

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**



**ANNUAL FINANCIAL REPORT**

JUNE 30, 2019

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		1
Official Roster		3
 <b>FINANCIAL SECTION</b>		
Independent Auditor’s Report		4
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	6
Statement of Activities	A-2	7
Fund Financial Statements		
Balance Sheet – Governmental Funds	B-1	8
Reconciliation of the Balance Sheet to the Statement of Net Position	B-2	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-3	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B-4	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual		
Operational Fund (11000)	C-1	14
Teacherage Fund (12000)	C-2	15
Transportation Fund (13000)	C-3	16
Instructional Materials Fund (14000)	C-4	17
New Mexico Reads to Lead Special Revenue Fund (27114)	C-5	18
Statement of Fiduciary Assets and Liabilities – Agency Funds	D-1	19
Notes to the Financial Statements		20
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
	<u>Schedule</u>	<u>Page</u>
Schedule of Proportionate Share of the Net Pension Liability	I	49
Schedule of Pension Contributions	II	50
Notes to Required Supplementary Information – Pensions		51
Schedule of Proportionate Share of Net OPEB Liability	III	52
Schedule of OPEB Contributions	IV	53
Notes to Required Supplementary Information – OPEB		54
 <b>SUPPLEMENTARY INFORMATION</b>		
	<u>Statement</u>	<u>Page</u>
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	56
Special Revenue Funds Descriptions		57
Combining Balance Sheet – Nonmajor Special Revenue Funds	B-1	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	B-2	64

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>SUPPLEMENTARY INFORMATION (Continued)</b>	<u>Statement</u>	<u>Page</u>
Capital Projects Funds Descriptions		69
Combining Balance Sheet – Nonmajor Capital Projects Funds	C-1	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	C-2	71
Debt Service Funds Descriptions		72
Combining Balance Sheet – Nonmajor Debt Service Funds	D-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	D-2	74
 <b>OTHER SUPPLEMENTAL INFORMATION</b>	 <u>Schedule</u>	 <u>Page</u>
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	V	75
Schedule of Pledged Collateral	VI	76
Schedule of Cash and Temporary Investment Accounts	VII	77
Schedule of Cash Reconciliations	VIII	78
Schedule of Joint Powers Agreements	IX	82
 <b>COMPLIANCE SECTION</b>		
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>		83
Schedule of Findings and Responses	X	85
 <b>OTHER DISCLOSURES</b>		 89

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**OFFICIAL ROSTER**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b><u>Name</u></b>		<b><u>Title</u></b>
	<b><u>School Board</u></b>	
Mary Lou Kern		President
Randy Casper		Vice-President
Monica Hoy		Secretary/Treasurer
Clint Kuchan		Member
Frank Taylor		Member
	<b><u>District Officials</u></b>	
Kristen Forrester		Superintendent
Yolanda Trujillo		Administrative Assistant
Susan Robinson		Business Manager

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**FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Maxwell Municipal Schools  
Maxwell, NM

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Maxwell Municipal Schools, (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America requires the Schedules I through IV and the notes to the Required Supplementary Information on pages 49 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and other supplemental information required by 2.2.2 NMAC, Schedules V through IX are presented for the purposes of additional analysis and are not a required part of the financial statements.

Schedules V through IX on pages 75 through 82 required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules V through IX required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages 1 through 3 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019 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* in considering the District's internal control over financial reporting and compliance.

*Manning Accounting and Consulting Services, LLC*

Manning Accounting and Consulting Services, LLC  
Kirtland, New Mexico  
October 22, 2019

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**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Exhibit A-1

	<b>Primary Government</b>
<b>ASSETS</b>	
<i>Current assets:</i>	
Cash and temporary investments	\$ 278,583
Receivables (net of allowance for uncollectibles)	114,815
Inventory	1,794
<i>Total current assets</i>	395,192
<i>Noncurrent assets:</i>	
Restricted cash	10,839
Capital assets (net of accumulated depreciation):	
Land and land improvements	381,939
Buildings and building improvements	5,229,133
Furniture, fixtures and equipment	397,425
Less: accumulated depreciation	(3,953,109)
<i>Total noncurrent assets</i>	2,066,227
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pensions	1,377,941
Deferred outflows - other post-employment benefits	26,448
<i>Total deferred outflows</i>	1,404,389
<i>Total assets and deferred outflows of resources</i>	\$ 3,865,808
<b>LIABILITIES</b>	
<i>Current liabilities:</i>	
Accounts payable	\$ 1,259
Accrued payroll liabilities	103,944
Accrued interest payable	10
Current maturities of:	
Lease purchase note payable	57,120
Compensated absences	11,027
<i>Total current liabilities</i>	173,360
<i>Noncurrent liabilities:</i>	
Compensated absences	2,056
Net pension liability	5,441,473
Net other post-employment benefits liability	1,302,332
<i>Total noncurrent liabilities</i>	6,745,861
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pensions	119,373
Deferred inflows - other post-employment benefits	358,992
<i>Total deferred inflows</i>	478,365
<b>NET POSITION</b>	
Invested in capital assets	1,998,268
Restricted for:	
Debt service	16,335
Capital projects	65,091
Other purposes - special revenue	28,150
Unrestricted	(5,639,622)
<i>Total net position</i>	(3,531,778)
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 3,865,808

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit A-2

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government</b>					
Governmental activities:					
Instruction	\$ 1,732,461	\$ 33,806	\$ 212,271	\$ -	\$ (1,486,384)
Support services:					
Students	298,074	-	15,360	-	(282,714)
Instruction	81,649	-	10,861	-	(70,788)
General administration	267,169	-	-	-	(267,169)
School administration	191,164	-	27,959	-	(163,205)
Other	-	-	-	-	-
Central services	141,696	-	-	-	(141,696)
Operation & maintenance of plant	256,911	9,390	-	-	(247,521)
Student transportation	89,556	-	128,249	-	38,693
Food services operations	115,299	67,346	5,378	-	(42,575)
Community services	-	-	-	-	-
Interest on long-term debt	691	-	-	-	(691)
Facilities materials, supplies, & other services	248,393	-	21,510	26,037	(200,846)
Total Primary Government	<u>\$ 3,423,063</u>	<u>\$ 110,542</u>	<u>\$ 421,588</u>	<u>\$ 26,037</u>	<u>(2,864,896)</u>
<b>General Revenues:</b>					
Property taxes:					
Levied for general purposes					
					9,638
Levied for debt service					
					62,091
Levied for capital projects					
					43,161
State Equalization Guarantee					
					1,819,725
Emergency supplemental					
					165,700
Unrestricted Federal grants					
					3,099
Unrestricted investment earnings					
					684
Gain on disposal of fixed assets					
					200
Miscellaneous					
					<u>2,585</u>
					<u>2,106,883</u>
					(758,013)
					<u>(2,773,765)</u>
					<u>\$ (3,531,778)</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

Exhibit B-1

	General Fund				Special Revenue
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	New Mexico Reads to Lead 27114
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 154,907	\$ 22,737	\$ 5,217	\$ -	\$ -
Accounts receivable					
Taxes	570	-	-	-	-
Due from other governments	-	-	-	892	49,566
Interfund receivables	93,390	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>248,867</u>	<u>22,737</u>	<u>5,217</u>	<u>892</u>	<u>49,566</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	1,259	-	-	-	-
Accrued payroll liabilities	93,149	-	5,217	-	-
Interfund payables	-	-	-	351	49,566
<i>Total liabilities</i>	<u>94,408</u>	<u>-</u>	<u>5,217</u>	<u>351</u>	<u>49,566</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	487	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Transportation	-	-	-	-	-
Instructional materials	-	-	-	152	-
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	120,417	22,737	-	389	-
Unassigned	33,555	-	-	-	-
<i>Total fund balances</i>	<u>153,972</u>	<u>22,737</u>	<u>-</u>	<u>541</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 248,867</u>	<u>\$ 22,737</u>	<u>\$ 5,217</u>	<u>\$ 892</u>	<u>\$ 49,566</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

Exhibit B-1

	<u>Capital Projects</u>			
	Capital			
	Improvements	Other	Total	
	SB-9 (Local)	Governmental	Primary	
	31701	Funds	Government	Totals
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 61,152	\$ 45,409	\$ 289,422	289,422
Accounts receivable				
Taxes	3,939	5,496	10,005	10,005
Due from other governments	-	54,352	104,810	104,810
Interfund receivables	-	-	93,390	93,390
Inventory	-	1,794	1,794	1,794
<i>Total assets</i>	<u>65,091</u>	<u>107,051</u>	<u>499,421</u>	<u>499,421</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	1,259	1,259
Accrued payroll liabilities	-	5,578	103,944	103,944
Interfund payables	-	43,473	93,390	93,390
<i>Total liabilities</i>	<u>-</u>	<u>49,051</u>	<u>198,593</u>	<u>198,593</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	3,390	4,722	8,599	8,599
<i>Total deferred inflows of resources</i>	<u>3,390</u>	<u>4,722</u>	<u>8,599</u>	<u>8,599</u>
<b>FUND BALANCES</b>				
Nonspendable	-	1,794	1,794	
Restricted for:				
Transportation	-		-	
Instructional materials	-		152	
Grant mandates	19,730	4,688	24,418	
Capital projects	-	-	-	
Debt service	-	4,749	4,749	
Assigned	41,971	42,053	227,567	
Unassigned	-	(6)	33,549	
<i>Total fund balances</i>	<u>61,701</u>	<u>53,278</u>	<u>292,229</u>	<u>292,229</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 65,091</u>	<u>\$ 107,051</u>	<u>\$ 499,421</u>	<u>499,421</u>

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



**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Exhibit B-2

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 292,229
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	6,008,497
Accumulated depreciation is	(3,953,109)
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	8,599
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources - pensions	1,377,941
Deferred outflows of resources - other post-employment benefits	26,448
Deferred inflows of resources - pensions	(119,373)
Deferred inflows of resources - other post-employment benefits	(358,992)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Accrued interest payable	(10)
Lease purchase note payable	(57,120)
Accrued compensated absences	(13,083)
Net pension liability	(5,441,473)
Net other post-employment benefits liability	(1,302,332)
Total net position - governmental activities	\$ (3,531,778)

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund				Special Revenue
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	New Mexico Reads to Lead 27114
<i>Revenues:</i>					
Property taxes	\$ 9,565	\$ -	\$ -	\$ -	\$ -
State grants	1,985,425	-	67,565	4,735	58,194
Federal grants	5,236	-	-	-	-
Miscellaneous	2,685	-	-	156	-
Charges for services	269	9,150	-	-	-
Investment income	478	-	-	-	-
<i>Total revenues</i>	<u>2,003,658</u>	<u>9,150</u>	<u>67,565</u>	<u>4,891</u>	<u>58,194</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	1,037,424	-	-	7,792	58,194
Support services					
Students	166,122	-	-	-	-
Instruction	54,316	-	-	-	-
General administration	193,159	-	-	-	-
School administration	133,837	-	-	-	-
Central services	105,327	-	-	-	-
Operation & maintenance of plant	220,498	8,351	-	-	-
Student transportation	-	-	67,565	-	-
Other support services	-	-	-	-	-
Food services operations	36,230	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	7,697	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>1,946,913</u>	<u>16,048</u>	<u>67,565</u>	<u>7,792</u>	<u>58,194</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>56,745</u>	<u>(6,898)</u>	<u>-</u>	<u>(2,901)</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	108	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	56,853	(6,898)	-	(2,901)	-
<i>Fund balances - beginning of year</i>	<u>97,119</u>	<u>29,635</u>	<u>-</u>	<u>3,442</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 153,972</u>	<u>\$ 22,737</u>	<u>\$ -</u>	<u>\$ 541</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Capital Projects</u>			Totals
	Capital Improvements SB-9 (Local) 31701	Other Governmental Funds	Total Primary Government	
<i>Revenues:</i>				
Property taxes	\$ 42,378	\$ 60,873	\$ 112,816	112,816
State grants	-	71,784	2,187,703	2,187,703
Federal grants	-	309,372	314,608	314,608
Miscellaneous	-	100	2,941	2,941
Charges for services	-	34,805	44,224	44,224
Investment income	-	206	684	684
<i>Total revenues</i>	<u>42,378</u>	<u>477,140</u>	<u>2,662,976</u>	<u>2,662,976</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	214,874	1,318,284	1,318,284
Support services				
Students	-	67,320	233,442	233,442
Instruction	-	5,539	59,855	59,855
General administration	426	2,748	196,333	196,333
School administration	-	-	133,837	133,837
Central services	-	-	105,327	105,327
Operation & maintenance of plant	-	-	228,849	228,849
Student transportation	-	-	67,565	67,565
Other support services	-	-	-	-
Food services operations	-	65,237	101,467	101,467
Community services	-	-	-	-
Capital outlay	26,684	84,960	119,341	119,341
Debt service				
Principal	-	56,409.00	56,409	56,409
Interest	-	691	691	691
<i>Total expenditures</i>	<u>27,110</u>	<u>497,778</u>	<u>2,621,400</u>	<u>2,621,400</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>15,268</u>	<u>(20,638)</u>	<u>41,576</u>	<u>41,576</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	(108)	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(108)</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	15,268	(20,746)	41,576	41,576
<i>Fund balances - beginning of year</i>	<u>46,433</u>	<u>74,024</u>	<u>250,653</u>	<u>250,653</u>
<i>Fund balances - end of year</i>	<u>\$ 61,701</u>	<u>\$ 53,278</u>	<u>\$ 292,229</u>	<u>292,229</u>

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

STATE OF NEW MEXICO

Exhibit B-4

MAXWELL MUNICIPAL SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 41,576
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(158,476)
Capital outlays	57,431
Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:	
Unavailable revenue related to the property taxes receivable	2,074
In the Statement of Activities, certain operating expenses - compensated absences and interest expense - are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increases) decreases in the liabilities for the year were:	
Accrued interest payable	106
Accrued compensated absences	809
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
Lease principle payments	56,409
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.	
Pension contributions - current year	184,494
Pension expense	(975,381)
Other post-employment benefits contributions - current year	26,448
Other post-employment benefits income	6,497
Change in net position - total governmental activities	<u>\$ (758,013)</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**OPERATIONAL FUND (11000)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Exhibit C-1

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 8,964	\$ 8,964	\$ 9,601	\$ 637
State grants	2,017,907	2,165,011	1,985,425	(179,586)
Federal grants	450	450	5,236	4,786
Miscellaneous	-	-	2,685	2,685
Charges for services	-	-	269	269
Interest	24	24	478	454
<i>Total revenues</i>	2,027,345	2,174,449	2,003,694	(170,755)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	1,116,860	1,122,460	1,183,325	(60,865)
Support services				
Students	223,968	205,258	166,122	39,136
Instruction	46,159	57,765	54,316	3,449
General administration	192,003	200,903	193,159	7,744
School administration	137,406	139,914	133,837	6,077
Central services	101,801	217,750	105,327	112,423
Operation & maintenance of plant	232,242	253,493	222,280	31,213
Student transportation	-	-	-	-
Other support services	2,412	2,412	-	2,412
Food services operations	36,233	36,233	36,230	3
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	2,089,084	2,236,188	2,094,596	141,592
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(61,739)	(61,739)	(90,902)	(29,163)
<i>Other financing sources (uses):</i>				
Designated cash	61,739	61,739	-	(61,739)
Operating transfers	-	-	108	108
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	61,739	61,739	108	(61,631)
<i>Net change in fund balance</i>	-	-	(90,794)	(90,794)
<i>Cash or fund balance - beginning of year</i>	-	-	339,091	339,091
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	-	-	339,091	339,091
<i>Cash or fund balance - end of year</i>	\$ -	\$ -	\$ 248,297	\$ 248,297
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (90,794)	
Adjustments to revenues			(36)	
Adjustments to expenditures			147,683	
Net change in fund balance (GAAP basis)			\$ 56,853	

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**TEACHERAGE FUND (12000)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Exhibit C-2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	8,400	8,400	9,150	750
Interest	-	-	-	-
<i>Total revenues</i>	<u>8,400</u>	<u>8,400</u>	<u>9,150</u>	<u>750</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	4,600	9,600	9,151	449
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	34,340	29,235	7,697	21,538
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>38,940</u>	<u>38,835</u>	<u>16,848</u>	<u>21,987</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(30,540)</u>	<u>(30,435)</u>	<u>(7,698)</u>	<u>22,737</u>
<i>Other financing sources (uses):</i>				
Designated cash	30,540	30,435	-	(30,435)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>30,540</u>	<u>30,435</u>	<u>-</u>	<u>(30,435)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(7,698)</u>	<u>(7,698)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>30,435</u>	<u>30,435</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>30,435</u>	<u>30,435</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,737</u>	<u>\$ 22,737</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (7,698)	
Adjustments to revenues			-	
Adjustments to expenditures			800	
Net change in fund balance (GAAP basis)			<u>\$ (6,898)</u>	

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**TRANSPORTATION FUND (13000)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	67,565	67,565	67,565	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	67,565	67,565	67,565	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	67,565	67,565	73,653	(6,088)
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	67,565	67,565	73,653	(6,088)
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(6,088)	(6,088)
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(6,088)	(6,088)
<i>Cash or fund balance - beginning of year</i>	-	-	11,305	11,305
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	-	-	11,305	11,305
<i>Cash or fund balance - end of year</i>	\$ -	\$ -	\$ 5,217	\$ 5,217
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (6,088)	
Adjustments to revenues			-	
Adjustments to expenditures			6,088	
Net change in fund balance (GAAP basis)			\$ -	

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**INSTRUCTIONAL MATERIALS FUND (14000)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Exhibit C-4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	3,843	4,735	3,843	(892)
Federal grants	-	-	-	-
Miscellaneous	-	-	156	156
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>3,843</u>	<u>4,735</u>	<u>3,999</u>	<u>(736)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	7,265	8,177	7,792	385
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,265</u>	<u>8,177</u>	<u>7,792</u>	<u>385</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,422)</u>	<u>(3,442)</u>	<u>(3,793)</u>	<u>(351)</u>
<i>Other financing sources (uses):</i>				
Designated cash	3,422	3,442	-	(3,442)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,422</u>	<u>3,442</u>	<u>-</u>	<u>(3,442)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(3,793)</u>	<u>(3,793)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,442</u>	<u>3,442</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,442</u>	<u>3,442</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (351)</u>	<u>\$ (351)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (3,793)	
Adjustments to revenues			892	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ (2,901)</u>	

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



**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**NEW MEXICO READS TO LEAD SPECIAL REVENUE FUND (27114)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Exhibit C-5

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	68,747	68,747	52,144	(16,603)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>68,747</u>	<u>68,747</u>	<u>52,144</u>	<u>(16,603)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	68,747	68,747	62,558	6,189
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>68,747</u>	<u>68,747</u>	<u>62,558</u>	<u>6,189</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(10,414)</u>	<u>(10,414)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(10,414)</u>	<u>(10,414)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(39,152)</u>	<u>(39,152)</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(39,152)</u>	<u>(39,152)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,566)</u>	<u>\$ (49,566)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (10,414)	
Adjustments to revenues			6,050	
Adjustments to expenditures			4,364	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2019**

Exhibit D-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	<u>\$        30,004</u>
<i>Total assets</i>	<u><u>\$        30,004</u></u>
 <b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>\$        30,004</u>
<i>Total liabilities</i>	<u><u>\$        30,004</u></u>

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

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**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies**

Maxwell Municipal Schools, (the “District”) is a public school District governed by an elected five-member Board of Education 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 boundaries. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management that is responsible for the financial statements. The financial statements of the 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 Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

During the year ended June 30, 2019, the District adopted the following GASB statements.

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District will not be affected by this Statement as it has been determined it has no assets which meet the criteria.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 and have been implemented by the District.

The more significant accounting policies of the District are described below.

A. *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

A.    *Financial Reporting Entity (Continued)*

The basis, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District does not have a component unit and is not a component unit of another government agency.

B.    *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 revenues are reported instead as *general revenues*.

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with 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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C.    *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the period for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

C.      *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

***Deferred Outflows of Resources*** – a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets; therefore, it is not recognized as an outflow of resources (expense) until then.

***Deferred Inflows of Resources*** – an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities; therefore, it is not recognized as an inflow of resources (revenue) until that time.

***Net Position*** – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *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 accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

Governmental funds are used to account for the District’s general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the Operational, Teacherage, Transportation, and Instructional Materials Funds.

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

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB Statement No. 34, the District is required to present some of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *Operational Fund* (11000) accounts for the primary revenues and expenditures of the District, including, but not limited to, student instruction, student support, instructional support, general administration, school administration, central services, and operations and maintenance of plant. Revenues come from district tax levy, state equalization, and other local, state, and federal sources. This fund is considered by PED to be a sub-fund of the General Fund.

The *Teacherage Fund* (12000) accounts for revenues and expenditures associated with district owned multi-bedroom housing units rented to District employed teachers or other employees. Funding authorized by NMAC 6.20.2 of the New Mexico Department of Education. This fund is considered by PED to be a sub-fund of the General Fund.

The *Transportation Fund* (13000) accounts for state equalization funds authorized by Section 22-8-26, NMSA, 1978 designated for the costs of transporting school-age children who are students within the District. This fund is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* (14000) accounts for funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

The *New Mexico Reads to Lead K-3 Reading Initiative Special Revenue Fund* (27114) accounts for funding for reading initiative activities for grades K-3. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

The *Capital Improvements SB-9 (Local) Capital Improvements Fund* (31701) accounts for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978). No minimum balance required according to legislation.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*C.      Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

Additionally, the government reports the following fund types:

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The fiduciary funds are for student activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity*

**Cash and Temporary Investments:** 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. State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond. 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.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

**Restricted Assets:** The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

**Receivables and Payables:** Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Colfax County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the Colfax County Treasurer in July and August 2019 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2019.

Certain Special Revenue Funds are administered on a reimbursement method of funding, other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.



**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

D. *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Inventory:** The District accounts for its inventories under the consumption method, reporting inventories purchased as an asset. The recognition of the expenditures is deferred until the period in which the inventories are actually consumed. Inventory in the Food Services Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized and included in furniture and equipment in accordance with NMAC 2.20.1.9 C (5). Capital expenditures made by the New Mexico Public Schools Facilities Authority are appropriately included in the District's capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District expenses the cost of library books when purchased because their estimated useful life is less than one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2019.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings/building improvements	5-50 years
Furniture and equipment	5-20 years

**Deferred Outflows of Resources – Pensions:** The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$184,494 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District has four other deferred outflows which arise due to the implementation of GASB 68; change in proportion \$55,968; change in assumptions \$1,121,462; change in investment experience \$12,046; and actuarial experience \$3,971.

**Deferred Outflows of Resources – OPEB:** The government-wide financial statements report other post-employment benefits related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$26,448 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other deferred outflows which arise due to the implementation of GASB 75; change in proportion; change in assumptions; investment experience; and actuarial experiences which have no balances in the current year.

**Unearned revenues:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. At June 30, 2019, the District had no unearned revenues.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**Compensated Absences:** Qualified employees are entitled to accumulate annual leave up 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 position. Total compensated absences were \$13,083 at June 30, 2019.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2004, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method and are reported net of the applicable bond premium or discount. Bond insurance issuance costs will be reported as deferred charges and amortized over the term of the related debt. Lease purchase notes payable to the New Mexico Finance Authority of \$57,120 are outstanding at June 30, 2019.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Pension Liability:** The District records its proportionate share of the difference between the value of total pension liabilities and plan assets for the State of New Mexico's Employee Retirement Board pension plan. For the year ended June 30, 2019, net pension liability totaled \$5,441,473.

**Post-Employment Benefits Other Than Pensions (OPEB):** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Other Post-Employment Benefits Liability:** The District records its proportionate share of the difference between the value of total other post-employment benefits (OPEB) liabilities and plan assets for the State of New Mexico's Retiree Health Care plan. For the year ended June 30, 2019, net OPEB liability totaled \$1,302,332.

**Deferred Inflows of Resources – Unavailable Revenues:** Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available; therefore, a receivable is recorded for the amount due and a corresponding deferred revenue, is recorded as well. Total unavailable revenues of \$8,599 for property taxes were recorded at June 30, 2019.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**Deferred Inflows of Resources – Pensions:** Changes in actuarial experience \$103,560 and change in proportion \$15,813 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

**Deferred Inflows of Resources – OPEB:** Changes in actuarial experience \$77,106; investment experience \$16,253; change in assumptions \$243,140; and change in proportion \$22,493 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

**Net Position or Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

*Net investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are components of net position.

*Restricted Net Position:* Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (b) law through constitutional provisions or enabling legislation. Enabling legislation 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. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted Net Position:* All other net position that does not meet the definition of “restricted” or “invested in capital assets.”

**Fund Balance:** In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications. In the governmental financial statements, fund balance is classified and is displayed in five components:

*Nonspendable:* Consists of 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.

*Restricted:* Consists of amounts that are restricted to specific purposes as a result of 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.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

*Committed:* Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

*Assigned:* Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned:* 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.

*E.      Revenues*

**Reclassifications:** Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets.

**State Equalization Guarantee:** School districts in the State of New Mexico receive 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 825, NMSA 1978 is at least equal to the 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-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,985,425 in state equalization guarantee and emergency supplemental distributions during the year ended June 30, 2019.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1 of each year and are payable in two equal installments, on November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year with the levies becoming delinquent 30 days (one month) thereafter. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be 'measurable' and 'available' in the government fund financial statements, which is within 60 days of

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*E. Revenues (Continued)*

year-end. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2019 were \$112,816. The District did not collect any revenues from oil and gas taxes.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds 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 grades K through twelve attending public school within the school district. The District received \$67,565 in transportation distributions during the year ended June 30, 2019.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$4,735.

**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 \$26,037 in state SB-9 matching during the year ended June 30, 2019.

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, NMSA 1978. 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 per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L). 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, 2019, the District received no special capital outlay funds.

**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 flowthrough agency (usually the New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department. The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.



**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 2      Stewardship, Compliance and Accountability**

*Budgetary Information*

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented. These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the ending cash balance be appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget at the function level, the level of budgetary control for districts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local board of education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division. The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) (100%) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico PED.
2. In May or June 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 school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. 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.
5. 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 DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. 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.
8. Legal budget control for expenditures is by function.
9. 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 schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

The board of education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a governmental agency from exceeding an individual line item.

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 2 Stewardship, Compliance and Accountability (Continued)**

*Budgetary Information (Continued)*

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non- GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2019, is presented on each funds' Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual.

**NOTE 3 Cash and Temporary 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, 2019. 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. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by the statute.

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. Excess of funds may be temporarily invested in securities which are issued by the State or by the United States Government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

**Deposits**

New Mexico 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 District for at least one half of the amount on deposit with the institution in excess of federal deposit insurance. 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
Total amounts of deposits	\$ 368,807
FDIC coverage	250,000
Total uninsured public funds	\$ 118,807
Collateral requirement (50% of uninsured public funds)	59,404
Pledged security	133,219
Total over (under) collateralized	\$ 73,815

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 3 Cash and Temporary Investments (Continued)**

The funds are maintained in interest bearing accounts at Wells Fargo Bank. The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Deposits – The risk exists when a portion of the District’s deposits are not covered by depository insurance and are:

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
3. Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor’s (District’s) name.

At June 30, 2019, \$118,807 of the District’s bank balance of \$368,807 was exposed to custodial credit risk as it was uninsured and the collateral was not held in the District’s name.

**Reconciliation of Cash to the Financial Statements**

The carrying amount of deposits and investments shown above are included in the District’s Statement of Net Position as follows:

Reconciliation to Statement of Net Position

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$ 289,422
Statement of Fiduciary Net Position - cash per Exhibit D-1	<u>30,004</u>
Total per financial statements	319,426
Less petty cash	(150)
Add outstanding checks and other reconciling items	<u>49,531</u>
 Bank balance of deposits	 <u><u>\$ 368,807</u></u>

The District utilized pooled accounts for their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts should be reclassified as due to/due from accounts in the combining balance sheets at June 30, 2019. Funds in the 24000’s and 25000’s are federal funds, and funds 26000’s through 29000’s are non-federal funds. The funds listed in interfund payables in Note 5 are the funds which had negative cash balances as of June 30, 2019.



**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 4 Receivables**

Receivables as of June 30, 2019 are as follows:

	Major Funds					Total Governmental Funds
	Operational 11000	Instructional Materials 14000	NM Reads to Lead 27114	SB-9 Local 31701	Other Governmental Funds	
Property taxes	\$ 570	\$ -	\$ -	\$ 3,939	\$ 5,496	\$ 10,005
Due from other governments	-	892	49,566	-	54,352	104,810
<b>Total receivables</b>	<b>\$ 570</b>	<b>\$ 892</b>	<b>\$ 49,566</b>	<b>\$ 3,939</b>	<b>\$ 59,848</b>	<b>\$ 114,815</b>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property taxes due in the amount of \$8,599 were not collected within the period of availability.

**NOTE 5 Interfund Receivables, Payables, and Transfers**

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances at June 30, 2019 is as follows:

<b>Governmental Activities</b>	Interfund Receivables	Interfund Payables
<b>Major Funds:</b>		
Operational (11000)	\$ 93,390	\$ -
Instructional Materials (14000)	-	351
New Mexico Reads to Lead (27114)	-	49,566
<b>Non-major Funds:</b>		
Title I IASA (24101)	-	13,796
IDEA-B Entitlement (24106)	-	9,709
IDEA-B Preschool (24109)	-	871
IDEA-B Results Plan (24132)	-	13,852
Teacher/Principal Training & Recruiting (24154)	-	382
Student Support and Academic Enrichment (24189)	-	3,889
Title XIX Medicaid 3/21 Years (25153)	-	347
Dual Credit Instructional Materials (27103)	-	93
2012 G.O. Bond Student Library Fund (SB66) (27107)	-	534
<b>Totals</b>	<b>\$ 93,390</b>	<b>\$ 93,390</b>

All interfund balances are expected to be repaid or closed out within one year. During the year ended June 30, 2019, the District had no interfund transfers.

The District transferred \$108 during the year from the Debt Service Fund to the Operational Fund to close out the cash in that fund with permission from the New Mexico Public Education Department.

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 6 Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows. Land and construction in progress is not subject to depreciation.

Capital assets used in governmental activities:	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 11,818	\$ -	\$ -	\$ -	\$ 11,818
Capital assets being depreciated:					
Land improvements	23,870	50,969	-	295,282	370,121
Buildings and building improvements	5,524,415	-	-	(295,282)	5,229,133
Furniture, fixtures, and equipment	390,963	6,462	-	-	397,425
Total capital assets being depreciated	<u>5,939,248</u>	<u>57,431</u>	<u>-</u>	<u>-</u>	<u>5,996,679</u>
Less accumulated depreciation:					
Land improvements	1,591	15,281	-	239,898	256,770
Buildings and building improvements	3,513,514	121,902	-	(239,898)	3,395,518
Furniture, fixtures, and equipment	279,528	21,293	-	-	300,821
Total accumulated depreciation	<u>3,794,633</u>	<u>158,476</u>	<u>-</u>	<u>-</u>	<u>3,953,109</u>
Total capital assets, net of depreciation	<u>\$ 2,156,433</u>	<u>\$ (101,045)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,055,388</u>

Some items have been incorrectly recorded in buildings and building improvements which should have been recorded as land improvements. Those assets and their related accumulated depreciation have been moved to the correct category.

Depreciation expense for the year ended June 30, 2019 was charged to the governmental activities as follows:

Governmental activities:	
Instruction	\$ 9,507
Support services - students	2,377
Support services - instruction	2,377
Support services - general administration	1,585
School administration	5,230
Central services	1,585
Operation and maintenance of plant	3,170
Student transportation	3,170
Food services	317
Capital outlay	129,158
Total depreciation	<u>\$ 158,476</u>

Construction Commitments: At June 30, 2019, there are no outstanding construction commitments:

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 7 Long-Term Debt**

During the year ended June 30, 2019 the following changes occurred in the liabilities reported in the government- wide statement of net position:

	Balance at 06/30/18	Additions	Deletions	Balance at 06/30/19	Due Within One Year
NMFA Lease Purchase Notes	\$ 113,529	\$ -	\$ 56,409	\$ 57,120	\$ 57,120
Compensated Absences	13,892	10,218	11,027	13,083	11,027
<b>Total</b>	<b>\$ 127,421</b>	<b>\$ 10,218</b>	<b>\$ 67,436</b>	<b>\$ 70,203</b>	<b>\$ 68,147</b>

The District has one lease purchase note financed through the New Mexico Finance Authority (NMFA) outstanding as of June 30, 2019. The information related to this note is as follows:

	2015 B NMFA - 2015 Note #2
Issue Date	<u>5/1/2015</u>
Original Issue	\$75,000
Maturity Date	5/1/2020
Principal	1-May
Interest Rate	0.100%
Principal/Interest	1-May
Interest	1-Nov

The annual requirements to amortize the NMFA lease purchase note as of June 30, 2019, including interest payments are as follows:

Fiscal Year Ending June 30,	NMFA Lease Purchase Note		Total Debt
	Principal	Interest	Service
2020	<u>\$ 57,120</u>	<u>\$ 57</u>	<u>\$ 57,177</u>
Totals	<u>\$ 57,120</u>	<u>\$ 57</u>	<u>\$ 57,177</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

**General Obligation Bonds:** Are direct obligations and pledge the full faith and credit of the District. The District has no outstanding general obligation bond as of June 30, 2019.

**Compensated Absences** – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences decreased \$809 over the prior year accrual. See Note 1 for more details.

**Operating Leases** – The District has no leases at this time.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 8      Unearned Revenues**

In accordance with the terms of the various grant 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 the grantor. The District had no unearned revenues at June 30, 2019.

**NOTE 9      Risk Management**

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes workers compensation, general and automobile liability, automobile physical damage, and property and crime coverage. Also included under the risk management program are boiler, machinery and student accident insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible for each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to depositor's forgery, credit card forgery and money orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2019, there have been no claims that have exceeded insurance coverage.

**NOTE 10     Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The District reported one deficit fund balance at June 30, 2019 in the amount of \$6 in the IDEA-B Result Plan Special Revenue Fund.
- B. Excess of expenditures over appropriations. No funds exceeded their approved budgetary authority for the year ended June 30, 2019.
- C. Cash appropriations in excess of available cash balance. For the year ended June 30, 2019, the District had no cash appropriations in excess of available cash balance.

**NOTE 11     General Information on the Pension Plan – Educational Retirement Plan**

*Plan Description.* The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's web site at [https://www.nmerb.org/Annual\\_report.html](https://www.nmerb.org/Annual_report.html).

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 11    General Information on the Pension Plan – Educational Retirement Plan (Continued)**

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employments, as defined Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

**Benefits provided.** A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

**Summary of Plan Provisions for Retirement Eligibility.** For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit; or
- The member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after that July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit; or
- The member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits.
- The member's age is 67 and has earned 5 or more years of service credit.

**Forms of Payment.** The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

**Benefit Options.** The Plan has three benefit options available.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 11 General Information on the Pension Plan – Educational Retirement Plan (Continued)**

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is not continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

**Disability Benefit.** An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

**Cost of Living Adjustment (COLA).** All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year the member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010.
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013.
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013.

As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

**Refund of Contributions.** Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

**Contributions.** For the fiscal years ended June 30, 2019 and 2018 educational employers contributed to the Plan based on the following rate schedule:



**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 11 General Information on the Pension Plan – Educational Retirement Plan (Continued)**

<u>Fiscal Year</u>	<u>Date Range</u>	<u>Wage Category</u>	<u>Member Rate</u>	<u>Employer Rate</u>	<u>Combined Rate</u>	<u>Increase Over Prior Year</u>
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%	0.00%
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$314,391 and \$321,222 which equal the amount of the required contributions for each fiscal year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At June 30, 2019, the District reported a liability of \$5,441,473 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018, using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. June 30, 2018, the District's proportion was 0.04576%, which was a decrease of 0.00013% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$790,887. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ 3,971	\$ (103,560)	\$ (99,589)
Changes of assumptions	1,121,462	-	1,121,462
Net difference between projected and actual earnings on pension plan investments	12,046	-	12,046
Changes in proportion and differences between contributions and proportionate share of contributions	55,968	(15,813)	40,155
District's contributions subsequent to the measurement date	184,494	-	184,494
Total	<u>\$ 1,377,941</u>	<u>\$ (119,373)</u>	<u>\$ 1,258,568</u>

Reported deferred outflows of resources of \$184,494 related to pensions resulting from the District's contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 11 General Information on the Pension Plan – Educational Retirement Plan (Continued)**

Year ended June 30,

2020	\$ 657,269
2021	425,777
2022	(9,131)
2023	159
2024	-
Thereafter	-
<b>Total</b>	<b><u><u>\$ 1,074,074</u></u></b>

*Actuarial assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%										
Salary Increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table> <tr> <td>Fiscal Year</td> <td><u>2017</u></td> <td><u>2016</u></td> <td><u>2015</u></td> <td><u>2014</u></td> </tr> <tr> <td>Service life in years</td> <td>3.35</td> <td>3.77</td> <td>3.92</td> <td>3.88</td> </tr> </table>	Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p><b>Healthy females:</b> Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females:</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.										
Cost-of-Living Increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.										
Payroll Growth	3.00% per year (with no allowance for membership growth).										



**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 11 General Information on the Pension Plan – Educational Retirement Plan (Continued)**

Contribution Accumulation                      The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balance in the past as well as future.

Disability Incidence                              Approved rates applied to eligible members with at least 10 years of service.

The actuarial assumptions and methods are set by the Plan’s Board of Trustees, based upon recommendations made by the Plan’s actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Equities	33%	
Fixed Income	26%	
Alternatives	40%	
Cash	1%	
Total	<u>100%</u>	<u>7.25%</u>

**Discount rate:** A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This rate is .21% less than the 5.90% discount rate used for June 30, 2017.

The June 30, 2018 single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.56%. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 11 General Information on the Pension Plan – Educational Retirement Plan (Continued)**

*Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.69%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.69%) or 1-percentage-point higher (6.69%) than the current rate:

1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
\$ 7,071,831	\$ 5,441,473	\$ 4,111,203

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued NMERB’s financial reports. The reports can be found on NMERB’s web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

*Payables to the pension plan.* The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2019 the District had no outstanding amounts due which had not been paid.

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA)**

*Plan Description:* Employees of the District are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

*Benefits Provided:* The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

*Employees covered by benefit terms* – At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
Total	<u><u>156,025</u></u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
Total	<u><u>93,349</u></u>

**Contributions** - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the District were \$38,369 for the year ended June 30, 2019.

At June 30, 2019, the District reported a liability of \$1,302,332 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018, the District's proportion was 0.02995% which was a decrease of 0.00049% from its proportion measured at June 30, 2018.

For the year ended June 30, 2019, the District recognized OPEB expense of \$32,945. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ -	\$ (77,106)	\$ (77,106)
Changes of assumptions	-	(243,140)	(243,140)
Net difference between projected and actual earnings on			
OPEB plan investments	-	(16,253)	(16,253)
Changes in proportion	-	(22,493)	(22,493)
District's contributions subsequent to the measurement date	<u>26,448</u>	-	<u>26,448</u>
Total	<u><u>\$ 26,448</u></u>	<u><u>\$ (358,992)</u></u>	<u><u>\$ (332,544)</u></u>

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

Deferred outflows of resources totaling \$26,448 represent the District’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ended June 30,</b>	
2020	\$ (90,262)
2021	(90,262)
2022	(90,262)
2023	(70,790)
2024	(17,416)
Thereafter	-
Total	<u><u>\$ (358,992)</u></u>

**Actuarial assumptions:** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB, 2.25% for PERA
Projected payroll increases	3.25% to 12.5% based on years of service including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB Members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females). PERA members RP-2000 Combined Healthy Mortality

**Rate of Return:** The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions. The best estimates for the long-term expected rate of return is summarized as follows:

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed equities	7.8%
Private equity	11.8%
Credit and structured finance	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

**Discount Rate:** The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates:** The following presents the net OPEB liability of the School, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (4.08%) than the current discount rate:

<u>1% Decrease (3.08%)</u>	<u>Current Discount Rate (4.08%)</u>	<u>1% Increase (5.08%)</u>
\$ 1,576,129	\$ 1,302,332	\$ 1,086,520

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
\$ 1,100,927	\$ 1,302,332	\$ 1,460,238

**OPEB plan fiduciary net position:** Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

**Payable changes in the net OPEB liability:** At June 30, 2019, the District reported no outstanding contributions due to NMRHCA for the year ended June 30, 2019 as all amounts were paid before year-end.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 13 Unavailable Revenues**

The District did not receive any grant funds subsequent to year-end which were outside the period of availability, more than 60 days after year-end for grants. The District did have \$8,599 of uncollected taxes at year-end.

**NOTE 14 Concentrations**

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in the specific flows of intergovernmental revenues based on modifications to the Federal and State laws and Federal and State appropriations.

**NOTE 15 Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 16 Tax Abatement Disclosures**

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There are no reported tax abatements affecting the District.

**NOTE 17 Subsequent Accounting Standard Pronouncements**

In January 2017, GASB Statement No. 84 *Fiduciary Activities*, was issued. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2017, GASB Statement No. 87 *Leases*, was issued. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.



**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 17 Subsequent Accounting Standard Pronouncements (Continued)**

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In August 2018, GASB Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirement of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In May 2019, GASB Statement No. 91 *Conduit Debt Obligations*, was issued. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders’ uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers’ roles in conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

**STATE OF NEW MEXICO  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 19      Subsequent Events**

A review of subsequent events through October 22, 2019, which is the date the financial statements were available to be issued, indicated nothing of audit significance.



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**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>District's Proportion of the Net Pension Liability (NPL)</b>	<b>District's Proportionate Share of the NPL</b>	<b>District's Covered- Employee Payroll</b>	<b>District's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2019	2018	0.04576%	\$ 5,441,473	\$ 1,278,940	425.47%	52.17%
2018	2017	0.04589%	\$ 5,099,971	\$ 1,306,720	390.29%	52.95%
2017	2016	0.04403%	\$ 3,168,590	\$ 1,257,410	251.99%	61.58%
2016	2015	0.04466%	\$ 3,081,808	\$ 1,259,510	244.68%	63.97%
2015	2014	0.04192%	\$ 2,391,833	\$ 1,155,598	206.98%	66.54%

\* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2015, the year the statement's requirements became effective.

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

Schedule II

<b>Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered- Employee Payroll</b>
2019	\$ 184,494	\$ 184,494	\$ -	\$ 1,327,032	13.90%
2018	\$ 177,761	\$ 177,761	\$ -	\$ 1,278,940	13.90%
2017	\$ 181,634	\$ 181,634	\$ -	\$ 1,306,720	13.90%
2016	\$ 174,780	\$ 174,780	\$ -	\$ 1,257,410	13.90%
2015	\$ 175,072	\$ 175,072	\$ -	\$ 1,259,510	13.90%

\* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2015, the year the statement's requirements became effective.

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

**STATE OF NEW MEXICO**  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
EDUCATIONAL RETIREMENT PLAN  
JUNE 30, 2019

**Changes in benefit provisions.** There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

**Changes in assumptions and methods.** Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

See also Note 11 *General Information on the Pension Plan - Educational Retirement Act* in the financial statement note disclosure on the OPEB plan.

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE**  
**NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)**  
**RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

Schedule III

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	2018	0.02995%	\$ 1,302,332	\$ 1,278,940	101.83%	13.14%
2018	2017	0.03044%	1,379,441	\$ 1,306,720	105.57%	11.34%

\* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS**  
**RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

Schedule IV

Fiscal Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2019	26,448	\$ 26,448	\$ -	\$ 1,322,253	2.00%
2018	25,578	\$ 25,578	\$ -	\$ 1,278,940	2.00%

\* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

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

**STATE OF NEW MEXICO**  
MAXWELL MUNICIPAL SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
RETIREE HEALTH CARE AUTHORITY (RHCA)  
JUNE 30, 2019

*Changes in assumptions and methods.* RHCA conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2017, RHCA implemented the following changes in assumptions for fiscal years 2018 and 2017.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The mortality, retirement, disability, turnover, and salary increase assumptions are based on the PERA annual valuation as of June 30, 2017 and the ERB actuarial experience study as of June 30, 2017.

- 1) Fiscal year 2018 valuation assumptions that changed based on this study:
  - a. Minor changes to demographic assumptions
- 2) Assumptions that were not changed:
  - a. Investment return 7.25%
  - b. Inflation rate 2.50% for ERB and 2.25% for PERA
  - c. Population growth per year at 0.00%
  - d. Health care cost trend rate 8% graded down to 1.5% over 14 years for Non-Medicare medical plan costs and 7.5%

See also Note 12 *Other Post-Employment Benefits (OPEB) - State Retiree Health Care Act (RHCA)* in the financial statement note disclosure on the OPEB plan.

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



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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

Statement A-1

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 34,570	\$ -	\$ 10,839	\$ 45,409
Accounts receivable				
Taxes	-	-	5,496	5,496
Due from other governments	54,352	-	-	54,352
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	1,794	-	-	1,794
	<u>90,716</u>	<u>-</u>	<u>16,335</u>	<u>107,051</u>
<i>Total assets</i>				
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	5,578	-	-	5,578
Interfund payables	43,473	-	-	43,473
Unearned revenue	-	-	-	-
	<u>49,051</u>	<u>-</u>	<u>-</u>	<u>49,051</u>
<i>Total liabilities</i>				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	4,722	4,722
Unavailable revenues - other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>4,722</u>	<u>4,722</u>
<i>Total deferred inflows of resources</i>				
<b>FUND BALANCES</b>				
Nonspendable	1,794	-	-	1,794
Restricted for:				
Grant mandates	4,688	-	-	4,688
Capital projects	-	-	-	-
Debt service	-	-	4,749	4,749
Assigned	35,189	-	6,864	42,053
Unassigned	(6)	-	-	(6)
	<u>41,665</u>	<u>-</u>	<u>11,613</u>	<u>53,278</u>
<i>Total fund balances</i>				
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 90,716</u>	<u>\$ -</u>	<u>\$ 16,335</u>	<u>\$ 107,051</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement A-2

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ 60,873	\$ 60,873
State grants	45,747	26,037	-	71,784
Federal grants	309,372	-	-	309,372
Miscellaneous	100	-	-	100
Charges for services	34,805	-	-	34,805
Investment income	85	121	-	206
<i>Total revenues</i>	<u>390,109</u>	<u>26,158</u>	<u>60,873</u>	<u>477,140</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	214,874	-	-	214,874
Support services				
Students	67,320	-	-	67,320
Instruction	5,539	-	-	5,539
General administration	2,137	-	611	2,748
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	65,237	-	-	65,237
Community services	-	-	-	-
Capital outlay	21,510	63,450	-	84,960
Debt service				
Principal	-	-	56,409	56,409
Interest	-	-	691	691
<i>Total expenditures</i>	<u>376,617</u>	<u>63,450</u>	<u>57,711</u>	<u>497,778</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>13,492</u>	<u>(37,292)</u>	<u>3,162</u>	<u>(20,638)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	(108)	(108)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(108)</u>	<u>(108)</u>
<i>Net changes in fund balances</i>	13,492	(37,292)	3,054	(20,746)
<i>Fund balances - beginning of year</i>	<u>28,173</u>	<u>37,292</u>	<u>8,559</u>	<u>74,024</u>
<i>Fund balances - end of year</i>	<u>\$ 41,665</u>	<u>\$ -</u>	<u>\$ 11,613</u>	<u>\$ 53,278</u>

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

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**SPECIAL REVENUE FUNDS**



**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SPECIAL REVENUE FUNDS DESCRIPTION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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 educational tasks. Special Revenue Funds include:

**Food Services (21000)** - This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13. No minimum balance required according to legislation.

**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. No minimum balance required according to legislation.

**Title I IASA (24101)** This fund is used to account for the major objectives of the Title I programs are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced-price lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383. No minimum balance required according to legislation.

**IDEA-B Entitlement (24106)** – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by 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. No minimum balance required according to legislation.

**IDEA-B Preschool (24109)** – 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 age 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. No minimum balance required according to legislation.

**IDEA-B “Risk Pool” (24120)** – Funding for students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district. No minimum balance is required according to legislation.

**IDEA-B Results Plan (24132)** – This account is to support the individual school site’s Education Plan for Student Success, or areas in need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is the NMPED. No minimum balance required according to legislation.

**Teacher/Principal Training & Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. No minimum balance required according to legislation.

**USDA Equipment Grant (24183)** – To provide grant funds for the purchase of equipment for the student nutrition programs of schools. No minimum balance required according to legislation.

**Student Support and Academic Enrichment (24189)** – To improve student’s academic achievement by increasing the capacity of States, local educational agencies, schools and local communities to provide all students with access to a well-rounded education, improve school conditions for student learning, and improve the use of technology in order to improve the academic achievement and digital literacy for all students. No minimum balance required according to legislation.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SPECIAL REVENUE FUNDS DESCRIPTION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Title XIX Medicaid 3/21 Years (25153)** – To provide 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 (P.P. 105-33) No minimum balance required according to legislation.

**Rural Education Achievement Program (25233)** – To account for funds received under the Small Rural Achievement program to enhance education. No minimum balance required according to legislation.

**Dual Credit Instructional Materials (27103)** – To purchase college textbooks for students who dual enroll in college credited courses while still attending high school. No minimum balance required according to legislation.

**2012 G.O. Bond Student Library Fund (SB66) (27107)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute. No minimum balance required according to legislation.

**Breakfast for Elementary Students (27155)** – The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation. No minimum balance required according to legislation.

**Kindergarten - Three Plus (27166)** – The funding is part of a pilot project for Kindergarten through third grade students at both Ann Parish Elementary and Desert View Elementary. Funds used for teachers, educational assistants, nurses, an academic coach, and PE coach at both schools. No minimum balance required according to legislation.

**New Mexico Highway Department (Road) (28120)** – To account for funds awarded by the New Mexico Department of Transportation for parking lot and bus area improvements. No minimum balance required according to legislation.

**Private Direct Grants (29102)** – To account for local grants awarded to provide additional funding for specific projects. No minimum balance required according to legislation.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

Statement B-1

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 23,320	\$ 7,720	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	5,307	-	16,858	12,225
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	1,794	-	-	-
<i>Total assets</i>	<u>30,421</u>	<u>7,720</u>	<u>16,858</u>	<u>12,225</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	3,062	2,516
Interfund payables	-	-	13,796	9,709
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>16,858</u>	<u>12,225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	1,794	-	-	-
Restricted for:				
Grant mandates	-	4,687	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	28,627	3,033	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>30,421</u>	<u>7,720</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 30,421</u>	<u>\$ 7,720</u>	<u>\$ 16,858</u>	<u>\$ 12,225</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

Statement B-1

	IDEA-B Preschool 24109	IDEA-B "Risk Pool" 24120	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	871	-	13,846	382
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
	<u>871</u>	<u>-</u>	<u>13,846</u>	<u>382</u>
<i>Total assets</i>	<u>871</u>	<u>-</u>	<u>13,846</u>	<u>382</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	871	-	13,852	382
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>871</u>	<u>-</u>	<u>13,852</u>	<u>382</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(6)	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 871</u>	<u>\$ -</u>	<u>\$ 13,846</u>	<u>\$ 382</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

Statement B-1

	USDA Equipment Grant 24183	Student Support and Academic Enrichment 24189	Title XIX Medicaid 3/21 Years 25153	Rural Education Achievement Program 25233
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	3,889	347	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>3,889</u>	<u>347</u>	<u>-</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	3,889	347	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>3,889</u>	<u>347</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 3,889</u>	<u>\$ 347</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

Statement B-1

	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	Excellence in Teaching Awards 27125	Breakfast for Elementary Students 27155
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	93	534	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>93</u>	<u>534</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	93	534	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>93</u>	<u>534</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 93</u>	<u>\$ 534</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

Statement B-1

	Kindergarten - Three Plus 27166	NM Highway Department (Road) 28120	Private Direct Grants 29102	Total
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ 3,530	\$ 34,570
Accounts receivable				-
Taxes	-	-	-	-
Due from other governments	-	-	-	54,352
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	1,794
	<u>-</u>	<u>-</u>	<u>3,530</u>	<u>90,716</u>
<i>Total assets</i>	<u>-</u>	<u>-</u>	<u>3,530</u>	<u>90,716</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	5,578
Interfund payables	-	-	-	43,473
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,051</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	1,794
Restricted for:				
Grant mandates	-	-	1	4,688
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	3,529	35,189
Unassigned	-	-	-	(6)
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>3,530</u>	<u>41,665</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,530</u>	<u>\$ 90,716</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement B-2

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	68,842	-	37,958	28,791
Miscellaneous	-	100	-	-
Charges for services	3,165	31,640	-	-
Investment income	30	55	-	-
<i>Total revenues</i>	<u>72,037</u>	<u>31,795</u>	<u>37,958</u>	<u>28,791</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	28,518	35,821	23,204
Support services				
Students	-	-	-	5,587
Instruction	-	-	-	-
General administration	-	-	2,137	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	64,174	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>64,174</u>	<u>28,518</u>	<u>37,958</u>	<u>28,791</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>7,863</u>	<u>3,277</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	7,863	3,277	-	-
<i>Fund balances - beginning of year</i>	<u>22,558</u>	<u>4,443</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 30,421</u>	<u>\$ 7,720</u>	<u>\$ -</u>	<u>\$ -</u>

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



**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement B-2

	IDEA-B Preschool 24109	IDEA-B "Risk Pool" 24120	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	2,218	89,381	21,988	6,569
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>2,218</u>	<u>89,381</u>	<u>21,988</u>	<u>6,569</u>
<i>Expenditures:</i>				
Current:				
Instruction	43	55,724	21,994	6,569
Support services				
Students	2,175	33,657	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,218</u>	<u>89,381</u>	<u>21,994</u>	<u>6,569</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	(6)	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement B-2

	USDA Equipment Grant 24183	Student Support and Academic Enrichment 24189	Title XIX Medicaid 3/21 Years 25153	Rural Education Achievement Program 25233
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	9,984	15,136	28,505
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>9,984</u>	<u>15,136</u>	<u>28,505</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	72	25,177
Support services				
Students	-	9,984	15,064	853
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>9,984</u>	<u>15,136</u>	<u>26,030</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,475</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	-	2,475
<i>Fund balances - beginning of year</i>	-	-	-	(2,475)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement B-2

	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	Excellence in Teaching Awards 27125	Breakfast for Elementary Students 27155
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	451	5,539	10,765	1,063
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>451</u>	<u>5,539</u>	<u>10,765</u>	<u>1,063</u>
<i>Expenditures:</i>				
Current:				
Instruction	451	-	10,765	-
Support services				
Students	-	-	-	-
Instruction	-	5,539	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	1,063
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>451</u>	<u>5,539</u>	<u>10,765</u>	<u>1,063</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement B-2

	Kindergarten - Three Plus 27166	NM Highway Department (Road) 28120	Private Direct Grants 29102	Total
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	6,419	21,510	-	45,747
Federal grants	-	-	-	309,372
Miscellaneous	-	-	-	100
Charges for services	-	-	-	34,805
Investment income	-	-	-	85
<i>Total revenues</i>	<u>6,419</u>	<u>21,510</u>	<u>-</u>	<u>390,109</u>
<i>Expenditures:</i>				
Current:				
Instruction	6,419	-	117	214,874
Support services				
Students	-	-	-	67,320
Instruction	-	-	-	5,539
General administration	-	-	-	2,137
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	65,237
Community services	-	-	-	-
Capital outlay	-	21,510	-	21,510
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>6,419</u>	<u>21,510</u>	<u>117</u>	<u>376,617</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(117)</u>	<u>13,492</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	(117)	13,492
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,647</u>	<u>28,173</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,530</u>	<u>\$ 41,665</u>

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

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**CAPITAL PROJECTS FUNDS**

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**CAPITAL PROJECTS FUND DESCRIPTIONS**  
**June 30, 2019**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Capital Improvements SB-9 (State Match) (31700)** – The purpose of this fund is to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978). No minimum balance required according to legislation.

**Educational Technology Equipment Act (31900)** – Accounts for State funding to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2019**

Statement C-1

	<u>Capital Improvements SB-9 (State Match) 31700</u>	<u>Educational Technology Equipment Act 31900</u>	<u>Total</u>
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ -	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total assets</i>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total liabilities</i>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - other	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total deferred inflows of resources</i>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total fund balances</i>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

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



STATE OF NEW MEXICO  
 MAXWELL MUNICIPAL SCHOOLS  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDING JUNE 30, 2019

Statement C-2

	Capital Improvements SB-9 (State Match) 31700	Educational Technology Equipment Act 31900	Total
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	26,037	-	26,037
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	121	121
<i>Total revenues</i>	<u>26,037</u>	<u>121</u>	<u>26,158</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	26,037	37,413	63,450
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>26,037</u>	<u>37,413</u>	<u>63,450</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(37,292)</u>	<u>(37,292)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	(37,292)	(37,292)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>37,292</u>	<u>37,292</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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**DEBT SERVICE FUNDS**

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**DEBT SERVICE FUND DESCRIPTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Debt Service Funds account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

**Debt Service Fund (41000)** – The fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

**Education Technology Debt Service Fund (43000)** – The fund is to account for the debt repayments of the debt incurred through the Education Technology Equipment Act (Capital Projects Fund) (Section 6-15A-1 to 6-15A-16 NMSA 1978). No minimum balance required according to legislation.

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2019**

Statement D-1

	Debt Service 41000	Education Technology Debt Service 43000	Total
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ 10,839	\$ 10,839
Accounts receivable			
Taxes	73	5,423	5,496
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
	<u>73</u>	<u>16,262</u>	<u>16,335</u>
<i>Total assets</i>	<u>73</u>	<u>16,262</u>	<u>16,335</u>
<b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	73	4,649	4,722
Unavailable revenues - other	-	-	-
<i>Total deferred inflows of resources</i>	<u>73</u>	<u>4,649</u>	<u>4,722</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	-	4,749	4,749
Assigned	-	6,864	6,864
Unassigned	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>11,613</u>	<u>11,613</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 73</u>	<u>\$ 16,262</u>	<u>\$ 16,335</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement D-2

	Education Technology Debt Service 41000	Education Technology Debt Service 43000	Total
<i>Revenues:</i>			
Property taxes	\$ -	\$ 60,873	\$ 60,873
State grants	-	-	-
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>60,873</u>	<u>60,873</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	611	611
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	56,409	56,409
Interest	-	691	691
<i>Total expenditures</i>	<u>-</u>	<u>57,711</u>	<u>57,711</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>3,162</u>	<u>3,162</u>
<i>Other financing sources (uses):</i>			
Operating transfers	<u>(108)</u>	<u>-</u>	<u>(108)</u>
<i>Total other financing sources (uses)</i>	<u>(108)</u>	<u>-</u>	<u>(108)</u>
<i>Net changes in fund balances</i>	(108)	3,162	3,054
<i>Fund balances - beginning of year</i>	<u>108</u>	<u>8,451</u>	<u>8,559</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 11,613</u>	<u>\$ 11,613</u>

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

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**OTHER SUPPLEMENTAL INFORMATION**



**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Activity Fund	Description	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
<b>ASSETS</b>						
110	General	\$ 390	\$ -	\$ 23	\$ -	\$ 367
112	Parent Advisory Committee	733	-	155	-	578
113	Senior	761	-	-	(761)	-
114	Junior	1,005	943	1,948	-	-
115	Sophomore	2,764	2,323	585	-	4,502
116	Freshman	713	1,434	240	-	1,907
117	Class of 2022	-	250	133	-	117
118	PBIS Rewards	-	1,035	-	-	1,035
119	Student Council	89	261	189	-	161
121	Booster Club	1,834	6,784	7,382	-	1,236
123	Pee Wee Sports	11,405	9,398	4,953	-	15,850
125	Cheerleaders - Pee Wee	137	213	37	-	313
126	FFA	627	2,135	447	-	2,315
127	Library	355	156	414	-	97
149	FCCLA	333	13,256	13,497	-	92
150	Annual	400	-	-	-	400
155	Drama	15	-	-	-	15
162	School Mall	387	-	208	-	179
178	Teachers Association	455	-	-	-	455
179	Maxwell Community Fund	175	-	-	-	175
180	Perfecta Printing Services	135	75	-	-	210
		<u>\$ 22,713</u>	<u>\$ 38,263</u>	<u>\$ 30,211</u>	<u>\$ (761)</u>	<u>\$ 30,004</u>
<b>LIABILITIES</b>						
	Deposits held for others	<u>\$ 22,713</u>	<u>\$ 38,263</u>	<u>\$ 30,211</u>	<u>\$ (761)</u>	<u>\$ 30,004</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule VI

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2019</u>
<b>Wells Fargo</b>	FNMA	10/1/2035	3138WFWD4	\$ 74,811
	FNMA	7/1/2031	3140F7Q51	58,409
Total Wells Fargo Bank				<u>\$ 133,220</u>

The securities are held, not in the District's name, at:  
 BNY MELLON  
 101 Barclay Str.  
 4th Floor East  
 New York, NY 10286

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2019**

Schedule VII

<u>Bank Name/Account Type</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Other Adjustments</u>	<u>Book Balance</u>
Wells Fargo Bank						
Operational	Checking	\$ 307,592	\$ -	\$ (153,154)	\$ 103,944	\$ 258,382
Lunch Account	Checking	23,320	-	-	-	23,320
Activity Account	Checking	37,894	-	(320)	-	37,574
Total Wells Fargo Bank		<u>\$ 368,806</u>	<u>\$ -</u>	<u>\$ (153,474)</u>	<u>\$ 103,944</u>	<u>\$ 319,276</u>
Cash on Hand						<u>\$ 150</u>
Total						<u>\$ 319,426</u>
Cash per financial statements						
Cash and cash equivalents - Government Activities Exhibit A-1						289,422
Fiduciary funds - Exhibit D-1						30,004
						<u>\$ 319,426</u>

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

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

**Primary Government**

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Cash, June 30, 2018	\$ 339,091	\$ 30,435	\$ 11,305	\$ 3,442	\$ 20,242
Add:					
Current year revenues	2,003,694	9,150	67,565	3,999	62,293
Permanent cash transfers	108	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	351	-
Total cash available	2,342,893	39,585	78,870	7,792	82,535
Less:					
Current year expenditures	(2,094,596)	(16,848)	(73,653)	(7,792)	(59,215)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	(93,390)	-	-	-	-
Cash, June 30, 2019	<u>\$ 154,907</u>	<u>\$ 22,737</u>	<u>\$ 5,217</u>	<u>\$ -</u>	<u>\$ 23,320</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

**Primary Government**

	Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	State Flowthrough 27000	State Direct 28000
Cash, June 30, 2018	\$ 4,443	\$ (12,858)	\$ (4,173)	\$ (45,030)	\$ -
Add:					
Current year revenues	31,795	175,057	47,467	83,072	21,510
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	42,499	347	50,193	-
Total cash available	36,238	204,698	43,641	88,235	21,510
Less:					
Current year expenditures	(28,518)	(204,698)	(43,641)	(88,235)	(21,510)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ 7,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

**Primary Government**

	Local / State 29000	Capital Improvements SB-9 31700	Capital Improvements SB-9 31701	Educational Tech Equip 31900	Debt Service 41000
Cash, June 30, 2018	\$ 3,647	\$ -	\$ 45,691	\$ 41,781	\$ 108
Add:					
Current year revenues	-	26,037	42,571	121	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	3,647	26,037	88,262	41,902	108
Less:					
Current year expenditures	(117)	(26,037)	(27,110)	(41,902)	-
Permanent cash transfers	-	-	-	-	(108)
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ 3,530</u>	<u>\$ -</u>	<u>\$ 61,152</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

<b>Primary Government</b>	Education Technology Debt Service 43000	Total
	<u>                    </u>	<u>                    </u>
Cash, June 30, 2018	\$ 7,425	\$ 445,549
Add:		
Current year revenues	61,125	2,635,456
Permanent cash transfers	-	108
Prior period adjustment	-	-
Loans from other funds	-	93,390
	<u>68,550</u>	<u>3,174,503</u>
Total cash available		
Less:		
Current year expenditures	(57,711)	(2,791,583)
Permanent cash transfers	-	(108)
Prior period adjustment	-	-
Loans to other funds	-	(93,390)
	<u>-</u>	<u>(93,390)</u>
Cash, June 30, 2019	<u>\$ 10,839</u>	<u>\$ 289,422</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2019**

Schedule IX

Title: Regional Education Cooperative Joint Powers Agreement

Participants: Maxwell Municipal Schools and High Plains Regional Education Cooperative #3

Responsible Party: High Plains Regional Education Cooperative #3's Governing Council

Description: The parties have agreed to form a Regional Education Cooperative to participate in cooperative programs relating to education related services, provide professional services to the districts, and provide other optional services as needed.

Dates of Operation: August 24, 2012 until either party gives Notice of Intent to Terminate pursuant to the agreement.

Projected Cost: None

Audit Responsibility: High Plains Regional Education Cooperative #3

Fiscal Agent: High Plains Regional Education Cooperative #3

Reporting Agency: High Plains Regional Education Cooperative #3

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



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**COMPLIANCE SECTION**



# Manning Accounting and Consulting Services, LLC

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

### INDEPENDENT AUDITOR'S REPORT

Brian Colón  
New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Maxwell Municipal Schools  
Maxwell, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the Maxwell Municipal Schools (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 22, 2019.

#### **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 opinion 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.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

### **Purpose of this Report**

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC

Kirtland, New Mexico

October 22, 2019

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule X

**Section I – Summary of Audit Results**

*Financial Statements:*

- |   |                 |
|---|-----------------|
| 1. Type of auditor's report issued  | Unmodified      |
| 2. Internal control over financial reporting:                                     |                 |
| a. Material weakness identified?  | None identified |
| b. Significant deficiencies identified not considered to be material weaknesses?  | None identified |
| c. Control deficiencies identified not considered to be significant deficiencies? | None identified |

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule X

**Section II – Financial Statement Findings**

None Identified

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule X

**Section III – Section 12-6-5 NMSA 1978 Findings**

None Identified

**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule X

**Section IV – Prior Year Audit Findings**

**Financial Section Findings**

None Identified

**Section 12-6-5 NMSA 1978 Findings**

NM 2017-001 – Purchase Orders and Payment Authorization – Resolved

NM 2017-002 – Improper Cash Receiving and Depositing – Resolved

NM 2017-003 – Background Checks – Resolved

NM 2018-001 – Cash Appropriations in Excess of Available Cash Balance – Resolved



**STATE OF NEW MEXICO**  
**MAXWELL MUNICIPAL SCHOOLS**  
**OTHER DISCLOSURES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Auditor Prepared Financials

Manning Accounting and Consulting Services, LLC assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on October 22, 2019. The following individuals were in attendance.

Maxwell Municipal Schools

Kristen Forrester, Superintendent  
Clifford Frank Taylor, Board Member  
Charlene Pompeo, Board Member  
Monica Hoy, Board Member  
Susan Robinson, Business Manager  
Catherine Lohrengel, Audit Committee Member  
Taunya Mitchell, Administrative Assistant

Manning Accounting and Consulting Services, LLC

Byron Manning, CPA, Managing Partner  
Chris Manning, Staff