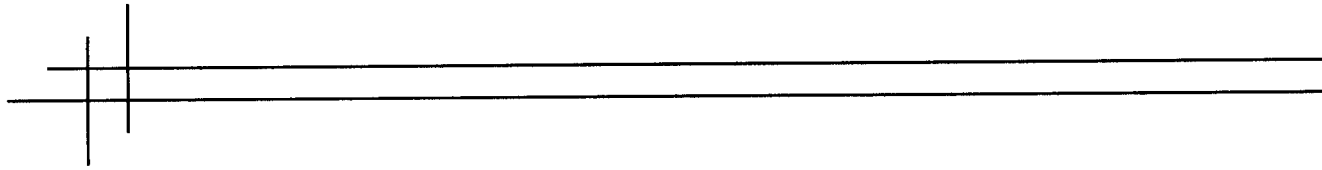




**STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS**

ANNUAL FINANCIAL REPORT
June 30, 2008

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



STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
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 For the Year Ended June 30, 2008

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MELROSE MUNICIPAL SCHOOLS
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MELROSE MUNICIPAL SCHOOLS
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STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Official Roster
June 30, 2008

BOARD OF EDUCATION

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

SCHOOL OFFICIALS

Ronald Windom	Superintendent
Pamela Beevers	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Independent Auditor's Report

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

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of MELROSE MUNICIPAL SCHOOLS, (District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's non major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons for the Capital Projects Fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements and on the combining and individual fund financial statements and the respective budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

De'Aun Willoughby CPA PC

November 5, 2008

FINANCIAL SECTION

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Statement of Net Assets
For the Year Ended June 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 312,953
Taxes Receivable	736
Due From Grantor	100,132
Inventory and prepaid expenses	3,542
Total Current Assets	<u>417,363</u>
Noncurrent Assets	
Capital Assets	10,060,262
Less: Accumulated Depreciation	<u>(6,447,605)</u>
Total Noncurrent Assets	<u>3,612,657</u>
Total Assets	<u>4,030,020</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>12,763</u>
Total Current Liabilities	<u>12,763</u>
Total Liabilities	<u>12,763</u>
NET ASSETS	
Invested in Capital Assets	3,612,657
Unrestricted	404,600
Total Net Assets	<u>\$ 4,017,257</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 1,902,965	\$ 25,276	\$ 357,606	\$ 0	\$ (1,520,083)
Support Services-Students	147,445	0	38,675	0	(108,770)
Support Services-Instruction	155,922	0	121,196	0	(34,726)
General Administration	106,097	0	0	0	(106,097)
School Administration	129,608	0	0	0	(129,608)
Central Services	96,581	0	19,604	0	(76,977)
Operation of Plant	343,186	0	0	0	(343,186)
Student Transportation	304,024	0	304,026	0	2
Food Services Operations	110,829	28,750	51,147	0	(30,932)
Depreciation (unallocated)	178,129	0	0	0	(178,129)
Total Governmental Activities	\$ 3,474,786	\$ 54,026	\$ 892,254	\$ 0	\$ (2,528,506)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes				\$	10,127
Property Taxes, Levied for Capital Projects					40,250
Property Taxes, Levied for Debt Service					182
Federal and State aid not restricted to specific purpose					2,328,893
General					297,418
Capital					9,139
Interest and investment earnings					20,667
Miscellaneous					<u>2,706,676</u>
Subtotal, General Revenues					<u>178,170</u>
Change in Net Assets					<u>3,834,287</u>
Net Assets - beginning					<u>4,800</u>
Restatement					<u>3,839,087</u>
Restated Beginning Net Assets					<u>\$ 4,017,257</u>
Net Assets - ending					<u>\$ 4,017,257</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 GOVERNMENTAL FUNDS
 Balance Sheet
 For the Year Ended June 30, 2008

	General Fund		
	Operational Fund 11000	Transportation Fund 13000	Instructional Materials Fund 14000
ASSETS			
Cash and Cash Equivalents	\$ 115,679	\$ 4	\$ 3,711
Receivables		0	0
Taxes	176	0	0
Due From Grantor	0	0	0
Interfund Balances	100,132	0	0
Inventory	0	0	0
Total Assets	\$ 215,987	\$ 4	\$ 3,711
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 8,628	\$ 0	\$ 0
Interfund Balances	0	0	0
Total Liabilities	8,628	0	0
Fund Balances			
Unreserved, Undesignated, reported in:			
General Fund	207,359	4	3,711
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Total Fund Balances	207,359	4	3,711
Total Liabilities and Fund Balances	\$ 215,987	\$ 4	\$ 3,711

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
For the Year Ended June 30, 2008

	<u>Title I 24101</u>	<u>IDEA B, Entitlement 24106</u>	<u>IDEA B, Discretionary 24107</u>
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables	0		
Taxes	0	0	0
Due From Grantor	22,910	11,538	24,247
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 22,910</u>	<u>\$ 11,538</u>	<u>\$ 24,247</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	<u>22,910</u>	<u>11,538</u>	<u>24,247</u>
Total Liabilities	<u>22,910</u>	<u>11,538</u>	<u>24,247</u>
 Fund Balances			
Unreserved, Undesignated, reported in:			
General Fund	0	0	0
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities and Fund Balances	 <u>\$ 22,910</u>	 <u>\$ 11,538</u>	 <u>\$ 24,247</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 GOVERNMENTAL FUNDS
 Balance Sheet
 For the Year Ended June 30, 2008

	Enhancing Ed thru Tech (E2T2-C) 24149	SB-9 31700	Other Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 147,563	\$ 45,996
Receivables			
Taxes	0	467	93
Due From Grantor	29,798	0	11,639
Interfund Balances	0	0	0
Inventory	0	0	3,542
Total Assets	<u>\$ 29,798</u>	<u>\$ 148,030</u>	<u>\$ 61,270</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 387	\$ 3,748
Interfund Balances	29,798	0	11,639
Total Liabilities	<u>29,798</u>	<u>387</u>	<u>15,387</u>
Fund Balances			
Unreserved, Undesignated, reported in:			
General Fund	0	0	0
Special Revenue Funds	0	0	45,438
Capital Projects	0	147,643	100
Debt Service	0	0	345
Total Fund Balances	<u>0</u>	<u>147,643</u>	<u>45,883</u>
Total Liabilities and Fund Balances	<u>\$ 29,798</u>	<u>\$ 148,030</u>	<u>\$ 61,270</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
For the Year Ended June 30, 2008

	Total Governmental Funds
ASSETS	
Cash and Cash Equivalents	\$ 312,953
Receivables	
Taxes	736
Due From Grantor	100,132
Interfund Balances	100,132
Inventory	3,542
Total Assets	<u>\$ 517,495</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 12,763
Interfund Balances	100,132
Total Liabilities	<u>112,895</u>
Fund Balances	
Unreserved, Undesignated, reported in:	
General Fund	211,074
Special Revenue Funds	45,438
Capital Projects	147,743
Debt Service	345
Total Fund Balances	<u>404,600</u>
 Total Liabilities and Fund Balances	 <u>\$ 517,495</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
For the Year Ended June 30, 2008

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

Total Fund Balance - Governmental Funds		\$	404,600
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
	The cost of capital assets	\$	10,060,262
	Accumulated depreciation is		<u>(6,447,605)</u>
			<u>3,612,657</u>
Total net assets - governmental activities		\$	<u><u>4,017,257</u></u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	General Fund		
	Operational	Transportation	Instructional
	Fund 11000	Fund 13000	Materials Fund 14000
Revenues			
Taxes	\$ 10,127	\$ 0	\$ 0
Investment Income	7,267	0	0
Fees	0	0	0
State & Local Grants	2,328,893	304,026	21,599
Federal Grant	0	0	0
Miscellaneous	18,167	0	0
Total Revenues	<u>2,364,454</u>	<u>304,026</u>	<u>21,599</u>
Expenditures			
Current			
Instruction	1,514,867	0	20,803
Support Services-Students	139,732	0	0
Support Services-Instruction	23,571	0	1,792
Support Services-General Administration	105,702	0	0
Support Services-School Administration	129,608	0	0
Central Services	76,977	0	0
Operation and Maintenance of Plant	327,258	0	0
Transportation	0	304,024	0
Food Services Operations	28,289	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>2,346,004</u>	<u>304,024</u>	<u>22,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>18,450</u>	<u>2</u>	<u>(996)</u>
Other Financing Sources			
Transfers In (Out)	15,033	0	0
Total Other Financing Sources	<u>15,033</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>33,483</u>	<u>2</u>	<u>(996)</u>
Fund Balances at Beginning of Year	173,876	2	4,707
Restatement	0	0	0
Restated Beginning Fund Balance	<u>173,876</u>	<u>2</u>	<u>4,707</u>
Fund Balance End of Year	<u>\$ 207,359</u>	<u>\$ 4</u>	<u>\$ 3,711</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	Title I 24101	IDEA B, Entitlement 24106	IDEA B, Discretionary 24107
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grant	57,928	54,230	50,898
Miscellaneous	0	0	0
Total Revenues	<u>57,928</u>	<u>54,230</u>	<u>50,898</u>
Expenditures			
Current			
Instruction	57,928	54,230	43,185
Support Services-Students	0	0	7,713
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation and Maintenance of Plant	0	0	0
Transportation	0	0	0
Food Services Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>57,928</u>	<u>54,230</u>	<u>50,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources			
Transfers In (Out)	0	0	0
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at Beginning of Year	0	0	0
Restatement	0	0	0
Restated Beginning Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	Enhancing Ed thru Tech (E2T2-C) 24149	SB-9 31700	Other Governmental Funds
Revenues			
Taxes	\$ 0	\$ 40,250	\$ 182
Investment Income	0	1,739	133
Fees	0	0	54,026
State & Local Grants	0	50,000	330,304
Federal Grant	281,626	0	39,061
Miscellaneous	0	0	2,500
Total Revenues	<u>281,626</u>	<u>91,989</u>	<u>426,206</u>
Expenditures			
Current			
Instruction	142,732	0	69,220
Support Services-Students	0	0	0
Support Services-Instruction	120,437	0	10,122
Support Services-General Administration	0	393	2
Support Services-School Administration	0	0	0
Central Services	18,457	0	1,147
Operation and Maintenance of Plant	0	15,928	0
Transportation	0	0	0
Food Services Operations	0	0	82,540
Capital Outlay	0	21,902	247,419
Total Expenditures	<u>281,626</u>	<u>38,223</u>	<u>410,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>53,766</u>	<u>15,756</u>
Other Financing Sources			
Transfers In (Out)	0	(101)	(14,932)
Total Other Financing Sources	<u>0</u>	<u>(101)</u>	<u>(14,932)</u>
Net Change in Fund Balances	<u>0</u>	<u>53,665</u>	<u>824</u>
Fund Balances at Beginning of Year	0	93,978	40,259
Restatement	0	0	4,800
Restated Beginning Fund Balance	<u>0</u>	<u>93,978</u>	<u>45,059</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 147,643</u>	<u>\$ 45,883</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	Total Governmental Funds
Revenues	
Taxes	\$ 50,559
Investment Income	9,139
Fees	54,026
State & Local Grants	3,034,822
Federal Grant	483,743
Miscellaneous	20,667
Total Revenues	<u>3,652,956</u>
Expenditures	
Current	
Instruction	1,902,965
Support Services-Students	147,445
Support Services-Instruction	155,922
Support Services-General Administration	106,097
Support Services-School Administration	129,608
Central Services	96,581
Operation and Maintenance of Plant	343,186
Transportation	304,024
Food Services Operations	110,829
Capital Outlay	269,321
Total Expenditures	<u>3,565,978</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>86,978</u>
Other Financing Sources	
Transfers In (Out)	<u>0</u>
Total Other Financing Sources	<u>0</u>
Net Change in Fund Balances	<u>86,978</u>
Fund Balances at Beginning of Year	312,822
Restatement	4,800
Restated Beginning Fund Balance	<u>317,622</u>
Fund Balance End of Year	<u>\$ 404,600</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 For the Year Ended June 30, 2008

Net Change in Fund Balance-Governmental Funds \$ 86,978

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

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

Depreciation expense	\$	(178,129)	
Capital Outlays		<u>269,321</u>	<u>91,192</u>

Changes in Net Assets of Governmental Activities \$ 178,170

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Local Sources				
Taxes	\$ 9,834	\$ 9,834	\$ 10,094	\$ 260
Investments	5,500	5,500	7,266	1,766
State Grant	2,311,028	2,328,893	2,328,892	(1)
Miscellaneous	3,000	3,000	18,166	15,166
Total Local Sources	<u>2,329,362</u>	<u>2,347,227</u>	<u>2,364,418</u>	<u>17,191</u>
Total Revenues	<u>2,329,362</u>	<u>2,347,227</u>	<u>2,364,418</u>	<u>17,191</u>
Expenditures				
Instruction				
Personnel Services	1,075,189	1,091,263	1,087,335	3,928
Employee Benefits	349,125	337,835	327,284	10,551
Professional & Tech Services	600	4,146	4,146	0
Purchased Services	22,750	34,923	28,306	6,617
Supplies	70,203	60,917	50,411	10,506
Property	25,777	18,648	17,038	1,610
Total Instruction	<u>1,543,644</u>	<u>1,547,732</u>	<u>1,514,520</u>	<u>33,212</u>
Support Services-Students				
Personnel Services	108,060	107,924	95,041	12,883
Employee Benefits	50,521	50,657	42,456	8,201
Professional & Tech Services	17,300	17,421	2,159	15,262
Purchased Services	1,800	1,679	48	1,631
Supplies	600	600	28	572
Total Support Services- Students	<u>178,281</u>	<u>178,281</u>	<u>139,732</u>	<u>38,549</u>
Support Services-Instruction				
Personnel Services	61,658	48,202	18,172	30,030
Employee Benefits	7,346	7,420	4,265	3,155
Other Services	200	200	0	200
Purchased Services	500	904	903	1
Supplies	1,000	1,000	231	769
Total Support Services- Instruction	<u>\$ 70,704</u>	<u>\$ 57,726</u>	<u>\$ 23,571</u>	<u>\$ 34,155</u>

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-General Administration				
Personnel Services	\$ 78,604	\$ 79,682	\$ 79,682	\$ 0
Employee Benefits	16,116	16,388	16,373	15
Professional & Tech Services	12,098	10,658	8,169	2,489
Purchased Property Services	0	0	0	0
Purchased Services	1,300	1,174	483	691
Supplies	600	900	838	62
Property	200	200	157	43
Total Support Services- General Administration	<u>108,918</u>	<u>109,002</u>	<u>105,702</u>	<u>3,300</u>
Support Services-School Administration				
Personnel Services	100,478	100,291	98,269	2,022
Employee Benefits	32,204	32,391	31,209	1,182
Purchased Services	500	500	80	420
Supplies	300	300	50	250
Property	300	300	0	300
Total Support Services- School Administration	<u>133,782</u>	<u>133,782</u>	<u>129,608</u>	<u>4,174</u>
Central Services				
Personnel Services	50,300	50,885	50,764	121
Employee Benefits	20,400	23,801	23,215	586
Purchased Services	2,000	3,000	2,983	17
Supplies	0	1,000	15	985
Property	1,000	14	0	14
Total Central Services	<u>73,700</u>	<u>78,700</u>	<u>76,977</u>	<u>1,723</u>
Operation & Maintenance of Plant				
Personnel Services	89,878	90,378	75,366	15,012
Employee Benefits	32,028	38,150	32,026	6,124
Professional & Tech Services	300	300	85	215
Purchased Property Services	160,064	175,169	135,396	39,773
Purchased Services	50,848	52,190	51,771	419
Supplies	35,000	33,602	23,159	10,443
Property	10,553	10,553	1,212	9,341
Total Operation & Maintenance of Plant	<u>\$ 378,671</u>	<u>\$ 400,342</u>	<u>\$ 319,015</u>	<u>\$ 81,327</u>

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Food Service				
Salaries Expense	\$ 21,353	\$ 21,353	\$ 21,353	\$ 0
Employee Benefits	5,042	5,066	4,987	79
Professional & Tech Services	0	175	175	0
Purchased Services	0	272	272	0
Supplies	3,500	3,029	1,462	1,567
Property	1,000	1,000	0	1,000
Total Food Service	<u>30,895</u>	<u>30,895</u>	<u>28,249</u>	<u>2,646</u>
Total Expenditures	<u>2,518,595</u>	<u>2,536,460</u>	<u>2,337,374</u>	<u>199,086</u>
Excess (Deficiency) of Revenues Over Expenditures	(189,233)	(189,233)	27,044	216,277
Other Financing Sources (Uses)				
Transfers In	<u>15,500</u>	<u>15,500</u>	<u>15,034</u>	<u>(466)</u>
Total Other Sources (Uses)	<u>15,500</u>	<u>15,500</u>	<u>15,034</u>	<u>(466)</u>
Net Change in Fund Balance	(173,733)	(173,733)	42,078	215,811
Cash Balance Beginning of Year	<u>173,733</u>	<u>173,733</u>	<u>173,733</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>215,811</u>	\$ <u>215,811</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 27,044	
Net Change in Taxes Receivable			34	
Net change in Accounts Payable			<u>(8,628)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>18,450</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GENERAL FUND-TRANSPORTATION-13000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
Transportation Distribution	\$ 312,726	312,726	\$ 304,026	\$ (8,700)
Total State Sources	<u>312,726</u>	<u>312,726</u>	<u>304,026</u>	<u>(8,700)</u>
Total Revenues	<u>312,726</u>	<u>312,726</u>	<u>304,026</u>	<u>(8,700)</u>
Expenditures				
Transportation				
Personnel Services	2,500	2,500	2,500	0
Employee Benefits	498	480	479	1
Purchased Property Services	38,019	38,019	38,019	0
Other Purchased Services	271,209	263,010	263,009	1
Property	500	17	17	0
Total Transportation	<u>312,726</u>	<u>304,026</u>	<u>304,024</u>	<u>2</u>
Total Expenditures	<u>312,726</u>	<u>304,026</u>	<u>304,024</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	0	8,700	2	(8,698)
Cash Balance Beginning of Year	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2</u>	<u>\$ 8,702</u>	<u>\$ 4</u>	<u>\$ (8,698)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 2</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 2</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
State Grant	\$ 21,362	\$ 21,599	\$ 21,599	\$ 0
Total State Sources	<u>21,362</u>	<u>21,599</u>	<u>21,599</u>	<u>0</u>
Total Revenues	<u>21,362</u>	<u>21,599</u>	<u>21,599</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	<u>19,632</u>	<u>24,340</u>	<u>20,804</u>	<u>3,536</u>
Total Instruction	<u>19,632</u>	<u>24,340</u>	<u>20,804</u>	<u>3,536</u>
Support Services-Instruction				
Supplies	<u>1,730</u>	<u>1,832</u>	<u>1,791</u>	<u>41</u>
Total Support Services- Instruction	<u>1,730</u>	<u>1,832</u>	<u>1,791</u>	<u>41</u>
Total Expenditures	<u>21,362</u>	<u>26,172</u>	<u>22,595</u>	<u>3,536</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(4,573)	(996)	3,577
Cash Balance Beginning of Year	<u>4,707</u>	<u>4,707</u>	<u>4,707</u>	<u>0</u>
Cash Balance End of Year	\$ <u>4,707</u>	\$ <u>134</u>	\$ <u>3,711</u>	\$ <u>3,577</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (996)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (996)	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-TITLE I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Programs	\$ 70,860	71,661	\$ 48,748	\$ (22,913)
Total Federal Sources	<u>70,860</u>	<u>71,661</u>	<u>48,748</u>	<u>(22,913)</u>
Total Revenues	<u>70,860</u>	<u>71,661</u>	<u>48,748</u>	<u>(22,913)</u>
Expenditures				
Instruction				
Personnel Services	47,945	47,945	41,945	6,000
Employee Benefits	<u>15,184</u>	<u>15,985</u>	<u>15,982</u>	<u>3</u>
Total Instruction	<u>63,129</u>	<u>63,930</u>	<u>57,927</u>	<u>6,003</u>
Total Expenditures	<u>63,129</u>	<u>63,930</u>	<u>57,927</u>	<u>6,003</u>
Excess (Deficiency) of Revenues Over Expenditures	7,731	7,731	(9,179)	(16,910)
Cash Balance Beginning of Year	<u>(13,731)</u>	<u>(13,731)</u>	<u>(13,731)</u>	<u>0</u>
Cash Balance End of Year	<u><u>\$ (6,000)</u></u>	<u><u>\$ (6,000)</u></u>	<u><u>\$ (22,910)</u></u>	<u><u>\$ (16,910)</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9,179)	
Net change in Due from Grantor			<u>9,179</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>0</u></u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-IDEA B, ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Programs	\$ 54,665	\$ 54,665	42,692	\$ (11,973)
Total Federal Sources	<u>54,665</u>	<u>54,665</u>	<u>42,692</u>	<u>(11,973)</u>
Total Revenues	<u>54,665</u>	<u>54,665</u>	<u>42,692</u>	<u>(11,973)</u>
Expenditures				
Instruction				
Personnel Services	29,154	29,154	29,082	72
Employee Benefits	<u>25,511</u>	<u>25,511</u>	<u>25,148</u>	<u>363</u>
Total Instruction	<u>54,665</u>	<u>54,665</u>	<u>54,230</u>	<u>435</u>
Total Expenditures	<u>54,665</u>	<u>54,665</u>	<u>54,230</u>	<u>435</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(11,538)	(11,538)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,538)</u>	<u>\$ (11,538)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (11,538)	
Net change in Due from Grantor			<u>11,538</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE-IDEA B, DISCRETIONARY-29107
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Programs	\$ 51,089	\$ 51,089	\$ 26,651	\$ (24,438)
Total Federal Sources	<u>51,089</u>	<u>51,089</u>	<u>26,651</u>	<u>(24,438)</u>
Total Revenues	<u>51,089</u>	<u>51,089</u>	<u>26,651</u>	<u>(24,438)</u>
Expenditures				
Instruction				
Salaries Expense	27,504	27,503	27,503	0
Employee Benefits	<u>15,685</u>	<u>15,686</u>	<u>15,682</u>	<u>4</u>
Total Instruction	<u>43,189</u>	<u>43,189</u>	<u>43,185</u>	<u>4</u>
Support Services-Students				
Personnel Services	4,496	4,501	4,501	0
Employee Benefits	<u>3,404</u>	<u>3,399</u>	<u>3,212</u>	<u>187</u>
Total Support Services- Students	<u>7,900</u>	<u>7,900</u>	<u>7,713</u>	<u>187</u>
Total Expenditures	<u>51,089</u>	<u>51,089</u>	<u>50,898</u>	<u>191</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(24,247)	(24,247)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (24,247)</u>	<u>\$ (24,247)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (24,247)	
Net change in Due from Grantor			<u>24,247</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE-IDEA B, COMPETITIVE-24149
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Programs	\$ 39,292	\$ 363,041	\$ 272,660	\$ (90,381)
Total Local Sources	<u>39,292</u>	<u>363,041</u>	<u>272,660</u>	<u>(90,381)</u>
Total Revenues	<u>39,292</u>	<u>363,041</u>	<u>272,660</u>	<u>(90,381)</u>
Expenditures				
Instruction				
Personnel Services	0	77,858	77,858	0
Employee Benefits	0	15,291	15,287	4
Supplies	0	16,203	16,201	2
Fixed Assets	0	33,386	33,385	1
Total Instruction	<u>0</u>	<u>142,738</u>	<u>142,731</u>	<u>7</u>
Support Services-Instruction				
Salaries Expense	0	30,284	30,284	0
Employee Benefits	0	66,671	6,098	60,573
Purchased Services	0	84,056	84,056	0
Total Support Services-Instruction	<u>0</u>	<u>181,011</u>	<u>120,438</u>	<u>60,573</u>
Central Services				
Salaries Expense	15,400	15,400	15,400	0
Employee Benefits	3,060	3,060	3,057	3
Total Central Services	<u>18,460</u>	<u>18,460</u>	<u>18,457</u>	<u>3</u>
Total Expenditures	<u>18,460</u>	<u>342,209</u>	<u>281,626</u>	<u>60,583</u>
Excess (Deficiency) of Revenues Over Expenditures	20,832	20,832	(8,966)	(29,798)
Cash Balance Beginning of Year	<u>(20,832)</u>	<u>(20,832)</u>	<u>(20,832)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(29,798)</u>	\$ <u>(29,798)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (8,966)	
Net change in Due from Grantor			<u>8,966</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Schedule of Fiduciary Net Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2008

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 42,216
Total Assets	<u>\$ 42,216</u>
Liabilities	
Deposits Held for Others	\$ 42,216
Total Liabilities	<u>\$ 42,216</u>

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the MELROSE MUNICIPAL SCHOOLS (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD & A) providing an analysis of the District's overall financial position and results of operations.
- Financial Statements prepared using full-accrual accounting for all the District's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2008.

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.

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Notes to the Financial Statements
For the Year Ended June 30, 2008

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

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

Governmental Funds

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

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

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

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

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:

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Notes to the Financial Statements
For the Year Ended June 30, 2008

GENERAL FUND (11000)

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

SPECIAL REVENUE FUND

Title I (24101)

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

IDEA B, Entitlement (24106)

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

IDEA B, Discretionary (24107)

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

Enhancing Education Through Technology (E2T2-C) (24149)

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

CAPITAL PROJECT FUNDS

Senate Bill Nine (31700)

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

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.

STATE OF NEW MEXICO
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For the Year Ended June 30, 2008

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 and contributions, and 3) program specific capital grants and contributions.

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

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

Revenue Recognition for Grants.

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

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

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

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Superintendent of Public Instruction) the local school board submits to the District Budget Planning Unit (SBPU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBPU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBPU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBPU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and

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Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

Investments

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

(a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be

Receivables and Payables

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

Receivable consist of the following:

	General	Title I 24101	IDEA B, Entitlement 24106	IDEA B, Discretionary 24107	IDEA B, Competitive 24149
Property Taxes	\$ 176	0	\$ 0	\$ 0	0
Due from Grantor	0	22,910	11,538	24,247	29,798
	<u>\$ 176</u>	<u>22,910</u>	<u>11,538</u>	<u>24,247</u>	<u>29,798</u>
					Other Governmental Funds
Due from Grantor					<u>\$ 11,538</u>

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Notes to the Financial Statements
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Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

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

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

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

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

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Capital Leases

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

Short -Term Debt

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

Long-Term Liabilities

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

Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

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

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

Interfund Transactions

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

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

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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.

Compensated Absences

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

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

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Estimates

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

NOTE B: CASH AND INVESTMENTS

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

<u>Name of Account</u>	Balance Per Bank 06-30-08	Reconciled Balance	Type
Operational	\$ 295,363	\$ 91,937	Checking
Cafeteria	6,433	389	Checking
Activity	5,510	4,478	Checking
Athletic	5,998	5,566	Checking
Federal	30,218	0	Checking
Capital Projects	51,509	100	Checking
Senate Bill Nine	242	242	Checking
Debt Service	252	252	Checking
FTD Clearing Account	44,075	0	Checking
Money Market Fund	237,252	237,252	Savings
Melrose School	14,953	14,953	Savings
TOTAL Deposited	691,805	\$ 355,169	
Less: FDIC Coverage	(200,000)		
Uninsured Amount	491,805		
50% collateral requirement	245,903		
Pledged securities	1,010,313		
Over (Under) requirement	\$ 764,411		

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 Notes to the Financial Statements
 For the Year Ended June 30, 2008

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>Par/ Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLB	3133XJL48	1,010,313	01/12/2012	* TIB
		<u>\$ 1,010,313</u>		* Texas Independent Bank, Dallas, Texas

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 200,000
Collateralized:	
Collateral held by the pledging bank in District's name	491,805
Uninsured and uncollateralized	<u>0</u>
Total Deposits	<u>\$ 691,805</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008 none of the District's bank balance of \$691,805, was exposed to custodial credit risk.

NOTE C: INTERFUND BALANCES

The interfund balance for June 30, 2008 were as follows,

<u>From:</u>	<u>To:</u>	<u>Amount:</u>
Operation-11000	Title I	\$ 22,910
	Idea B Entitlement	11,538
	Idea B Discretionary	24,247
	Idea B Competitive	29,798
	Other Governmental Funds	11,639
	Total Interfund Balances	<u>\$ 100,132</u>

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

STATE OF NEW MEXICO
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Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE D: INTERFUND TRANSFERS

The interfund transfers for June 30, 2008 were as follows,

<u>From:</u>	<u>To:</u>	<u>Amount:</u>
Debt Service	Operational	\$ 15,033
SB-9 31700	Capital Outlay 31400	101

The above transfer from Debt Service to Operational occurred because all bonds were paid with a remaining cash balance in Debt Service. The \$101 transfer was a to cover a shortage in the 31400 fund expenditures.

NOTE E: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of June 30, 2008:

	<u>General Fund 11000</u>	<u>Senate Bill Nine 31700</u>	<u>Other Governmental Funds 41000</u>	<u>Total</u>
Property Taxes Receivable:				
Available	\$ 176	\$ 467	\$ 93	\$ 736
Unavailable	0	0	0	0
TOTAL Property Taxes Receivable	\$ 176	\$ 467	\$ 93	\$ 736

NOTE F: DUE FROM OTHER GOVERNMENT UNITS

Amounts due from other agencies and units of government were as follows as of June 30, 2008:

Federal Agencies	\$ 90,769
State Agencies	9,363
Total	\$ 100,132

NOTE G: 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, 2008.

NOTE H: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2008, is as follows:

	<u>Balance 7/1/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/08</u>
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 27,672	\$ 0	\$ 0	\$ 27,672
Total Capital Assets, not being Depreciated	27,672	0	0	27,672
Capital Assets, being Depreciated				
Buildings & Improvements	8,610,660	269,320	0	8,879,980

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Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,152,610	0	0	1,152,610
Total Capital Assets, being Depreciated	<u>9,763,270</u>	<u>269,320</u>	<u>0</u>	<u>10,032,590</u>
Total Capital Assets	<u>9,790,942</u>	<u>269,320</u>	<u>0</u>	<u>10,060,262</u>
Less Accumulated Depreciation				
Buildings & Improvements	5,211,662	87,860	0	5,299,522
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,057,814	90,269	0	1,148,083
Total Accumulated Depreciation	<u>6,269,476</u>	<u>178,129</u>	<u>0</u>	<u>6,447,605</u>
Capital Assets, net	<u>\$ 3,521,466</u>	<u>\$ 91,191</u>	<u>\$ 0</u>	<u>\$ 3,612,657</u>

NOTE I: COMMITMENTS

The District has no construction commitments at June 30, 2008.

NOTE J: PENSION PLAN

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

Plan members are required to contribute 7.825% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2008, 2007, and 2006, were \$309,504, \$298,327 and \$ 275,927, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS

The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

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

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

The District's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$32,290, \$32,499 and \$ 31,896, respectively, which equal the required contributions for each year.

NOTE L: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

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

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

Reconciliations are located at the bottom of each budget actual.

NOTE M: INSURANCE COVERAGE

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

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

NOTE N: SURETY BOND

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

NOTE O: 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 REC paid expenditures on behalf of the District of \$74,089. Of that amount \$72,890 in revenue and expenditures has been included in this audit report for salaries and fringe benefits as required by SAO 2.2.2.12 C (3) (d). The REC funds include Title I, IDEA, Part B Entitlement, IDEA, Part B, Discretionary, Teacher/Principal Training.

The financial statements for the REC were prepared by De'Aun Willoughby, CPA. The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130.

Certain special revenue (federal funds of the district were administered by the Region VI education Cooperative, in Clovis, New Mexico. These funds are audited separately by De'Aun Willoughby. That report may be obtained by writing to : REC #6 15000 S. Ave K Station 9 Portales, NM 88130.

NOTE P: RESTATEMENT

The fund balance for the Special Revenue-ITFS/FCC-26111 was restated \$4,800. The \$4,800 was presented as deferred revenue in the previous year rather than fund balance.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 CAPITAL IMPROVEMENTS-SB-9-31700
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Local Sources				
Taxes	\$ 39,335	\$ 39,335	\$ 40,356	\$ 1,021
Investment Income	4,000	4,000	1,739	(2,261)
Miscellaneous	0	0	50,000	50,000
Total Local Sources	<u>43,335</u>	<u>43,335</u>	<u>92,095</u>	<u>48,760</u>
Total Revenues	<u>43,335</u>	<u>43,335</u>	<u>92,095</u>	<u>48,760</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	393	393	393	0
Total Support Services-General Administration	<u>393</u>	<u>393</u>	<u>393</u>	<u>0</u>
Capital Outlay				
Purchased Property Services	127,947	136,247	37,443	98,804
Total Capital Outlay	<u>127,947</u>	<u>136,247</u>	<u>37,443</u>	<u>98,804</u>
Total Expenditures	<u>128,340</u>	<u>136,640</u>	<u>37,836</u>	<u>98,804</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(85,005)</u>	<u>(93,305)</u>	<u>54,259</u>	<u>147,564</u>
Other Financing Sources (Uses)				
Transfer to 31400	0	100	100	0
Total Other Sources (Uses)	<u>0</u>	<u>100</u>	<u>100</u>	<u>0</u>
Net Change in Fund Balance	(85,005)	(93,405)	54,159	147,564
Cash Balance Beginning of Year	<u>93,405</u>	<u>93,405</u>	<u>93,405</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 8,400</u>	<u>\$ 0</u>	<u>\$ 147,564</u>	<u>\$ 147,564</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 54,259	
Net change in Taxes Receivable			(106)	
Net change in Accounts Receivable			(388)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 53,765</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
NONMAJOR GOVERNMENT FUNDS
Combining Balance Sheet - By Fund Type
For the Year Ended June 30, 2008

	<u>Special Revenue</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 45,644	\$ 100	\$ 252	\$ 45,996
Receivables				
Taxes	0	0	93	93
Due From Grantor	11,639	0	0	11,639
Inventory	3,542	0	0	3,542
Total Assets	<u>60,825</u>	<u>100</u>	<u>345</u>	<u>61,270</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	3,748	0	0	3,748
Interfund Balances	11,639	0	0	11,639
Total Liabilities	<u>15,387</u>	<u>0</u>	<u>0</u>	<u>15,387</u>
Fund Balance				
Undesignated, reported in				
Special Revenue	45,438	0	0	45,438
Capital Improvements	0	100	0	100
Debt Service	0	0	345	345
Total Fund Balance	<u>45,438</u>	<u>100</u>	<u>345</u>	<u>45,883</u>
Total Liabilities and Fund Balance	<u>\$ 60,825</u>	<u>\$ 100</u>	<u>\$ 345</u>	<u>\$ 61,270</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
NONMAJOR GOVERNMENT FUNDS
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - By Fund Type
For the Year Ended June 30, 2008

	Special Revenue	Capital Outlay	Debt Service	Total
Revenues				
Taxes	\$ 0	\$ 0	\$ 182	\$ 182
Investment Income	133	0	0	133
Fees	54,026	0	0	54,026
State & Local Grants	82,886	247,418	0	330,304
Federal Grant	39,061	0	0	39,061
Miscellaneous	2,500	0	0	2,500
Total Revenues	<u>178,606</u>	<u>247,418</u>	<u>182</u>	<u>426,206</u>
Expenditures				
Current				
Instruction	69,220	0	0	69,220
Support Services-Instruction	10,122	0	0	10,122
Support Services-General Administration	0	0	2	2
Central Services	1,147	0	0	1,147
Food Services Operations	82,540	0	0	82,540
Capital Outlay	0	247,419	0	247,419
Total Expenditures	<u>163,029</u>	<u>247,419</u>	<u>2</u>	<u>410,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,577</u>	<u>(1)</u>	<u>180</u>	<u>15,756</u>
Other Financing Sources				
Transfers In/Out	0	101	(15,033)	(14,932)
Total Other Financing Sources	<u>0</u>	<u>101</u>	<u>(15,033)</u>	<u>(14,932)</u>
Net Change in Fund Balances	<u>15,577</u>	<u>100</u>	<u>(14,853)</u>	<u>824</u>
Fund Balances at Beginning of Year	25,061	0	15,198	40,259
Restatement	4,800	0	0	4,800
Restated Beginning Fund Balance	<u>29,861</u>	<u>0</u>	<u>15,198</u>	<u>45,059</u>
Fund Balance End of Year	<u>\$ 45,438</u>	<u>\$ 100</u>	<u>\$ 345</u>	<u>\$ 45,883</u>

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

NONMAJOR SPECIAL REVENUE FUNDS

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

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

IDEA Preschool (24109). To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was

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

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

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

Rural Education Achievement Program (25233). To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Technology for Education (27117). To account for funds received from the Technology for Education Grant created by the 1994 State Legislation to establish funding of any costs associated with educational technology. Funding provided by the State of New Mexico. (NMSA 22-15A-1-10).

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

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

NONMAJOR SPECIAL REVENUE FUNDS

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

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

Library GO Bonds (27170). To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2008

	Food Service 21000	Athletics 22000	IDEA B, Preschool 24109
ASSETS			
Cash and Cash Equivalents	\$ 6,192	\$ 5,566	\$ 0
Receivables			
Due From Grantor	0	0	701
Inventory	3,542	0	0
Total Assets	<u>9,734</u>	<u>5,566</u>	<u>701</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	0	3,748	0
Interfund Balances	0	0	701
Total Liabilities	<u>0</u>	<u>3,748</u>	<u>701</u>
Fund Balance			
Unreserved, Undesignated	9,734	1,818	0
Total Fund Balance	<u>9,734</u>	<u>1,818</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 9,734</u>	<u>\$ 5,566</u>	<u>\$ 701</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
For the Year Ended June 30, 2008

	Title V 24150	Teacher/ Principal Training 24154	Safe & Drug Free Schools & Community 24157
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	301	101	1,173
Inventory	0	0	0
Total Assets	<u>301</u>	<u>101</u>	<u>1,173</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	0	0	0
Interfund Balances	301	101	1,173
Total Liabilities	<u>301</u>	<u>101</u>	<u>1,173</u>
Fund Balance			
Unreserved, Undesignated	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 301</u>	<u>\$ 101</u>	<u>\$ 1,173</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
For the Year Ended June 30, 2008

	REAP 25233	ITFS/FCC 26111	Rural Vision 26127
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 6,000	\$ 24,347
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>0</u>	<u>6,000</u>	<u>24,347</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	0	0	0
Interfund Balances	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	0	6,000	24,347
Total Fund Balance	<u>0</u>	<u>6,000</u>	<u>24,347</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 6,000</u>	<u>\$ 24,347</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2008

	Technology for Ed PED 27117	Incentives for School Imp 27138	Library GO Bonds 27170
ASSETS			
Cash and Cash Equivalents	\$ 1,566	\$ 1,973	\$ 0
Receivables			
Due From Grantor	0	0	9,363
Inventory	0	0	0
Total Assets	<u>1,566</u>	<u>1,973</u>	<u>9,363</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	0	0	0
Interfund Balances	0	0	9,363
Total Liabilities	<u>0</u>	<u>0</u>	<u>9,363</u>
Fund Balance			
Unreserved, Undesignated	1,566	1,973	0
Total Fund Balance	<u>1,566</u>	<u>1,973</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 1,566</u>	<u>\$ 1,973</u>	<u>\$ 9,363</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2008

	Total
ASSETS	
Cash and Cash Equivalents	\$ 45,644
Receivables	
Due From Grantor	11,639
Inventory	3,542
Total Assets	<u>\$ 60,825</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 3,748
Interfund Balances	11,639
Total Liabilities	<u>15,387</u>
Fund Balance	
Unreserved, Undesignated	<u>45,438</u>
Total Fund Balance	<u>45,438</u>
Total Liabilities and Fund Balance	<u>\$ 60,825</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Food Service 21000	Athletics 22000	IDEA B, Preschool 24109
Revenues			0
Investment Income	\$ 133	\$ 0	\$ 0
Fees	28,750	25,276	0
State & Local Grants	51,147	0	0
Federal Grant	0	0	2,788
Miscellaneous	0	2,500	0
Total Revenues	<u>80,030</u>	<u>27,776</u>	<u>2,788</u>
Expenditures			
Current			
Instruction	0	27,935	2,788
Support Service-Instruction	0	0	0
Central Services	0	0	0
Food Services Operations	82,540	0	0
Total Expenditures	<u>82,540</u>	<u>27,935</u>	<u>2,788</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,510)</u>	<u>(159)</u>	<u>0</u>
Fund Balances at Beginning of Year	12,244	1,977	0
Restatement	0	0	0
Restated Beginning Fund Balance	<u>12,244</u>	<u>1,977</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 9,734</u>	<u>\$ 1,818</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Title V 24150	Teacher/ Principal Training 24154	Safe & Drug Free Schools & Community 24157
Revenues	0		
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grant	1,779	14,217	1,175
Miscellaneous	0	0	0
Total Revenues	<u>1,779</u>	<u>14,217</u>	<u>1,175</u>
Expenditures			
Current			
Instruction	1,779	14,217	416
Support Service-Instruction	0	0	759
Central Services	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>1,779</u>	<u>14,217</u>	<u>1,175</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at Beginning of Year	0	0	0
Restatement	0	0	0
Restated Beginning Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>REAP 25233</u>	<u>ITFS/FCC 26111</u>	<u>Rural Vision 26127</u>
Revenues			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	1,200	13,507
Federal Grant	19,102	0	0
Miscellaneous	0	0	0
Total Revenues	<u>19,102</u>	<u>1,200</u>	<u>13,507</u>
Expenditures			
Current			
Instruction	17,955	0	0
Support Service-Instruction	0	0	0
Central Services	1,147	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>19,102</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>1,200</u>	<u>13,507</u>
Fund Balances at Beginning of Year	0	0	10,840
Restatement	0	4,800	0
Restated Beginning Fund Balance	<u>0</u>	<u>4,800</u>	<u>10,840</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 6,000</u>	<u>\$ 24,347</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Technology for Ed PED 27117	Incentives for School Imp 27138	Library GO Bonds 27170
Revenues			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	5,696	1,973	9,363
Federal Grant	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>5,696</u>	<u>1,973</u>	<u>9,363</u>
Expenditures			
Current			
Instruction	4,130	0	0
Support Service-Instruction	0	0	9,363
Central Services	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>4,130</u>	<u>0</u>	<u>9,363</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,566</u>	<u>1,973</u>	<u>0</u>
Fund Balances at Beginning of Year	0	0	0
Restatement	0	0	0
Restated Beginning Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,566</u>	<u>\$ 1,973</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	<u>Total</u>
Revenues	
Investment Income	\$ 133
Fees	54,026
State & Local Grants	82,886
Federal Grant	39,061
Miscellaneous	2,500
Total Revenues	<u>178,606</u>
Expenditures	
Current	
Instruction	69,220
Support Service-Instruction	10,122
Central Services	1,147
Food Services Operations	82,540
Total Expenditures	<u>163,029</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,577</u>
Fund Balances at Beginning of Year	25,061
Restatement	4,800
Restated Beginning Fund Balance	<u>29,861</u>
Fund Balance End of Year	<u>\$ 45,438</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-FOOD SERVICE-21000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Local Sources				
Investment Income	\$ 150	\$ 150	\$ 133	\$ (17)
Fees	29,750	29,750	28,750	(1,000)
Total Local Sources	<u>29,900</u>	<u>29,900</u>	<u>28,883</u>	<u>(1,017)</u>
Federal Sources				
Federal Grant	<u>46,000</u>	<u>46,000</u>	<u>51,147</u>	<u>5,147</u>
Total Federal Sources	<u>46,000</u>	<u>46,000</u>	<u>51,147</u>	<u>5,147</u>
Total Revenues	<u>75,900</u>	<u>75,900</u>	<u>80,030</u>	<u>4,130</u>
Expenditures				
Food Service Operations				
Personnel Services	20,690	20,690	20,423	267
Employee Benefits	15,519	15,519	14,832	687
Other Purchased Services	375	375	156	219
Supplies	47,756	47,756	47,129	627
Property	<u>0</u>	<u>44</u>	<u>0</u>	<u>44</u>
Total Food Services Operations	<u>84,340</u>	<u>84,384</u>	<u>82,540</u>	<u>1,844</u>
Total Expenditures	<u>84,340</u>	<u>84,384</u>	<u>82,540</u>	<u>1,844</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,440)	(8,484)	(2,510)	5,974
Cash Balance Beginning of Year	<u>8,702</u>	<u>8,702</u>	<u>8,702</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 262</u>	<u>\$ 218</u>	<u>\$ 6,192</u>	<u>\$ 5,974</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (2,510)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (2,510)</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-ATHLETICS-22000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Local Sources				
Fees	\$ 22,500	\$ 22,500	\$ 25,276	\$ 2,776
Miscellaneous	0	0	2,500	2,500
Total Local Sources	<u>22,500</u>	<u>22,500</u>	<u>27,776</u>	<u>5,276</u>
Total Revenues	<u>22,500</u>	<u>22,500</u>	<u>27,776</u>	<u>5,276</u>
Expenditures				
Instruction				
Professional and Tech Service	0	100	100	0
Purchased Services	14,400	20,317	20,313	4
Supplies	9,377	4,060	3,774	286
Total Instruction	<u>23,777</u>	<u>24,477</u>	<u>24,187</u>	<u>290</u>
Total Expenditures	<u>23,777</u>	<u>24,477</u>	<u>24,187</u>	<u>290</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,277)	(1,977)	3,589	5,566
Cash Balance Beginning of Year	<u>1,977</u>	<u>1,977</u>	<u>1,977</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 700</u>	<u>\$ 0</u>	<u>\$ 5,566</u>	<u>\$ 5,566</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,589	
Net change in Accounts Payable			<u>(3,748)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (159)</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-IDEA B, PRESCHOOL-24109
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Programs	\$ 2,835	\$ 2,835	\$ 2,086	\$ (749)
Total Federal Sources	<u>2,835</u>	<u>2,835</u>	<u>2,086</u>	<u>(749)</u>
Total Revenues	<u>2,835</u>	<u>2,835</u>	<u>2,086</u>	<u>(749)</u>
Expenditures				
Instruction				
Salaries Expense	1,466	1,466	1,466	0
Employee Benefits	<u>1,369</u>	<u>1,369</u>	<u>1,321</u>	<u>48</u>
Total Instruction	<u>2,835</u>	<u>2,835</u>	<u>2,787</u>	<u>48</u>
Total Expenditures	<u>2,835</u>	<u>2,835</u>	<u>2,787</u>	<u>48</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(701)	(701)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (701)</u>	<u>\$ (701)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (701)	
Net change in Due from Grantor			<u>701</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-TITLE V-24150
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Programs	\$ 1,872	\$ 1,922	\$ 1,614	\$ (308)
Total Federal Sources	<u>1,872</u>	<u>1,922</u>	<u>1,614</u>	<u>(308)</u>
Total Revenues	<u>1,872</u>	<u>1,922</u>	<u>1,614</u>	<u>(308)</u>
Expenditures				
Instruction				
Supplies	1,736	1,786	1,779	7
Total Instruction	<u>1,736</u>	<u>1,786</u>	<u>1,779</u>	<u>7</u>
Total Expenditures	<u>1,736</u>	<u>1,786</u>	<u>1,779</u>	<u>7</u>
Excess (Deficiency) of Revenues Over Expenditures	136	136	(165)	(301)
Cash Balance Beginning of Year	<u>(136)</u>	<u>(136)</u>	<u>(136)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(301)</u>	\$ <u>(301)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (165)	
Net change in Due from Grantor			<u>165</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-TEACHER/PRINCIPAL TRAINING & RECRUITING-24154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Programs	\$ 14,219	\$ 14,252	\$ 14,149	\$ (103)
Total Federal Sources	<u>14,219</u>	<u>14,252</u>	<u>14,149</u>	<u>(103)</u>
Total Revenues	<u>14,219</u>	<u>14,252</u>	<u>14,149</u>	<u>(103)</u>
Expenditures				
Instruction				
Personnel Services	11,750	11,750	11,750	0
Employee Benefits	2,275	2,334	2,332	2
Supplies	161	135	135	0
Total Instruction	<u>14,186</u>	<u>14,219</u>	<u>14,217</u>	<u>2</u>
Total Expenditures	<u>14,186</u>	<u>14,219</u>	<u>14,217</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	33	33	(68)	(101)
Cash Balance Beginning of Year	<u>(33)</u>	<u>(33)</u>	<u>(33)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (101)</u>	<u>\$ (101)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (68)	
Net change in Due from Grantor			<u>68</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-SAFE & DRUG FREE SCHOOLS & COMMUNITY-24157
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Programs	\$ 3,503	\$ 8,160	\$ 382	\$ (7,778)
Total Federal Sources	<u>3,503</u>	<u>8,160</u>	<u>382</u>	<u>(7,778)</u>
Total Revenues	<u>3,503</u>	<u>8,160</u>	<u>382</u>	<u>(7,778)</u>
Expenditures				
Instruction				
Supplies	<u>2,360</u>	<u>7,017</u>	<u>416</u>	<u>6,601</u>
Total Instruction	<u>2,360</u>	<u>7,017</u>	<u>416</u>	<u>6,601</u>
Support Services-Instruction				
Salaries Expense	638	635	633	2
Employee Benefits	<u>125</u>	<u>128</u>	<u>126</u>	<u>2</u>
Total Support Services- Instruction	<u>763</u>	<u>763</u>	<u>759</u>	<u>4</u>
Total Expenditures	<u>3,123</u>	<u>7,780</u>	<u>1,175</u>	<u>6,605</u>
Excess (Deficiency) of Revenues Over Expenditures	380	380	(793)	(1,173)
Cash Balance Beginning of Year	<u>(380)</u>	<u>(380)</u>	<u>(380)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,173)</u>	<u>\$ (1,173)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (793)	
Net Change in Due from Grantor			<u>793</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Sources				
Federal Programs	\$ 0	\$ 18,147	\$ 19,102	\$ 955
Total Federal Sources	0	18,147	19,102	955
Total Revenues	0	18,147	19,102	955
Expenditures				
Instruction				
Professional & Tech Services	0	2,297	2,297	0
Supplies	0	8,694	8,694	0
Fixed Assets	0	6,964	6,964	0
Total Instruction	0	17,955	17,955	0
Central Services				
Personnel Services	0	955	955	0
Employee Benefits	0	192	192	0
Total Central Services	0	1,147	1,147	0
Total Expenditures	0	18,147	19,102	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	0	0	0	0
Cash Balance End of Year	\$ 0	\$ 0	\$ 0	\$ 0
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-ITFS/FCC-26111
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
Local/State Grant	\$ 1,200	\$ 1,200	\$ 1,200	\$ 0
Total State Sources	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Expenditures				
Instruction				
Other Purchased Services	0	0	0	0
Supplies	3,000	3,000	0	3,000
Property	3,000	3,000	0	3,000
Total Instruction	<u>6,000</u>	<u>6,000</u>	<u>0</u>	<u>6,000</u>
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>0</u>	<u>6,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,800)	(4,800)	1,200	6,000
Cash Balance Beginning of Year	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>1,200</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,200</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-RURAL VISION-26127
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
State Programs	\$ 0	\$ 0	\$ 13,507	\$ 13,507
Total State Sources	0	0	13,507	13,507
Total Revenues	0	0	13,507	13,507
Expenditures				
Instruction				
Supplies	10,840	10,840	0	10,840
Total Instruction	10,840	10,840	0	10,840
Total Expenditures	10,840	10,840	0	10,840
Excess (Deficiency) of Revenues Over Expenditures	(10,840)	(10,840)	13,507	24,347
Cash Balance Beginning of Year	10,840	10,840	10,840	0
Cash Balance End of Year	\$ 0	\$ 0	\$ 24,347	\$ 24,347
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 13,507	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 13,507	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-TECHNOLOGY FOR EDUCATION PED-27117
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
State Programs	\$ 371	\$ 10,949	\$ 6,067	\$ (4,882)
Total State Sources	<u>371</u>	<u>10,949</u>	<u>6,067</u>	<u>(4,882)</u>
Total Revenues	<u>371</u>	<u>10,949</u>	<u>6,067</u>	<u>(4,882)</u>
Expenditures				
Instruction				
Purchased Services	0	1,215	1,215	0
Supplies	<u>0</u>	<u>9,363</u>	<u>2,915</u>	<u>6,448</u>
Total Instruction	<u>0</u>	<u>10,578</u>	<u>4,130</u>	<u>6,448</u>
Total Expenditures	<u>0</u>	<u>10,578</u>	<u>4,130</u>	<u>6,448</u>
Excess (Deficiency) of Revenues Over Expenditures	371	371	1,937	1,566
Cash Balance Beginning of Year	<u>(371)</u>	<u>(371)</u>	<u>(371)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,566</u>	<u>\$ 1,566</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,937	
Net change in Due from Grantor			<u>(371)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,566</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-INCENTIVES FOR SCHOOL IMPROVEMENT ACT-27138
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
State Programs	\$ 0	\$ 0	\$ 1,973	\$ 1,973
Total State Sources	<u>0</u>	<u>0</u>	<u>1,973</u>	<u>1,973</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>1,973</u>	<u>1,973</u>
Expenditures				
Instruction				
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Outlay				
Property	0	0	0	0
Total Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	1,973	1,973
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,973</u>	<u>\$ 1,973</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>1,973</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,973</u>	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-LIBRARY GO BONDS-27170
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
State Programs	\$ 0	\$ 9,363	\$ 0	\$ (9,363)
Total State Sources	0	9,363	0	(9,363)
Total Revenues	0	9,363	0	(9,363)
Expenditures				
Support Services-Instruction				
Supplies	0	9,363	9,363	0
Total Support Services-Instruction	0	9,363	9,363	0
Total Expenditures	0	9,363	9,363	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	(9,363)	(9,363)
Cash Balance Beginning of Year	0	0	0	0
Cash Balance End of Year	\$ 0	\$ 0	\$ (9,363)	\$ (9,363)
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9,363)	
Net change in Due from Grantor			9,363	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
For the Year Ended June 30, 2008

NONMAJOR CAPITAL PROJECTS FUNDS

Special Capital Outlay-State (31400)

To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 CAPITAL OUTLAY STATE-31400
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
Special Capital Outlay	\$ 262,500	\$ 262,500	\$ 247,418	\$ (15,082)
Total State Sources	<u>262,500</u>	<u>262,500</u>	<u>247,418</u>	<u>(15,082)</u>
Total Revenues	<u>262,500</u>	<u>262,500</u>	<u>247,418</u>	<u>(15,082)</u>
Expenditures				
Capital Outlay				
Building Improvements	262,500	262,500	247,419	15,081
Total Capital Outlay	<u>262,500</u>	<u>262,500</u>	<u>247,419</u>	<u>15,081</u>
Total Expenditures	<u>262,500</u>	<u>262,500</u>	<u>247,419</u>	<u>15,081</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(1)</u>	<u>(1)</u>
Other Financing Sources (Uses)				
Transfer in from 31700	0	0	101	101
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>101</u>	<u>101</u>
Net Change in Fund Balance	0	0	100	100
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100</u>	<u>\$ 100</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(1)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(1)</u>	

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

NONMAJOR FUNDS

DEBT SERVICE FUND (41000)

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Local Sources				
Taxes	\$ 0	\$ 0	182	\$ 182
Total Local Sources	<u>0</u>	<u>0</u>	<u>182</u>	<u>182</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>182</u>	<u>182</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	0	10	2	8
Total Support Services-General Administration	<u>0</u>	<u>10</u>	<u>2</u>	<u>8</u>
Debt Service				
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>10</u>	<u>2</u>	<u>8</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(10)</u>	<u>180</u>	<u>190</u>
Other Financing Sources (Uses)				
Transfer to Operational	(15,105)	(15,095)	(15,033)	62
Total Other Sources (Uses)	<u>(15,105)</u>	<u>(15,095)</u>	<u>(15,033)</u>	<u>62</u>
Net Change in Fund Balance	(15,105)	(15,105)	(14,853)	252
Cash Balance Beginning of Year	<u>15,105</u>	<u>15,105</u>	<u>15,105</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 252</u>	<u>\$ 252</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 180	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 180	

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
For the Year Ended June 30, 2008

FIDUCIARY FUND

Activity Trust Fund

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 AGENCY FUNDS
 Schedule of Fiduciary Net Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2008

	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/08</u>
ASSETS				
Activity Trust Fund	\$ 45,942	\$ 132,610	\$ 136,336	\$ 42,216
TOTAL Assets	<u>\$ 45,942</u>	<u>\$ 132,610</u>	<u>\$ 136,336</u>	<u>\$ 42,216</u>
LIABILITIES				
Due to Student Groups	\$ 45,942	\$ 132,610	\$ 136,336	\$ 42,216
TOTAL Liabilities	<u>\$ 45,942</u>	<u>\$ 132,610</u>	<u>\$ 136,336</u>	<u>\$ 42,216</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Net Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2008

	Balance 06/30/07	Additions	Deletions	Balance 06/30/08
ASSETS				
General	\$ 2,032	\$ 4,486	\$ 3,669	\$ 2,849
FFA	1,922	27,070	26,299	2,693
FCCLA	3,245	3,594	5,435	1,404
Concession	3,914	22,099	21,906	4,107
BPA	2,265	16,797	19,013	49
Vo Ag Shop	744	65	0	809
Elementary	4,159	15,225	14,609	4,775
Class of 2009	0	2,942	1,715	1,227
Girls Athletics	9	4,514	3,028	1,495
Class of 2008	1,123	0	1,123	0
Boys Athletics	8	6,985	6,985	8
Student Council	337	1,150	1,312	175
Yearbook	2,717	3,925	5,624	1,018
Activity Bus	1,587	8,265	7,934	1,918
Music	2,089	1,711	3,112	688
Interest	492	477	492	477
Cheerleaders	3,794	9,674	11,711	1,757
Class of 2007	533	0	533	0
Science Club	636	3,014	1,836	1,814
Certificate of Deposit	14,336	617	0	14,953
Total Assets	<u>\$ 45,942</u>	<u>\$ 132,610</u>	<u>\$ 136,336</u>	<u>\$ 42,216</u>
LIABILITIES				
Deposits Held for Others	<u>\$ 45,942</u>	<u>\$ 132,610</u>	<u>\$ 136,336</u>	<u>\$ 42,216</u>
Total Liabilities	<u>\$ 45,942</u>	<u>\$ 132,610</u>	<u>\$ 136,336</u>	<u>\$ 42,216</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 Cash Reconciliation-All Funds
 For the Year Ended June 30, 2008

	Operational 11000	Transportation 13000	Instructional Materials 14000
Net Cash in Bank 6/30/07			
Cash in Bank	\$ 173,733	\$ 2	\$ 4,707
Balance 6/30/08	<u>173,733</u>	<u>2</u>	<u>4,707</u>
Add: 2007-08			
Revenues	2,379,452	304,026	21,599
Transfers	0	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>2,553,185</u>	<u>304,028</u>	<u>26,306</u>
Less: 2007-08			
Expenditures	2,337,373	304,024	22,595
Transfers	0	0	0
Loans to Other Funds	0	0	0
	<u>2,337,373</u>	<u>304,024</u>	<u>22,595</u>
TOTAL Cash 6/30/08	<u>\$ 215,812</u>	<u>\$ 4</u>	<u>\$ 3,711</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 Cash Reconciliation-All Funds
 For the Year Ended June 30, 2008

	Food Service 21000	Athletics 22000	Activities 23000
Net Cash in Bank 6/30/07			
Cash in Bank	\$ 8,702	\$ 1,977	\$ 45,942
Balance 6/30/08	<u>8,702</u>	<u>1,977</u>	<u>45,942</u>
 Add: 2007-08			
Revenues	80,031	27,776	132,610
Transfers	0	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>88,733</u>	<u>29,753</u>	<u>178,552</u>
 Less: 2007-08			
Expenditures	82,541	24,187	136,336
Transfers	0	0	0
Loans to Other Funds	0	0	0
	<u>82,541</u>	<u>24,187</u>	<u>136,336</u>
 TOTAL Cash 6/30/08	<u>\$ 6,192</u>	<u>\$ 5,566</u>	<u>\$ 42,216</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 Cash Reconciliation-All Funds
 For the Year Ended June 30, 2008

	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000
Net Cash in Bank 6/30/07			
Cash in Bank	\$ (35,112)	\$ 0	\$ 15,640
Balance 6/30/08	<u>(35,112)</u>	<u>0</u>	<u>15,640</u>
Add: 2007-08			
Revenues	408,982	19,102	14,707
Transfers	0	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>373,870</u>	<u>19,102</u>	<u>30,347</u>
Less: 2007-08			
Expenditures	464,640	19,102	0
Transfers	0	0	0
Loans to Other Funds	0	0	0
	<u>464,640</u>	<u>19,102</u>	<u>0</u>
 TOTAL Cash 6/30/08	 <u>(90,770)</u>	 <u>0</u>	 <u>\$ 30,347</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 Cash Reconciliation-All Funds
 For the Year Ended June 30, 2008

	State Flowthrough 27000	Special Capital Outlay 31400	Senate Bill Nine 31700
Net Cash in Bank 6/30/07			
Cash in Bank	\$ (371)	\$ 0	\$ 93,405
Balance 6/30/08	<u>(371)</u>	<u>0</u>	<u>93,405</u>
Add: 2007-08			
Revenues	8,040	247,518	92,095
Transfers	0	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>7,669</u>	<u>247,518</u>	<u>185,500</u>
Less: 2007-08			
Expenditures	13,493	247,418	37,937
Transfers	0	0	0
Loans to Other Funds	0	0	0
	<u>13,493</u>	<u>247,418</u>	<u>37,937</u>
TOTAL Cash 6/30/08	<u>\$ (5,824)</u>	<u>\$ 100</u>	<u>\$ 147,563</u>

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

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
 Cash Reconciliation-All Funds
 For the Year Ended June 30, 2008

	Debt Service 41000	Totals
Net Cash in Bank 6/30/07		
Cash in Bank	\$ 15,105	\$ 323,730
Balance 6/30/08	<u>15,105</u>	<u>323,730</u>
 Add: 2007-08		
Revenues	182	3,736,120
Transfers	0	0
Loan from Other Funds	0	0
TOTAL Cash Available	<u>15,287</u>	<u>4,059,850</u>
 Less: 2007-08		
Expenditures	15,035	3,704,681
Transfers	0	0
Loans to Other Funds	0	0
	<u>15,035</u>	<u>3,704,681</u>
 TOTAL Cash 6/30/08	<u>\$ 252</u>	<u>\$ 355,169</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124
(505) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

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

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons for the General Fund and major special revenue fund, and the combining individual funds presented as supplemental information of the MELROSE MUNICIPAL SCHOOLS, (District), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of 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 the audit, and that, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the New Mexico State Legislature and its committees, the Office of the State Auditor, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

November 5, 2008

STATE OF NEW MEXICO
MELROSE MUNICIPAL SCHOOLS
Schedule of Findings and Responses
For the Year Ended June 30, 2008

Prior Year Audit Findings

There were no prior year audit findings

Current Year Audit Findings

There are no current year audit findings.

Financial Statement Preparation

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

Exit Conference

An exit conference was held November 5, 2008. Present were Ronald Windom-Superintendent, Keith McAlister-Secretary, Pamela Beevers-Business Manager and DeAun Willoughby, CPA.