

**STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS**

**Basic Financial Statements and
Required Supplementary Information
For the Year Ended June 30, 2012
and Independent Auditors' Report**

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

TABLE OF CONTENTS
JUNE 30, 2012

FINANCIAL SECTION

Official Roster	1
Independent Auditors' Report	2
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities	5
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance sheet to the Statement of Net Assets	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund	10
Title I	11
IDEA - B Entitlement	12
Wellness Center Fund	13
Fiduciary Funds	
Statement of Fiduciary Assets and Liabilities - Agency Fund	14
Notes to the Financial Statements	15

SUPPLEMENTARY INFORMATION

Combining and Individual Funds Statements and Schedules:	
Combining Balance Sheet- Nonmajor Special Revenue Funds	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	40

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

TABLE OF CONTENTS (CONTINUED)
JUNE 30, 2012

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual	
Cafeteria Special Revenue Fund	42
Athletics Special Revenue Fund	43
IDEA - B Preschool Special Revenue Fund	44
IDEA - B Risk Pool Special Revenue Fund	45
Improving Teacher Quality Special Revenue Fund	46
Medicaid Special Revenue Fund	47
Rural Education Achievement Program Special Revenue Fund	48
Education Jobs - Stimulus Special Revenue Fund	49
Dual Credit IM/HB2 Special Revenue Fund	50
GO Bond Special Revenue Fund	51
GO Bond 2010 Special Revenue Fund	52
Lange Foundation	53
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual	
Capital Improvement SB-9 Capital Project Fund	54
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual	
Debt Service Fund	58
Combining Balance Sheet - General Funds	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Funds	60
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
Operational Fund	61
Teacherage Fund	62
Transportation Fund	63
Instructional Materials Fund	64

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

TABLE OF CONTENTS (CONTINUED)
JUNE 30, 2012

OTHER SUPPLEMENTAL INFORMATION

Schedule of Changes in Assets and Liabilities - Agency Funds	65
Schedule of Pledged Collateral	66
Schedule of Deposits and Investments Accounts	67
Cash Reconciliation	68

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69
Schedule of Findings and Responses	71
Financial Statement Preparation	72
Exit Conference	73

**STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS**

OFFICIAL ROSTER

BOARD OF EDUCATION

Mary Lou Kern
Randy Casper
Karl Shubert
Dustin Long
Clifford Frank Taylor

President
Vice President
Secretary / Treasurer
Member
Member

SCHOOL OFFICIALS

Dr. Joe Charles Harrison
Susan Robinson
Yolanda Trujillo

Superintendent
Business Manager
Administrative Assistant

INDEPENDENT AUDITOR'S REPORT

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of Maxwell Municipal Schools

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects fund, debt service fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted the Management’s Discussion and Analysis which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by the missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements, and the budgetary comparisons. The additional schedules listed as “other supplemental information” in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



El Paso, Texas
October 12, 2012

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 217,024
Taxes receivable	105
Due from grantor	26,223
Inventory	<u>1,832</u>
Total current assets	<u>245,184</u>
Non-current assets	
Land (non-depreciable)	307,309
Capital assets (depreciable)	5,928,249
Less accumulated depreciation	<u>(2,944,260)</u>
Total non-current assets	<u>3,291,298</u>
Total assets	<u>\$ 3,536,482</u>
LIABILITIES	
Current liabilities	
Accounts payable	<u>\$ 30,931</u>
Total current liabilities	30,931
Long-term obligations	
Compensated absences	<u>12,233</u>
Total long-term liabilities	<u>12,233</u>
Total liabilities	<u>43,164</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,291,298
Restricted for	
Cafeteria fund (inventory)	2,160
Debt service	6,389
Unrestricted	<u>193,471</u>
Total net assets	<u>\$ 3,493,318</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses:					
Governmental Activities:					
Direct instruction	\$ 1,000,191	\$ 17,408	\$ 94,884	\$ 13,207	\$ (874,692)
Instructional support	756,393	-	107,097	-	(649,296)
Food services	62,024	1,787	34,701	-	(25,536)
Depreciation - unallocated	179,436	-	-	-	(179,436)
Interest on long-term obligations	(330)	-	-	-	330
Total governmental activities	<u>1,997,714</u>	<u>19,195</u>	<u>236,682</u>	<u>13,207</u>	<u>(1,728,630)</u>
General Revenues:					
Taxes					
Property taxes, levied for general purposes					5,671
Property taxes, levied for capital projects					27,543
Property taxes, levied for debt services					2,250
Federal and state aid not restricted to specific purpose					1,476,343
Interest and investment earnings					<u>87</u>
Subtotal, general revenue					<u>1,511,894</u>
Change in net assets					(216,736)
Net assets - beginning of year					<u>3,710,054</u>
Net assets - end of year					<u>\$ 3,493,318</u>

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Title I	IDEA - B Entitlement	Wellness Center Fund	Capital Improvements SB-9	Other Governmental Funds	Total
ASSETS							
Cash	\$ 61,622	\$ -	\$ -	\$ 66,631	\$ 45,817	\$ 42,954	\$ 217,024
Taxes receivable	9	-	-	-	74	22	105
Inventory	-	-	-	-	-	1,832	1,832
Due from grantor	300	9,187	10,455	-	-	6,281	26,223
Total assets	\$ 61,931	\$ 9,187	\$ 10,455	\$ 66,631	\$ 45,891	\$ 51,089	\$ 245,184
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 4,516	\$ 9,187	\$ 10,455	\$ -	\$ -	\$ 6,773	\$ 30,931
Total liabilities	4,516	9,187	10,455	-	-	6,773	30,931
Fund balances:							
Nonspendable - inventory	-	-	-	-	-	2,160	2,160
Restricted, reported in:							
Special revenue funds	-	-	-	66,631	-	35,767	102,398
Capital projects funds	-	-	-	-	45,891	-	45,891
Retirement of long-term debt	-	-	-	-	-	6,389	6,389
Undesignated, reported in:							
General fund	57,415	-	-	-	-	-	57,415
Total fund balances	57,415	-	-	66,631	45,891	44,316	214,253
Total liabilities and fund balances	\$ 61,931	\$ 9,187	\$ 10,455	\$ 66,631	\$ 45,891	\$ 51,089	\$ 245,184

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

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

Fund balances - total governmental funds	\$ 214,253
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,291,298
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued compensated absences	<u>(12,233)</u>
Total net assets - governmental funds	<u>\$ 3,493,318</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Title I	IDEA - B Entitlement	Wellness Center Fund	Capital Improvements SB- 9	Other Governmental Funds	Total
REVENUES							
Taxes	\$ 5,671	\$ -	\$ -	\$ -	\$ 27,543	\$ 2,250	\$ 35,464
Charges for services	5,668	-	-	-	-	13,527	19,195
Local sources	2,604	-	-	-	-	-	2,604
State sources	1,567,139	-	-	-	13,207	4,645	1,584,991
Federal sources	1,454	34,839	31,757	-	-	70,587	138,637
Earnings from investments	56	-	-	-	-	31	87
Total revenues	1,582,592	34,839	31,757	-	40,750	91,040	1,780,978
EXPENDITURES							
Current:							
Direct instruction	889,629	34,839	27,600	-	-	44,533	996,601
Instructional support	694,679	-	4,157	3,287	-	19,315	721,438
Food services	25,006	-	-	-	-	37,018	62,024
Capital outlay	5,400	-	-	-	29,555	-	34,955
Debt services:							
Principal payments	-	-	-	-	-	30,000	30,000
Interest	-	-	-	-	-	660	660
Total expenditures	1,614,714	34,839	31,757	3,287	29,555	131,526	1,845,678
Net change in fund balance	(32,122)	-	-	(3,287)	11,195	(40,486)	(64,700)
Fund balance - beginning of year	89,537	-	-	69,918	34,696	84,802	278,953
Fund balance - end of year	\$ 57,415	\$ -	\$ -	\$ 66,631	\$ 45,891	\$ 44,316	\$ 214,253

See accompanying notes to financial statements.

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2012

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

Fund balances - total governmental funds	\$ (64,700)
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Capital outlay 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	(179,436)
Capital outlay	(97)

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

Decrease in accrued interest	990
Increase in accrued compensated absences	(3,493)
Principal payment on bond	<u>30,000</u>

Change in net assets of governmental activities	<u>\$ (216,736)</u>
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See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

GENERAL FUND COMBINED
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 5,297	\$ 5,297	\$ 5,639	\$ 342
Charges for services	4,505	4,505	5,668	1,163
Local sources	-	-	2,604	2,604
State sources	1,500,977	1,549,500	1,567,139	17,639
Federal sources	1,363	1,363	1,454	91
Earnings from investments	100	100	56	(44)
Total revenues	1,512,242	1,560,765	1,582,560	21,795
Expenditures:				
Current:				
Direct instruction	875,059	896,707	889,629	7,078
Instruction support	706,501	724,211	694,679	29,532
Food services	16,498	25,908	25,006	902
Capital outlay	7,000	6,942	5,400	1,542
Total expenditures	1,605,058	1,653,768	1,614,714	8,620
Net change in fund balance	(92,816)	(93,003)	(32,154)	30,415
Fund balance - beginning of year	89,537	89,537	89,537	-
Fund balance - end of year	\$ (3,279)	\$ (3,466)	\$ 57,383	\$ 30,415
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (32,154)	
Net revenue accruals			32	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (32,122)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

TITLE I FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 22,748	\$ 47,261	\$ 34,839	\$ (12,422)
Total revenues	22,748	47,261	34,839	(12,422)
Expenditures:				
Current:				
Direct instruction	22,748	47,261	34,839	12,422
Total expenditures	22,748	47,261	34,839	12,422
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

IDEA - B ENTITLEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 30,530	\$ 33,404	\$ 31,757	\$ (1,647)
Total revenues	30,530	33,404	31,757	(1,647)
Expenditures:				
Current:				
Direct instruction	26,362	27,728	27,600	128
Instruction support	4,168	5,676	4,157	1,519
Total expenditures	30,530	33,404	31,757	1,647
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

WELLNESS CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 64,316	\$ 64,316	\$ -	\$ (64,316)
Total revenues	64,316	64,316	-	(64,316)
Expenditures:				
Current:				
Instruction support	\$ 64,316	\$ 64,316	\$ 3,287	\$ 61,029
Total expenditures	64,316	64,316	3,287	61,029
Net change in fund balance	-	-	(3,287)	(3,287)
Fund balance - beginning of year	69,918	69,918	69,918	-
Fund balance - end of year	\$ 69,918	\$ 69,918	\$ 66,631	\$ (3,287)
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (3,287)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (3,287)	

See accompanying notes to financial statements.

FIDUCIARY FUNDS FINANCIAL STATEMENTS

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
JUNE 30, 2012

ASSETS

Current Assets:

Cash \$ 25,205

Total assets \$ 25,205

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 25,205

Total liabilities \$ 25,205

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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.

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.

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 - 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.

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

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.

Capital Projects Fund - 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.

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 nonmajor. 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.

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

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, 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 Treasurer 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.

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

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 District Budget Planning Unit (DBPU) of the New Mexico Public Department of Education a proposed operating 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 of New Mexico Public Education Department (PED) by the school district shall contain headings and details as as described by law and have been approved by the Public Education Department.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the DBPU 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 DBPU 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 DBPU.
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. Assets, Liabilities and Net Assets or Equity

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

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

Deposits and 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.

Accounts Receivables—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.

Inventory—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.

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.

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:

Assets	Years
Buildings and building improvements	5-50
Furniture and equipment	5 to 20
Land improvements	20

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, 2012.

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.

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.

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.

Long Term Obligations—In the government-wide fund financial statements, long term obligations and other long term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance of Fund Financial Statements—In the fund financial statements, governmental funds are classified as follows:

Nonspendable - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.
- c. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party—such as citizens, public interest groups, or the judiciary—to use resources created by enabling legislation only for the purposes specified by the legislation.

Unassigned - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The District's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

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 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.

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.

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.

Equity Classification—The government-wide financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt—This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets—This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted net assets—This category reflects net assets of the District, not restricted for any project or other purpose.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted. Designations represent tentative managerial plans that are subject to change. Fund equity was reserved or designated for:

Reserved, designated for subsequent year's expenditures—Represents the amounts, other than carryover expenditures, which are required to be designated for subsequent year's expenditures.

Unreserved, undesignated—Amounts that have not been reserved or designated for any purpose. These funds are available for unrestricted use by the District.

Use of 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.

F. *New Accounting Pronouncements* - In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010, and earlier application is encouraged. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year. The District incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, which is effective upon issuance for certain provisions of the statement and for periods beginning after June 15, 2011 for other provisions. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 58 Accounting and Financial Reporting for Chapter 9 Bankruptcies, which is effective for reporting periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. The District incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In June 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 59 Financial Instruments Omnibus, which is effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments: National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, is updated to be consistent with the amendments to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, regarding certain financial guarantees. Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Statement 31, is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange

Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Statement No. 40, Deposit and Investment Risk Disclosures, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool. Statement 53 is amended to: – Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance – Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be investment derivative instruments entered into primarily for the purpose of obtaining income or profit – Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53 – Provide that one of the “leveraged yield” criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 60 Accounting and Financial Reporting for Service Concession Arrangements, which is effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. That Statement supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. Statement 62 is effective for financial statements for periods beginning after December 15, 2011, with early application encouraged. The objective of this statement is to provide non-conflicting pronouncements between FASB and GASB. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position, which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53, which is effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65 Items Previously Reported as Assets and Liabilities, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 66 Technical Corrections-2012- an amendment of GASB Statements No. 10 and No. 62, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The District is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

2. DEPOSIT AND INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2012.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

The types of collateral allowed are limited to direct obligations of the United States Government or agency, districts or political subdivisions of the States of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Time deposits, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits:

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 schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Wells Fargo Bank
Cash on deposit at June 30, 2012	\$ 328,627
FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 78,627</u>
Pledged collateral	\$ 263,204
Collateral requirement (50% of uninsured public funds)	<u>39,314</u>
Over collateralization	<u>\$ 223,890</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, 2012, \$78,627 of the District's bank balance of \$328,627 was exposed to custodial credit risk because or was uninsured and the collateral was held by the pledging bank's trust department, not in the District's name. At June 30, 2012, the carrying amount of these deposits was \$242,229.

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents per Governmental Funds - Balance Sheet	\$ 217,024
Statement of Fiduciary Net Assets - cash	<u>25,205</u>
	242,229
 Add outstanding checks and other reconciling items	 <u>86,398</u>
 Bank balance of deposits and investments	 <u>\$ 328,627</u>

Credit and Interest Rate Risk

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. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2012, are as follows:

	<u>General</u>	<u>Title I</u>	<u>IDEA B Entitlement</u>	<u>Capital Impr. SB - 9</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Federal grant	\$ 300	\$ 9,187	\$ 10,455	\$ -	\$ -	\$ 6,281	\$ 26,223
Property taxes	<u>9</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>22</u>	<u>-</u>	<u>105</u>
Total	<u>\$ 309</u>	<u>\$ 9,187</u>	<u>\$ 10,455</u>	<u>\$ 74</u>	<u>\$ 22</u>	<u>\$ 6,281</u>	<u>\$ 26,328</u>

4. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 307,309	\$ -	\$ -	\$ 307,309
Total capital assets not being depreciated	<u>307,309</u>	<u>-</u>	<u>-</u>	<u>307,309</u>
Capital assets being depreciated:				
Buildings & building improvements	5,061,265	-	-	5,061,265
Land improvements	297,918	-	-	297,918
Furniture & equipment	597,530	-	(28,464)	569,066
Total capital assets being depreciated	<u>5,956,713</u>	<u>-</u>	<u>(28,464)</u>	<u>5,928,249</u>
Less accumulated depreciation for:				
Buildings & building improvements	2,278,419	125,227	-	2,403,646
Land improvements	201,184	10,990	-	212,174
Furniture & equipment	313,588	43,219	(28,367)	328,440
Total accumulated depreciation	<u>2,793,191</u>	<u>179,436</u>	<u>(28,367)</u>	<u>2,944,260</u>
Total capital assets being depreciated, net	<u>3,163,522</u>	<u>(179,436)</u>	<u>(97)</u>	<u>2,983,989</u>
Governmental activities capital assets, net	<u>\$ 3,470,831</u>	<u>\$ (179,436)</u>	<u>\$ (97)</u>	<u>\$ 3,291,298</u>

Depreciation expense for the year ended June 30, 2012 was \$179,436 and was not allocated by function.

5. LONG TERM OBLIGATIONS

The District issues a general obligation bond to provide funds for the acquisition and construction of major capital facilities. The amount of the general obligation bond issued in April 15, 1999 was \$250,000. The general obligation bond is direct obligation and pledge the full faith and credit of the District. This bond is issued with varying terms and varying amounts of principal maturing each year. The bond as of June 30, 2012 is for governmental activities.

The following is a summary of the long-term debt and the activity for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 30,000	\$ -	\$ (30,000)	\$ -	\$ -
Compensated absences	8,740	12,233	(8,740)	12,233	-
Total governmental activities	\$ 38,740	\$ 12,233	\$ (38,740)	\$ 12,233	\$ -

The compensated absences liability will ultimately be liquidated by several of the Districts governmental funds, with the majority being paid by the General Fund, Transportation Fund, Cafeteria Fund and Title I Fund.

6. 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 \$1,490,300 in state equalization guarantee distributions and emergency supplemental during the year ended June 30, 2012.

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.

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 \$73,469 in transportation distribution during the year ended June 30, 2012.

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 \$13,207 in state SB-9 matching during the year ended June 30, 2012.

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.

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 available resources to outlay requirements; school district have provided all 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, 2012, the District received \$0 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, 2012, the District received \$3,371 in instructional materials allocation.

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.

7. **DEFERRED REVENUE**

In accordance with the terms of the various grants agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to grantor.

8. **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.

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.

10. **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 Workmen 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.

11. **ERA PENSION 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. Effective July 1, 2009 through June 30, 2011, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Maxwell Municipal Schools was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The Maxwell Municipal Schools is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. 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 ERB for the fiscal years ending June 30, 2012, 2011, and 2010, were \$91,057, \$109,253, and \$125,420, respectively, which equal the amount of the required contributions for each fiscal year.

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 employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the 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.nmchca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 12	1.834%	.917%
FY 13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee's annual salary, and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contributions rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 12	2.292%	1.146%
FY 13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are 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, 2012, 2011 and 2010 were \$27,376, \$16,678, and \$14,939, respectively, which equal the required contributions for each year.

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance of individual funds. The following fund reflected a deficit fund balance as of June 30, 2012:

REAC	\$	485
Go Bond 2010 Library		7

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local Funded grants. These grants are awarded to the District with the purpose of accomplishing specific education tasks. Grants accounted for in the Special Revenue Funds include:

CAFETERIA (21000) - 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.

ATHLETICS (22000) – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

IDEA-B PRESCHOOL (24109), (29209 FEDERAL STIMULUS) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

IDEA-B RISK POOL (24120) – Risk Pool Fund is for the high cost risk pool or state level activity “U” of the Basic IDEA-B grant.

IMPROVING TEACHER QUALITY (24154) - 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.

MEDICAID (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

RURAL EDUCATIONAL ACHIEVEMENT PROGRAM (REAP) (25233) - 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.

EDUCATION JOBS - STIMULUS (25255) – to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

DUAL CREDIT IM/HB2 (27103) – To account for monies received to purchase course materials for

dual credit college classes.

GO BOND (27105) - 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.

GO BOND 2010 LIBRARY (27106) - To account for monies received from the SB301, Laws of 2010 to be used to improve the library, acquire library books or library resources that support the library program.

LARGE FOUNDATION (29102) -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.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Special Revenue Funds					
	Cafeteria 21000	Athletics 22000	IDEA-B Preschool 24109 & 24209	IDEA-B Risk Pool 24120	Improving Teacher Quality 24154	Medicaid 25153
ASSETS						
Cash on deposit	\$ 12,710	\$ 3,145	\$ -	\$ -	\$ -	\$ -
Taxes receivable	-	-	-	-	-	-
Inventory, at cost	1,832	-	-	-	-	-
Due from grantor	-	-	1,024	62	965	-
Total assets	<u>\$ 14,542</u>	<u>\$ 3,145</u>	<u>\$ 1,024</u>	<u>\$ 62</u>	<u>\$ 965</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 1,024	\$ 62	\$ 965	\$ -
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	-	1,024	62	965	-
Fund balances:						
Nonspendable - inventory	2,160	-	-	-	-	-
Restricted, reported in:						
Special revenue funds	12,382	3,145	-	-	-	-
Total fund balance	<u>14,542</u>	<u>3,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 14,542</u>	<u>\$ 3,145</u>	<u>\$ 1,024</u>	<u>\$ 62</u>	<u>\$ 965</u>	<u>\$ -</u>

Continued

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Special Revenue Funds						
	REAP 25233	Education Jobs Fund - Stimulus 25255	Dual Credit IM/HB2 27103	GO Bond 27105	Go Bond 2010 Library 27106	Large Foundation 29102	Total Special Revenue Funds
ASSETS							
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,732	\$ 36,587
Taxes receivable	-	-	-	-	-	-	-
Inventory, at cost	-	-	-	-	-	-	1,832
Due from grantors	-	-	-	-	4,230	-	6,281
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,230</u>	<u>-</u>	<u>6,281</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,230</u>	<u>\$ 20,732</u>	<u>\$ 44,700</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 485	\$ -	\$ -	\$ -	\$ 4,237	\$ -	\$ 6,773
Deferred revenues	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	485	-	-	-	4,237	-	6,773
Fund balances:							
Nonspendable - inventory	-	-	-	-	-	-	2,160
Restricted, reported in:							
Special revenue funds	(485)	-	-	-	(7)	20,732	35,767
	<u>(485)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>20,732</u>	<u>37,927</u>
Total fund balance	(485)	-	-	-	(7)	20,732	37,927
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,230</u>	<u>\$ 20,732</u>	<u>\$ 44,700</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Special Revenue Funds					
	Cafeteria 21000	Athletics 22000	IDEA-B Preschool 24109 & 24209	IDEA-B Risk Pool 24120	Improving Teacher Quality 24154	Medicaid 25153
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	1,787	11,740	-	-	-	-
State share of taxes	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	34,701	-	2,449	156	4,908	11,887
Earnings from investments	2	29	-	-	-	-
Total revenues	36,490	11,769	2,449	156	4,908	11,887
Expenditures:						
Current:						
Direct instruction	-	9,303	-	-	3,984	428
Instructional support	-	-	2,449	156	924	11,459
Food services	37,018	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	37,018	9,303	2,449	156	4,908	11,887
Net changes in fund balances	(528)	2,466	-	-	-	-
Fund balance - beginning of year	15,070	679	-	-	-	-
Fund balance - end of year	\$ 14,542	\$ 3,145	\$ -	\$ -	\$ -	\$ -

Continued

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Special Revenue Funds						
	REAP 25233	Education Jobs Fund - Stimulus 25255	Dual Credit IM/HB2 27103	GO Bond 27105	Go Bond 2010 Library 27106	Large Foundation 29102	Total Special Revenue Funds
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	-	-	-	-	13,527
State share taxes	-	-	-	-	-	-	-
Local sources	-	-	-	-	-	-	-
State sources	-	-	83	90	4,230	242	4,645
Federal sources	16,082	404	-	-	-	-	70,587
Earnings from investments	-	-	-	-	-	-	31
Total revenues	16,082	404	83	90	4,230	242	88,790
Expenditures:							
Current:							
Direct instruction	16,567	404	83	-	-	13,764	44,533
Instructional support	-	-	-	90	4,237	-	19,315
Food services	-	-	-	-	-	-	37,018
Capital outlay	-	-	-	-	-	-	-
Total expenditures	16,567	404	83	90	4,237	13,764	100,866
Net changes in fund balances	(485)	-	-	-	(7)	(13,522)	(12,076)
Fund balance - beginning of year	-	-	-	-	-	34,254	50,003
Fund balance - end of year	\$ (485)	\$ -	\$ -	\$ -	\$ (7)	\$ 20,732	\$ 37,927

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

CAFETERIA SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charge for services	\$ 1,000	\$ 1,000	\$ 1,787	\$ 787
Federal sources	29,235	29,235	34,701	5,466
Earnings from investments	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total revenues	30,237	30,237	36,490	6,253
Expenditures:				
Current:				
Food service	<u>36,244</u>	<u>43,147</u>	<u>37,018</u>	<u>6,129</u>
Net change in fund balance	(6,007)	(12,910)	(528)	12,382
Fund balance - beginning of year	<u>15,070</u>	<u>15,070</u>	<u>15,070</u>	<u>-</u>
Fund balance - end of year	<u>\$ 9,063</u>	<u>\$ 2,160</u>	<u>\$ 14,542</u>	<u>\$ 12,382</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (528)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (528)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 7,000	\$ 11,730	\$ 11,740	\$ 10
Earnings form investments	5	5	29	24
Total revenue	7,005	11,735	11,769	34
Expenditures:				
Current:				
Direct instruction	7,881	12,414	9,303	3,111
Net change in fund balance	(876)	(679)	2,466	3,077
Fund balance - beginning of year	679	679	679	-
Fund balance - end of year	\$ (197)	\$ -	\$ 3,145	\$ 3,077
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 2,466	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 2,466	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

IDEA-B PRESCHOOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 2,309	\$ 2,501	\$ 2,449	\$ (52)
Expenditures:				
Current:				
Direct instructional	-	-	-	-
Instruction support	2,309	2,501	2,449	52
Total expenditures	2,309	2,501	2,449	52
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

IDEA-B RISK POOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 167	\$ 156	\$ (11)
Expenditures:				
Current:				
Instruction support	<u>-</u>	<u>167</u>	<u>156</u>	<u>11</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

IMPROVING TEACHER QUALITY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 3,913	\$ 6,235	\$ 4,908	\$ (1,327)
Expenditures:				
Current:				
Direct instruction	2,663	4,985	3,984	1,001
Instructional support	1,250	1,250	924	326
Total expenditures	<u>3,913</u>	<u>6,235</u>	<u>4,908</u>	<u>1,327</u>
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	
See accompanying notes to financial statements.				

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

MEDICAID SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 14,837	\$ 17,618	\$ 11,887	\$ (5,731)
Expenditures:				
Current:				
Direct instruction	-	1,330	428	902
Instructional support	14,837	16,288	11,459	4,829
	<u>14,837</u>	<u>17,618</u>	<u>11,887</u>	<u>5,731</u>
Total expenditures	<u>14,837</u>	<u>17,618</u>	<u>11,887</u>	<u>5,731</u>
Net change in fund balances	-	-	-	(11,462)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,462)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

REAP SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 9,640	\$ 30,837	\$ 16,082	\$ (14,755)
Expenditures:				
Current:				
Direct instruction	9,640	30,837	16,567	14,270
Instructional support	-	-	-	-
Total expenditures	<u>9,640</u>	<u>30,837</u>	<u>16,567</u>	<u>14,270</u>
Net change in fund balances	-	-	(485)	(485)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (485)</u>	<u>\$ (485)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (485)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (485)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

EDUCATION JOBS - STIMULUS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 404	\$ 404	\$ -
Expenditures:				
Current:				
Direct instruction	-	404	404	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

DUAL CREDIT IM (HB2) SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 1,004	\$ 83	\$ (921)
Expenditures:				
Current:				
Direct instruction	-	1,004	83	921
Total expenditures	-	1,004	83	921
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ -	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

GO BOND LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 90	\$ 90	\$ -
Expenditures:				
Current:				
Instructional support	-	90	90	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

GO BOND 2010 LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 6,076	\$ 6,076	\$ 4,230	\$ (1,846)
Expenditures:				
Current:				
Instructional support	<u>6,076</u>	<u>6,076</u>	<u>4,237</u>	<u>1,839</u>
Total expenditures	<u>6,076</u>	<u>6,076</u>	<u>4,237</u>	<u>1,839</u>
Net change in fund balance	-	-	(7)	(7)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>-</u>	<u>-</u>	<u>\$ (7)</u>	<u>\$ (7)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (7)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (7)</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

LANGE FOUNDATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	34,335	34,254	242	(34,012)
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	34,335	34,254	242	(34,012)
Expenditures:				
Current:				
Direct instruction	33,930	33,849	13,764	20,085
Instruction support	405	405	-	405
Total expenditures	34,335	34,254	13,764	20,490
Net change in fund balance	-	-	(13,522)	(13,522)
Fund balance - beginning of year	34,254	34,254	34,254	-
Fund balance - end of year	<u>\$ 34,254</u>	<u>\$ 34,254</u>	<u>\$ 20,732</u>	<u>\$ (13,522)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (13,522)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ (13,522)</u>	

See accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 25,616	\$ 25,616	\$ 27,543	\$ 1,927
State sources	-	13,207	13,207	-
Total revenues	25,616	38,823	40,750	1,927
Expenditures				
Current:				
Instructional support	257	257	-	257
Capital outlay	59,714	73,060	29,555	43,505
Total expenditures	59,971	73,317	29,555	43,762
Net changes in fund balance	(34,355)	(34,494)	11,195	45,689
Fund balance - beginning of year	34,696	34,696	34,696	-
Fund balance - end of year	\$ 341	\$ 202	\$ 45,891	\$ 45,689
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 11,195	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 11,195	

See accompanying notes to financial statements.

DEBT SERVICE FUNDS

DEBT SERVICE FUND

DEBT SERVICE FUND (41000) - To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

BALANCE SHEET - DEBT SERVICE FUND
JUNE 30, 2012

	Debt Service 41000
ASSETS	
Cash	\$ 6,367
Taxes receivable	<u>22</u>
Total assets	<u>\$ 6,389</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	<u>\$ -</u>
Total liabilities	-
Fund balances:	
Retirement of long-term debt	6,389
Undesignated, reported in:	<u> </u>
Total fund balances	<u>6,389</u>
Total liabilities and fund balances	<u>\$ 6,389</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Debt Service 41000
REVENUES	
Taxes	\$ 2,250
	<hr/>
Total revenues	2,250
	<hr/>
EXPENDITURES	
Debt services:	
Principal payments	30,000
Interest	660
	<hr/>
Total expenditures	30,660
Net change in fund balance	(28,410)
Fund balance - beginning of year	34,799
	<hr/>
Fund balance - end of year	\$ 6,389
	<hr/>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 30,660	\$ 30,660	\$ 2,250	\$ (28,410)
Expenditures				
Current:				
Instructional support	307	307	-	307
Debt service				
Bond	59,445	59,445	30,000	29,445
Interest	660	660	660	-
Total expenditures	60,412	60,412	30,660	29,752
Net changes in fund balance	(29,752)	(29,752)	(28,410)	1,342
Fund balance - beginning of year	34,799	34,799	34,799	-
Fund balance - end of year	\$ 5,047	\$ 5,047	\$ 6,389	\$ 1,342
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (28,410)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (28,410)	

See accompanying notes to financial statements.

GENERAL FUND

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2012

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
ASSETS					
Cash	\$ 53,384	\$ 5,076	\$ -	\$ 3,162	\$ 61,622
Taxes receivable	9	-	-	-	9
Accounts receivable, collectible	-	-	-	-	-
Inventory	-	-	-	-	-
Due from grantor	300	-	-	-	300
	<u>53,693</u>	<u>5,076</u>	<u>-</u>	<u>3,162</u>	<u>61,931</u>
Total assets	\$ <u>53,693</u>	\$ <u>5,076</u>	\$ <u>-</u>	\$ <u>3,162</u>	\$ <u>61,931</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 4,516	\$ -	\$ -	\$ -	\$ 4,516
Total liabilities	4,516	-	-	-	4,516
Fund balances:					
Unassigned, reported in:					
General fund	49,177	5,076	-	3,162	57,415
Total fund balances	<u>49,177</u>	<u>5,076</u>	<u>-</u>	<u>3,162</u>	<u>57,415</u>
Total liabilities and fund balances	\$ <u>53,693</u>	\$ <u>5,076</u>	\$ <u>-</u>	\$ <u>3,162</u>	\$ <u>61,931</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Material 14000	Total
REVENUES					
Taxes	\$ 5,671	\$ -	\$ -	\$ -	\$ 5,671
Charges for services	1,318	4,350	-	-	5,668
Local sources	2,604	-	-	-	2,604
State sources	1,490,300	-	73,469	3,370	1,567,139
Federal sources	1,454	-	-	-	1,454
Earnings from investments	56	-	-	-	56
	<u>1,501,403</u>	<u>4,350</u>	<u>73,469</u>	<u>3,370</u>	<u>1,582,592</u>
Total revenues					
EXPENDITURES					
Current:					
Direct instruction	886,486	-	-	3,143	889,629
Instructional support	619,627	1,583	73,469	-	694,679
Food services	25,006	-	-	-	25,006
Capital outlay	-	5,400	-	-	5,400
	<u>1,531,119</u>	<u>6,983</u>	<u>73,469</u>	<u>3,143</u>	<u>1,614,714</u>
Total expenditures					
Net change in fund balance	(29,716)	(2,633)	-	227	(32,122)
Fund balance at beginning of year	<u>78,893</u>	<u>7,709</u>	<u>-</u>	<u>2,935</u>	<u>89,537</u>
Fund balance at end of year	\$ 49,177	\$ 5,076	\$ -	\$ 3,162	\$ 57,415

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

OPERATIONAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 5,297	\$ 5,297	\$ 5,671	\$ 374
Charges for services	305	305	1,318	1,013
Local sources	-	-	2,604	2,604
State sources	1,429,719	1,472,742	1,490,300	17,558
Federal sources	1,363	1,363	1,454	91
Earnings from investments	100	100	56	(44)
Total revenues	1,436,784	1,479,807	1,501,403	21,596
Expenditures:				
Current:				
Direct instruction	869,589	890,483	886,486	3,997
Instruction support	633,056	645,775	619,627	26,148
Food services	16,498	25,908	25,006	902
Total expenditures	1,519,143	1,562,166	1,531,119	3,997
Net change in fund balance	(82,359)	(82,359)	(29,716)	25,593
Fund balance - beginning of year	78,893	78,893	78,893	-
Fund balance - end of year	\$ (3,466)	\$ (3,466)	\$ 49,177	\$ 25,593
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (29,716)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (29,716)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

TEACHERAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	4,200	4,200	4,350	150
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	4,200	4,200	4,350	150
Expenditures:				
Current:				
Direct instruction	-	-	-	-
Instruction support	4,967	4,967	1,583	3,384
Food services	-	-	-	-
Capital outlay	7,000	6,942	5,400	1,542
Total expenditures	11,967	11,909	6,983	4,926
Net change in fund balance	(7,767)	(7,709)	(2,633)	5,076
Fund balance - beginning of year	7,709	7,709	7,709	-
Fund balance - end of year	\$ (58)	\$ -	\$ 5,076	\$ 5,076
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (2,633)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (2,633)	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	68,478	73,469	73,469	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>68,478</u>	<u>73,469</u>	<u>73,469</u>	<u>-</u>
Expenditures:				
Current:				
Direct instruction	-	-	-	-
Instruction support	68,478	73,469	73,469	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>68,478</u>	<u>73,469</u>	<u>73,469</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

INSTRUCTIONAL MATERIALS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL ON
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	2,780	3,289	3,370	81
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	2,780	3,289	3,370	81
Expenditures:				
Current:				
Direct instruction	5,470	6,224	3,143	3,081
Instruction support	-	-	-	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	5,470	6,224	3,143	3,081
Net change in fund balance	(2,690)	(2,935)	227	3,162
Fund balance - beginning of year	2,935	2,935	2,935	-
Fund balance - end of year	\$ 245	\$ -	\$ 3,162	\$ 3,162
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 227	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ 227	

See accompanying notes to financial statements.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 MAXWELL MUNICIPAL SCHOOLS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Assets				
Cash	\$ 23,740	\$ 52,854	\$ 51,389	\$ 25,205
Total assets	<u>\$ 23,740</u>	<u>\$ 52,854</u>	<u>\$ 51,389</u>	<u>\$ 25,205</u>
Liabilities				
Deposits held for others	\$ 23,740	\$ 52,854	\$ 51,389	\$ 25,205
Total liabilities	<u>\$ 23,740</u>	<u>\$ 52,854</u>	<u>\$ 51,389</u>	<u>\$ 25,205</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2012

Wells Fargo Bank - Minnesota

Description of Pledge Collateral	CUSIP	Maturity	Market Value
FED NATL MTG ASSN POOL#AE113	31419ADT1	7/1/2040	\$ 258,402
GNMA POOL 781118	36225BG36	10/1/2029	<u>4,801</u>
		Total:	<u>\$ 263,203</u>

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
JUNE 30, 2012

Bank Account Type/Name	Total
Wells Fargo	
Checking - General Operational	\$ 287,442
Checking- Activity Fund	28,454
Checking - Lunch	<u>12,731</u>
Total On Demand	328,627
Reconciling items	<u>(86,398)</u>
Reconciled Balance June 30, 2012	242,229
Less: Fiduciary Funds Cash	<u>(25,205)</u>
Balance Sheet Total June 30, 2012	<u>\$ 217,024</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

CASH RECONCILIATION
JUNE 30, 2012

	<u>Operational 11000</u>	<u>Teacherege 12000</u>	<u>Transportation 13000</u>	<u>Instructional Materials 14000</u>	<u>Cafeteria 21000</u>	<u>Athletics Account 22000</u>	<u>Non - Instructional 23000</u>	<u>Federal Flowthrough 24000</u>
Cash, June 30, 2011	\$ 91,179	\$ 7,709	\$ -	\$ 2,935	\$ 12,910	\$ 679	\$ 23,740	\$ -
Cash receipts, 2012-2012	1,493,324	4,350	73,469	3,370	36,818	11,769	52,854	74,109
Cash disbursements, 2011-2012	<u>(1,531,119)</u>	<u>(6,983)</u>	<u>(73,469)</u>	<u>(3,143)</u>	<u>(37,018)</u>	<u>(9,303)</u>	<u>(51,389)</u>	<u>(74,109)</u>
Cash balance, June 30, 2012	<u>\$ 53,384</u>	<u>\$ 5,076</u>	<u>\$ -</u>	<u>\$ 3,162</u>	<u>\$ 12,710</u>	<u>\$ 3,145</u>	<u>\$ 25,205</u>	<u>\$ -</u>

	<u>Federal Direct 25000</u>	<u>State Flowthrough 26000</u>	<u>State Flowthrough 27000</u>	<u>Local / State 29000</u>	<u>Capital Outlay 31400</u>	<u>Cap. Impro. SB 9 31700</u>	<u>Debt Service Fund 41000</u>	<u>Total</u>
Cash, June 30, 2011	\$ 1,088	\$ -	\$ -	\$ 104,172	\$ -	\$ 34,494	\$ 34,543	\$ 313,449
Cash receipts, 2011-2012	27,770	-	4,410	242	-	40,878	2,484	1,825,847
Cash disbursements, 2011-2012	<u>(28,858)</u>	<u>-</u>	<u>(4,410)</u>	<u>(17,051)</u>	<u>-</u>	<u>(29,555)</u>	<u>(30,660)</u>	<u>(1,897,067)</u>
Cash balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,363</u>	<u>\$ -</u>	<u>\$ 45,817</u>	<u>\$ 6,367</u>	<u>\$ 242,229</u>

See accompanying notes to financial statements.

COMPLIANCE SECTION

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

Hector H. Balderas

State Auditor of the State of New Mexico
Board of Directors of the Maxwell Municipal Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Maxwell Municipal Schools (the District) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board Members, the District's management, The Public Education Department, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and applicable federal grantors and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

White + Samaniego + Campbell, LLP

October 12, 2012

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2012

PRIOR YEAR AUDIT FINDINGS

There were no previous year audit findings.

CURRENT YEAR AUDIT FINDINGS

There are no current year audit findings.

**STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS**

**FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2012**

The financial statements of Maxwell Municipal Schools as of, and for the year ended June 30, 2012 were prepared by White + Samaniego + Campbell, LLP, with the aid of responsible District personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

STATE OF NEW MEXICO
MAXWELL MUNICIPAL SCHOOLS

EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2012

An exit conference was conducted on September 6, 2012 in a closed meeting at Maxwell Municipal School pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Maxwell Municipal Schools

Dr. Joe Charles Harrison
Susan Robinson
Karl Shubert
Frank Taylor
Telena Shubert
Yolanda Trujillo

Superintendent
Business Manager
Secretary / Treasurer
Board Member
Community Member
Administrative Assistant

White + Samaniego + Campbell, LLP

Luis Molina
Gloria Mejia

Manager
Auditor