

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2009
(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

MAXWELL MUNICIPAL SCHOOLS

AUDIT REPORT

For The Year Ended June 30, 2009

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
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STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Official Roster
Year Ended June 30, 2009

Board of Education

<u>Name</u>	<u>Title</u>
Ms. Mary Lou Kern	President
Mr. Karl Shubert	Vice-President
Mr. Clint Kuchan	Secretary
Mr. Dustin Long	Member
Mr. Clifford Frank Taylor	Member

School Officials

Dr. J. Aufderhide	Superintendent
Mrs. Susan Robinson	Business Manager
Ms. Yolanda Mitchell	Administrative Assistant

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas
New Mexico State Auditor
and
Board of Education
Maxwell Municipal Schools
Maxwell, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Maxwell Municipal Schools, as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Schools' 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, 2009 as listed in the table of contents. These financial statements are the responsibility of the Maxwell Municipal Schools management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Maxwell Municipal Schools internal control over financial reporting. Accordingly, we express no such opinion. 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.

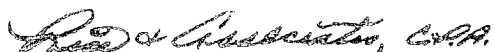
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Maxwell Municipal Schools, as of

June 30, 2009, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the General, 21st Century and Wellness Center and Value Options 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 non-major governmental fund of Maxwell Municipal Schools, as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparisons for the Debt Service Fund and the non-major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2009 on our consideration of Maxwell Municipal Schools internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The District has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements and the combining and individual fund financial statements and the budgetary comparisons of Maxwell Municipal Schools. The accompanying financial information listed as Schedule of Cash Receipts and Disbursements, Schedule of Changes in Assets and Liabilities and Schedule of Budgetary Basis to GAAP Basis Reconciliation are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds taken as a whole.



September 21, 2009

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Statement of Net Assets
 June 30, 2009

Statement 1

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 226,500
Taxes receivable	5,952
Due from grantor	67,818
Inventory	<u>2,536</u>
Total current assets	<u>302,806</u>
Non-current assets	
Land (non-depreciable)	307,309
Capital assets (depreciable)	5,922,200
Less accumulated depreciation	<u>(2,599,968)</u>
Total non-current assets	<u>3,629,541</u>
Total assets	<u><u>3,932,347</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	9,180
Accrued interest	2,958
Deferred revenue	96,514
Current portion of long-term obligations	<u>25,000</u>
Total current liabilities	<u>133,652</u>
Long-term obligations:	
Compensated absences	12,139
Non-current portion of long-term obligations	<u>55,000</u>
Total long-term liabilities	<u>67,139</u>
Total liabilities	<u>200,791</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,546,583
Restricted for	
Cafeteria fund (inventory)	2,536
Debt service	32,128
Unrestricted	<u>150,309</u>
Total net assets	<u><u>\$ 3,731,556</u></u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Statement of Activities
Year Ended June 30, 2009

Statement 2

<u>Functions/Programs</u>	Program Revenues				Net (Expenses) Revenue and Changes Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
EXPENSES:					
Governmental activities:					
Direct instruction	\$ 1,371,353	\$ 57,319	\$ 316,557	\$ 19,407	\$ (978,070)
Instructional support	867,425	-	175,585	-	(691,840)
Food services	90,157	3,926	37,960	-	(48,271)
Depreciation - unallocated	109,763	-	-	-	(109,763)
Interest on long-term obligations	2,958	-	-	-	(2,958)
Total governmental activities	2,441,656	61,245	530,102	19,407	(1,830,902)
General revenues:					
Taxes					
Property taxes, levied for general purposes					5,183
Property taxes, levied for capital projects					23,489
Property taxes, levied for debt service					28,799
Federal and State aid not restricted to specific purpose General					1,734,090
Interest and investment earnings					223
Sub-total, general revenues					1,791,784
Change in net assets					(39,118)
Net assets - beginning of year					3,770,674
Net assets - end of year					\$ 3,731,556

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Balance Sheet - All Governmental Funds
June 30, 2009

Statement 3

	General	21st Century	Wellness Center	Value Options	Debt Service	Other Governmental	Total
ASSETS							
Cash on deposit	\$ 60,548	\$ -	\$ 57,350	\$ 22,260	\$ 31,346	\$ 54,996	\$ 226,500
Due from other funds	67,818	-	-	-	-	-	67,818
Accounts receivable, collectible	428	-	-	-	782	4,742	5,952
Inventory, at cost	-	-	-	-	-	2,536	2,536
Due from grantor	-	67,040	-	-	-	778	67,818
	<u>-</u>	<u>67,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>778</u>	<u>67,818</u>
Total assets	<u>\$ 128,794</u>	<u>\$ 67,040</u>	<u>\$ 57,350</u>	<u>\$ 22,260</u>	<u>\$ 32,128</u>	<u>\$ 63,052</u>	<u>\$ 370,624</u>
LIABILITIES							
Due to other funds	\$ -	\$ 67,040	\$ -	\$ -	\$ -	\$ 778	\$ 67,818
Deferred revenues	-	-	57,350	22,260	-	16,904	96,514
Accounts payable	9,180	-	-	-	-	-	9,180
	<u>9,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,180</u>
Total liabilities	<u>9,180</u>	<u>67,040</u>	<u>57,350</u>	<u>22,260</u>	<u>-</u>	<u>17,682</u>	<u>173,512</u>
FUND BALANCE							
Reserved for retirement of long-term debt	-	-	-	-	32,128	-	32,128
Reserved for inventory	-	-	-	-	-	2,536	2,536
Unreserved:							
Designated for subsequent years expenditures	-	-	-	-	-	-	-
Undesignated, reported in:							
General Fund	119,614	-	-	-	-	-	119,614
Special Revenue Funds	-	-	-	-	-	8,439	8,439
Capital Projects Fund	-	-	-	-	-	34,395	34,395
	<u>119,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,370</u>	<u>197,112</u>
Total fund balance	<u>119,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,128</u>	<u>45,370</u>	<u>197,112</u>
Total liabilities and fund balance	<u>\$ 128,794</u>	<u>\$ 67,040</u>	<u>\$ 57,350</u>	<u>\$ 22,260</u>	<u>\$ 32,128</u>	<u>\$ 63,052</u>	<u>\$ 370,624</u>

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

STATE OF NEW MEXICO
MAXWELL MUNIICPAL SCHOOLS
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2009

Statement 4

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

Total fund balances - governmental funds		\$ 197,112
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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	6,229,509	
Accumulated depreciation	<u>(2,599,968)</u>	
		3,629,541

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:

Bonds payable	(80,000)	
Accrued interest on bonds	(2,958)	
Compensated absences	<u>(12,139)</u>	
		<u>(95,097)</u>

Total net assets - governmental funds		<u>\$ 3,731,556</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental Funds
Year Ended June 30, 2009

Statement 5

	General	21st Century	Wellness Center	Value Options	Debt Service	Other Governmental	Total
REVENUES							
Taxes	\$ 5,183	\$ -	\$ -	\$ -	\$ 28,799	\$ 23,489	\$ 57,471
Charges for services	45,335	-	-	-	-	15,910	61,245
Local sources	7,544	-	-	-	-	623	8,167
State sources	1,830,994	77,417	19,900	37,757	-	38,191	2,004,259
Federal sources	6,335	178,101	-	-	-	86,737	271,173
Earnings from investments	200	-	-	-	-	23	223
Total revenues	<u>1,895,591</u>	<u>255,518</u>	<u>19,900</u>	<u>37,757</u>	<u>28,799</u>	<u>164,973</u>	<u>2,402,538</u>
EXPENDITURES							
Current:							
Direct instruction	1,071,225	240,666	-	-	-	66,611	1,378,502
Instructional support	750,933	14,852	24,232	37,757	-	39,651	867,425
Food services	49,651	-	-	-	-	40,506	90,157
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Bonds	-	-	-	-	25,000	-	25,000
Interest	-	-	-	-	4,033	-	4,033
Total expenditures	<u>1,871,809</u>	<u>255,518</u>	<u>24,232</u>	<u>37,757</u>	<u>29,033</u>	<u>146,768</u>	<u>2,365,117</u>
Net change in fund balances	23,782	-	(4,332)	-	(234)	18,205	37,421
Fund balance beginning of year	95,832	-	4,332	-	32,362	27,165	159,691
Fund balance end of year	<u>\$ 119,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,128</u>	<u>\$ 45,370</u>	<u>\$ 197,112</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2009

Statement 6

Total net change in fund balances - governmental funds \$ 37,421

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 expense exceeds capital outlays in the period

Depreciation expense	(109,763)	
Capital outlays	-	
Excess of depreciation expense over capital outlay	-	(109,763)

Revenue in the Statement of Activities that do not provide
 current financial resources are not reported as revenues in
 the funds Property Taxes (net change for the year)

In the Statement of Activities, certain operating
 expenses are measured by the amounts incurred
 during the year. In the fund financial statements,
 however, expenditures are measured by the amount
 of financial resources used (essentially the amounts
 actually paid). The (increases) decreases in the
 liabilities for the year were:

Accrued interest payable		1,075
Compensated absences payable		7,149

Repayment of bond principal is an expenditure in the
 governmental funds, but it reduces long-term liabilities
 in the Statement of Net Assets and does not affect the
 Statement of Activities.

25,000

Change in net assets of governmental activities		<u>\$ (39,118)</u>
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the accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 3,865	\$ 3,865	\$ 4,819	\$ 954
Charges for services	29,400	29,400	45,335	15,935
Local sources	-	-	7,544	7,544
State sources	1,820,843	1,833,707	1,830,994	(2,713)
Federal sources	4,529	4,529	6,335	1,806
Earnings from investments	3,000	3,000	200	(2,800)
Total revenues	<u>\$ 1,861,637</u>	<u>\$ 1,874,501</u>	<u>\$ 1,895,227</u>	<u>\$ 20,726</u>
EXPENDITURES				
Direct instruction	\$ 1,066,226	\$ 1,071,717	\$ 1,071,225	\$ 492
Instructional support	799,300	807,798	750,083	57,715
Food services	51,860	51,860	49,651	2,209
Capital outlay	8,557	7,432	-	7,432
Total expenditures	<u>\$ 1,925,943</u>	<u>\$ 1,938,807</u>	<u>\$ 1,870,959</u>	<u>\$ 67,848</u>
BUDGETED CASH BALANCE	<u>\$ 64,306</u>	<u>\$ 64,306</u>		

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
21st Century
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 77,417	\$ 91,069	\$ 13,652
Federal sources	<u>180,000</u>	<u>271,473</u>	<u>153,337</u>	<u>(118,136)</u>
Total revenues	<u>\$ 180,000</u>	<u>\$ 348,890</u>	<u>\$ 244,406</u>	<u>\$ (104,484)</u>
EXPENDITURES				
Direct instruction	\$ 161,874	\$ 333,288	\$ 240,666	\$ 92,622
Instructional support	<u>18,126</u>	<u>15,602</u>	<u>14,852</u>	<u>750</u>
Total expenditures	<u>\$ 180,000</u>	<u>\$ 348,890</u>	<u>\$ 255,518</u>	<u>\$ 93,372</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Wellness Center
 Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 17,667	\$ 72,667	\$ 66,200	\$ (6,467)
Total revenues	<u>\$ 17,667</u>	<u>\$ 72,667</u>	<u>\$ 66,200</u>	<u>\$ (6,467)</u>
EXPENDITURES				
Instructional support	\$ 17,667	\$ 72,667	\$ 24,232	\$ 48,435
Total expenditures	<u>\$ 17,667</u>	<u>\$ 72,667</u>	<u>\$ 24,232</u>	<u>\$ 48,435</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Value Options
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 32,642	\$ 62,642	\$ 26,830	\$ (35,812)
Total revenues	<u>\$ 32,642</u>	<u>\$ 62,642</u>	<u>\$ 26,830</u>	<u>\$ (35,812)</u>
EXPENDITURES				
Instructional support	\$ 32,642	\$ 62,642	\$ 37,757	\$ 24,885
Total expenditures	<u>\$ 32,642</u>	<u>\$ 62,642</u>	<u>\$ 37,757</u>	<u>\$ 24,885</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Statement of Fiduciary
Assets and Liabilities - Agency Funds
June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>21,295</u>
Total Assets	<u>\$ 21,295</u>
LIABILITIES	
Deposits held for others	\$ <u>21,295</u>
Total Liabilities	<u>\$ 21,295</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Notes to Financial Statements
Year Ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Maxwell Municipal Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

In June 1999, the GASB unanimously approved Statement #34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2001, the GASB approved Statement No. 37, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The District implemented the provisions of GASB #'s 34, 37 and 38 effective July 1, 2000. As part of Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this requirement.

A. Reporting Entity

The Maxwell Municipal Schools School Board was created under the provision of Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

Notes to Financial Statements (continued)

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 also has no *component units* as defined by GASB Statement No. 14 as there are no other legally separate organizations for which the elected School Board 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.

B. Basis of Presentation

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.

Governmental Funds

Under the requirements of GASB 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund):

General Fund - the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Fund - 21st Century - to account for resources received to enable the District to become a community learning center to keep children safe in the after school hours. Resources are provided by New Mexico Legislation and the Federal Title IV Act. Funding and Authority is provided by the Elementary and Secondary Education Act of 1965, as amended, Title IV, Part B.

Notes to Financial Statements (continued)

Special Revenue Fund - Wellness Center - to account for resources received to provide for integrated primary care and behavioral health (mental health and substance abuse) services to all students in conjunction with the New Mexico Department of Health.

Special Revenue Fund - Value Options - to account for resources received for the purpose of providing quality behavioral health and substance abuse services to all students.

Debt Service Fund - General Obligation Bonds - to account for resources received for the purpose of paying general obligation bonds and interest coupons. Funds are received from property taxes levied against property located within the School District and levied specifically for this purpose.

Other funds of the School District follow:

Agency Funds - account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

School Activity Fund - accounts for assets held by the District as an agent for the individual schools and school organizations.

The District also reports additional Governmental funds as non-major. They include:

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

Capital Project Funds - these funds are used to account for the acquisition of capital assets or construction of major capital projects.

All government-wide financial statements for the School District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable within a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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 60 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.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

REVENUES

Ad valorem taxes (property 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. Total delinquent property taxes were not available from the County Treasurers for the current year.

Entitlements 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.

Notes to Financial Statements (continued)

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 not accrued.

OTHER FINANCING SOURCES (USES)

Transfers between funds 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.

Fiduciary Funds

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

D. Budgets and Budgetary Accounting

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 accounting principles generally accepted in the United States of America (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on this non-GAAP budgetary basis.

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

1. Prior to April 15, (unless a later date is fixed by the Superintendent of Public Instruction) the local school board submits to the School Budget Planning Unit (SBPU) of the New Mexico Department of Education an estimated budget for the school 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 State Department of Education (SDE) by the school district shall contain headings and details as prescribed by law.

Notes to Financial Statements (continued)

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 a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school 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 into the accounting system. Encumbrances shall be used as an element of 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 a school district shall make any expenditures or incur any obligation for the expenditure 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 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school 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 Maxwell Municipal Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflects the approved budget and amendments thereto.

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances lapse at the fiscal year end and are therefore not included as a reservation of fund balance. Authorization for the eventual expenditure will be included in the following years budget appropriations.

F. Assets, Liabilities and Fund Equity

1. **Cash & 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.

2. **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 the last five years 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 contemporaneous with investments.

If the District is unable to receive payment on public money at the rate of interest set forth by the State Board of Finance (which is no less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of the deposit) from financial institutions within the geographic boundaries of the governmental unit, the District may invest its money with the New Mexico State Treasurer's short-term investment pool.

Notes to Financial Statements (continued)

3. Accounts Receivable

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.

Accounts receivable consist of the following:

	<u>General</u>	<u>Other Major</u>	<u>Other Governmental</u>	<u>Total</u>
State grant	\$ -	\$ -	\$ 4,244	\$ 4,244
Property taxes	428	782	498	1,708
Total	<u>\$ 428</u>	<u>\$ 782</u>	<u>\$ 4,742</u>	<u>\$ 5,952</u>

4. Inventories

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.

5. Capital Assets

Capital assets are recorded at historical cost 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 and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated capital assets are recorded at their estimated fair value at the date of donation. 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. The District does not capitalize interest in regards to its 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 & building improvements	20 to 40 years
Furniture & equipment	5 years
Auto/Vehicle	5 years

Notes to Financial Statements (continued)

GASB Statement 34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. The District did not own any infrastructure assets as of June 30, 2008.

The District does not capitalize computer software or software developed for internal use (if applicable) unless they exceed the \$5,000 threshold. Also, the District does not capitalize library books unless they exceed the \$5,000 threshold.

6. Deferred Revenues

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 balance sheet and the revenue is recognized.

7. Compensated Absences

Qualified employees are entitled to accumulate annual leave to 20 days per fiscal year. All earned vacation must be taken within one year after it is earned. Upon termination, employees will be paid for up to 20 days of accrued annual leave.

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. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net assets.

8. Fund Balances of Fund Financial Statements

Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The District designates the portion of the year-end fund balance, not otherwise designated or reserved, for subsequent years' expenditures. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

9. Salaries and Wages

Pursuant to the instructions contained in the Manual of Procedures for Uniform Accounting and Budgeting for New Mexico School Districts, the School District issues all payroll checks by the end of the fiscal year. Some of these

Notes to Financial Statements (continued)

checks are delivered to the employee subsequent to the end of the fiscal year. All of these checks are recorded and included in the financial statements as expenditures and a reduction of cash.

10. Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

11. Inter-fund 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.

12. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements (continued)

2. DEPOSITORY COLLATERAL

The following is the Cash on Deposit at each financial institution.

Wells Fargo Bank	Activity	Checking	\$ 26,130
Wells Fargo Bank	Hot Lunch	Checking	12,033
Wells Fargo Bank	Federal	Checking	-
Wells Fargo Bank	Operational	Checking	406,671
International Bank	Clearing Account	Checking	-
			<u>\$ 444,834</u>
Total amount on deposit			\$ 444,834
Outstanding checks			(208,132)
Deposits in transit			6,308
Due from REC			4,535
Petty Cash			<u>250</u>
Total per financial statements			<u>\$ 247,795</u>

At June 30, 2009, the carrying amount of the School Districts deposits was \$247,795 and the bank balance was \$444,834. Of this balance \$100,000 was covered by federal depository insurance and \$271,046 was covered by collateral. The remaining \$73,788 is comprised of amounts in excess of those required to be collateralized under State law.

Cash on deposit at June 30, 2009	\$ 444,834
Less F.D.I.C.	<u>(250,000)</u>
Uninsured Funds	194,834
50% Collateral Requirement	97,417
Pledged Collateral	<u>271,046</u>
Excess of Pledged Collateral	<u>\$ 173,629</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2009, \$344,834 of the School's bank balance of \$444,834 was exposed to custodial credit risk as follows:

A. Uninsured and uncollateralized	\$ -
B. Uninsured and collateralized with Securities held by the pledging banks trust department, not in the Schools name	<u>194,834</u>
Total	<u>\$ 194,834</u>

Notes to Financial Statements (continued)

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the School District for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>Wells Fargo MINN-MPLS</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FNCL #31407H3T1	06-01-36	\$ 262,634
GNSF #36225BG36	10-15-29	8,412
		<u>\$ 271,046</u>

As of June 30, 2009, the School District had the following cash and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
Checking accounts	<u>\$ 444,834</u>	Less than 6 months

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District's investment policy limits the School District's investment portfolio to maturities of less than one year.

3. CAPITAL ASSETS

Capital assets balances and activity for the year ended June 30, 2009 are as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>
Governmental activities:					
Land	\$ 307,309	\$ -	\$ -	\$ -	\$ 307,309
Buildings & building improvements	4,775,347	-	278,029	(9,137)	5,044,239
Land improvements	301,481	-	(3,563)	-	297,918
Furniture & equipment	854,509	-	(274,466)	-	580,043
Total	<u>6,238,646</u>	<u>-</u>	<u>-</u>	<u>(9,137)</u>	<u>6,229,509</u>
Less accumulated depreciation:					
Buildings & building improvements	1,805,274	60,496	174,878	(9,137)	2,031,511
Land improvements	126,392	34,245	(3,563)	-	157,074
Furniture & equipment	567,676	15,022	(171,315)	-	411,383
Total	<u>2,499,342</u>	<u>109,763</u>	<u>-</u>	<u>(9,137)</u>	<u>2,599,968</u>
Governmental activities					
Capital assets, net	<u>\$ 3,739,304</u>	<u>\$ (109,763)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,629,541</u>

Notes to Financial Statements (continued)

4. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the District-Wide Statement of Net Assets:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Bonds	\$ 105,000	\$ -	\$ 25,000	\$ 80,000	\$ 25,000
Compensated Absences	19,287	-	7,149	12,138	-
Total	<u>\$ 124,287</u>	<u>\$ -</u>	<u>\$ 32,149</u>	<u>\$ 92,138</u>	<u>\$ 25,000</u>

Payments on the general obligation bonds are made by the debt service funds. The compensated absences liability will ultimately be liquidated by several of the Districts governmental funds, with most being paid by the General Fund, Transportation Fund, Cafeteria Fund and Title I Fund.

B. General Obligation Bonds

The general obligation bonds will be paid from taxes levied against property owners living within the School District boundaries. The annual requirements to retire general obligation bonds as of June 30, are as follows:

Date of issue - April 15, 1999
Original amount - \$250,000
Interest rate - 3.875% to 5.875%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 25,000	\$ 2,958	\$ 27,958
2011	25,000	1,867	26,867
2012	30,000	660	30,660
Total	<u>\$ 80,000</u>	<u>\$ 5,485</u>	<u>\$ 85,485</u>

B. Operating Leases

The District did not have any operating leases during the fiscal year.

C. Short-Term Liabilities

The District did not have any short-term liabilities during the fiscal year.

Notes to Financial Statements (continued)

5. REVENUES

A. Property Tax Levies

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund and SB-9 Capital Improvement Fund. Taxes are payable in two equal installments on November 10 and April 10 following the levy and become delinquent after 30 days. Taxes on real property are liens on the property on January 1 of the year for which the taxes are imposed.

B. State Equalization Guarantee

Each school district in the State of New Mexico receives a "state equalization guarantee distribution" which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined" (in Chapter 22, Section 8-25, NMSA 1978) "is at least equal to the school district's program cost."

A school district's program costs are determined through the use of various formulas using "program units" which take into consideration (1) early childhood education; (2) basic education; (3) special education; (4) bilingual/multi-cultural education; (5) size, etc. Payment is made from the public school fund under the authority of the chief (director of public school finance). The District received \$1,734,090 in state equalization guarantee distributions during the year ended June 30, 2009.

C. Transportation Distribution

Money in the transportation distribution of the public school fund shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in the grades K through twelve attending public school within the school district. Except in unusual circumstances as determined by the local school board and confirmed by the state transportation director, midday bus routes for early childhood education students shall not be approved for funding in excess of twenty miles one way.

Money in the vocational education transportation distribution of the public school fund is used for the purpose of making payments to school districts for transportation of students to and from their regular attendance centers and the place where vocation education programs are being offered, pursuant to Section 22-16-4.1 (NMSA 1978) of the Act. The transportation distribution is allocated to each school district according to an objective formula developed by the state transportation director and the director of public school finance.

Notes to Financial Statements (continued)

In the event the sum of the proposed transportation allocations to each school district exceeds the amounts in the transportation distribution, each school district to receive an allocation shares in a reduction in the proportion that each school district's forty-day average daily membership bears to the forty-day average daily membership of all school districts to receive allocations.

Local school boards shall negotiate school bus contracts in accordance with regulations promulgated by the state transportation director with the approval of the State Board of Education.

Local school boards, with the approval of the state transportation director, may provide additional transportation services pursuant to Section 22-16-2 NMSA 1978 to meet established program needs.

The District received \$87,387 in transportation distribution during the year ended June 30, 2009.

D. SB-9 State Match

The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$14,048 in state SB-9 matching during the year ended June 30, 2009.

E. Public School Capital Outlay

Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

Notes to Financial Statements (continued)

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school district have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner.
4. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, 2009, the District received \$5,359 in special capital outlay funds.

F. Instructional Materials

The New Mexico State Department of Education (Department) received federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Beginning with the fiscal year ended June 30, 2009, Districts received their total allocation at the beginning of the fiscal year, instead of being reimbursed for purchases as was done in the prior year. During the year ended June 30, 2009, the District received \$9,517 in instructional materials allocation.

Notes to Financial Statements (continued)

G. Federal Grants

The District receives revenues from various Federal departments (both direct and indirect) which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Department of Education). The various budgets are approved by the Local School Board and the New Mexico Department of Education.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food service operations, and distributions of commodities through the New Mexico Human Services Department.

6. DEFERRED REVENUE

Deferred revenue represents advances on cost-reimbursement type grants which have not yet been earned.

7. HIGH PLAINS REGIONAL EDUCATION COOPERATIVE

Certain special revenue (federal) funds of the district were administered by the High Plains Regional Educational Cooperative, in Raton, New Mexico. These funds are audited separately by another IPA. That report may be obtained by writing to: High Plains REC, 130 Park Avenue, Raton, New Mexico, 87740.

8. CASH OVERDRAFTS

The cash overdrafts shown in some of the Special Revenue Funds represent expenditures made by the district which will be reimbursed by the grant awards, other state grants, etc.

9. DUE FROM GRANTOR

The amount shown as due from grantor represents federal, state and local expenditures in excess of revenues. Most federal, state or local projects earn revenue as expenditures are incurred and are subsequently reimbursed by the grantor.

Notes to Financial Statements (continued)

10. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	<u>General</u>	<u>21st Century</u>	<u>Wellness Center</u>	<u>Value Options</u>
Revenues per modified accrual basis	\$ 1,895,591	\$ 255,518	\$ 19,900	\$ 37,757
Receivables	(364)	-	-	-
Deferred revenues/Due from grantor	-	(11,112)	46,300	(10,927)
Revenues per budgetary basis	<u>\$ 1,895,227</u>	<u>\$ 244,406</u>	<u>\$ 66,200</u>	<u>\$ 26,830</u>
Expenditures per modified accrual basis	\$ 1,871,809	\$ 255,518	\$ 24,232	\$ 37,757
Inventory changes	-	-	-	-
Accounts payable	850	-	-	-
Expenditures per budgetary basis	<u>\$ 1,870,959</u>	<u>\$ 255,518</u>	<u>\$ 24,232</u>	<u>\$ 37,757</u>
	<u>Debt Service</u>	<u>Non-Major Special Revenue</u>	<u>Non-Major Capital Projects</u>	
Revenues per modified accrual basis	\$ 28,799	\$ 122,077	\$ 42,896	
Receivables	(142)	-	(4,338)	
Deferred revenues/Due from grantor	-	11,243	-	
Revenues per budgetary basis	<u>\$ 28,657</u>	<u>\$ 133,320</u>	<u>\$ 38,558</u>	
Expenditures per modified accrual basis	\$ 29,033	\$ 122,806	\$ 23,962	
Inventory changes	-	332	-	
Accounts payable	-	-	-	
Expenditures per budgetary basis	<u>\$ 29,033</u>	<u>\$ 123,138</u>	<u>\$ 23,962</u>	

11. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and Workmens Compensation. For these risks of loss, the School District belongs to a public entity risk pool currently operated as a common risk management and insurance program for 89 member School Districts. (New Mexico Public School Insurance Authority). Amounts of settlement have not exceeded insurance coverage in the past three years.

12. RETIREMENT PLAN

Plan Description. Substantially all of the Maxwell Municipal Schools 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 (ERA) 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). ERA 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 ERA, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERA's website at www.nmerb.org.

Funding Policy. Plan members are required to contribute 7.825% of their gross salary. Maxwell Municipal Schools 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 Maxwell Municipal Schools are established in State statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Maxwell Municipal Schools contributions to ERA for the years ending June 30, 2009, 2008 and 2007 were \$147,161, \$141,214 and \$122,928 respectively, which equals the amount of the required contributions for each fiscal year.

13. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employers effective date and the date of retirement; (2) retirees

Notes to Financial Statements (continued)

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 post-employment healthcare plan. The report and further information can be obtained by writing to Retiree Health Care Authority, 4308 Carlisle Boulevard, Suite 104, Albuquerque, New Mexico 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized 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 for 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 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 01/01/98 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.

Maxwell Municipal Schools contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$16,423, \$16,843 and \$15,745, respectively, which equal the required contributions for each year.

**OTHER MAJOR FUNDS
BUDGETS**

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Debt Service Fund
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 29,032	\$ 29,032	\$ 28,657	\$ (375)
Total revenues	<u>\$ 29,032</u>	<u>\$ 29,032</u>	<u>\$ 28,657</u>	<u>\$ (375)</u>
EXPENDITURES				
Bonds paid	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Coupons paid	4,032	4,032	4,032	-
Total expenditures	<u>\$ 29,032</u>	<u>\$ 29,032</u>	<u>\$ 29,032</u>	<u>\$ -</u>

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

NON-MAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Non-Major Governmental Funds
Combined Balance Sheet - By Fund Type
June 30, 2009

Statement A-1

	Special Revenue Funds	Capital Project Funds	Total
ASSETS			
Cash on deposit	\$ 25,343	\$ 29,653	\$ 54,996
Taxes receivable	-	498	498
Accounts receivable	-	4,244	4,244
Inventory, at cost	2,536	-	2,536
Due from grantor	778	-	778
Total assets	\$ 28,657	\$ 34,395	\$ 63,052
LIABILITIES			
Due to other funds	\$ 778	\$ -	\$ 778
Deferred revenues	16,904	-	16,904
Total liabilities	17,682	-	17,682
FUND BALANCE			
Reserved for inventory	2,536	-	2,536
Unreserved: Undesignated	8,439	34,395	42,834
Total fund balance	10,975	34,395	45,370
Total liabilities and fund balance	\$ 28,657	\$ 34,395	\$ 63,052

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Governmental Funds
 Combined Statement of Revenues, Expenditures and Changes in
 Fund Balances - By Fund Type
 Year Ended June 30, 2009

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ -	\$ 23,489	\$ 23,489
Charges for services	15,910	-	15,910
Local sources	623	-	623
State sources	18,784	19,407	38,191
Federal sources	86,737	-	86,737
Earnings from investments	23	-	23
	<u>122,077</u>	<u>42,896</u>	<u>164,973</u>
Total revenues			
EXPENDITURES			
Current:			
Direct instruction	66,611	-	66,611
Instructional support	15,689	23,962	39,651
Food services	40,506	-	40,506
Capital outlay	-	-	-
	<u>122,806</u>	<u>23,962</u>	<u>146,768</u>
Total expenditures			
Net change in fund balances	(729)	18,934	18,205
Fund balance beginning of year	<u>11,704</u>	<u>15,461</u>	<u>27,165</u>
Fund balance end of year	<u>\$ 10,975</u>	<u>\$ 34,395</u>	<u>\$ 45,370</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Combined Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Governmental Fund Types - Non-Major
Special Revenue Funds
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 16,184	\$ 16,184	\$ 15,910	\$ (274)
Local sources	-	880	123	(757)
State sources	1,857	31,891	29,643	(2,248)
Federal sources	68,810	98,729	87,621	(11,108)
Earnings from investments	43	43	23	(20)
Total revenues	<u>\$ 86,894</u>	<u>\$ 147,727</u>	<u>\$ 133,320</u>	<u>\$ (14,407)</u>
EXPENDITURES				
Direct instruction	\$ 44,602	\$ 89,107	\$ 66,611	\$ 22,496
Instructional support	2,057	20,333	15,689	4,644
Food services	47,354	47,354	40,838	6,516
Total expenditures	<u>\$ 94,013</u>	<u>\$ 156,794</u>	<u>\$ 123,138</u>	<u>\$ 33,656</u>
BUDGETED CASH BALANCE	<u>\$ 9,067</u>	<u>\$ 9,067</u>		

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Combined Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Governmental Fund Types - Non-Major
 Capital Projects Funds
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 19,743	\$ 19,743	\$ 23,395	\$ 3,652
State sources	24,070	41,982	15,163	(26,819)
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 43,813</u>	<u>\$ 61,725</u>	<u>\$ 38,558</u>	<u>\$ (23,167)</u>
EXPENDITURES				
Capital outlay	\$ 54,147	\$ 72,059	\$ 23,962	\$ 48,097
Total expenditures	<u>\$ 54,147</u>	<u>\$ 72,059</u>	<u>\$ 23,962</u>	<u>\$ 48,097</u>
BUDGETED CASH BALANCE	<u>\$ 10,532</u>	<u>\$ 10,532</u>		

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

NON-MAJOR SPECIAL REVENUE FUNDS

ALL FUNDS - All funds were created by the State Department of Education.

TITLE I - The Title I project provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

MEDICAID FUND - The Medicaid Fund provides monies for ancillary services provided to Medicaid eligible children by the State of New Mexico.

INNOVATIVE EDUCATION PROGRAM STRATEGIES - To account for grant funds to help combat illiteracy among children through a reading program. Also, through the acquisition and use of instructional materials. Financing and authority is provided by Elementary and Secondary Education Act of 1965, Title VI, as amended, 20 U.S.C. 7301-7373.

RURAL EDUCATIONAL ACHIEVEMENT PROGRAM (REAP) - To account for monies received to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning. Financing and authority for this program is contained in Title VI, Part B of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by Public Law 107-110.

ENHANCING EDUCATION THROUGH TECHNOLOGY FUND - 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.

SAFE AND DRUG-FREE SCHOOLS FUND - The Drug-Free Schools program was enacted to provide funding to local agencies for drug and alcohol abuse prevention and education programs. Funding is provided by the Federal Government through the New Mexico State Department of Education, under the Drug-Free Schools and Communities Act of 1986, Title V, Part B; Elementary and Secondary Education Act, as amended, Public Laws 99-570-100-297, 100-690, 101-226, and 101-647.

(Non-Major Special Revenue Funds - continued)

IMPROVING TEACHER QUALITY - To account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

MICROSOFT SETTLEMENT - To account for resources received from the Microsoft New Mexico Class Action Settlement for the purpose of purchasing qualifying hardware, non-custom software or the purchase of equipment needed for networking and infrastructure.

BEGINNING TEACHER MENTORING PROGRAM - To account for monies appropriated by the State Legislature to be used for stipends to mentors, for professional development opportunities, release time; including payment of substitutes, materials and supplies and for minor administrative costs. Financing and authority is provided by the State Legislature.

OUTDOOR CLASSROOM INITIATIVE - To account for resources received for Outdoor Classroom Initiative projects. Funds are to be used for 1) professional development of teachers and/or staff 2) transportation of students to outdoor education sites and 3) curriculum - based or service - learning outdoor educational programming and projects. Funding and Authority are provided by New Mexico Legislative Appropriation, Laws of 2007.

DISTANCE LEARNING - To account for resources received for distance education. Funds are to be used for 1) purchase and installation of information technology 2) purchase or development of distance education courses and 3) professional development. Funding and authority are provided by New Mexico State Legislature Appropriation, Laws of 2007.

GO BOND LIBRARY - To account for monies received from the SB301, Laws of 2006 to be used to improve the library, acquire library books or library resources that support the library program.

GEAR UP PROGRAM (Gaining Early Awareness and Readiness for Undergraduate Programs) - To account for resources received from NMHU for the middle school to be used specifically for the student incentives of the seventh grade.

LANGE FOUNDATION - To account for resources received from the Lura-Lee and William E. Lange Foundation to fund a trip to Costa Rica under the Maxwell's Adventures in Travel Program (MAP) to enhance "experiential education" for the eighth grade class. Funding is provided by the Lange Foundation.

(Non-Major Special Revenue Funds - continued)

TECHNOLOGY FOR EDUCATION - To account for State funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities. Financing and Authority is provided by NMSA 22-15A-1.

LIBRARY BOOK - To account for monies received to be used for the purchase of school library books. Fund and Authority is provided by Senate Bill 471, Laws of 2008.

ATHLETICS FUND - This fund provides financing for school athletic activities. Funding is provided by fees from patrons. Fund is authorized by 6-20-2 NMAC.

SCHOOL LUNCH FUND - This program provides financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 Stat. 889, as amended; 84 Stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 Stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 Stat. 3341; Public Law 100-71, 101 Stat. 430. Also State Law NMSA 22-13-13.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2009

	Title I	Medicaid	Innovative Education Program Strategies	REAP	Enhancing Education Through Technology	Safe & Drug-Free Schools
ASSETS						
Cash on deposit	\$ -	\$ 1,725	\$ -	\$ -	\$ -	\$ -
Inventory, at cost	-	-	-	-	-	-
Due from grantor	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	1,725	-	-	-	-
Total liabilities	<u>-</u>	<u>1,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Reserved for inventory	-	-	-	-	-	-
Unreserved:						
Undesignated	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2009

	Improving Teacher Quality	Microsoft Settlement	Beginning Teacher Mentoring	Outdoor Classroom Initiative	Distance Learning	GO Bond Library	GEAR UP Program
ASSETS							
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory, at cost	-	-	-	-	-	-	-
Due from grantor	-	-	-	-	-	778	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 778	\$ -
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	778	\$ -
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	778	-
FUND BALANCES							
Reserved for inventory	-	-	-	-	-	-	-
Unreserved:							
Undesignated	-	-	-	-	-	-	-
Total fund balance	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 778	\$ -

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2009

	Lange Foundation	Technology for Education	Library Book	Athletics	Cafeteria	Totals
ASSETS						
Cash on deposit	\$ 12,092	\$ 2,795	\$ 292	\$ 1,805	\$ 6,634	\$ 25,343
Inventory, at cost	-	-	-	-	2,536	2,536
Due from grantor	-	-	-	-	-	778
Total assets	\$ 12,092	\$ 2,795	\$ 292	\$ 1,805	\$ 9,170	\$ 28,657
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 778
Deferred revenue	12,092	2,795	292	-	-	16,904
Total liabilities	12,092	2,795	292	-	-	17,682
FUND BALANCES						
Reserved for inventory	-	-	-	-	2,536	2,536
Unreserved:						
Undesignated	-	-	-	1,805	6,634	8,439
Total fund balance	-	-	-	1,805	9,170	10,975
Total liabilities and fund balances	\$ 12,092	\$ 2,795	\$ 292	\$ 1,805	\$ 9,170	\$ 28,657

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009

	Title I	Medicaid	Innovative Education Program Strategies	REAP	Enhancing Education Through Technology	Safe & Drug-Free Schools
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	22,691	6,560	-	16,689	-	349
Earnings from investments	-	-	-	-	-	-
Total revenues	<u>22,691</u>	<u>6,560</u>	<u>-</u>	<u>16,689</u>	<u>-</u>	<u>349</u>
EXPENDITURES						
Direct instruction	22,691	-	-	15,571	-	349
Instructional support	-	6,560	-	1,118	-	-
Food service	-	-	-	-	-	-
Total expenditures	<u>22,691</u>	<u>6,560</u>	<u>-</u>	<u>16,689</u>	<u>-</u>	<u>349</u>
Net change in fund balance	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009

	Improving Teacher Quality	Microsoft Settlement	Beginning Teacher Mentoring	Outdoor Classroom Initiative	Distance Learning	GO Bond Library	GEAR UP Program
REVENUES							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	623
State sources	-	1,857	1,003	-	-	5,151	-
Federal sources	2,488	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-
Total revenues	2,488	1,857	1,003	-	-	5,151	623
EXPENDITURES							
Direct instruction	2,488	-	-	-	-	-	623
Instructional support	-	1,857	1,003	-	-	5,151	-
Food service	-	-	-	-	-	-	-
Total expenditures	2,488	1,857	1,003	-	-	5,151	623
Net change in fund balance	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009

	Lange Foundation	Technology for Education	Library Book	Athletics	Cafeteria	Totals
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ 11,984	\$ 3,926	\$ 15,910
Local sources	-	-	-	-	-	623
State sources	6,000	4,773	-	-	-	18,784
Federal sources	-	-	-	-	37,960	86,737
Earnings from investments	-	-	-	20	3	23
Total revenues	<u>6,000</u>	<u>4,773</u>	<u>-</u>	<u>12,004</u>	<u>41,889</u>	<u>122,077</u>
EXPENDITURES						
Direct instruction	6,000	4,773	-	14,116	-	66,611
Instructional support	-	-	-	-	-	15,689
Food service	-	-	-	-	40,506	40,506
Total expenditures	<u>6,000</u>	<u>4,773</u>	<u>-</u>	<u>14,116</u>	<u>40,506</u>	<u>122,806</u>
Net change in fund balance	-	-	-	(2,112)	1,383	(729)
Fund balance at beginning of year	-	-	-	3,917	7,787	11,704
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,805</u>	<u>\$ 9,170</u>	<u>\$ 10,975</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Title I
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	<u>\$ 23,207</u>	<u>\$ 23,207</u>	<u>\$ 22,691</u>	<u>\$ (516)</u>
Total revenues	<u>\$ 23,207</u>	<u>\$ 23,207</u>	<u>\$ 22,691</u>	<u>\$ (516)</u>
EXPENDITURES				
Direct instruction	<u>\$ 23,207</u>	<u>\$ 23,207</u>	<u>\$ 22,691</u>	<u>\$ 516</u>
Total expenditures	<u>\$ 23,207</u>	<u>\$ 23,207</u>	<u>\$ 22,691</u>	<u>\$ 516</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Medicaid
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 1,948	\$ 10,389	\$ 6,618	\$ (3,771)
Total revenues	<u>\$ 1,948</u>	<u>\$ 10,389</u>	<u>\$ 6,618</u>	<u>\$ (3,771)</u>
EXPENDITURES				
Instructional support	\$ 1,948	\$ 10,389	\$ 6,560	\$ 3,829
Total expenditures	<u>\$ 1,948</u>	<u>\$ 10,389</u>	<u>\$ 6,560</u>	<u>\$ 3,829</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Innovative Education Program Strategies
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ 346	\$ 346
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346</u>	<u>\$ 346</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - REAP
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 21,490	\$ 16,689	\$ (4,801)
Total revenues	<u>\$ -</u>	<u>\$ 21,490</u>	<u>\$ 16,689</u>	<u>\$ (4,801)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 20,149	\$ 15,571	\$ 4,578
Instructional support	<u>-</u>	<u>1,341</u>	<u>1,118</u>	<u>223</u>
Total expenditures	<u>\$ -</u>	<u>\$ 21,490</u>	<u>\$ 16,689</u>	<u>\$ 4,801</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Enhancing Education Through Technology
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ 260	\$ 260
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ 260</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Safe & Drug Free Schools
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 427	\$ 427	\$ 552	\$ 125
Total revenues	<u>\$ 427</u>	<u>\$ 427</u>	<u>\$ 552</u>	<u>\$ 125</u>
EXPENDITURES				
Direct instruction	\$ 427	\$ 427	\$ 349	\$ 78
Total expenditures	<u>\$ 427</u>	<u>\$ 427</u>	<u>\$ 349</u>	<u>\$ 78</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Improving Teacher Quality
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 4,859	\$ 4,847	\$ 2,505	\$ (2,342)
Total revenues	<u>\$ 4,859</u>	<u>\$ 4,847</u>	<u>\$ 2,505</u>	<u>\$ (2,342)</u>
EXPENDITURES				
Direct instruction	\$ 4,659	\$ 4,659	\$ 2,488	\$ 2,171
Instructional support	<u>200</u>	<u>188</u>	<u>-</u>	<u>188</u>
Total expenditures	<u>\$ 4,859</u>	<u>\$ 4,847</u>	<u>\$ 2,488</u>	<u>\$ 2,359</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Microsoft Settlement
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 1,857	\$ 1,857	\$ -	\$ (1,857)
Total revenues	<u>\$ 1,857</u>	<u>\$ 1,857</u>	<u>\$ -</u>	<u>\$ (1,857)</u>
EXPENDITURES				
Instructional support	\$ 1,857	\$ 1,857	\$ 1,857	\$ -
Total expenditures	<u>\$ 1,857</u>	<u>\$ 1,857</u>	<u>\$ 1,857</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Beginning Teacher Mentoring
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 1,003	\$ 1,003	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 1,003</u>	<u>\$ -</u>
EXPENDITURES				
Instructional support	\$ -	\$ 1,003	\$ 1,003	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 1,003</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Outdoor Classroom Initiative
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ 3,000	\$ 3,000
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Distance Learning
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ 10,909	\$ 10,909
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,909</u>	<u>\$ 10,909</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Instructional support	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - GO Bond Library
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 5,155	\$ 5,574	\$ 419
Total revenues	<u>\$ -</u>	<u>\$ 5,155</u>	<u>\$ 5,574</u>	<u>\$ 419</u>
EXPENDITURES				
Instructional support	\$ -	\$ 5,155	\$ 5,151	\$ 4
Total expenditures	<u>\$ -</u>	<u>\$ 5,155</u>	<u>\$ 5,151</u>	<u>\$ 4</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - GEAR UP Program
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ 880	\$ 123	\$ (757)
Total revenues	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ 123</u>	<u>\$ (757)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 880	\$ 623	\$ 257
Total expenditures	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ 623</u>	<u>\$ 257</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Non-Major Special Revenue Fund - Lange Foundation
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 18,093	\$ 4,477	\$ (13,616)
Total revenues	<u>\$ -</u>	<u>\$ 18,093</u>	<u>\$ 4,477</u>	<u>\$ (13,616)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 18,093	\$ 6,000	\$ 12,093
Total expenditures	<u>\$ -</u>	<u>\$ 18,093</u>	<u>\$ 6,000</u>	<u>\$ 12,093</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Technology for Education
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 5,491	\$ 4,388	\$ (1,103)
Total revenues	<u>\$ -</u>	<u>\$ 5,491</u>	<u>\$ 4,388</u>	<u>\$ (1,103)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 5,091	\$ 4,773	\$ 318
Instructional support	-	400	-	400
Total expenditures	<u>\$ -</u>	<u>\$ 5,491</u>	<u>\$ 4,773</u>	<u>\$ 718</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Library Book Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 292	\$ 292	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 292</u>	<u>\$ 292</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 292	\$ -	\$ 292
Total expenditures	<u>\$ -</u>	<u>\$ 292</u>	<u>\$ -</u>	<u>\$ 292</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Athletics
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 12,775	\$ 12,775	\$ 11,984	\$ (791)
Earnings from investments	<u>40</u>	<u>40</u>	<u>20</u>	<u>(20)</u>
Total revenues	<u>\$ 12,815</u>	<u>\$ 12,815</u>	<u>\$ 12,004</u>	<u>\$ (811)</u>
EXPENDITURES				
Direct instruction	<u>\$ 16,309</u>	<u>\$ 16,309</u>	<u>\$ 14,116</u>	<u>\$ 2,193</u>
Total expenditures	<u>\$ 16,309</u>	<u>\$ 16,309</u>	<u>\$ 14,116</u>	<u>\$ 2,193</u>
BUDGETED CASH BALANCE	<u>\$ 3,494</u>	<u>\$ 3,494</u>		

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Cafeteria
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 3,409	\$ 3,409	\$ 3,926	\$ 517
Federal sources	38,369	38,369	37,960	(409)
Earnings from investments	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Total revenues	<u>\$ 41,781</u>	<u>\$ 41,781</u>	<u>\$ 41,889</u>	<u>\$ 108</u>
EXPENDITURES				
Food service	\$ <u>47,354</u>	\$ <u>47,354</u>	\$ <u>40,838</u>	\$ <u>6,516</u>
Total expenditures	<u>\$ 47,354</u>	<u>\$ 47,354</u>	<u>\$ 40,838</u>	<u>\$ 6,516</u>
BUDGETED CASH BALANCE	<u>\$ 5,573</u>	<u>\$ 5,573</u>		

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

NON-MAJOR CAPITAL PROJECTS FUND

SPECIAL CAPITAL OUTLAY - STATE - To account for resources received from the New Mexico State General Fund, HB-885, Chapter 347, Section 48, Paragraph 287, Laws of 2005 for \$80,000 to plan, design, construct and purchase a building for the youth entrepreneurial and teen center. Also, from the General Fund, HB-622, Chapter III, Section 39, Paragraph 248, Laws of 2006 for \$45,000 to improve and equip the library.

CAPITAL IMPROVEMENTS SB-9 - To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also to account for resources received from the State of New Mexico General Fund.

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Capital Projects Fund
 Combining Balance Sheet
 June 30, 2009

	Special Capital Outlay State	Capital Improvements SB-9	Total
ASSETS			
Cash on deposit	\$ (4,244)	\$ 33,897	\$ 29,653
Taxes receivable	-	498	498
Accounts receivable	4,244	-	4,244
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -</u>	<u>\$ 34,395</u>	<u>\$ 34,395</u>
FUND BALANCE			
Unreserved:			
Undesignated	\$ -	\$ 34,395	\$ 34,395
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>\$ -</u>	<u>\$ 34,395</u>	<u>\$ 34,395</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Capital Projects Fund
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Year Ended June 30, 2009

	Special Capital Outlay State	Capital Improvements SB-9	Total
REVENUES			
Taxes	\$ -	\$ 23,489	\$ 23,489
State sources	<u>5,359</u>	<u>14,048</u>	<u>19,407</u>
Total revenues	<u>5,359</u>	<u>37,537</u>	<u>42,896</u>
EXPENDITURES			
Instructional support	5,359	18,603	23,962
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,359</u>	<u>18,603</u>	<u>23,962</u>
Net change in fund balances	-	18,934	18,934
Fund balance at beginning of year	<u>-</u>	<u>15,461</u>	<u>15,461</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 34,395</u>	<u>\$ 34,395</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Capital Projects Fund - Special Capital Outlay State
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 24,070	\$ 24,070	\$ 1,115	\$ (22,955)
Total revenues	<u>\$ 24,070</u>	<u>\$ 24,070</u>	<u>\$ 1,115</u>	<u>\$ (22,955)</u>
EXPENDITURES				
Capital outlay	\$ 24,070	\$ 24,070	\$ 5,359	\$ 18,711
Total expenditures	<u>\$ 24,070</u>	<u>\$ 24,070</u>	<u>\$ 5,359</u>	<u>\$ 18,711</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 Non-Major Capital Projects Fund - Capital Improvements SB-9
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 19,743	\$ 19,743	\$ 23,395	\$ 3,652
State sources	-	17,912	14,048	(3,864)
Total revenues	<u>\$ 19,743</u>	<u>\$ 37,655</u>	<u>\$ 37,443</u>	<u>\$ (212)</u>
EXPENDITURES				
Capital outlay	\$ 30,077	\$ 47,989	\$ 18,603	\$ 29,386
Total expenditures	<u>\$ 30,077</u>	<u>\$ 47,989</u>	<u>\$ 18,603</u>	<u>\$ 29,386</u>
BUDGETED CASH BALANCE	<u>\$ 10,532</u>	<u>\$ 10,532</u>		

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

GENERAL FUND

OPERATIONAL FUND - This fund is the chief operating fund of the School District. It is used to account for all financial resources of the School District except for those required to be accounted for in another fund.

TEACHERAGE FUND - To account for resources received from the rental fo School owned facilities.

TRANSPORTATION FUND - To account for resources received from the Public Education Department to be used only for eligible to and from school transportation costs.

INSTRUCTIONAL MATERIALS FUND - to account for resources received from the Public Education Department to be used to purchase materials used as the basis for instruction.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Combining Balance Sheet
General Fund
June 30, 2009

	Operational	Teacherage	Transporation	Instructional Materials	Total
ASSETS					
Cash on deposit	\$ 75,535	\$ 8,278	\$ 41,054	\$ 3,499	\$ 128,366
Accounts receivable, collectible	<u>428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428</u>
Total assets	<u>\$ 75,963</u>	<u>\$ 8,278</u>	<u>\$ 41,054</u>	<u>\$ 3,499</u>	<u>\$ 128,794</u>
LIABILITIES					
Accounts payable	\$ <u>9,180</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,180</u>
Total liabilities	<u>9,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,180</u>
FUND BALANCES					
Unreserved:					
Undesignated	<u>66,783</u>	<u>8,278</u>	<u>41,054</u>	<u>3,499</u>	<u>119,614</u>
Total fund balance	<u>66,783</u>	<u>8,278</u>	<u>41,054</u>	<u>3,499</u>	<u>119,614</u>
Total liabilities and fund balance	<u>\$ 75,963</u>	<u>\$ 8,278</u>	<u>\$ 41,054</u>	<u>\$ 3,499</u>	<u>\$ 128,794</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
General Fund
Year Ended June 30, 2009

	Operational	Teacherage	Transporation	Instructional Materials	Total
REVENUES					
Taxes	\$ 5,183	\$ -	\$ -	\$ -	\$ 5,183
Charges for services	44,735	600	-	-	45,335
Local sources	7,544	-	-	-	7,544
State sources	1,734,090	-	87,387	9,517	1,830,994
Federal sources	6,335	-	-	-	6,335
Earnings from investments	200	-	-	-	200
	<u>1,798,087</u>	<u>600</u>	<u>87,387</u>	<u>9,517</u>	<u>1,895,591</u>
· Total revenues					
EXPENDITURES					
Direct instruction	1,060,521	-	-	10,704	1,071,225
Instructional support	664,919	2,740	82,807	467	750,933
Food service	49,651	-	-	-	49,651
	<u>1,775,091</u>	<u>2,740</u>	<u>82,807</u>	<u>11,171</u>	<u>1,871,809</u>
Total expenditures					
Net change in fund balance	22,996	(2,140)	4,580	(1,654)	23,782
Fund balance at beginning of year	43,787	10,418	36,474	5,153	95,832
Fund balance at end of year	<u>\$ 66,783</u>	<u>\$ 8,278</u>	<u>\$ 41,054</u>	<u>\$ 3,499</u>	<u>\$ 119,614</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
General Fund - Operational Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 3,865	\$ 3,865	\$ 4,819	\$ 954
Charges for services	28,800	28,800	44,735	15,935
Local sources	-	-	7,544	7,544
State sources	1,717,522	1,734,645	1,734,090	(555)
Federal sources	4,529	4,529	6,335	1,806
Earnings from investments	3,000	3,000	200	(2,800)
	<u>\$ 1,757,716</u>	<u>\$ 1,774,839</u>	<u>\$ 1,797,723</u>	<u>\$ 22,884</u>
EXPENDITURES				
Direct instruction	\$ 1,055,269	\$ 1,060,616	\$ 1,060,521	\$ 95
Instructional support	704,736	716,512	664,069	52,443
Food services	51,860	51,860	49,651	2,209
Capital outlay	-	-	-	-
	<u>\$ 1,811,865</u>	<u>\$ 1,828,988</u>	<u>\$ 1,774,241</u>	<u>\$ 54,747</u>
BUDGETED CASH BALANCE	<u>\$ 54,149</u>	<u>\$ 54,149</u>		
REVENUES				
Budgetary basis			\$ 1,797,723	
Increase in receivables			<u>364</u>	
Modified accrual basis			<u>\$ 1,798,087</u>	
EXPENDITURES				
Budgetary basis			\$ 1,774,241	
Increase in payables			<u>850</u>	
Modified accrual basis			<u>\$ 1,775,091</u>	

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 General Fund - Teacherage Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	600	600	600	-
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Instructional support	2,200	3,325	2,740	585
Food services	-	-	-	-
Capital outlay	8,557	7,432	-	7,432
Total expenditures	<u>\$ 10,757</u>	<u>\$ 10,757</u>	<u>\$ 2,740</u>	<u>\$ 8,017</u>
BUDGETED CASH BALANCE	<u>\$ 10,157</u>	<u>\$ 10,157</u>		

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 General Fund - Transportation Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	91,808	87,378	87,387	9
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 91,808</u>	<u>\$ 87,378</u>	<u>\$ 87,387</u>	<u>\$ 9</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Instructional support	91,808	87,378	82,807	4,571
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 91,808</u>	<u>\$ 87,378</u>	<u>\$ 82,807</u>	<u>\$ 4,571</u>

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

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS
 General Fund - Instructional Materials Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	11,513	11,684	9,517	(2,167)
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 11,513</u>	<u>\$ 11,684</u>	<u>\$ 9,517</u>	<u>\$ (2,167)</u>
EXPENDITURES				
Direct instruction	\$ 10,957	\$ 11,101	\$ 10,704	\$ 397
Instructional support	556	583	467	116
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 11,513</u>	<u>\$ 11,684</u>	<u>\$ 11,171</u>	<u>\$ 513</u>

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOLLS
Schedule of Cash Receipts and
Disbursements - All Funds by
School District Classification
Year Ended June 30, 2009

	<u>Operational</u>	<u>Teacherage</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Cash balance, June 30, 2008	\$ 52,503	\$ 10,418	\$ 36,474	\$ 5,153	\$ 5,583	\$ 3,917
Cash receipts, 2008-2009	1,797,723	600	87,387	9,517	41,889	12,004
Cash disbursements, 2008-2009	<u>(1,774,241)</u>	<u>(2,740)</u>	<u>(82,807)</u>	<u>(11,171)</u>	<u>(40,838)</u>	<u>(14,116)</u>
Cash balance, June 30, 2009	<u>\$ 75,985</u>	<u>\$ 8,278</u>	<u>\$ 41,054</u>	<u>\$ 3,499</u>	<u>\$ 6,634</u>	<u>\$ 1,805</u>
	<u>Non- Instructional</u>	<u>Federal Projects</u>	<u>Local/ State</u>	<u>Capital Improvements SB-9</u>	<u>Special Capital Outlay State</u>	<u>Debt Service</u>
Cash balance, June 30, 2008	\$ 28,493	\$ (18,608)	\$ 16,132	\$ 15,057	\$ -	\$ 31,721
Cash receipts, 2008-2009	49,102	202,998	213,865	37,443	1,115	28,657
Cash disbursements, 2008-2009	<u>(56,300)</u>	<u>(226,878)</u>	<u>(158,813)</u>	<u>(18,603)</u>	<u>(5,359)</u>	<u>(29,032)</u>
Cash balance, June 30, 2009	<u>\$ 21,295</u>	<u>\$ (42,488)</u>	<u>\$ 71,184</u>	<u>\$ 33,897</u>	<u>\$ (4,244)</u>	<u>\$ 31,346</u>

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Schedule of Changes in Assets
and Liabilities - All Agency Funds
Year Ended June 30, 2009

	<u>Balances</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2009</u>
ASSETS				
Cash	\$ 28,493	\$ 49,102	\$ 56,300	\$ 21,295
Total assets	<u>\$ 28,493</u>	<u>\$ 49,102</u>	<u>\$ 56,300</u>	<u>\$ 21,295</u>
LIABILITIES				
Deposits held for others	\$ 28,493	\$ 49,102	\$ 56,300	\$ 21,295
Total liabilities	<u>\$ 28,493</u>	<u>\$ 49,102</u>	<u>\$ 56,300</u>	<u>\$ 21,295</u>

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

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Schedule of Budgetary Basis
To GAAP Basis Reconciliation
Non-Major Funds
Year Ended June 30, 2009

	Title I	Medicaid	Innovative Education Program	REAP	Enhancing Education Through Technology	Safe & Drug-Free Schools	Improving Teacher Quality	Microsoft Settlement
Revenues per modified								
accrual basis	\$ 22,691	\$ 6,560	\$ -	\$ 16,689	\$ -	\$ 349	\$ 2,488	\$ 1,857
Receivables	-	-	-	-	-	-	-	-
Deferred revenue/Due from grantor	-	58	346	-	260	203	17	(1,857)
Revenues per budgetary basis	<u>\$ 22,691</u>	<u>\$ 6,618</u>	<u>\$ 346</u>	<u>\$ 16,689</u>	<u>\$ 260</u>	<u>\$ 552</u>	<u>\$ 2,505</u>	<u>\$ -</u>
Expenditures per modified								
accrual basis	\$ 22,691	\$ 6,560	\$ -	\$ 16,689	\$ -	\$ 349	\$ 2,488	\$ 1,857
Inventory changes	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 22,691</u>	<u>\$ 6,560</u>	<u>\$ -</u>	<u>\$ 16,689</u>	<u>\$ -</u>	<u>\$ 349</u>	<u>\$ 2,488</u>	<u>\$ 1,857</u>

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Schedule of Budgetary Basis
To GAAP Basis Reconciliation
Non-Major Funds
Year Ended June 30, 2009

	Beginning Teacher Mentoring	Outdoor Classroom Initiative	Distance Learning	GO Bond Library	Gear Up Program	Lange Foundation	Technology for Education
Revenues per modified accrual basis	\$ 1,003	\$ -	\$ -	\$ 5,151	\$ 623	\$ 6,000	\$ 4,773
Receivables	-	-	-	-	-	-	-
Deferred revenue/Due from grantor	-	3,000	10,909	423	(500)	(1,523)	(385)
Revenues per budgetary basis	<u>\$ 1,003</u>	<u>\$ 3,000</u>	<u>\$ 10,909</u>	<u>\$ 5,574</u>	<u>\$ 123</u>	<u>\$ 4,477</u>	<u>\$ 4,388</u>
Expenditures per modified accrual basis	\$ 1,003	\$ -	\$ -	\$ 5,151	\$ 623	\$ 6,000	\$ 4,773
Inventory changes	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 1,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,151</u>	<u>\$ 623</u>	<u>\$ 6,000</u>	<u>\$ 4,773</u>

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS
Schedule of Budgetary Basis
To GAAP Basis Reconciliation
Non-Major Funds
Year Ended June 30, 2009

	Library Book Fund	Athletics	Cafeteria	Total	Special Capital Outlay State	Capital Improvements SB-9	Total
Revenues per modified							
accrual basis	\$ -	\$ 12,004	\$ 41,889	\$ 122,077	\$ 5,359	\$ 37,537	\$ 42,896
Receivables	-	-	-	-	(4,244)	(94)	(4,338)
Deferred revenue/Due from grantor	<u>292</u>	<u>-</u>	<u>-</u>	<u>11,243</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues per budgetary basis	<u>\$ 292</u>	<u>\$ 12,004</u>	<u>\$ 41,889</u>	<u>\$ 133,320</u>	<u>\$ 1,115</u>	<u>\$ 37,443</u>	<u>\$ 38,558</u>
Expenditures per modified							
accrual basis	\$ -	\$ 14,116	\$ 40,506	\$ 122,806	\$ 5,359	\$ 18,603	\$ 23,962
Inventory changes	-	-	332	332	-	-	-
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ -</u>	<u>\$ 14,116</u>	<u>\$ 40,838</u>	<u>\$ 123,138</u>	<u>\$ 5,359</u>	<u>\$ 18,603</u>	<u>\$ 23,962</u>

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

Mr. Hector H. Balderas
New Mexico State Auditor
and
Board of Education
Maxwell Municipal Schools
Maxwell, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, 21st Century, Wellness Center and Value Option Funds of Maxwell Municipal Schools (the Schools), as of and for the year ended June 30, 2009, and have issued our report thereon dated September 21, 2009. We also have audited the financial statements of each of the Schools' non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009. 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 Schools 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 Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Schools' 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, or combination of control deficiencies, that adversely affects the entity'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 Schools financial statements that is more than inconsequential will not be prevented, or detected by the Schools 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 School'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 School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Rico & Associates, C.P.A.

September 21, 2009

STATUS OF COMMENTS

Prior Year Audit Findings:

1. Addendums to Employee Contracts (07-04) - Resolved.

Current Year Audit Findings:

NONE

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2009 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 112.

EXIT CONFERENCE

An exit conference was held at the School District on September 1, 2009, to discuss the current audit report and auditors' comments. In attendance were Ms. Yolanda Trujillo, Administrative Assistant, Ms. Mary Lou Kern, Board President, Mr. Dustin Long, Board Member, Ms. Susan Robinson, Business Manager, Mr. J. Alan Aufderheide, Superintendent and Ms. Pamela A. Rice, CPA, Contract Auditor.