Year Ended June 30, 2014

**RONNY FOUTS**  
*CERTIFIED PUBLIC ACCOUNTANT*  
Melrose, New Mexico

STATE OF NEW MEXICO  
Melrose Municipal Schools

**Official Roster**  
For the year ended June 30, 2014

BOARD OF EDUCATION

Neal Delk ..... President  
Jay Draper ..... Vice-President  
Jubal Pierce ..... Secretary  
Joe Reed ..... 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, 2014

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**CERTIFIED PUBLIC ACCOUNTANT**

P.O. Box 425  
Melrose, NM 88124

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

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**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, 2014, 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, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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.

### 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, 2014, 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, 2014, 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 2.2.2 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 November 5, 2014, 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  
November 5, 2014

STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS  
STATEMENT OF NET POSITION

June 30, 2014

<b>ASSETS</b>	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 575,983
Taxes Receivable	1,247
Due from other Governments	77,025
Inventories	1,077
Non-current Capital Assets - Net	<u>4,272,147</u>
TOTAL ASSETS	<u>\$ 4,927,479</u>
 <b>LIABILITIES AND NET POSITION</b>	
Current:	
Accounts Payable	\$ -
Accrued Interest	12,962
Debt Due Within One Year	75,000
Total Current Liabilities	<u>87,962</u>
Non-current Debt Due in More Than One Year	<u>900,000</u>
Total Non-current Liabilities	<u>900,000</u>
TOTAL LIABILITIES	<u>987,962</u>
 <b>NET POSITION</b>	
Invested in capital assets, net of related debt	3,284,185
Restricted for	
Special Revenue Funds	38,624
Capital Projects Funds	331,014
Debt Service Funds	97,939
Assigned	4,690
Committed	-
Unrestricted	<u>183,065</u>
TOTAL NET POSITION	<u>\$ 3,939,517</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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government: Governmental activities:					
Instruction	\$ 1,531,611	\$ -	\$ 152,417	\$ -	\$ (1,379,194)
Support Services					
Students	204,771	21,126	-	-	(183,645)
Instruction	84,874	-	-	-	(84,874)
General Administration	140,249	-	-	-	(140,249)
School Administration	195,245	-	-	-	(195,245)
Central Services	88,278	-	-	-	(88,278)
Operation & Maintenance of Plant	506,063	-	-	-	(506,063)
Student Transportation	284,087	-	-	-	(284,087)
Other Support Services	3,449	-	-	-	(3,449)
Community Service	-	-	-	-	-
Food service	130,248	23,686	64,493	-	(42,069)
Debt Interest Paid	31,594	-	-	-	(31,594)
Total Governmental Activities	\$ 3,200,469	\$ 44,812	\$ 216,910	\$ -	(2,938,747)

General Revenues

Property taxes:

Levied for general purposes	12,996
Levied for debt service	108,791
Levied for capital projects	53,094

State aid not restricted	2,833,043
Unrestricted investment earnings	3,220
Other Local Revenues	19,555
Total general revenues	<u>3,030,699</u>

Change in net position	91,952
Net position beginning	<u>3,847,565</u>
Net position - ending	<u>\$ 3,939,517</u>

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



STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014

	GENERAL FUND	DEBT SERVICE	BOND BUILDING
<b>ASSETS</b>			
Cash on Deposit	\$ 102,190	\$ 97,180	\$ 83,555
Taxes Receivable	126	759	-
Due from other Funds	77,025	-	-
Due from other Governments	-	-	-
Inventories	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 179,341</b>	<b>\$ 97,939</b>	<b>\$ 83,555</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred Revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>			
Fund Balance			
Nonspendable	-	-	-
Restricted	-	97,939	83,555
Committed	-	-	-
Assigned	-	-	-
Unassigned	179,341	-	-
<b>TOTAL FUND BALANCE</b>	<b>179,341</b>	<b>97,939</b>	<b>83,555</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 179,341</b>	<b>\$ 97,939</b>	<b>\$ 83,555</b>

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

SB-9		
CAPITAL	OTHER	TOTAL
IMPROVEMENTS	GOVERNMENTAL	GOVERNMENTAL
BUILDING	FUNDS	FUNDS

\$	247,097	\$	45,961	\$	575,983
	362		-		1,247
	-		-		77,025
	-		77,025		77,025
	-		1,077		1,077
<b>\$</b>	<b>247,459</b>	<b>\$</b>	<b>124,063</b>	<b>\$</b>	<b>732,357</b>

\$	-	\$	-	\$	-
	-		77,025	\$	77,025
	-		-		-
	-		77,025		77,025

	-		1,077		1,077
	247,459		37,547		466,500
	-		3,724		3,724
	-		4,690		4,690
	-		-		179,341
	247,459		47,038		655,332
<b>\$</b>	<b>247,459</b>	<b>\$</b>	<b>124,063</b>	<b>\$</b>	<b>732,357</b>

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

June 30, 2014

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

Fund Balance - total governmental funds	\$ 655,332
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	4,272,147
Long Term debt is not due and payable in the current period and therefore are not reported in the funds:	(975,000)
Accrued expenses not reported in the funds statements Interest	<u>(12,962)</u>
Net Position	<u><u>\$ 3,939,517</u></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, 2014

	GENERAL FUND	DEBT SERVICE	BOND BUILDING	SPECIAL CAPITAL OUTLAY
<b>REVENUE</b>				
Federal Aid	\$ -	\$ -	\$ -	\$ -
State Aid	2,726,797	-	-	20,000
Property taxes	12,996	108,791	-	-
Interest	1,338	190	608	-
Insurance recoveries/refunds	-	-	-	-
Other local sources	15,223	-	-	-
<b>TOTAL REVENUES</b>	<b>2,756,354</b>	<b>108,981</b>	<b>608</b>	<b>20,000</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	1,257,786	-	-	-
Support Services				
Students	204,771	-	-	-
Instruction	83,453	-	-	-
General Administration	138,982	1,087	-	-
School Administration	195,245	-	-	-
Central Services	86,936	-	-	-
Operation & Maintenance of Plant	408,573	-	-	-
Transportation of students	284,087	-	-	-
Other Support Services	3,449	-	-	-
Community services	-	-	-	-
Food Service	29,615	-	-	-
Debt Service				
Principal Retirement	-	70,000	-	-
Bond Interest	-	32,068	-	-
Capital Outlay				
Facilities and construction	-	-	110,993	20,000
<b>TOTAL EXPENDITURES</b>	<b>2,692,897</b>	<b>103,155</b>	<b>110,993</b>	<b>20,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>63,457</b>	<b>5,826</b>	<b>(110,385)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Bonds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>63,457</b>	<b>5,826</b>	<b>(110,385)</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30, 2013</b>	<b>115,884</b>	<b>92,113</b>	<b>193,940</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30, 2014</b>	<b>\$ 179,341</b>	<b>\$ 97,939</b>	<b>\$ 83,555</b>	<b>\$ -</b>

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

SB-9 CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 216,910	\$ 216,910
30,117	56,129	2,833,043
53,094	-	174,881
1,084	-	3,220
-	-	-
-	48,812	64,035
<u>84,295</u>	<u>321,851</u>	<u>3,292,089</u>
-	226,650	1,484,436
-	-	204,771
-	1,421	84,874
-	180	140,249
-	-	195,245
-	1,342	88,278
-	-	408,573
-	-	284,087
-	-	3,449
-	-	-
-	100,633	130,248
-	-	70,000
-	-	32,068
<u>168,919</u>	<u>-</u>	<u>299,912</u>
<u>168,919</u>	<u>330,226</u>	<u>3,426,190</u>
(84,624)	(8,375)	(134,101)
-	-	-
<u>(84,624)</u>	<u>(8,375)</u>	<u>(134,101)</u>
<u>332,083</u>	<u>55,413</u>	<u>789,433</u>
<u>\$ 247,459</u>	<u>\$ 47,038</u>	<u>\$ 655,332</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, 2014

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

Net change in fund balance - total governmental funds \$ (134,101)

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. 155,247

The issuance of longterm 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 806  
Principal payments on bonds 70,000

Change in Net Position of Governmental Activities \$ 91,952

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

STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS

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

Year Ended June 30, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	2,671,251	2,726,534	2,726,797	263
Property Taxes	12,431	12,431	12,976	545
Local Revenue	-	-	15,223	15,223
Contributions, donations	-	-	-	-
Income from Investments	1,500	1,500	1,338	(162)
<b>TOTAL REVENUE</b>	<b>2,685,182</b>	<b>2,740,465</b>	<b>\$ 2,756,334</b>	<b>\$ 15,869</b>

BUDGETED CASH BALANCE 74,301 107,892

TOTAL REVENUE & CASH \$ 2,759,483 \$ 2,848,357

**EXPENDITURES**

Current

Instruction	\$ 1,361,383	\$ 1,377,772	\$ 1,257,786	\$ 119,986
Support Services				
Students	207,149	218,200	204,771	13,429
Instruction	74,361	84,773	83,453	1,320
General Administration	138,550	149,297	138,982	10,315
School Administration	173,711	199,905	195,245	4,660
Central Services	90,435	90,435	86,936	3,499
Operation & Maintenance of Plant	414,375	414,333	408,573	5,760
Student Transportation	270,588	284,087	284,087	-
Other Support Services	11,518	11,518	3,449	8,069
Community services	-	-	-	-
Food Services	29,203	39,780	29,615	10,165
Facilities Acquisition & Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,771,273</b>	<b>\$ 2,870,100</b>	<b>\$ 2,692,897</b>	<b>\$ 177,203</b>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 2,756,334
Differences budget to GAAP	
Prior Year receivable	(106)
Change in deferred taxes	-
Current Year receivable	126
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 2,756,354</b>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 2,692,897
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 2,692,897</b>

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, 2014

<u>ASSETS</u>	Agency Funds
Pooled Cash and Investments	<u>\$ 62,642</u>
<u>LIABILITIES</u>	
Liabilities:	
Deposits held for others	<u>\$ 62,642</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, 2014

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 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 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**

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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 1<sup>st</sup>. Tax notices are sent by the County Treasurer to property owners by November 1<sup>st</sup> of each year, to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> 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.



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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.

<b>American Heritage</b>		Reconciled Per Bank 6/30/2014		Reconciled Balance	Type
Operational	\$	199,795	\$	31,079	Checking
Activity		10,487		5,482	Checking
Athletic		3,794		3,724	Checking
SB-9		4,494		374	Checking
IFTD Clearing		-		-	
Debt Service		381		381	Checking
Capital Projects Fund		397		397	
Money Market Fund		580,426		580,426	Savings
Melrose School		16,759		16,759	CD
TOTAL Deposited		<u>816,533</u>	\$	<u>638,622</u>	
Less: FDIC Coverage		<u>250,000</u>			
Uninsured Amount		566,533			
50% Collateral requirement		283,266			
Pledged securities.		<u>1,250,000</u>			
Over (Under) requirement	\$	<u>966,734</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>		<u>Bank Balance 6/30/2013</u>
Insured	\$	<u>250,000</u>
Collateralized:		
Collateral held by the pledging bank in District's name		1,250,000
Uninsured and uncollateralized		-
<b>Total Deposits</b>	<b>\$</b>	<b><u><u>1,500,000</u></u></b>

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 \$1,062,574

**C: RECEIVABLES AND INTERFUND BALANCES**

Receivables consist of the following:

	+	General Operational	Debt Service	SB-9	Other Governmental Funds
Property Taxes		\$ 126	\$ 759	\$ 362	\$ -
Due from Grantor					77,025
		<u>\$ 126</u>	<u>\$ 759</u>	<u>\$ 362</u>	<u>\$ 77,025</u>

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

<u>From:</u>	<u>To:</u>	<u>Amount</u>
Operation	Other Governmental Funds	\$ 77,025
	<b>Total Interfund Balances</b>	<b><u><u>\$ 77,025</u></u></b>

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	\$ 126	\$ 759	\$ 362	\$	\$ 1,247
Unavailable					
<b>TOTAL Property Taxes</b>	<u>\$ 126</u>	<u>\$ 759</u>	<u>\$ 362</u>	<u>\$</u>	<u>\$ 1,247</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 & State Agencies	\$ 77,025
<b>Total</b>	<b><u><u>\$ 77,025</u></u></b>

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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 6/30/2013		Increases	Decreases	Balance 6/30/2014
<b>Governmental Activities</b>					
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		9,259,996	144,975		9,404,971
Equipment, Vehicles, Information Technology Equipment, Software & Library Books		1,782,594	118,923	-	1,901,517
Total Capital Assets, being Depreciated		11,042,590	263,898	-	11,306,488
Total Capital Assets		11,070,262	263,898	-	11,334,160
<b>Less Accumulated Depreciation</b>					
Buildings & Improvements		5,735,799	61,476	-	5,797,275
Equipment, Vehicles, Information Technology Equipment, Software & Library Books		1,217,563	47,175	-	1,264,738
Total Accumulated Depreciation		6,953,362	108,651	-	7,062,013
Capital Assets, net	\$	4,116,900	\$ 155,247	\$ -	\$ 4,272,147

**H: LONG-TERM DEBT**

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

	6/30/2013	Additions	Reductions	6/30/2014	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General Obligation Bonds	\$ 1,045,000	\$ -	\$ 70,000	\$ 975,000	\$ 75,000
Total Bonds	\$ 1,045,000	\$ -	\$ 70,000	\$ 975,000	\$ 75,000

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:

Date of Issue	Original Amount	Interest Rate	Balance
5/13/2012	\$1,100,000	25 3.359	\$975,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 75,000	\$ 30,756	\$105,756
2016	80,000	29,092	\$109,092
2017	85,000	27,063	\$112,063
2018	90,000	24,668	\$114,668
2019	95,000	21,868	\$116,868
2020-2024	550,000	53,752	\$603,752
	0	0	
	<u>\$975,000</u>	<u>\$187,199</u>	<u>\$1,162,199</u>

**I: COMMITMENTS**

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

**J: 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](http://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, 2014, 2013, and 2012 were: \$352,276, \$314,409, and \$311,854, 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](http://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, 2014, 2013, and 2012 were \$45,839, \$46,112 and \$42,453 respectively, which equal the required contributions for each year.

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

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

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Reconciliations are located at the bottom of each budget actual.

**L: INSURANCE COVERAGE**

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

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

**M: SURETY BOND**

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

**N. JOINT POWERS AGREEMENTS**

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

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

The revenue and expenditures are reported in IDEA, Part B Entitlement, IDEA, Part B, Discretionary and IDEA, Part B Preschool.

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



STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS

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

Year Ended June 30, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Local Revenue				
Taxes	\$ 102,068	\$ 102,068	\$ 108,756	\$ 6,688
Investment Income	175	175	190	15
<b>TOTAL REVENUE</b>	<b>102,243</b>	<b>102,243</b>	<b>\$ 108,946</b>	<b>\$ 6,703</b>
<b>BUDGETED CASH BALANCE</b>	<b>71,301</b>	<b>71,301</b>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 173,544</b>	<b>\$ 173,544</b>		
<b>EXPENDITURES</b>				
Current				
General Administration	\$ 1,220	\$ 1,220	\$ 1,087	\$ 133
Debt Service				
Principal Retirement	70,000	70,000	70,000	-
Bond Interest	32,068	32,068	32,068	-
Non-operating Reserves	70,256	70,256	-	70,256
<b>TOTAL EXPENDITURES</b>	<b>\$ 173,544</b>	<b>\$ 173,544</b>	<b>\$ 103,155</b>	<b>\$ 70,389</b>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 108,946
Differences budget to GAAP	
Prior Year receivable	(723)
Change in deferred taxes	-
Current Year receivable	759
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 108,982</b>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 103,155
Differences-budget to GAAP	
Prior year Principal due	-
Prio year interest due	-
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 103,155</b>

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Local Revenue				
Sale of Bonds	\$ -	\$ -	\$ -	\$ -
Other Local Income	-	-	-	-
Investment Income	1,000	1,000	608	(392)
<b>TOTAL REVENUE</b>	<u>1,000</u>	<u>1,000</u>	<u>\$ 608</u>	<u>\$ (392)</u>
<b>BUDGETED CASH BALANCE</b>	<u>146,924</u>	<u>192,940</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 147,924</u>	<u>\$ 193,940</u>		
<b>EXPENDITURES</b>				
Current				
Facilities and construction	\$ 147,924	\$ 193,940	\$ 110,993	\$ 82,947
<b>TOTAL EXPENDITURES</b>	<u>\$ 147,924</u>	<u>\$ 193,940</u>	<u>\$ 110,993</u>	<u>\$ 82,947</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 608
Differences budget to GAAP	
Current Year receivable	-
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 608</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 110,993
Differences-budget to GAAP	
Current Year Accounts Payable	-
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 110,993</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 - SPECIAL CAPITAL OUTLAY - 31400

Year Ended June 30, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
<b>Local Revenue</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Insurance recoveries	-	-	-	-
Investment Income	-	-	-	-
<b>TOTAL LOCAL REVENUE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>State Revenue</b>				
State flowthrough	20,000	20,000	20,000	-
<b>TOTAL FEDERAL REVENUE</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>
<b>TOTAL REVENUE</b>	<b>20,000</b>	<b>20,000</b>	<b>\$ 20,000</b>	<b>\$ -</b>
<b>BUDGETED CASH BALANCE</b>	<b>-</b>	<b>-</b>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Facilities and construction	20,000	20,000	20,000	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ -</b>

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

<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 20,000
Differences budget to GAAP		-
Prior Year receivable		-
Change in deferred taxes		-
Current Year receivable		-
<b>Total Revenues (GAAP Basis)</b>		<b>\$ 20,000</b>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis)		\$ 20,000
Differences-budget to GAAP		-
Prior year accounts payable		-
<b>Total Expenditures (GAAP Basis)</b>		<b>\$ 20,000</b>

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
<b>Local Revenue</b>				
Taxes	\$ 50,891	\$ 50,891	\$ 53,074	\$ 2,183
Insurance recoveries	-	-	-	-
Investment Income	1,000	1,000	1,084	84
<b>TOTAL LOCAL REVENUE</b>	<b>51,891</b>	<b>51,891</b>	<b>54,158</b>	<b>2,267</b>
<b>State Revenue</b>				
State flowthrough	-	30,117	30,117	-
<b>TOTAL FEDERAL REVENUE</b>	<b>-</b>	<b>30,117</b>	<b>30,117</b>	<b>-</b>
<b>TOTAL REVENUE</b>	<b>51,891</b>	<b>82,008</b>	<b>\$ 84,275</b>	<b>\$ 2,267</b>
<b>BUDGETED CASH BALANCE</b>	<b>307,687</b>	<b>331,741</b>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 359,578</b>	<b>\$ 413,749</b>		

**EXPENDITURES**

**Current**

Facilities and construction	359,049	389,166	168,919	220,247
<b>TOTAL EXPENDITURES</b>	<b>\$ 359,049</b>	<b>\$ 389,166</b>	<b>\$ 168,919</b>	<b>\$ 220,247</b>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 84,275
Differences budget to GAAP	
Prior Year receivable	(342)
Change in deferred taxes	-
Current Year receivable	362
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 84,295</b>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 168,919
Differences-budget to GAAP	
Prior year accounts payable	-
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 168,919</b>

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, 2014

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
<b>ASSETS</b>				
Cash on Deposit	\$ 89,329	\$ -	\$ 12,861	\$ 102,190
Taxes Receivable	126	-	-	126
Due from other Funds	77,025	-	-	77,025
Due from other Governments	-	-	-	-
Inventories	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 166,480</b>	<b>\$ -</b>	<b>\$ 12,861</b>	<b>\$ 179,341</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	166,480	-	12,861	179,341
<b>TOTAL FUND BALANCE</b>	<b>166,480</b>	<b>-</b>	<b>12,861</b>	<b>179,341</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 166,480</b>	<b>\$ -</b>	<b>\$ 12,861</b>	<b>\$ 179,341</b>

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, 2014

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
<b>REVENUE</b>				
Federal Aid	\$ -	\$ -	\$ -	\$ -
State Aid	2,431,627	284,086	11,084	2,726,797
Property taxes	12,996	-	-	12,996
Interest	1,338	-	-	1,338
Refunds/ reimbursements	-	-	-	-
Other local sources	15,223	-	-	15,223
<b>TOTAL REVENUES</b>	<b>2,461,184</b>	<b>284,086</b>	<b>11,084</b>	<b>2,756,354</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	1,249,821	-	7,965	1,257,786
Support Services				
Students	204,771	-	-	204,771
Instruction	83,453	-	-	83,453
General Administration	138,982	-	-	138,982
School Administration	195,245	-	-	195,245
Central Services	86,936	-	-	86,936
Operation & Maintenance of Plant	408,573	-	-	408,573
Transportation of students	-	284,087	-	284,087
Other support services	3,449	-	-	3,449
Food Service	29,615	-	-	29,615
Community Services	-	-	-	-
<b>Non-current</b>				
Facilities and construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,400,845</b>	<b>284,087</b>	<b>7,965</b>	<b>2,692,897</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>60,339</b>	<b>(1)</b>	<b>3,119</b>	<b>63,457</b>
<b>FUND BALANCE - JUNE 30, 2013</b>	<b>106,141</b>	<b>1</b>	<b>9,742</b>	<b>115,884</b>
<b>FUND BALANCE - JUNE 30, 2014</b>	<b>\$ 166,480</b>	<b>\$ -</b>	<b>\$ 12,861</b>	<b>\$ 179,341</b>

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
State Revenue	2,390,553	2,431,917	2,431,627	(290)
Property Taxes	12,431	12,431	12,976	545
Local Revenue	10,000	10,000	15,223	5,223
Contributions, donations	-	-	-	-
Income from Investments	1,500	1,500	1,338	(162)
<b>TOTAL REVENUE</b>	<b>2,414,484</b>	<b>2,455,848</b>	<b>\$ 2,461,164</b>	<b>\$ 5,316</b>

BUDGETED CASH BALANCE 74,301 107,892

TOTAL REVENUE & CASH \$ 2,488,785 \$ 2,563,740

**EXPENDITURES**

Current

Instruction	\$ 1,349,473	\$ 1,357,499	\$ 1,249,821	\$ 107,678
Support Services				
Students	207,149	216,200	204,771	11,429
Instruction	74,361	84,773	83,453	1,320
General Administration	138,550	149,297	138,982	10,315
School Administration	173,711	199,905	195,245	4,660
Central Services	90,435	90,435	86,936	3,499
Operation & Maintenance of Plant	414,375	414,333	408,573	5,760
Student Transportation	-	-	-	-
Other Support Services	11,518	11,518	3,449	8,069
Community services	-	-	-	-
Food Services	29,203	39,780	29,615	10,165
Facilities Acquisition & Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,488,775</b>	<b>\$ 2,563,740</b>	<b>\$ 2,400,845</b>	<b>\$ 162,895</b>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 2,461,164
Differences budget to GAAP	
Prior Year receivable	(106)
Change in deferred taxes	-
Current Year receivable	126
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 2,461,184</b>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 2,400,845
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 2,400,845</b>

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 270,588	\$ 284,086	\$ 284,086	\$ -
TOTAL REVENUE	<u>270,588</u>	<u>284,086</u>	<u>\$ 284,086</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 270,588</u>	<u>\$ 284,086</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 270,588	\$ 284,087	\$ 284,087	\$ -
TOTAL EXPENDITURES	<u>\$ 270,588</u>	<u>\$ 284,087</u>	<u>\$ 284,087</u>	<u>\$ -</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 284,086
Differences budget to GAAP	
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 284,086</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 284,087
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 284,087</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Aid	\$ 10,110	\$ 10,531	\$ 11,084	\$ 553
<b>TOTAL REVENUE</b>	<u>10,110</u>	<u>10,531</u>	<u>\$ 11,084</u>	<u>\$ 553</u>
<b>BUDGETED CASH BALANCE</b>	<u>1,800</u>	<u>9,742</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 11,910</u>	<u>\$ 20,273</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 11,910	\$ 20,273	\$ 7,965	\$ 12,308
Support Services				
Instruction		-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 11,910</u>	<u>\$ 20,273</u>	<u>\$ 7,965</u>	<u>\$ 12,308</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 11,084
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 11,084</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 7,965
Differences-budget to GAAP	
Prior year Accounts Payable	\$ -
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 7,965</u>

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

STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2014

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	IDEA-B ENTITLEMENT 24106	IDEA-B PRESCHOOL 24109	IDEA-B RISK POOL 24120
<b>ASSETS</b>						
Cash on Deposit	\$ 4,690	\$ 3,724	\$ -	\$ -	\$ -	\$ -
Due from other Governments	-	-	19,338	27,135	939	415
Inventories	1,077	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,767</b>	<b>\$ 3,724</b>	<b>\$ 19,338</b>	<b>\$ 27,135</b>	<b>\$ 939</b>	<b>\$ 415</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	19,338	27,135	939	415
Deferred Revenue	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>19,338</b>	<b>27,135</b>	<b>939</b>	<b>415</b>
<b>FUND BALANCE</b>						
Fund Balance						
Nonspendable	1,077	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	3,724	-	-	-	-
Assigned	4,690	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>5,767</b>	<b>3,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 5,767</b>	<b>\$ 3,724</b>	<b>\$ 19,338</b>	<b>\$ 27,135</b>	<b>\$ 939</b>	<b>\$ 415</b>

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 27107	READS TO LEAD K-3 27114	FORMATIVE ASSESSMENT 27185	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ 13,200	\$ 24,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,961
2,654	-	-	174	-	-	26,370	-	77,025
-	-	-	-	-	-	-	-	1,077
<u>\$ 2,654</u>	<u>\$ 13,200</u>	<u>\$ 24,347</u>	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,370</u>	<u>\$ -</u>	<u>\$ 124,063</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,654	-	-	174	-	-	26,370	-	77,025
-	-	-	-	-	-	-	-	-
<u>2,654</u>	<u>-</u>	<u>-</u>	<u>174</u>	<u>-</u>	<u>-</u>	<u>26,370</u>	<u>-</u>	<u>77,025</u>
-	-	-	-	-	-	-	-	1,077
-	13,200	24,347	-	-	-	-	-	37,547
-	-	-	-	-	-	-	-	3,724
-	-	-	-	-	-	-	-	4,690
-	-	-	-	-	-	-	-	-
-	<u>13,200</u>	<u>24,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,038</u>
<u>\$ 2,654</u>	<u>\$ 13,200</u>	<u>\$ 24,347</u>	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,370</u>	<u>\$ -</u>	<u>\$ 124,063</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, 2014

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	IDEA-B ENTITLEMENT 24106
<b>REVENUES</b>				
Federal Aid	\$ 64,493	\$ -	\$ 60,779	\$ 61,340
State Aid	-	-	-	-
Local revenues	23,686	21,126	-	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<b>88,179</b>	<b>21,126</b>	<b>60,779</b>	<b>61,340</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	-	18,247	60,779	61,340
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Service	100,633	-	-	-
Facilities Acquisition & Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>100,633</b>	<b>18,247</b>	<b>60,779</b>	<b>61,340</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(12,454)</b>	<b>2,879</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE- JUNE 30, 2013</b>	<b>18,221</b>	<b>845</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30, 2014</b>	<b>\$ 5,767</b>	<b>\$ 3,724</b>	<b>\$ -</b>	<b>\$ -</b>

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

IDEA -B PRESCHOOL 24109	IDEA-B RISK POOL 24120	TEACHER PRINCIPAL TRAINING 24154
\$ 4,433	\$ 415	\$ 11,978
-	-	-
-	-	-
-	-	-
<u>4,433</u>	<u>415</u>	<u>11,978</u>
4,433	415	11,978
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>4,433</u>	<u>415</u>	<u>11,978</u>
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS

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

Year ended June 30, 2014

	RURAL ED ACHIEVEMENT PROGRAM 25233	ITFS FCC 26111	RURAL VISION 26127	HUBBARD FOUNDATION 26146
<b>REVENUES</b>				
Federal Aid	\$ 13,472	\$ -	\$ -	\$ -
State Aid	-	1,200	-	-
Local revenues	-	-	-	4,000
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<b>13,472</b>	<b>1,200</b>	<b>-</b>	<b>4,000</b>
<b>EXPENDITURES</b>				
Current				
Instruction	12,130	-	-	3,820
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	180
School Administration	-	-	-	-
Central Services	1,342	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Food Service	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>13,472</b>	<b>-</b>	<b>-</b>	<b>4,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>1,200</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE- JUNE 30, 2013</b>	<b>-</b>	<b>12,000</b>	<b>24,347</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30, 2014</b>	<b>\$ -</b>	<b>\$ 13,200</b>	<b>\$ 24,347</b>	<b>\$ -</b>

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

2009 DUAL CREDIT 27103	2010 GO BOND STUDENT 27107	READS TO LEAD K-3 27114	2010 GOB INST MATL 27171	FORMATIVE ASSESSMENTS 27185	COMBINED
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,910
1,160	-	50,293	2,055	1,421	56,129
-	-	-	-	-	48,812
-	-	-	-	-	-
1,160	-	50,293	2,055	1,421	321,851
1,160	-	50,293	2,055	-	226,650
-	-	-	-	-	-
-	-	-	-	1,421	1,421
-	-	-	-	-	180
-	-	-	-	-	-
-	-	-	-	-	1,342
-	-	-	-	-	-
-	-	-	-	-	100,633
-	-	-	-	-	-
1,160	-	50,293	2,055	1,421	330,226
-	-	-	-	-	-
-	-	-	-	-	(8,375)
-	-	-	-	-	-
-	-	-	-	-	55,413
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,038

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Aid	\$ 60,000	\$ 60,000	\$ 61,634	\$ 1,634
State Aid	-	-	-	-
Local Revenue	25,000	25,000	23,686	(1,314)
Income from Investments	-	-	-	-
<b>TOTAL REVENUE</b>	<u>85,000</u>	<u>85,000</u>	<u>\$ 85,320</u>	<u>\$ 320</u>
<b>BUDGETED CASH BALANCE</b>	<u>6,410</u>	<u>10,934</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 91,410</u>	<u>\$ 95,934</u>		
<b>EXPENDITURES</b>				
Current				
Food Service	91,410	95,934	91,564	4,370
<b>TOTAL EXPENDITURES</b>	<u>\$ 91,410</u>	<u>\$ 95,934</u>	<u>\$ 91,564</u>	<u>\$ 4,370</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 85,320
Differences budget to GAAP	
Accounts Receivable Prior Year	(5,778)
Commodities received	8,637
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 88,179</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 91,564
Differences-budget to GAAP	
Commodities used	8,637
Change in Inventories	432
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 100,633</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 - ATHLETICS - 22000

Year Ended June 30, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Local Revenue				
Fees from activities	\$ 21,000	\$ 21,000	\$ 21,126	\$ 126
Investment income	-	-	-	-
<b>TOTAL REVENUE</b>	<u>21,000</u>	<u>21,000</u>	<u>\$ 21,126</u>	<u>\$ 126</u>
BUDGETED CASH BALANCE	<u>594</u>	<u>844</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 21,594</u>	<u>\$ 21,844</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 21,594	\$ 21,594	\$ 18,247	\$ 3,347
<b>TOTAL EXPENDITURES</b>	<u>\$ 21,594</u>	<u>\$ 21,594</u>	<u>\$ 18,247</u>	<u>\$ 3,347</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 21,126
Differences budget to GAAP	
Prior Year deferral	-
Current Year deferral	-
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 21,126</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 18,247
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 18,247</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 63,752	\$ 70,264	\$ 55,475	\$ (14,789)
TOTAL REVENUE	<u>63,752</u>	<u>70,264</u>	<u>\$ 55,475</u>	<u>\$ (14,789)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 63,752</u>	<u>\$ 70,264</u>		
EXPENDITURES				
Current				
Instruction	\$ 63,752	\$ 70,264	\$ 60,779	\$ 9,485
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of plant	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 63,752</u>	<u>\$ 70,264</u>	<u>\$ 60,779</u>	<u>\$ 9,485</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 55,475
Differences budget to GAAP	
Prior Year Receivable	(14,034)
Current Year Receivable	19,338
Total Revenues (GAAP Basis)	<u>\$ 60,779</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 60,779
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 60,779</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 57,188	\$ 66,738	\$ 35,338	\$ (31,400)
<b>TOTAL REVENUE</b>	<u>57,188</u>	<u>66,738</u>	<u>\$ 35,338</u>	<u>\$ (31,400)</u>
BUDGETED CASH BALANCE	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 57,188</u>	<u>\$ 66,738</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 57,188	\$ 66,738	\$ 61,340	\$ 5,398
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 57,188</u>	<u>\$ 66,738</u>	<u>\$ 61,340</u>	<u>\$ 5,398</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 35,338
Differences budget to GAAP	
Prior Year Receivable	(1,133)
Current Year Receivable	27,135
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 61,340</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 61,340
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 61,340</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 3,996	\$ 4,884	\$ 5,371	\$ 487
<b>TOTAL REVENUE</b>	<u>3,996</u>	<u>4,884</u>	<u>\$ 5,371</u>	<u>\$ 487</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 3,996</u>	<u>\$ 4,884</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 3,996	\$ 4,884	\$ 4,433	\$ 451
Support Services				
Students	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,996</u>	<u>\$ 4,884</u>	<u>\$ 4,433</u>	<u>\$ 451</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 5,371
Differences budget to GAAP	
Prior Year Receivable	(1,877)
Current Year Receivable	939
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 4,433</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 4,433
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 4,433</u>

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

STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS

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

Year Ended June 30, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 416	\$ 297	\$ (119)
<b>TOTAL REVENUE</b>	<b>-</b>	<b>416</b>	<b>297</b>	<b>(119)</b>
<b>BUDGETED CASH BALANCE</b>	<b>-</b>	<b>-</b>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ -</b>	<b>\$ 416</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ 416	\$ 415	\$ 1
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 416</b>	<b>\$ 415</b>	<b>\$ 1</b>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 297
Differences budget to GAAP	
Prior Year receivable	(297)
Current Year Receivable	415
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 415</b>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 415
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 415</b>

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Local Revenue	\$ -	\$ 4,000	\$ 4,000	\$ -
<b>TOTAL REVENUE</b>	<b>-</b>	<b>4,000</b>	<b>4,000</b>	<b>-</b>
<b>BUDGETED CASH BALANCE</b>	<b>-</b>	<b>-</b>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ -</b>	<b>\$ 4,000</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ 3,820	\$ 3,820	\$ -
Support Services				
Instruction	-	-	-	-
General Administration	-	180	180	-
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 4,000</b>	<b>\$ 4,000</b>	<b>\$ -</b>

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

**Sources/Inflows of Resources**

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

**Uses/Outflows of Resources**

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

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Aid	\$ 10,857	\$ 16,201	\$ 11,519	\$ (4,682)
<b>TOTAL REVENUE</b>	<b>10,857</b>	<b>16,201</b>	<b>11,519</b>	<b>(4,682)</b>
<b>BUDGETED CASH BALANCE</b>	<b>-</b>	<b>-</b>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 10,857</b>	<b>\$ 16,201</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 10,857	\$ 16,201	\$ 11,978	\$ 4,223
Support Services - Students	-	-	-	-
Support Services - General Administration	-	-	-	-
Support Services - School Administration	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,857</b>	<b>\$ 16,201</b>	<b>\$ 11,978</b>	<b>\$ 4,223</b>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 11,519
Differences budget to GAAP	
Prior Year receivable	(2,195)
Current Year receivable	2,654
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 11,978</b>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 11,978
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 11,978</b>

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 17,931	\$ 13,472	\$ (4,459)
<b>TOTAL REVENUE</b>	<b>-</b>	<b>17,931</b>	<b>13,472</b>	<b>(4,459)</b>
BUDGETED CASH BALANCE	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ -</b>	<b>\$ 17,931</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ 16,573	\$ 12,130	\$ 4,443
Support Services	-	-	-	-
Central Services	-	1,358	1,342	16
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 17,931</b>	<b>\$ 13,472</b>	<b>\$ 4,459</b>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 13,472
Differences budget to GAAP	-
Prior Year Deferral	-
Current Year Deferral	-
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 13,472</b>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 13,472
Differences-budget to GAAP	-
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 13,472</b>

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Local Revenue	\$ -	\$ -	\$ 1,200	\$ 1,200
<b>TOTAL REVENUE</b>	<b>-</b>	<b>-</b>	<b>\$ 1,200</b>	<b>\$ 1,200</b>
<b>BUDGETED CASH BALANCE</b>	<b>12,000</b>	<b>12,000</b>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 12,000</b>	<b>\$ 12,000</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
Support Services				
Instruction	-	-	-	-
School Administration	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,000</b>	<b>\$ 12,000</b>	<b>\$ -</b>	<b>\$ 12,000</b>

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	-
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 1,200</b>

**Uses/Outflows of Resources**

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

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, 2014

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

**Uses/Outflows of Resources**

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

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

STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS

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

Year Ended June 30, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Aid	\$ -	\$ 1,160	\$ 986	\$ (174)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>1,160</u>	<u>\$ 986</u>	<u>\$ (174)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 1,160</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 1,160	\$ 1,160	\$ -
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 1,160</u>	<u>\$ 1,160</u>	<u>\$ -</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 986
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	174
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 1,160</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 1,160
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 1,160</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 GOBond 27107

Year Ended June 30, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Aid	\$ 9,263	\$ 9,263	\$ -	\$ (9,263)
<b>TOTAL REVENUE</b>	<u>9,263</u>	<u>9,263</u>	<u>\$ -</u>	<u>\$ (9,263)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 9,263</u>	<u>\$ 9,263</u>		
<b>EXPENDITURES</b>				
Current				
Support Instruction	\$ 9,263	\$ 9,263	\$ -	\$ 9,263
<b>TOTAL EXPENDITURES</b>	<u>\$ 9,263</u>	<u>\$ 9,263</u>	<u>\$ -</u>	<u>\$ 9,263</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	-
<b>Total Revenues (GAAP Basis)</b>	<u>\$ -</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	-
<b>Total Expenditures (GAAP Basis)</b>	<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 - READS TO LEAD K-3 27114

Year Ended June 30, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Aid	\$ -	\$ 50,293	\$ 23,923	\$ (26,370)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>50,293</u>	<u>23,923</u>	<u>(26,370)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 50,293</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 50,293	\$ 50,293	\$ -
Support Services				
Instruction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 50,293</u>	<u>50,293</u>	<u>\$ -</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 23,923
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	26,370
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 50,293</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 50,293
Differences-budget to GAAP	
Prior year Accounts Payable	\$ -
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 50,293</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 2,057	\$ 2,055	\$ (2)
TOTAL REVENUE	-	2,057	<u>2,055</u>	<u>(2)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 2,057</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 2,057	\$ 2,055	\$ 2
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 2,057</u>	<u>\$ 2,055</u>	<u>\$ 2</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 2,055
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 2,055</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 2,055
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,055</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 - FORMATIVE ASSESSMENTS -27185

Year Ended June 30, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Aid	\$ -	\$ 1,421	\$ 1,421	\$ -
<b>TOTAL REVENUE</b>	<u>-</u>	<u>1,421</u>	<u>\$ 1,421</u>	<u>\$ -</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 1,421</u>		
<b>EXPENDITURES</b>				
Current				
Support Services				
Instruction	\$ -	\$ 1,421	\$ 1,421	\$ -
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 1,421</u>	<u>\$ 1,421</u>	<u>\$ -</u>

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

**Sources/Inflows of Resources**

Actual amounts (budgetary basis)	\$ 1,421
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	-
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 1,421</u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis)	\$ 1,421
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 1,421</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, 2014

	Beginning Balance 6/30/2013	Additions	Deletions	Ending Balance 6/30/2014
<b>ASSETS</b>				
General	\$ 5,802	\$ 362	\$ 3,737	\$ 2,427
FFA	770	25,070	24,515	1,325
FCCLA	2,363	5,950	4,101	4,212
Concession	3,123	33,760	34,397	2,486
BPA	5,522	11,617	13,117	4,022
Vo Ag Shop	120	-	106	14
Elementary	2,344	20,900	16,187	7,057
Football	1,020	10,014	8,301	2,733
Girls Athletics	1,579	3,209	4,758	30
Class of 2015	983	5,487	3,717	2,753
Class of 2011	-	-	-	-
Volleyball	709	1,681	421	1,969
Boys Athletics	523	4,671	4,135	1,059
Student Council	84	311	351	44
Yearbook	5,651	3,761	7,433	1,979
Activity Bus	7,513	13,644	15,400	5,757
Music	90	-	-	90
Interest	101	256	-	357
Cheerleaders	983	3,223	3,871	335
Class of 2014	1,419	-	1,216	203
Baseball	1,163	-	484	679
Boys track	2,656	1,764	1,294	3,126
Science Club	629	1,552	1,562	619
Girls Track	1,965	1,838	1,729	2,074
Class of 2019	-	50	47	3
Athletic Student Travel	949	12,005	12,424	530
District 4A 8Man Football	482	-	482	-
District 3A	4,519	8,691	13,210	-
Certificate of Deposit	16,634	125	-	16,759
<b>Total Assets</b>	<b>\$ 69,696</b>	<b>\$ 169,941</b>	<b>\$ 176,995</b>	<b>\$ 62,642</b>
<b>LIABILITIES</b>				
Deposits Held for Others	\$ 69,696	\$ 169,941	\$ 176,995	\$ 62,642
<b>Total Liabilities</b>	<b>\$ 69,696</b>	<b>\$ 169,941</b>	<b>\$ 176,995</b>	<b>\$ 62,642</b>



STATE OF NEW MEXICO  
MELROSE MUNICIPAL SCHOOLS  
CASH RECONCILIATION  
June 30, 2014

	<u>Beginning Cash</u>	<u>Adjustments</u>	<u>Receipts</u>	<u>Distributions</u>
Melrose Municipal Schools				
Operational Account	\$ 86,499	\$ 19,536	\$ 2,461,164	\$ (2,400,845)
Transportation	1	-	284,086	(284,087)
Instructional Materials	9,742	-	11,084	(7,965)
Food Services	10,934	-	85,320	(91,564)
Athletics	845	-	21,126	(18,247)
FederalFlowthrough	-	(19,536)	107,702	(138,647)
Federal Direct	-	-	13,472	(13,472)
Local Grants Fund	36,347	-	5,200	(4,000)
State Flowthrough	-	-	28,384	(54,928)
Bond Building	193,940	-	608	(110,993)
Special Capital Outlay	-	-	20,000	(20,000)
Capital Improvement SB-9	331,741	-	84,275	(168,919)
Debt Service	91,390	-	108,946	(103,156)
Student Activities	69,696	-	169,941	(176,995)
	<u>\$ 831,135</u>	<u>\$ -</u>	<u>\$ 3,401,308</u>	<u>\$ (3,593,818)</u>
Total Loving Schools				

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Melrose Municipal Schools			
Operational	Checking	American Heritage	\$ 199,795
Athletics	Checking	American Heritage	3,794
Activity	Checking	American Heritage	10,487
SB-9	Checking	American Heritage	4,494
Debt Service	Checking	American Heritage	381
FTD Clearing Account	Checking	American Heritage	-
Capital Projects Fund	Checking	American Heritage	397
Money Market	Savings	American Heritage	580,426
Activity Account	CD	American Heritage	16,759
Total Melrose Municipal Schools			<u>816,533</u>

Total Bank Balances	816,533
Reconciling Items	<u>(177,910)</u>
Report Balance	<u>\$ 638,623</u>

Other	Net Cash end of Period
\$ (77,025)	\$ 89,329
-	-
-	12,861
-	4,690
-	3,724
50,481	-
-	-
-	37,547
26,544	-
-	83,555
-	-
-	247,097
-	97,180
-	62,642
<u>\$ -</u>	<u>\$ 638,625</u>

**RONNY FOUTS**  
**CERTIFIED PUBLIC ACCOUNTANT**  
P.O. Box 425  
Melrose, NM 88124

(575) 253-4554  
Fax: (575) 253-4727

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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, 2014, 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 November 5, 2014.

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  
November 5, 2014

STATE OF NEW MEXICO  
**MELROSE MUNICIPAL SCHOOLS**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

**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 10, 2014. Those present were Jubal Pierce, Board Member, Jamie Widner, Superintendent, Pamela Beevers, Business Manager, and Ronny Fouts, CPA.