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STATE OF NEW MEXICO

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A COMPONENT UNIT OF THE VILLAGE OF MAXWELL)

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2012

VILLAGE OF MAXWELL HOUSING AUTHORITY
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VILLAGE OF MAXWELL HOUSING AUTHORITY
OFFICIAL ROSTER
JUNE 30, 2012

Board of Directors

<u>Name</u>	<u>Title</u>
<i>Eliza Galli</i>	<i>Chair</i>
<i>Frances Stevens</i>	<i>Vice-Chair</i>
<i>Jacque Garner</i>	<i>Board Member</i>
<i>Lance Peterson</i>	<i>Board Member</i>

Administrative Officials

<i>Robert Portillos</i>	<i>Executive Director</i>
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INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Village of Maxwell Housing Authority
(A Component Unit of the Village of Maxwell)
Maxwell, New Mexico

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Village of Maxwell Housing Authority (a component unit of the Village of Maxwell), as of and for the year ended June 30, 2012, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We have also audited the financial statements of the nonmajor enterprise fund and the budgetary comparisons of the Housing Authority presented as supplementary information in the individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of Village of Maxwell Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Maxwell Housing Authority, as of June 30, 2012, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly the budgetary comparisons for the major and nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2012 on our consideration of the Village of Maxwell Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

To the Board of Directors
Village of Maxwell Housing Authority
(A Component Unit of the Village of Maxwell)
Maxwell, New Mexico
Page Two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we 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.

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

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.

November 29, 2012

VILLAGE OF MAXWELL HOUSING AUTHORITY
(A Component Unit of the Village of Maxwell)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

The following is an analysis for the Maxwell Housing Authority's financial performance. It is to provide the reader with an overview to the Authority's financial activities for the fiscal year ended June 30, 2012. The information contained here in this MD&A should be considered in conjunction with the Authority's basic financial statements.

Financial Highlights

- The Maxwell Housing Authority's total assets decreased from \$361,458 to \$334,694 a decrease of \$26,764 or 7.40%.
- The net asset's balance decreased from \$350,241 to \$315,960 at June 30, 2012. This represents a decrease of \$34,281 or 9.79% from the previous year. The unrestricted net asset balance decreased from \$87,576 to \$81,287, a decrease of \$6,289 or 7.18%.
- Revenues decreased from \$153,492 to \$104,587 a decrease of \$48,905 or 31.86% from the previous year.
- Total expenses increased by \$11,711, from \$127,156 to \$138,867 for the current year. This represents an increase of 9.21%.

Using this Annual Report

This annual report consists of basic financial statements and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended June 30, 2012. The basic statements provide readers with a broad overview of the Authority's finances. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

1. The Statement of Net Assets provides information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial situation of the Authority is improving.
2. The Statement of Activities presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
3. The Statement of Cash Flows presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

VILLAGE OF MAXWELL HOUSING AUTHORITY
(A Component Unit of the Village of Maxwell)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

The agency has two individual programs. These include the Low Rent Housing Program and the Capital Fund Program.

- The Low Rent Housing Program consists of the 21 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. Tenants typically pay dwelling rent, which is based on a formula that equates to 30 percent of the tenant's adjusted gross income.
- The Capital Fund program is also funded from HUD based on a formula. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the years ended June 30, 2012 and June 30, 2011.

Statement of Net Assets-Condensed
FYE June 30

<u>Category</u>	<u>FYE 2012</u>	<u>FYE 2011</u>	<u>Dollar Change</u>
Current Assets	\$92,423	\$95,541	(\$3,118)
Noncurrent Assets	3,598	3,252	346
Capital Assets (Net of Depreciation)	234,673	262,665	(27,992)
<i>Total Assets</i>	330,694	361,458	30,764
Current Liabilities	9,637	5,181	4,456
Long Term Liabilities	9,097	6,036	3,061
<i>Total Liabilities</i>	18,734	11,217	7,517
Unrestricted Net Assets	81,287	87,576	(6,289)
Investment in Net Capital Assets	234,673	262,665	(27,992)
<i>Total Net Assets</i>	\$315,960	\$350,241	(\$34,281)

Cash & Investments

Unrestricted cash and investments totaled \$94,286, a decrease of \$1,061 from the previous year.

Current Assets

Current assets increased .92%, from \$95,541 to \$96,423 an insignificant change.

VILLAGE OF MAXWELL HOUSING AUTHORITY
(A Component Unit of the Village of Maxwell)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Current Liabilities

Current liabilities increased from \$5,181 to \$9,637 or 86.01%. This increase was primarily a result of an increase of \$2,148 in accounts payable due to other fund of \$2,000 and the related deferred revenue of \$2,000.

Net Assets

The total net asset balance decreased from \$350,241 to \$315,960 at June 30, 2012. Unrestricted net assets are the amount of available funds for future appropriations. These funds are reserved for expenditures of the actual program. The Authority's unrestricted net assets total of \$81,287, decreased \$6,289 from the previous year.

Statement of Revenues & Expenses
FYE June 30

<u>Category</u>	<u>FYE 2012</u>	<u>FYE 2011</u>	<u>Dollar Change</u>
Rental Revenue	\$38,077	\$41,027	(\$2,950)
HUD Operating Grants	53,543	43,813	9,730
Capital Grants	11,830	66,201	(54,371)
Interest Income	460	838	(378)
Other Revenue	677	1,613	(936)
<i>Total Revenue</i>	<i>104,587</i>	<i>153,492</i>	<i>(48,905)</i>
Personnel	63,347	60,063	3,284
Operating	47,528	40,870	6,658
Depreciation	27,992	26,223	1,769
<i>Total Expenses</i>	<i>138,867</i>	<i>127,156</i>	<i>11,711</i>
<i>Excess of Revenue over Expenses</i>	<i>(\$34,280)</i>	<i>\$26,336</i>	<i>(\$60,616)</i>

Results of Operations

Operating revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenues decreased by \$48,905. Total expenses increased by \$11,711 from the previous year. Revenues decreased from the previous year principally due to the decrease activity noted in the CFP Program. Expenses increased from the previous year principally due to increased operating costs.

Budgets

There were no budget adjustments during the year consistent with the HUD budgeting process. There were no significant variations from budget to actuals during the year.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Capital Assets

As of June 30, 2012, the Maxwell Housing Authority's investment in capital assets was \$234,673. This investment includes land, building, building improvements, office equipment, and maintenance equipment.

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<u>Category</u>	<u>FYE 2012</u>	<u>FYE 2011</u>	<u>Dollar Change</u>
Land	\$5,000	\$5,000	\$0
Buildings	880,874	880,874	0
Equipment	31,798	31,798	0
Non-dwelling Structures	54,229	54,229	0
Accumulated Depreciation	(737,228)	(709,236)	(27,992)
<i>Total Net Fixed Assets</i>	<i>\$234,673</i>	<i>\$262,665</i>	<i>(\$27,992)</i>

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2013.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Maxwell Housing Authority
Robert Portillos, Executive Director
P.O. Box 188
Maxwell, New Mexico 87728

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

PROPRIETARY FUNDS

STATEMENTS OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$36,616	\$0	\$36,616
Investments - CD's	57,670	0	57,670
Prepaid insurance	50	0	50
Tenant receivable - net of allowance	0	0	0
Interest receivable	87	0	87
Due from other funds	0	2,000	2,000
Inventory	0	0	0
<i>Total current assets</i>	<i>94,423</i>	<i>2,000</i>	<i>96,423</i>
Noncurrent Assets:			
Restricted cash	3,598	0	3,598
Net capital assets	234,673	0	234,673
<i>Total noncurrent assets</i>	<i>238,271</i>	<i>0</i>	<i>238,271</i>
Total assets	\$332,694	\$2,000	\$334,694
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$3,341	\$0	\$3,341
Deferred revenue	0	2,000	2,000
Wages payable	1,321	0	1,321
Accrued Compensation	822	0	822
Prepaid rent	153	0	153
Due to other funds	2,000	0	2,000
<i>Total current liabilities</i>	<i>7,637</i>	<i>2,000</i>	<i>9,637</i>
Long-term Liabilities:			
Accrued compensated absences	5,499	0	5,499
Tenant security deposits	3,598	0	3,598
<i>Total liabilities</i>	<i>16,734</i>	<i>2,000</i>	<i>18,734</i>
Net Assets:			
Invested in capital assets	234,673	0	234,673
Unrestricted	81,287	0	81,287
<i>Total net assets</i>	<i>315,960</i>	<i>0</i>	<i>315,960</i>
Total liabilities and net assets	\$332,694	\$2,000	\$334,694

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
OPERATING REVENUES:			
Rental income	\$38,077	\$0	\$38,077
Other revenue	677	0	677
<i>Total operating revenues</i>	<u>38,754</u>	<u>0</u>	<u>38,754</u>
OPERATING EXPENSES:			
Personnel	62,347	1,000	63,347
Operating	42,101	5,427	47,528
Depreciation	27,992	0	27,992
<i>Total operating expenses</i>	<u>132,440</u>	<u>6,427</u>	<u>138,867</u>
<i>Net operating income (loss)</i>	(93,686)	(6,427)	(100,113)
NON-OPERATING REVENUE AND (EXPENSES)			
HUD operating subsidy/capital grants	53,543	11,830	65,373
Interest	460	0	460
<i>Total non-operating revenue and (expenses)</i>	<u>54,003</u>	<u>11,830</u>	<u>65,833</u>
<i>Income (loss) before transfers</i>	(39,683)	5,403	(34,280)
Transfers in (out)	5,403	(5,403)	0
Capital transfers in (out)	0	0	0
	<u>5,403</u>	<u>(5,403)</u>	<u>0</u>
<i>Change in net assets</i>	(34,280)	0	(34,280)
Total net assets - beginning of year	350,240	0	350,240
<i>Total net assets, end of year</i>	<u>\$315,960</u>	<u>\$0</u>	<u>\$315,960</u>

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities		
	Low Rent	Nonmajor Fund	
		CFP	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers (including other funds)	\$38,595	\$0	\$38,595
Cash paid to suppliers	(41,527)	(5,427)	(46,954)
Cash paid to employees	(59,244)	(1,000)	(60,244)
<i>Net cash provided (used) by operating activities</i>	<i>(62,176)</i>	<i>(6,427)</i>	<i>(68,603)</i>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Grants - subsidies	53,543	13,830	67,373
Transfers in (out)	5,403	(5,403)	0
Advances (to) from other funds	2,000	(2,000)	0
<i>Net cash provided (used) by non capital financing activities</i>	<i>60,946</i>	<i>6,427</i>	<i>67,373</i>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grant	0	0	0
Purchase of capital assets	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	<i>0</i>	<i>0</i>	<i>0</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of certificates of deposit	(61,269)	(5,403)	(66,672)
Interest received	516	0	516
<i>Net cash provided (used) by investing activities</i>	<i>(60,753)</i>	<i>(5,403)</i>	<i>(66,156)</i>
<i>Net increase (decrease) in pooled cash and investments</i>	<i>(61,983)</i>	<i>0</i>	<i>(61,983)</i>
Cash, beginning of year	98,599	0	98,599
<i>Cash, end of year</i>	<i>\$36,616</i>	<i>\$0</i>	<i>\$36,616</i>
Non Cash Transactions:			
Capital transfers in (out)	\$0	\$0	\$0

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities		
	Low Rent	Nonmajor Fund	
		CFP	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (loss)	(\$93,686)	(\$6,427)	(\$100,113)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	27,992	0	27,992
Change in assets and liabilities:			
Tenants prepaid rent	152	0	152
Accounts and contracts payable	2,148	0	2,148
Accrued payroll	(811)	0	(811)
Accrued vacation compensation	1,683	0	1,683
Customer deposits	346	0	346
<i>Total adjustments</i>	31,510	0	31,510
<i>Net cash provided (used) by operating activities</i>	(\$62,176)	(\$6,427)	(\$68,603)

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF MAXWELL HOUSING AUTHORITY
(A Component Unit of the Village of Maxwell)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The function of the Village of Maxwell Housing Authority is to administer the Housing and Urban Development (HUD) programs to provide housing for qualified individuals in the Village of Maxwell Area.

This funding is provided through various grant programs.

The financial statements of the Village of Maxwell Housing Authority (Housing Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village of Maxwell Housing Authority's most significant accounting policies are described below.

Reporting Entity

The Housing Authority is a component unit of the Village of Maxwell. The accompanying financial statements present only the Village of Maxwell Housing Authority's financial information.

The Village of Maxwell Housing Authority is a Village organization created by Village Ordinance to provide housing for qualified Village residents. The Village has the ability to appoint management, influence operations, and influence the disposition of funds.

The Village of Maxwell Housing Authority has no component units.

Basis of Presentation

For financial reporting purposes, the accounts of the Village of Maxwell Housing Authority are organized into funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, retained earnings, revenues and expenses as appropriate. The various funds are summarized by type in the financial statements. All programs have been accounted for as proprietary funds under the HUD UFRS guidelines.

Proprietary Fund Type

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including amortization and depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary activities have applied all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB statements and Interpretations, APB opinions, and ARB's of Committee on Accounting Procedure. FASB statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, have also been applied.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Proprietary Funds are as follows:

Low Income Housing Project – To account for the rental activities of the Village-owned low income housing project.

Public Housing Capital Fund Program – To account for HUD's Public Housing Capital Fund Program, which replaces CIAP and CGP. Provides funds for capital improvements for Housing Authority-owned housing.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The financial statements of the Village of Maxwell Housing Authority are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary fund types are reported on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Grant revenue is recognized as soon as all eligibility requirements imposed by the provider have been met.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Budgets and Budgetary Accounting

The Housing Authority adopts budgets for Proprietary Funds in accordance with the Housing and Urban Development program agreements.

Budgetary Compliance – Budgetary control is required to be maintained at the individual fund level.

Actual fund revenues may be either over or under the budgeted amounts; however, the variance is required to be reasonable, particularly in the case of over-budgeted revenues. Major over-budgeted revenues require a budget amendment as soon as the extent of the shortage is reasonably ascertainable.

Budget Amendments – Budget increases and decreases can only be accomplished by Commission resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis – State law prescribes that the Village's budget be prepared on the basis of cash receipts and cash expenses. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenses with a cash basis budget as amended.

Income Taxes

As a local government entity, the Village is not subject to federal or state income taxes.

VILLAGE OF MAXWELL HOUSING AUTHORITY
(A Component Unit of the Village of Maxwell)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Compensated Absences

The Village allows employees to accrue annual leave based on years of service. Upon termination, accrued annual leave is paid in full. Employees are eligible to be paid half of their accrued sick leave up to 240 hours upon termination.

The accrual for compensated absences made as of June 30, 2012 is \$6,321.

Cash and Cash Equivalents

For the purpose of the statement of cash flows the proprietary fund considers all highly liquid investments to be cash equivalents.

Interfund Transactions

There are transactions that constitute reimbursements to a fund for expenditures initially expended from one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Interfund payables and receivables are reflected in the appropriate fund.

Capital Assets

Purchase or constructed capital assets are reported at cost or estimated historical cost. The Housing Authority defines capital assets as assets with lives of greater than one-year and a cost or donated value of \$5,000 or greater.

Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Non Dwelling Structures	15
Machinery and Equipment	5 – 7

Software is capitalized in the machinery and equipment category.

Inventory

Inventory is valued at cost, which approximates market using the first-in/first-out (FIFO) method. Inventory is recorded as expenditures when consumed rather than when purchased.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2. CASH AND INVESTMENTS

Cash consists of United States currency and financial institution checking accounts. The Housing Authority follows state law in regard to deposits and investments. At June 30, 2012, the Housing Authority held only short term certificates of deposit and therefore, they were shown as cash equivalents.

All financial institutions in which the Housing Authority has an account are covered by Federal Deposit Insurance Corporation (FDIC) insurance.

Cash on Deposit

	<u>Bank Balance</u>	<u>Carrying Amounts</u>
<u>International Bank</u>		
Public Fund – Regular Checking	\$34,591	\$34,591
Public Fund – CFP Checking	2,000	2,000
Security Deposit Checking	3,598	3,598
Certificate of Deposit	33,695	33,695
Certificate of Deposit	23,975	23,975
<i>Total cash on deposit</i>	<i>97,859</i>	<i>97,859</i>
Less amounts shown as investments		(57,670)
Petty cash		25
<i>Total cash</i>		<i>\$40,214</i>

<u>Investments</u>	<u>WAM</u>	<u>Cost</u>	<u>Market Value</u>
Certificates of deposit		\$33,695	\$33,695
Certificates of deposit		23,975	23,975
<i>Total investments</i>	<i>360 days</i>	<i>\$57,670</i>	<i>\$57,670</i>

There were no uninsured bank deposits (not covered by F.D.I.C).

	<u>International Bank</u>
Amount held in bank	\$97,859
Less F.D.I.C.	97,859
<i>Amount uninsured</i>	<i>\$0</i>
100% Collateral requirement	\$0

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 3. ACCOUNTS RECEIVABLE AND MORTGAGES RECEIVABLE

Accounts receivable are reported at their gross value. Those amounts considered doubtful have been recorded as allowance for doubtful accounts in the amount of \$0. Employee fraud receivable is also reported at gross value. This amount has been deemed uncollectible \$12,164.

NOTE 4. CHANGES IN CAPITAL ASSETS

Capital Assets are stated at historical cost. The following is a summary of changes in Capital Assets for the fiscal year in the proprietary funds:

	Balance June 30, 2011	Additions	Transfers	Balance June 30, 2012
Non Depreciable Assets:				
Land	\$5,000	\$0	\$0	\$5,000
Depreciable Assets:				
Buildings	880,874	0	0	880,874
Non dwelling structures	54,229	0	0	54,229
Machinery and equipment	31,798	0	0	31,798
<i>Total</i>	<i>971,901</i>	<i>0</i>	<i>0</i>	<i>971,901</i>
Less Accumulated Depreciation:				
Buildings	(665,284)	(23,132)	0	(688,416)
Non dwelling structures	(14,640)	(3,615)	0	(18,255)
Machinery and equipment	(29,312)	(1,245)	0	(30,557)
<i>Total accumulated depreciation</i>	<i>(709,236)</i>	<i>(27,992)</i>	<i>0</i>	<i>(737,228)</i>
<i>Net capital assets</i>	<i>\$262,665</i>	<i>(\$27,992)</i>	<i>\$0</i>	<i>\$234,673</i>

Depreciation expense for the year was \$27,992.

NOTE 5. NET ASSETS

The unrestricted net assets represent the amounts available for budgeting future operations (i.e., current).

Net Assets

Net assets are displayed in three components:

Invested in Capital Assets, net of related debt – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – Net assets are reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – Net assets that do not meet the definition of “restricted” and “Invested in capital assets, net of related debt.”

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 6. PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Village is a member of the New Mexico Self-Insurers' Fund (the "Fund"). The Fund was created to formulate, develop, and administer a program of modified self-funding for the Fund's membership, obtain lower costs for insurance coverage, and develop a comprehensive loss control program. The Village pays an annual premium to the Fund for its workers' compensation liability, general liability, auto liability, auto physical damage, and property coverage. The Village's agreement with the Fund provides that the Fund will be self-sustaining through member premiums, and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member cities.

NOTE 7. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

A.	Net Working Capital:	
	Proprietary Funds	\$88,785

NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

The Housing Authority employees participate in a public employee retirement system through the Village of Maxwell. For further disclosures, see the Village of Maxwell's financial statements.

VILLAGE OF MAXWELL HOUSING AUTHORITY
(A Component Unit of the Village of Maxwell)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9. TRANSFERS AND DUE FROM/TO OTHER FUNDS

Transfers between funds were as follows:

Operating Transfers In:	Operating Transfers Out		Totals
	Low Rent	CFP	
Low Rent	\$0	\$5,403	\$5,403
CFP	0	0	0
Total	\$0	\$5,403	\$5,403

Transfers are used to move the portion of CFP funding allotted for operating expenditures to the Low Rent Fund.

Capital Transfers In:	Capital Transfers Out		Totals
	Low Rent	CFP	
Low Rent	\$0	\$0	\$0
CFP	0	0	0
Total	\$0	\$0	\$0

NOTE 10. CHANGES IN ACCRUED COMPENSATED ABSENCES

The following summarized the changes in accrued compensated absences during 2012:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Amount Due Within One Year
Accrued compensated absences	\$4,639	\$2,650	\$968	\$6,321	\$822

SUPPLEMENTARY INFORMATION

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

LOW RENT

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Rental income	\$38,680	\$38,680	\$37,571	(\$1,109)
Other	860	860	678	(182)
<i>Total revenues</i>	<u>39,540</u>	<u>39,540</u>	<u>38,249</u>	<u>(1,291)</u>
OPERATING EXPENSES:				
Tenant services	200	200	0	200
Personnel	62,170	62,170	60,244	1,926
Admin expenses	15,220	15,220	13,223	1,997
Operating and maintenance	25,060	25,060	22,014	3,046
Capital outlay	0	0	0	0
Utilities	6,840	6,840	5,290	1,550
<i>Total operating expenses</i>	<u>109,490</u>	<u>109,490</u>	<u>100,771</u>	<u>8,719</u>
<i>Operating income (loss)</i>	(69,950)	(69,950)	(62,522)	7,428
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	53,543	53,543	53,543	0
Interest	870	870	516	(354)
Transfers in	5,410	5,410	5,403	(7)
<i>Total non-operating revenue (expenses)</i>	<u>59,823</u>	<u>59,823</u>	<u>59,462</u>	<u>(361)</u>
<i>Net income</i>	<u>(\$10,127)</u>	<u>(\$10,127)</u>	<u>(\$3,060)</u>	<u>\$7,067</u>

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 accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2012, is presented below:

Net income (budgetary basis)	(\$3,060)
Adjustments for revenue accruals, transfers, earnings on investments	(210)
Adjustments for expenditures for payables	(3,018)
Depreciation	(27,992)
Change in net assets (GAAP basis)	(\$34,280)

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

CFP FUND - 2011

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$0	\$0	\$0	\$0
Rental income	0	0	0	0
Other	0	0	0	0
Gain/loss on sale of asset	0	0	0	0
<i>Total revenues</i>	0	0	0	0
OPERATING EXPENSES:				
Operations	0	0	0	0
Audit costs	2,000	2,000	2,000	0
Capital outlay	21,000	21,000	2,800	18,200
Management improvements	1,000	1,000	627	373
Administration	1,000	1,000	1,000	0
Fees and costs	2,000	2,000	0	2,000
<i>Total operating expenses</i>	27,000	27,000	6,427	20,573
<i>Operating income (loss)</i>	(27,000)	(27,000)	(6,427)	20,573
NON-OPERATING REVENUE (EXPENSES):				
HUD grants and subsidy	32,403	32,403	13,830	(18,573)
Interest	0	0	0	0
Transfers (out)	(5,403)	(5,403)	(5,403)	0
<i>Total non-operating revenue (expenses)</i>	27,000	27,000	8,427	(18,573)
<i>Net income</i>	\$0	\$0	\$2,000	\$2,000

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 accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2012, is presented below:

Net income (budgetary basis)	\$2,000
Adjustments for revenue accruals, transfers, earnings on investments	(2,000)
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	0
Change in net assets (GAAP basis)	\$0

The Notes to Financial Statements are an integral part of these statements.

OTHER SUPPLEMENTARY INFORMATION

Housing Authority of the Village of Maxwell (NM026)
 Maxwell, NM
 Financial Data Schedule
 6/30/2012

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	36,616	-	36,616
113	Cash - Other Restricted	-	-	-
114	Cash - Tenant Security Deposits	3,598	-	3,598
100	Total Cash	<u>40,214</u>	-	<u>40,214</u>
121	Accounts Receivable - PHA Projects	-	-	-
124	Accounts Receivable - Other Government	-	-	-
125	Accounts Receivable - Miscellaneous	87	-	87
126	Accounts Receivable - Tenants	-	-	-
126.1	Allowance for Doubtful Accts - Tenants	-	-	-
126.2	Allowance for Doubtful Accts - Other	-	-	-
128	Fraud Recovery	12,164	-	12,164
128.1	Allowance for Doubtful Accts - Fraud	(12,164)	-	(12,164)
120	Total Receivables, Net of Allowance for Doubtfull Accts	<u>87</u>	-	<u>87</u>
131	Investments - Unrestricted	57,670	-	57,670
132	Investments - Restricted	-	-	-
142	Prepaid Expenses and Other Assets	50	-	50
143	Inventories	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-
144	Inter Program - Due From	-	2,000	2,000
150	Total Current Assets	<u>98,021</u>	<u>2,000</u>	<u>100,021</u>
161	Land	5,000	-	5,000
162	Buildings	880,874	-	880,874
163	Furniture, Equipment & Machinery - Dwellings	54,229	-	54,229
164	Furniture, Equipment & Machinery - Administration	31,798	-	31,798
165	Leasehold Improvements	-	-	-
166	Accumulated Depreciation	(737,228)	-	(737,228)
167	Construction in Progress	-	-	-
168	Infrastructure	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	<u>234,673</u>	-	<u>234,673</u>
180	Total Non-Current Assets	<u>234,673</u>	-	<u>234,673</u>
190	Total Assets	<u>332,694</u>	<u>2,000</u>	<u>334,694</u>
311	Bank Overdraft	-	-	-
312	Accounts Payable <= 90 Days	794	-	794
322	Accrued Compensated Absences - Current Portion	822	-	822
341	Tenant Security Deposits	3,598	-	3,598
342	Deferred Revenues	-	2,000	2,000
346	Accrued Liabilities - Other	4,021	-	4,021
347	Inter Program - Due To	2,000	-	2,000
310	Total Current Liabilities	<u>11,235</u>	<u>2,000</u>	<u>13,235</u>
354	Accrued Compensated Absences - Non Current	5,499	-	5,499
350	Total Noncurrent Liabilities	<u>5,499</u>	-	<u>5,499</u>
300	Total Liabilities	<u>16,734</u>	<u>2,000</u>	<u>18,734</u>

Housing Authority of the Village of Maxwell (NM026)
 Maxwell, NM
 Financial Data Schedule
 6/30/2012

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
508.1	Invested in Capital Assets, Net of Related Debt	234,673	-	234,673
511.1	Restricted Net Assets		-	-
512.1	Unrestricted Net Assets	81,287		81,287
513	Total Equity/Net Assets	<u>315,960</u>	-	<u>315,960</u>
600	Total Liabilities and Equity/Net Assets	<u>332,694</u>	<u>2,000</u>	<u>334,694</u>
70300	Net Tenant Rental Revenue	38,077	-	38,077
70400	Tenant Revenue - Other	677	-	677
70500	Total Tenant Revenue	<u>38,754</u>	-	<u>38,754</u>
70600	HUD PHA Operating Grants	53,543	-	53,543
70610	Capital Grants	-	11,830	11,830
70700	Total Fee Revenue	<u>53,543</u>	<u>11,830</u>	<u>65,373</u>
71100	Investment Income - Unrestricted	460	-	460
71400	Fraud Recovery	-	-	-
71500	Other Revenue	-	-	-
70000	Total Revenue	<u>92,757</u>	<u>11,830</u>	<u>104,587</u>
91100	Administrative Salaries	31,228	1,000	32,228
91200	Auditing Fees	3,505	2,000	5,505
91300	Management Fees	-	-	-
91310	Bookkeeping Fee	3,275	-	3,275
91400	Advertising & Marketing	165	-	165
91500	Employee Benefit Contributions - Administrative	3,791	-	3,791
91600	Office Expenses	5,686	97	5,783
91700	Legal Expenses	-	-	-
91800	Travel	797	530	1,327
91900	Other	2,155	-	2,155
91000	Total Operating - Administrative	<u>50,602</u>	<u>3,627</u>	<u>54,229</u>
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	-	-	-
93100	Water	542	-	542
93200	Electricity	2,931	-	2,931
93300	Gas	1,438	-	1,438
93600	Sewer	269	-	269
93800	Other Utilities	-	-	-
93000	Total Utilities	<u>5,180</u>	-	<u>5,180</u>
94100	Ordinary Maintenance and Operations - Labor	22,047	-	22,047
94200	Ordinary Maintenance and Operations - Materials & Other	7,742	2,800	10,542
94300	Ordinary Maint and Operations - Contract Costs	1,943	-	1,943
94500	Employee Benefit Contributions - Ordinary Maintenance	2,631	-	2,631
94000	Total Maintenance	<u>34,363</u>	<u>2,800</u>	<u>37,163</u>

Housing Authority of the Village of Maxwell (NM026)
 Maxwell, NM
 Financial Data Schedule
 6/30/2012

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
96110	Property Insurance	6,035	-	6,035
96120	Liability Insurance	1,639	-	1,639
96130	Workmen's Compensation	1,569	-	1,569
96140	All Other Insurance	1,752	-	1,752
96100	Total Insurance Premiums	<u>10,995</u>	-	<u>10,995</u>
96200	Other General Expenses	-	-	-
96210	Compensated Absences	2,650	-	2,650
96300	Payments in Lieu of Taxes	-	-	-
96400	Bad debt - Tenant Rents	658	-	658
96000	Total Other General Expenses	<u>3,308</u>	-	<u>3,308</u>
96900	Total Operating Expenses	<u>104,448</u>	<u>6,427</u>	<u>110,875</u>
97000	Excess Operating Revenue over Operating Expenses	(11,691)	5,403	(6,288)
97400	Depreciation Expense	27,992	-	27,992
90000	Total Expenses	<u>132,440</u>	<u>6,427</u>	<u>138,867</u>
10010	Operating Transfers In	5,403	-	5,403
10020	Operating Transfers Out	-	(5,403)	(5,403)
10100	Total Other Financing Sources (Uses)	5,403	(5,403)	-
10000	Excess (Deficiency) of Total Rev Over (Under) Total Exp	<u>(34,280)</u>	<u>-</u>	<u>(34,280)</u>
11030	Beginning Equity	\$ 350,240	\$ -	\$ 350,240
11040	Prior Period Adj, Equity Transfers, Correction of Errors	\$ -	\$ -	\$ -
11050	Changes in Compensated Absence Balance	\$ 414	\$ -	\$ 414
11190	Unit Months Available	264	-	264
11210	Number of Unit Months Leased	242	-	242



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

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Village of Maxwell Housing Authority
(A Component Unit of the Village of Maxwell)
Maxwell, New Mexico

We have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information and the related budgetary comparisons presented as supplementary information of Village of Maxwell Housing Authority (a component unit of the Village of Maxwell), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Village of Maxwell Housing Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Village of Maxwell Housing Authority's internal control over financial reporting as a basis for designating our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Maxwell Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Maxwell Housing Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Village of Maxwell Housing Authority
(A Component Unit of the Village of Maxwell)
Maxwell, New Mexico
Page Two

Compliance and Other Matters

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

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

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.

November 29, 2012

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

None.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

None.

VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

EXIT CONFERENCE

JUNE 30, 2012

EXIT CONFERENCE:

The exit conference was held October 29, 2012 and was attended by the following:

From the Village of Maxwell Housing Authority:

Frances Stevens, Board Vice-Chair
Robert Portillos, Executive Director
Melissa Cruz, Management Analyst

From Kriegel/Gray/Shaw & Co., P.C.:

Ken Shaw, CPA/Shareholder
Kristi Granados, CPA, Staff Auditor

FINANCIAL STATEMENTS PREPARATION

The financial statements were prepared by Kriegel/Gray/Shaw & Co., P.C.