

STATE OF NEW MEXICO

VILLAGE OF MAXWELL

ANNUAL FINANCIAL REPORT

JUNE 30, 2013

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INTRODUCTORY SECTION

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State of New Mexico
Village of Maxwell
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

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OFFICIAL ROSTER
June 30, 2013

Name

Title

Karla Kay Pinkston

Mayor

Village Council

Ben Garcia

Council Member

Christine Molina-Sisneros

Council Member

David Michael Huddleston

Council Member

Meyler Anderson

Council Member

Village Officials

Joanna Taylor

Village Clerk

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Village of Maxwell
Maxwell, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds and major capital project funds of the Village of Maxwell (the "Village") as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Village of Maxwell's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village of Maxwell's nonmajor special revenue funds and the budgetary comparisons for the major capital project funds, nonmajor special revenue funds, debt service funds, and the enterprise presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, 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 misstatements, 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 of material misstatement. An audit involves performing procedures to obtain 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 Village of Maxwell'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 Village of Maxwell's internal control. Accordingly, we express no such opinion. 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Maxwell, as of June 30, 2013, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds, and major capital project funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor special revenue fund of the Village of Maxwell as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, nonmajor special revenue funds, debt service funds, and the enterprise fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-20 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 the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village of Maxwell's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates 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 statement 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, the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2014 on our consideration of the Village of Maxwell'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 Village of Maxwell's internal control over financial reporting and compliance.

Precision Accounting, LLC

Precision Accounting, LLC
Albuquerque, New Mexico
October 27, 2014

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STATE OF NEW MEXICO
Village of Maxwell
Management's Discussion and Analysis
for the Year Ended June 30, 2013
Unaudited

As management of the Village of Maxwell, we offer readers of the Village of Maxwell's financial statements this narrative overview and analysis of the financial activities of the Village of Maxwell for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements of the Village of Maxwell and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets \$2,050,465 of the Village of Maxwell exceeded its liabilities of \$184,041 at the close of the most recent fiscal year by \$1,866,424 (*net position*). Of this amount, \$448,003 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$283,416 during the fiscal year. The majority of this increase is due to the Village controlling expenditures.
- As of June 30, 2013, the Village's governmental funds reported combined ending fund balances of \$660,218 of this total; \$196,563 is restricted for special revenue funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Maxwell's basic financial statements. The Village of Maxwell's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Maxwell's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Maxwell's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Maxwell is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Maxwell that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Maxwell include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Village include Garbage, Water and Sewer Utility billing, Cemetery services and various licensing.

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

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Village of Maxwell
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Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Maxwell, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Maxwell can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Maxwell maintains six individual governmental funds organized according to their type. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, the Fire Discretionary Fund and the CDBG Capital Project Funds, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Maxwell adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, the Fire Discretionary Fund and the CDBG Capital Project Funds to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through D-3 of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the Village charges customers - either outside customers or internal units or departments of the Village. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-58 of this report.

Combining statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 65-81 of this report.

Component Unit, Maxwell Housing Authority. The Management Discussion and Analysis is addressed in a separately issued audit report. The financial reporting entity information is presented in note 1.A. Financial Reporting Entity.

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Village of Maxwell
Management's Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the first year that the Village has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB #34), *Basic Financial Statements –and Management's Discussion and Analysis (MD&A) -for State and Local Governments*.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Maxwell, assets exceeded liabilities by \$1,866,424 at the close of the current fiscal year.

The largest portion of the Village of Maxwell's net position represents the Village's investment of \$1,221,858 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. The Village of Maxwell uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Maxwell's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Maxwell's Net Position						
	June 30, 2013			June 30, 2012		
	Governmental	Business- Type	Total	Governmental	Business- Type	Total
Assets						
Current and other assets	\$ 804,700	\$ 27,691	\$ 832,391	\$ 488,786	\$ 37,481	\$ 526,267
Capital assets, net of accumulated depreciation	110,931	1,107,143	1,218,074	-	-	-
Total Assets	915,631	1,134,834	2,050,465	488,786	37,481	526,267
Liabilities						
Long-term liabilities outstanding	92	2,443	2,535	-	-	-
Other Liabilities	144,482	37,024	181,506	10,464	16,086	26,550
Total Liabilities	144,574	39,467	184,041	10,464	16,086	26,550
Net position						
Net investment in Capital Assets	114,715	1,107,143	1,221,858	-	-	-
Restricted	196,563	-	196,563	144,397	-	144,397
Unrestricted	459,779	(11,776)	448,003	333,925	21,395	355,320
Total Net Position	771,057	1,095,367	1,866,424	478,322	21,395	499,717
Total Liabilities and Net Position	\$ 915,631	\$ 1,134,834	\$ 2,050,465	\$ 488,786	\$ 37,481	\$ 526,267

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Village of Maxwell
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A portion of the Village of Maxwell's net position represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service.

At the end of the current fiscal year, the Village of Maxwell is able to report positive balances in all of the categories of net position, for the government as a whole as well as for the business-type activities.

The Village of Maxwell's total net position increased by \$283,416 during the current fiscal year. This increase is explained in the government and business-type activities discussion below, and is primarily a result of increased expenses in the governmental activities and decreased expenses in the business-type activities during the fiscal year.

Changes in Net Position
For the Year Ended June 30, 2013

Analysis of Changes in Net Position	Governmental Activities	Business-Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for Service	\$ 99,575	\$ 91,834	\$ 191,409
Operating grants and contributions	156,678	-	156,678
Capital Grants and Contributions	170,735	-	170,735
General Revenue			
Property Tax	13,224	-	13,224
Franchise Tax	3,267	-	3,267
Gross Receipts Tax	112,537	-	112,537
Public Service Tax	7,715	-	7,715
Interest Income	1,171	7	1,178
Miscellaneous Revenues	54,091	-	54,091
Total Revenue	618,993	91,841	710,834
<u>Expenses</u>			
General Government	189,826	-	189,826
Public Safety	80,412	-	82,150
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Public Works	-	-	-
Capital Outlay	-	-	-
Proprietary Funds	-	157,180	157,180
Total Expenses	270,238	157,180	427,418
(Decrease) Increase in Assets before transfer	348,755	(65,339)	283,416
Transfers	(170,735)	170,735	-
(Decrease) Increase in Net position	178,020	105,396	283,416
Net position, Beginning of Year, restated	593,037	989,971	1,583,008
Ending Net position	\$ 771,057	\$ 1,095,367	\$ 1,866,424

Governmental activities: Governmental activities increased the Village of Maxwell's net position by \$178,020. The key element of this increase is a result of the Village receiving additional funding through CDBG and mall cities assistance grants.

Business-type activities: Business-type activities increased the Village's net position by \$105,396. The key element of this increase was an increase in transfer from the General Fund of \$170,735. For plant repairs placed in service during the year and paid for under a CDBG grant.

STATE OF NEW MEXICO
Village of Maxwell
Management's Discussion and Analysis
for the Year Ended June 30, 2013
Unaudited

Changes in Net Position
For the Year Ended June 30, 2012

	Governmental Activities	Business-Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for Service	-	92,929	92,929
Operating grants and contributions	297,291	-	297,291
Capital Grants and Contributions	-	-	-
General Revenue			
Property Tax	13,757	-	13,757
State shared taxes	28,924	-	28,924
Franchise Tax	-	-	-
Gross Receipts Tax	-	-	-
Public Service Tax	629	-	629
Interest Revenues	12,600	19	12,619
Misc Revenues	42,647	-	42,647
Total Revenue	395,848	92,948	488,796
<u>Expenses</u>			
General Government	93,954	-	93,954
Public Safety	-	-	-
Culture and Recreation	42,069	-	42,069
Health and Welfare	-	-	-
Public Works	2,882	-	2,882
Capital Outlay	149,921	-	149,921
Debt Service – principal	6,035	-	6,035
Proprietary Funds	-	106,252	106,252
Total Expenses	284,861	106,252	391,113
(Decrease) Increase in Assets before transfer	110,987	(13,304)	97,683
Transfers	(100)	100	-
(Decrease) Increase in Net Position	110,887	(13,204)	97,683
Net position, Beginning of Year	367,435	34,599	402,034
Ending Net position	478,322	21,395	499,717

STATE OF NEW MEXICO
Village of Maxwell
Management's Discussion and Analysis
for the Year Ended June 30, 2013
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FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village of Maxwell uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village of Maxwell's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village of Maxwell's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The types of Governmental funds reported by the Village include the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds.

As of the end of the current fiscal year, the Village of Maxwell's governmental funds reported combined ending fund balances of \$660,218 an increase of \$181,896 in comparison with the prior year. Of this amount, \$463,655 constitutes *unreserved fund balance*, which is available for spending at the government's discretion, \$196,563 constitutes reserved fund balances for special revenues.

Revenues for governmental activities overall totaled \$618,993 in the fiscal year ended June 30, 2013, which represents an increase of \$223,145 from the fiscal year ended June 30, 2012. Expenditures for governmental activities, totaling \$266,362 decreased by \$18,499 from the fiscal year ended June 30, 2012. In the fiscal year ended June 30, 2013, revenues exceed expenditures by \$181,896 due to increased funding.

The General Fund is the chief operating fund of the Village of Maxwell. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$463,655 of which was also unassigned.

The fund balance of the Village of Maxwell's general fund increased by \$129,730 during the current fiscal year due to revenues in excess of expenditures. Overall, the general fund's performance resulted in revenues in excess of expenditures in the fiscal year ended June 30, 2013 due to an increase in general fund revenues, specifically small cities assistance.

Fire Discretionary Fund. The Fire Discretionary Fund has a fund balance of \$26,023. The net increase in fund balance for the current year was \$7,017 increase in fund balance is due primarily to an increase in charges for services.

CDBG Capital Project Fund. The CDBG Capital Project Fund has a fund balance of \$0. This was primarily due to a transfer of plant repairs to the water and sewer proprietary fund.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the net position for the Garbage Fund, the Water & Sewer Fund, and the Cemetery Fund was \$136, \$1,091,761 and \$3,470 respectively. The change in net position for the proprietary funds was \$105,396. Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

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Village of Maxwell
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General Fund Budgetary Highlights

The Village budgets reflect the same pattern as seen in the revenue and expenditures of the Village. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the Village level, the Village of Maxwell utilizes goals and objectives defined by the Village Councilors, community input meetings, long term plans and input from various staff groups to develop the Village budget. The Village priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

General Fund Expenditure Budget Performance

Final Budget	Actual non-GAAP Cash Basis	Favorable/(Unfavorable) Variance
\$243,748	\$190,122	\$53,626

The Capital Project Funds are included in the original budget which is submitted to the Department of Finance and Administration (DFA). However, these funds are spent on a project-by-project basis so the budgets are constantly changing. The individual project budgets for these funds are created during the year through budget adjustment requests (BAR's).

Capital Asset and Debt Administration

Capital assets. The Village of Maxwell's capital assets for its governmental and business-type activities as of June 30, 2013 amount to \$1,218,074 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and equipment. There were no additions to the Village's governmental capital assets (excluding accumulated depreciation) for the current fiscal year. There was \$170,7335 increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year which was the result of a transfer form CDBG Grant Fund to the Water and Sewer Fund.

Capital Assets, June 30, 2013

		Governmental Activities		Business-Like Activities		Total
Land	\$	47,931	\$	-	\$	47,931
Buildings & Improvements		667,664		-		667,664
Equipment		688,664		44,162		732,826
Water & Sanitation Plant		-		1,486,310		1,486,310
Water Line Replacement		-		41,086		41,086
Construction in Progress		-		136,850		136,850
Total capital assets		1,404,259		1,708,408		3,112,667
Accumulated depreciation		1,293,328		601,265		1,894,593
Capital assets, net of accumulated depreciation	\$	110,931	\$	1,107,143	\$	1,218,074

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Village of Maxwell's Outstanding Debt

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 7 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration- At the end of the current fiscal year, the Village of Maxwell had no long-term obligations, only long-term accrued compensated absences of \$92 in the governmental activities and \$2,443 in the business-like activities

See Note 8 in the accompanying Notes to the Financial Statements for further information regarding the Village of Maxwell's long-term debt.

Economic Factors and Next Year's Budgets and Rates

The Village of Maxwell has completed the remodeling of the fire department in the 2014-2015 year and the approval of federal funding to explore water resources over the next couple of years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Maxwell's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

The Village of Maxwell Administration, Joanna Taylor, Village Clerk, Village of Maxwell, P.O. Box 356, 316 Maxwell Ave., Maxwell, New Mexico, 87728.

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF NET POSITION
June 30, 2013

Exhibit A-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit Housing Authority</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 624,581	\$ 19,359	\$ 643,940	\$ 60,920
Taxes receivable	-	-	-	-
Accounts receivable	158,852	8,332	167,184	22
Prepaid Insurance	-	-	-	51
Due from other funds	21,267	-	21,267	-
	<u>804,700</u>	<u>27,691</u>	<u>832,391</u>	<u>60,993</u>
Total Current Assets				
Noncurrent Assets				
Restricted Cash	-	-	-	3,406
Capital assets	1,404,259	1,708,408	3,112,667	1,026,823
Less: accumulated depreciation	(1,293,328)	(601,265)	(1,894,593)	(765,831)
	<u>110,931</u>	<u>1,107,143</u>	<u>1,218,074</u>	<u>264,398</u>
Total Noncurrent Assets				
Total Assets	<u>\$ 915,631</u>	<u>\$ 1,134,834</u>	<u>\$ 2,050,465</u>	<u>\$ 325,391</u>

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF NET POSITION
June 30, 2013

Exhibit A-1

	Governmental Activities	Business-type Activities	Total	Component Unit Housing Authority
Liabilities				
Current Liabilities				
Accounts payable	\$ 140,252	\$ 3,897	\$ 144,149	\$ 858
Accrued salaries and benefits	2,650	13,440	16,090	4,429
Due to other funds	1,580	19,687	21,267	-
Total Current Liabilities	144,482	37,024	181,506	5,287
Noncurrent Liabilities				
Accrued Compensated Absences	92	2,443	2,535	3,089
Tenant Security Deposits	-	-	-	3,406
Total Noncurrent Liabilities	92	2,443	2,535	6,495
Total Liabilities	144,574	39,467	184,041	11,782
Deferred inflows of resources				
Unavailable revenue-property taxes	-	-	-	-
Total Deferred inflows of resources	-	-	-	-
Net Position				
Net Investment in Capital Assets	114,715	1,107,143	1,221,858	260,992
Restricted for:				
Capital projects	-	-	-	-
Special revenue funds	196,563	-	196,563	-
Debt Service funds	-	-	-	-
Unrestricted	459,779	(11,776)	448,003	52,617
Total Net Position	771,057	1,095,367	1,866,424	313,609
Total Liabilities, Deferred inflows of resources and Net Position	\$ 915,631	\$ 1,134,834	\$ 2,050,465	\$ 325,391

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2013

Exhibit A-2

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government			
General government	\$ 189,826	\$ 94,669	\$ 63,967
Public safety	80,412	4,906	92,711
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital Outlay	-	-	-
	<u>270,238</u>	<u>99,575</u>	<u>156,678</u>
<i>Total governmental activities</i>			
Business-type Activities:			
Joint Utilities	157,180	91,834	-
	<u>157,180</u>	<u>91,834</u>	<u>-</u>
<i>Total business type activities</i>			
	<u>157,180</u>	<u>91,834</u>	<u>-</u>
<i>Total Primary Government</i>	<u>\$ 427,418</u>	<u>\$ 191,409</u>	<u>\$ 156,678</u>
Component Unit:			
Housing Authority	\$ 139,213	\$ 38,833	\$ 48,534

General Revenues:

Taxes
 Property taxes, levied for general purposes
 Gross receipts taxes
 Public service taxes
 Franchise taxes
Interest income
Miscellaneous income
Transfers

Total General Revenues and Transfers

Changes in net position

Net position, beginning
Restatement for see Note 22
Net position, restated

Net position, ending

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2013

Exhibit A-2

<u>Program Revenues</u>	<u>Net Program (Expense) Revenue and Changes in Net Position</u>			
	Primary Government			Component Unit Housing Authority
Capital Grants and Contributions	Government Activities	Business Type Activities	Total	
\$ 170,735	\$ 139,545	\$ -	\$ 139,545	\$ -
-	17,205	-	17,205	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>170,735</u>	<u>156,750</u>	<u>-</u>	<u>156,750</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(65,346)</u>	<u>(65,346)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(65,346)</u>	<u>(65,346)</u>	<u>-</u>
<u>\$ 170,735</u>	<u>156,750</u>	<u>(65,346)</u>	<u>91,404</u>	<u>-</u>
\$ 49,104	\$ -	\$ -	\$ -	\$ (2,742)
	13,224	-	13,224	-
	112,537	-	112,537	-
	7,715	-	7,715	-
	3,267	-	3,267	-
	1,171	7	1,178	391
	54,091	-	54,091	-
	<u>(170,735)</u>	<u>170,735</u>	<u>-</u>	<u>-</u>
	<u>21,270</u>	<u>170,742</u>	<u>192,012</u>	<u>391</u>
	178,020	105,396	283,416	(2,351)
	478,322	21,395	499,717	315,960
	114,715	968,576	1,083,291	-
	<u>593,037</u>	<u>989,971</u>	<u>1,583,008</u>	<u>315,960</u>
	<u>\$ 771,057</u>	<u>\$ 1,095,367</u>	<u>\$ 1,866,424</u>	<u>\$ 313,609</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Fire Discretionary Fund	CDBG Capital Project Funds	Other Governmental Funds	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 266,662	\$ 22,259	\$ -	\$ 171,108	\$ 460,029
Investments	164,552	-	-	-	164,552
Accounts and taxes receivable	-	-	-	-	-
Other receivables	17,013	4,989	136,850	-	158,852
Due from other funds	21,267	-	-	-	21,267
<i>Total assets</i>	<u>\$ 469,494</u>	<u>\$ 27,248</u>	<u>\$ 136,850</u>	<u>\$ 171,108</u>	<u>\$ 804,700</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 3,189	\$ -	\$ 136,850	\$ 213	\$ 140,252
Accrued salaries and benefits	2,650	-	-	-	2,650
Accrued compensated absences	-	-	-	-	-
Due to other funds	-	1,225	-	355	1,580
<i>Total liabilities</i>	<u>5,839</u>	<u>1,225</u>	<u>136,850</u>	<u>568</u>	<u>144,482</u>
<i>Deferred inflows of resources</i>					
Unavailable revenue-property taxes	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>					
Fund Balance					
Restricted for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	26,023	-	170,540	196,563
Capital Projects Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Committed for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Assigned for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Unassigned for:					
General Fund	463,655	-	-	-	463,655
<i>Total fund balances</i>	<u>463,655</u>	<u>26,023</u>	<u>-</u>	<u>170,540</u>	<u>660,218</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 469,494</u>	<u>\$ 27,248</u>	<u>\$ 136,850</u>	<u>\$ 171,108</u>	<u>\$ 804,700</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
RECONCILIATION OF BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2013

Amounts reported for governmental activities in the statements of net position are different because:

Fund balances - total governmental funds	\$	660,218
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		110,931
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued compensated absences		<u>(92)</u>
Net position of governmental activities	\$	<u><u>771,057</u></u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
For the Year Ending June 30, 2013

	General Fund	Fire Discretionary Fund	CDBG Capital Project Fund	Other Governmental Funds	Total
<i>Revenues:</i>					
Taxes					
Gross receipts taxes	\$ 112,537	\$ -	\$ -	\$ -	\$ 112,537
Property taxes	13,224	-	-	-	13,224
Gasoline tax	7,402	-	-	-	7,402
MVD tax	313	-	-	-	313
Franchise tax	3,267	-	-	-	3,267
State Grant Income	63,967	-	-	92,711	156,678
Federal Grant Income	-	-	170,735	-	170,735
Charges for Services	94,208	4,906	-	-	99,114
Licenses and Fees	461	-	-	-	461
Investment Income (Loss)	1,171	-	-	-	1,171
Miscellaneous	21,125	17,554	-	15,412	54,091
	<u>317,675</u>	<u>22,460</u>	<u>170,735</u>	<u>108,123</u>	<u>618,993</u>
<i>Expenditures:</i>					
Current:					
General Government	177,234	-	-	-	177,234
Public Safety	-	15,443	-	62,974	78,417
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	10,711	-	-	-	10,711
Interest	-	-	-	-	-
	<u>187,945</u>	<u>15,443</u>	<u>-</u>	<u>62,974</u>	<u>266,362</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>129,730</u>	<u>7,017</u>	<u>170,735</u>	<u>45,149</u>	<u>352,631</u>
<i>Other financing sources (uses)</i>					
Transfers In	-	-	-	-	-
Transfers (Out)	-	-	(170,735)	-	(170,735)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(170,735)</u>	<u>-</u>	<u>(170,735)</u>
<i>Net change in fund balance</i>	129,730	7,017	-	45,149	181,896
<i>Fund balance - beginning of year</i>	<u>333,925</u>	<u>19,006</u>	<u>-</u>	<u>125,391</u>	<u>478,322</u>
<i>Fund balance - end of year</i>	<u>\$ 463,655</u>	<u>\$ 26,023</u>	<u>\$ -</u>	<u>\$ 170,540</u>	<u>\$ 660,218</u>

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RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ending June 30, 2013

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

Net change in fund balances - total governmental funds	\$ 181,896
--	------------

Governmental funds report capital outlays as expenditures. However in
 the statement of activities, the cost of those assets is allocated over their
 estimated useful lives and reported as depreciation expense:

Capital expenditures	-
Depreciation expense	(14,495)

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

Principal payments on notes payable	10,711
Increase in accrued compensated absences	<u>(92)</u>

Change in net position of governmental activities	<u><u>\$ 178,020</u></u>
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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 48,800	\$ 48,800	\$ 125,604	\$ 76,804
State Grant Income	63,967	-	88,334	88,334
Charges For Services	-	65,546	63,967	(1,579)
Licenses and Fees	1,200	1,200	461	(739)
Interest Income	1,000	1,000	1,171	171
Investment Income(Loss)	-	-	-	-
Miscellaneous	128,440	128,440	21,125	(107,315)
<i>Total revenues</i>	<u>243,407</u>	<u>244,986</u>	<u>300,662</u>	<u>55,676</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	222,040	222,040	179,411	42,629
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	10,854	10,854	10,711	143
Interest	10,854	10,854	-	10,854
<i>Total expenditures</i>	<u>243,748</u>	<u>243,748</u>	<u>190,122</u>	<u>53,626</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(341)</u>	<u>1,238</u>	<u>110,540</u>	<u>109,302</u>
<i>Other financing sources (uses)</i>				
Designated Cash	341	(1,238)	-	1,238
Transfers In	-	-	-	-
Transfers Out	(4,320)	4,320	-	(4,320)
<i>Total other financing sources (uses)</i>	<u>(3,979)</u>	<u>3,082</u>	<u>-</u>	<u>(3,082)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(4,320)</u>	<u>4,320</u>	<u>110,540</u>	<u>106,220</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>341,941</u>	<u>341,941</u>
<i>Cash Balance - End of Year</i>	<u>\$ (4,320)</u>	<u>\$ 4,320</u>	<u>\$ 452,481</u>	<u>\$ 448,161</u>
Excess (deficiency) of revenues over expenditures (non-GAAP basis)			\$ 110,540	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			17,013	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>2,177</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 129,730</u>	

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
FIRE DISCRETIONARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	-	-	4,906	4,906
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	35,000	35,000	12,565	(22,435)
<i>Total revenues</i>	<u>35,000</u>	<u>35,000</u>	<u>17,471</u>	<u>(17,529)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	25,000	25,000	16,666	8,334
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>25,000</u>	<u>25,000</u>	<u>16,666</u>	<u>8,334</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,000</u>	<u>10,000</u>	<u>805</u>	<u>(9,195)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(10,000)	(10,000)	-	10,000
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	805	805
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>21,454</u>	<u>21,454</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,259</u>	<u>\$ 22,259</u>
Excess (deficiency) of revenues over expenditures (non-GAAP basis)			\$ 805	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			4,989	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>1,223</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 7,017</u>	

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2013

	<u>Garbage Fund</u>	<u>Water & Sewer Fund</u>	<u>Cemetery</u>	<u>Total</u>
<i>Assets</i>				
<i>Current assets</i>				
Cash	\$ 276	\$ 14,211	\$ 4,872	\$ 19,359
Investments	-	-	-	-
Accounts receivable	1,595	6,587	150	8,332
Due from other funds	-	-	-	-
<i>Total current assets</i>	<u>1,871</u>	<u>20,798</u>	<u>5,022</u>	<u>27,691</u>
<i>Capital assets</i>				
Capital assets	-	1,708,408	-	1,708,408
Accumulated depreciation	-	(601,265)	-	(601,265)
<i>Total Capital assets</i>	<u>-</u>	<u>1,107,143</u>	<u>-</u>	<u>1,107,143</u>
<i>Total Assets</i>	<u>\$ 1,871</u>	<u>\$ 1,127,941</u>	<u>\$ 5,022</u>	<u>\$ 1,134,834</u>
<i>Liabilities and Net Position</i>				
<i>Liabilities:</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 1,595	\$ 750	\$ 1,552	\$ 3,897
Accrued liabilities	11	13,429	-	13,440
Accrued compensated absences	-	-	-	-
Due to other funds	129	19,558	-	19,687
Current maturity of note payable	-	-	-	-
<i>Total current liabilities</i>	<u>1,735</u>	<u>33,737</u>	<u>1,552</u>	<u>37,024</u>
<i>Noncurrent liabilities</i>				
Notes payable	-	-	-	-
Accrued compensated absences payable	-	2,443	-	2,443
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>2,443</u>	<u>-</u>	<u>2,443</u>
<i>Total liabilities</i>	<u>1,735</u>	<u>36,180</u>	<u>1,552</u>	<u>39,467</u>
<i>Net Position:</i>				
Net investment in capital assets	-	1,107,143	-	1,107,143
Unreserved				
Unreserved, undesignated	136	(15,382)	3,470	(11,776)
<i>Total net position</i>	<u>136</u>	<u>1,091,761</u>	<u>3,470</u>	<u>1,095,367</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 1,871</u>	<u>\$ 1,127,941</u>	<u>\$ 5,022</u>	<u>\$ 1,134,834</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 For the Year Ended June 30, 2013

	<u>Garbage Fund</u>	<u>Water & Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
<i>Operating revenues:</i>				
Charges for services	771	90,203	860	\$ 91,834
<i>Total operating revenues</i>	<u>771</u>	<u>90,203</u>	<u>860</u>	<u>91,834</u>
<i>Operating expenses:</i>				
Operating Expenses	3,448	120,000	1,564	125,012
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	32,168	-	32,168
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	-	-	-	-
<i>Total operating expenses</i>	<u>3,448</u>	<u>152,168</u>	<u>1,564</u>	<u>157,180</u>
<i>Operating income (loss)</i>	<u>(2,677)</u>	<u>(61,965)</u>	<u>(704)</u>	<u>(65,346)</u>
<i>Non-operating revenues (expenses):</i>				
Interest Income	7	-	-	7
Interest expense	-	-	-	-
Transfers	-	170,735	-	170,735
<i>Total non-operating revenues (expenses)</i>	<u>7</u>	<u>170,735</u>	<u>-</u>	<u>170,742</u>
<i>Change in net position</i>	(2,670)	108,770	(704)	105,396
<i>Total net position, beginning of year</i>	2,806	86,700	4,174	93,680
<i>Adjustment to net position</i>	-	896,291	-	896,291
<i>Total net position, beginning of year- restated</i>	<u>2,806</u>	<u>982,991</u>	<u>4,174</u>	<u>989,971</u>
<i>Total net position, end of year</i>	<u>\$ 136</u>	<u>\$ 1,091,761</u>	<u>\$ 3,470</u>	<u>\$ 1,095,367</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	<u>Garbage Fund</u>	<u>Water & Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
<i>Cash flows from operating activities:</i>				
Cash received from user charges	\$ 771	\$ 90,203	\$ 860	\$ 91,834
Cash payments to employees/suppliers for goods and services	(3,448)	(128,494)	(162)	(132,104)
<i>Net cash provided for operating activities</i>	<u>(2,677)</u>	<u>(38,291)</u>	<u>698</u>	<u>(40,270)</u>
<i>Cash flows from noncapital financing activities:</i>				
Change in long term accrued compensated absences	11	2,443	-	2,454
Loans from other funds	129	19,558	-	19,687
Transfers	-	133,885	-	133,885
<i>Net cash provided (used) by noncapital financing activities:</i>	<u>140</u>	<u>155,886</u>	<u>-</u>	<u>156,026</u>
<i>Cash flows from investing activities:</i>				
Interest Income	7	-	-	7
Purchase of capital assets	-	(133,885)	-	(133,885)
<i>Net cash used by investing activities:</i>	<u>7</u>	<u>(133,885)</u>	<u>-</u>	<u>(133,878)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(2,530)	(16,290)	698	(18,122)
<i>Cash and cash equivalents - beginning of year</i>	<u>2,806</u>	<u>30,501</u>	<u>4,174</u>	<u>37,481</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 276</u>	<u>\$ 14,211</u>	<u>\$ 4,872</u>	<u>\$ 19,359</u>
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>				
<i>by operating activities</i>				
Operating income (loss)	\$ (2,677)	\$ (61,965)	\$ (704)	\$ (65,346)
<i>Adjustments to reconcile operating (loss) to net cash (used)</i>				
<i>by operating activities:</i>				
Depreciation	-	32,168	-	32,168
<i>Changes in assets and liabilities</i>				
Receivables	(1,595)	(6,587)	(150)	(8,332)
Accrued expenses	-	(2,657)	-	(2,657)
Prepaid expenses	-	-	-	-
Accounts payable	1,595	750	1,552	3,897
Due to Others	-	-	-	-
Accrued compensation absences	-	-	-	-
<i>Net cash (used) by operating activities</i>	<u>\$ (2,677)</u>	<u>\$ (38,291)</u>	<u>\$ 698</u>	<u>\$ (40,270)</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies

The Village of Maxwell (the “Village”) was incorporated in 1916, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Village of Maxwell is a body politic and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Village is presented to assist in the understanding of the Village’s financial statements. The financial statements and notes are the representation of the Village’s management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the Village’s accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Village, 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. 61. Blended component units are in substance, although legally separate entities, are 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.

The basic-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 criterion 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 Village has one discretely presented component unit, the Village of Maxwell Housing Authority. The financial data of the component unit is reported in a separate column to emphasize that they are legally separate from the Village based on the criteria described above. The separate financial statements of the component unit can be obtained from the Housing Authority at P.O. Box 188, Maxwell, New Mexico 87728.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1.

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

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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise 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 are the proprietary fund and fiduciary fund financial statements. 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 year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

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.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1.

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental funds are used to account for the Village'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:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other 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 the proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund and the Fire Discretionary Fund. No other funds were required to be presented as major at the discretion of management.

General Fund – the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided primarily through property, gross receipts and other miscellaneous taxes.

Fire Discretionary Fund (Special Revenue Fund) – to account for discretionary funds donated to be used for the fire department.

Capital Project Fund– to account for revenues and expenditures under a pass-through program from the State. Expenditures are restricted to the purposes approved in the CDBG grant application.

The government reports its Garbage Fund and Water & Sewer Fund (Proprietary funds) as major business-type funds. Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village has no fiduciary funds.

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, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Program revenues reduce the cost of the function to be financed from the Village's general revenues. Amounts reported as *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*. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village's garbage, water & sewer utilities, and cemetery services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments: The Village'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 Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. 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.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

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 proprietary financial statements.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1. D. Assets, Liabilities, and Net Position or Equity (continued)

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 (amount not rounded) 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, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Library books are expensed as purchased.

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Infrastructure	50
Equipment	5-10

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized 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. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as unearned revenue.

Deferred Inflow/Outflows of Resources: GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period. Property taxes levied but not received are recorded as deferred inflows of resources unless the amount is undetermined.

Compensated Absences: Qualified employees are entitled to accumulate compensated absences earned. All full-time employees are entitled to earn five (5) working days for one year of service and ten (10) working days for 2 years or more of service. Employees may accumulate annual leave up to 80 hours per fiscal year. An employee carrying over eighty (80) hours of annual leave or compensatory time may sell leave time back to the Village at two hours for one hour at the current wage (amended July 27, 2010 and rescinded September 14, 2010). There will be no carryover of unused annual leave and must be used by the employee's anniversary date. Upon termination, there will be no payments on accrued annual leave not yet taken. Qualified full time employees are entitled to accumulate sick leave on a basis of one half (1/2) working day each month of employment. Sick leave can be accrued up to thirty (30) days. Upon termination employees receive no pay for sick time accumulated.

All vacation pay and applicable accumulated sick leave is accrued when incurred in the governmental-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of services by employees.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

D. Assets, Liabilities, and Net Position or Equity (continued)

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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position or Fund Equity:

Committed fund balance represents amounts that are useable only for specified purposes by formal action of the governments' highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high level body or official whom the governing body has delegated

Restricted fund balance represents amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unassigned fund balance is the residual classification for the general fund and represents the amount that have not been assigned to other funds, and that have not been restricted, committed or assigned to specific purposes.

Net investment in capital assets, net of related debt consists of net position including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

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 a fund 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 non-routine 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.

Tax Revenues: The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Village recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Village records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. Descriptions of the individual general, debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the Village are prepared prior to June 1 and must be approved by Village Council resolution, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Council and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of the funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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 Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents 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, 2013 is presented as part of the budgetary statements.

NOTE 3. Deposits and Investments

State statutes authorize the investment of the Village 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 Village properly followed State investment requirements as of June 30, 2013.

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 Village. 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 given by the financial institution.

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.

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. The Village of Maxwell has an interest bearing account.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Deposits and Investments (continued)

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

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Village's deposits.

	International Bank Checking	Washington Federal Checking
Deposits	\$ 463,986	\$ 193,019
Total Deposits	463,986	193,019
Less: FDIC Coverage	(250,000)	(193,019)
Total uninsured public funds	213,986	-
50% Collateral requirement	106,993	-
Pledged Securities	150,000	-
(Over)Under collateralized	\$ (43,007)	\$ -

Custodial Credit Risk-Deposits

Account Balance	\$ 657,005
FDIC Insured	443,019
Collateral:	
Collateral held by the pledging bank, not in the City's name	
Uninsured and uncollateralized	213,986
Total Deposits	\$ 657,005

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$213,986 of the Village's bank balance of \$657,005 was exposed to custodial credit risk.

The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

Reconciliation of Cash and Temporary Investments

Carrying amounts by fund per financial statement at June 30, 2013 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit B-1	\$ 624,581
Cash and cash equivalents per Exhibit D-1	19,359
Add outstanding deposits and checks	13,065
	\$ 657,005

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4. Receivables

Receivables as of June 30, 2013, are as follows:

	General Fund	Fire Discretionary Fund	Capital Projects Fund	Other Governmental Funds	Total
Property Taxes Receivables	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments: Other accounts receivable	17,013	4,989	136,850	-	158,852
	<u>\$ 17,013</u>	<u>\$ 4,989</u>	<u>\$ 136,850</u>	<u>\$ -</u>	<u>\$ 158,852</u>

	Garbage Fund	Water & Sewer Fund	Cemetery Fund
Accounts receivable, net of allowance of \$0	\$ 1,595	\$ 6,587	\$ 150
Total	<u>\$ 1,595</u>	<u>\$ 6,587</u>	<u>\$ 150</u>

The above receivables are deemed 100% collectible. In accordance with GASB No.33, property tax receivables are presented net of unearned revenue in the governmental balance sheet. In accordance with GASB No.65, Deferred inflows of resources accounts for delinquent property taxes that are due to the Village but that have not been remitted to the Village. The deferred inflows of resources totaling \$0, as presented in the general fund.

NOTE 5. Interfund Receivables, Payables, and Transfers

The outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The Village Council authorizes transfers between funds to cover the expenditures in the receiving funds. Interfund balances are due within one year. Transfers are a result of the Village transferring assets out of the CDBG fund (a governmental fund) to the Water and Sewer Fund (a proprietary fund)

Due from/to other funds	Interfund Receivable	Interfund Payable
General Fund	\$ 21,267	\$ -
Fire Protection Fund	-	355
Fire Discretionary Fund	-	1,225
Garbage Fund	-	129
Water & Sewer Fund	-	19,558
Total	<u>\$ 21,267</u>	<u>21,267</u>
Transfers	Transfers In	Transfers Out
CDBG Fund	\$ -	\$ 170,735
Water and Sewer Fund	170,735	-
Total	<u>\$ 170,735</u>	<u>170,735</u>

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 6. Accounts Payables

Accounts payable as of June 30, 2013, are as follows:

Payable to suppliers	\$	140,252
Accrued salaries and benefits		<u>2,650</u>
 Total accounts payable and accrued expenses	 \$	 <u><u>142,902</u></u>

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows.

Governmental Activities	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Land	\$ 47,931	\$ -	\$ -	\$ 47,931
Buildings & Improvements	667,664	-	-	667,664
Equipment	<u>688,664</u>	<u>-</u>	<u>-</u>	<u>688,664</u>
 Total Capital Assets	 <u>1,404,259</u>	 <u>-</u>	 <u>-</u>	 <u>1,404,259</u>
 Less accumulated depreciation:				
Land	-	-	-	-
Buildings & Improvements	597,217	13,352	-	610,569
Equipment	<u>681,616</u>	<u>1,143</u>	<u>-</u>	<u>682,759</u>
Total Accumulated Depreciation	<u>1,284,814</u>	<u>14,495</u>	<u>-</u>	<u>1,293,328</u>
 Total Capital Assets, net of depreciation	 \$ <u>119,445</u>	 \$ <u>14,495</u>	 \$ <u>-</u>	 \$ <u>110,931</u>

Capital assets, net of accumulated depreciation, at June 30, 2013 appear in the Statement of Net Position as follows:

Governmental activities	\$ 110,931
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Depreciation expense for the year ended June 30, 2013 was charged to the following functions and funds:

General Government	\$	12,500
Public Safety		1,995
Public Works		-
Culture and Recreation		-
Health and Welfare		<u>-</u>
Total depreciation expense, governmental funds	\$	<u><u>14,495</u></u>

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 7. Capital Assets (continued)

Business-Like Activities	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Water & Sanitation Plant	\$ 1,493,511	\$ 33,885	\$ -	\$ 1,527,396
Equipment	44,162	-	-	44,162
Construction in Progress	<u>-</u>	<u>136,850</u>	<u>-</u>	<u>136,850</u>
Total Capital Assets	<u>1,537,673</u>	<u>170,735</u>	<u>-</u>	<u>1,708,408</u>
Less accumulated depreciation:				
Water & Sanitation Plant	548,943	29,618	-	578,561
Equipment	20,154	2,550	-	22,704
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Depreciation	<u>569,097</u>	<u>32,168</u>	<u>-</u>	<u>601,265</u>
Total Capital Assets, net of depreciation	<u>\$ 968,576</u>	<u>\$ 138,567</u>	<u>\$ -</u>	<u>\$ 1,107,143</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2013 totaled \$32,168.

NOTE 8. Long-term Debt

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
NMED Loan	\$ 10,711	\$ -	\$ 10,711	\$ -	-
Accrued Compensated Absences	<u>-</u>	<u>1,083</u>	<u>1,175</u>	<u>92</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 10,711</u>	<u>\$ 1,083</u>	<u>\$ 11,886</u>	<u>\$ 92</u>	<u>\$ -</u>

In prior years, the General Fund has typically liquidated the compensated absences.

NOTE 9. Operating Leases

The Village has a short term copier lease with payments of \$218 per month and a lease, for an easement, with annual payments of \$109 at June 30, 2013.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 10. Risk Management

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village of Maxwell participates in the New Mexico Self-Insurer's Fund risk pool. The Village pays an annual premium to the pool based on claim experience and the status of the pool. The Village is not liable for more than the premium paid.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2013, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.

New Mexico Self-Insurers' Fund has not provided information or an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 11. Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds.

None

Fund deficits will be funded by general fund transfers or by grant revenues.

B. Expenditures exceeded appropriations by fund.

Garbage Fund	\$ (2,670)
Cemetery Fund	\$ (704)

NOTE 12. PERA Pension Plans

Plan Description. The Village of Maxwell's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 7.0% of gross salary. The Village of Maxwell is required to contribute 7% of the gross covered salary. The contribution requirements of plan members and the Village of Maxwell are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the year ended June 30, 2013, 2012 and 2011 were \$7,949, \$8,491, and \$7,723 respectively.

The Village's 2015 financial statements may include a material liability for pension participation due to the implementation of GASB 68.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 13. Post-Employment Benefits

The Retiree Health Care Act 10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program for the current year.

NOTE 14. Contingent Liabilities

There are no contingent liabilities as of June 30, 2013.

NOTE 15. Federal and State Grants

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 16. Joint Powers Agreements

NM Department of Public Safety

Purpose: The agreement is to provide police protection and law enforcement services for the Village, including the enforcement of all state laws.

Participants: Village of Maxwell, NM and NM Department of Public Safety (NMDPS, SPD)

Responsible Party for Operation and Audit: Village of Maxwell and NMDPS, SPD

Beginning and Ending Date of Agreement: Agreed June 5, 2010 and expires on June 30, 2015

Total Estimated Amount of Project and Actual Amount Contributed: Covered by Law Enforcement Protection fund grants received on an annual basis

NOTE 17. Related Party Transactions

The Village had paid \$70 to a Village employee for the repair of equipment as of June 30, 2013.

NOTE 18. Commitments

The Village had commitments for the CDBG Well Rehab project with Gannett Fleming West, Inc. for engineering services and a commitment with Mack's Drilling, Inc. for well repairs. At June 30, 2013, the outstanding balances were \$10,735 and 156,000, respectively.

NOTE 19. Service with Village Component Unit

The Village provides a payroll service for the Village of Maxwell Housing Authority, a component unit for the Village of Maxwell, for a monthly fee. The service requires the Village to prepare the payroll checks and filing of federal payroll tax reports as required. The Housing Authority is billed for various costs related to the payroll transactions. The amount due from the component unit at June 30, 2013 for reimbursement of payroll services by the Village was \$3,512.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 20. Subsequent Accounting Standard Pronouncements

Statement No. 67, Financial Reporting for Pension Plans. This statement also amends Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trust or equivalent arrangements. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for the fiscal years beginning after June 15, 2013 with earlier application encouraged. The Village has reviewed the statement and has determined that this does not apply to the Village.

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27, Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The Village is reviewing the effects of the implementation of this statement.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. The Village has reviewed the statement and has determined that this does not apply to the Village.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non-exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The Village has reviewed the statement and has determined that this does not apply to the Village.

NOTE 21. Subsequent Review

The Village of Maxwell has evaluated subsequent events through October 27, 2014, which is the date the financial statements were available for issuance.

NOTE 22. Restatement of Net Position

The Net Position is restated to include capital assets and long-term debt that was not included in the prior years' Agreed Upon Procedures and Compilation Reports.

	<u>Governmental Funds</u>	<u>Water & Sewer Fund</u>
Net Position, beginning	\$ 478,322	\$ 21,395
Restatement for capital assets	125,426	968,576
Restatement for LT debt	(10,711)	-
Net Position, restated	<u>\$ 593,037</u>	<u>\$ 989,971</u>

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO

VILLAGE OF MAXWELL

June 30, 2013

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Fire Protection Fund

To account for the revenues for the state fire allotment and public safety related expenditures. Authority NMSA 1978 59A-53-2.

Law Enforcement Fund

To account for monies received under a Joint Powers Agreement entered into by the NM Department of Public Safety, State Police Division (NMDPS SPD) and the Village of Maxwell pursuant to the Joint Powers Act, Sections 11-1-1 through 11-1-7 NMSA 1978. The Village receives a Law Enforcement Protection Funds grant on an annual basis to be made available to NMDPS, NMSP for purchase and repair of equipment and office training for providing police protection and law enforcement as required within its municipality limits. The Village is responsible for administration of this agreement and NMDPS, SPD agrees to provide protection and law enforcement within the municipality limits of the Village.

Debt Service

To account for the transfer of resources and payment of obligations in accordance with signed agreements.

PROPRIETARY MAJOR FUNDS

Garbage Fund

To account for the activities of the Village's garbage collection services to residents.

Water and Sewer Fund

To account for the activities of the Village's water and sewer operations.

Cemetery Fund

To account for the activities of the Village's garbage cemetery operations.

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Fire Protection Fund	Law Enforcement Protection Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<i>Assets</i>				
Cash and cash equivalents	\$ 169,791	\$ 1,317	\$ -	\$ 171,108
Other receivables	-	-	-	-
<i>Total assets</i>	<u>\$ 169,791</u>	<u>\$ 1,317</u>	<u>\$ -</u>	<u>\$ 171,108</u>
<i>Liabilities</i>				
Accounts payable	\$ 213	\$ -	\$ -	\$ 213
Accrued salaries and benefits	-	-	-	-
Accrued compensated absences	-	-	-	-
Due to other funds	355	-	-	355
<i>Total liabilities</i>	<u>568</u>	<u>-</u>	<u>-</u>	<u>568</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue-property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>				
Fund Balance				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	169,223	1,317	-	170,540
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
<i>Total fund balances</i>	<u>169,223</u>	<u>1,317</u>	<u>-</u>	<u>170,540</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 169,791</u>	<u>\$ 1,317</u>	<u>\$ -</u>	<u>\$ 171,108</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013

	Fire Protection Fund	Law Enforcement Protection Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<i>Revenues:</i>				
Taxes				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	72,711	20,000	-	92,711
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income (Loss)	-	-	-	-
Miscellaneous	15,412	-	-	15,412
<i>Total revenues</i>	<u>88,123</u>	<u>20,000</u>	<u>-</u>	<u>108,123</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	40,111	22,863	-	62,974
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>40,111</u>	<u>22,863</u>	<u>-</u>	<u>62,974</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>48,012</u>	<u>(2,863)</u>	<u>-</u>	<u>45,149</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	48,012	(2,863)	-	45,149
<i>Fund balances - beginning of year</i>	<u>121,211</u>	<u>4,180</u>	<u>-</u>	<u>125,391</u>
<i>Fund balances - end of year</i>	<u>\$ 169,223</u>	<u>\$ 1,317</u>	<u>\$ -</u>	<u>\$ 170,540</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
FIRE PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	60,000	60,000	72,711	12,711
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	7,175	7,175	15,412	8,237
<i>Total revenues</i>	67,175	67,175	88,123	20,948
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	85,000	85,000	39,543	45,457
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	85,000	85,000	39,543	45,457
<i>Excess (deficiency) of revenues over expenditures</i>	(17,825)	(17,825)	48,580	66,405
<i>Other financing sources (uses)</i>				
Designated Cash	17,825	17,825	-	(17,825)
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	17,825	17,825	-	(17,825)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	48,580	48,580
<i>Cash Balance - Beginning of Year</i>	-	-	121,211	121,211
<i>Cash Balance - End of Year</i>	\$ -	\$ -	169,791	\$ 169,791
Excess (deficiency) of revenues over expenditures (non-GAAP basis)			\$ 48,580	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(568)	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ 48,012	

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	20,000	20,000	20,000	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	20,000	20,000	20,000	-
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	24,179	24,179	22,863	1,316
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	24,179	24,179	22,863	1,316
<i>Excess (deficiency) of revenues over expenditures</i>	(4,179)	(4,179)	(2,863)	1,316
<i>Other financing sources (uses)</i>				
Designated Cash	4,179	4,179	-	(4,179)
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	4,179	4,179	-	(4,179)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(2,863)	(2,863)
<i>Cash Balance - Beginning of Year</i>	-	-	4,180	4,180
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 1,317	\$ 1,317
Excess (deficiency) of revenues over expenditures (non-GAAP basis)			\$ (2,863)	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ (2,863)	

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
CDBG CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	300,000	300,000	33,885	(266,115)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>300,000</u>	<u>300,000</u>	<u>33,885</u>	<u>(266,115)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	310,667	310,667	33,885	276,782
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>310,667</u>	<u>310,667</u>	<u>33,885</u>	<u>276,782</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,667)</u>	<u>(10,667)</u>	<u>-</u>	<u>10,667</u>
<i>Other financing sources (uses)</i>				
Designated Cash	10,667	10,667	-	(10,667)
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>10,667</u>	<u>10,667</u>	<u>-</u>	<u>(10,667)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures (non-GAAP basis)			\$ -	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(136,850)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>136,850</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ -</u>	

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures (non-GAAP basis)			\$ -	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ -	

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
GARBAGE PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	33,630	33,630	771	(32,859)
Investment Income(Loss)	-	-	7	7
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>33,630</u>	<u>33,630</u>	<u>778</u>	<u>(32,852)</u>
<i>Expenditures:</i>				
Current:				
Operating Expenses	33,000	33,000	3,448	29,552
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>33,000</u>	<u>33,000</u>	<u>3,448</u>	<u>29,552</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>630</u>	<u>630</u>	<u>(2,670)</u>	<u>(3,300)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(630)	(630)	-	630
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(630)</u>	<u>(630)</u>	<u>-</u>	<u>630</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(2,670)	(2,670)
<i>Fund balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>2,806</u>	<u>2,806</u>
<i>Fund balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>136</u>	<u>\$ 136</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
WATER & SEWER PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	196,767	196,767	90,203	(106,564)
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	196,767	196,767	90,203	(106,564)
<i>Expenditures:</i>				
Current:				
Operating Expenses	120,000	120,000	120,000	-
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	32,168	(32,168)
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	120,000	120,000	152,168	(32,168)
<i>Excess (deficiency) of revenues over expenditures</i>	76,767	76,767	(61,965)	(138,732)
<i>Other financing sources (uses)</i>				
Designated Cash	(76,767)	(76,767)	-	76,767
Transfers (In) Out	-	-	170,735	170,735
<i>Total other financing sources (uses)</i>	(76,767)	(76,767)	170,735	247,502
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	108,770	108,770
<i>Fund balance - Beginning of Year</i>	-	-	982,991	982,991
<i>Fund balance - End of Year</i>	\$ -	\$ -	1,091,761	\$ 1,091,761

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
CEMETERY PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	3,600	3,600	860	(2,740)
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,600</u>	<u>3,600</u>	<u>860</u>	<u>(2,740)</u>
<i>Expenditures:</i>				
Current:				
Operating Expenses	2,000	2,000	1,564	436
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,000</u>	<u>2,000</u>	<u>1,564</u>	<u>436</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,600</u>	<u>1,600</u>	<u>(704)</u>	<u>(2,304)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(1,600)	(1,600)	-	1,600
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,600)</u>	<u>(1,600)</u>	<u>-</u>	<u>1,600</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(704)	(704)
<i>Fund balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>4,174</u>	<u>4,174</u>
<i>Fund balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>3,470</u>	<u>\$ 3,470</u>

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF CASH AND INVESTMENT ACCOUNTS
JUNE 30, 2013

Schedule I

Bank Account Type/Name	International Bank	Washington Federal	Total
Checking - General Fund, Interest Bearing	\$ 251,110	\$ -	\$ 251,110
Checking - Law Enforcement Protection Fund, Interest Bearing	5,633	-	5,633
Checking - Water & Sewer Fund, Interest Bearing	4,370	-	4,370
Checking - Garbage Fund, Interest Bearing	2,347	-	2,347
Checking - Cemetery Fund, Interest Bearing	4,872	-	4,872
Checking - Maxwell Tortilla Festival, Interest Bearing	20	-	20
Checking - Water Deposit Fund, Interest Bearing	12,508	-	12,508
Checking - Fire Protection Fund, Interest Bearing	-	170,760	170,760
Checking - Fire Discretionary Fund, Interest Bearing	-	22,259	22,259
Certificates of Deposit- General Fund, Interest Bearing	164,552	-	164,552
Savings- General Fund, Interest Bearing	18,574	-	18,574
Total On Deposit	463,986	193,019	657,005
Reconciling Items	(12,095)	(970)	(13,065)
Reconciled Balance, June 30, 2013	\$ 451,891	\$ 192,049	\$ 643,940

This amount is reflected in the financial statements as follows:

Cash and cash equivalents-Governmental activities Ex-B-1	\$ 624,581
Cash and cash equivalents-Business type activities Ex-D-1	19,359
	<u>\$ 643,940</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2013

Schedule II

Name of Depository	Description of Pledged Collateral	Market Value June 30, 2013	Name and Location of Safekeeper
International Bank	FFCB Cusip 31331MIU2, 4.75% 12/12/2013	\$ 150,000	Federal Reserve Bank Kansas City, MO
		<u>\$ 150,000</u>	

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COMPLIANCE SECTION

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

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Village of Maxwell
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, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, and capital project funds of the Village of Maxwell as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village of Maxwell's basic financial statements, and the combining and individual and related budgetary comparisons of the Village of Maxwell, presented as supplemental information, and have issued our report thereon dated October 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Maxwell's internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Maxwell's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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 function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. The material weaknesses are described as 2010-001, 2013-003, 2010-006, and 2010-003.

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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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. The significant deficiency is described as 2010-008 and 2010-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Maxwell'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2013-001, 2010-001, 2013-003, 2010-006, 2010-008, 2010-002 and 2010-003.

The Village of Maxwell's Response to Findings

The Village of Maxwell's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Village of Maxwell's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not to provide an opinion on the effectiveness of the Village of Maxwell'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 Village of Maxwell's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Precision Accounting LLC

Precision Accounting LLC
Albuquerque, New Mexico
October 27, 2014

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

A. CURRENT FINDINGS - FINANCIAL STATEMENT AUDIT

2013-001 Non-compliance with State Audit Rule – Late Audit Contract Submission (Other Matter)

CONDITION: The Village did not meet the May 15, 2013 deadline to have their auditor selection submitted to the State Auditor to perform an audit for the fiscal year ended June 30, 2013.

CRITERIA: NMAC 2.2.2.8.G states that auditee must have their auditor selection submitted to the State Auditor by no later than May 15, 2013.

CAUSE: The Village had been behind on their financial audits and was not able to make the audit contract submission in a timely manner to the State Auditors' Office by May 15, 2013.

EFFECT: The Village is not in compliance with the State Audit Rule NMAC 2.2.2.8 G and could potentially jeopardize future funding.

RECOMMENDATION: We recommend that the Village comply with the State Audit Rule and meet all required deadlines set forth within the State Audit Rule.

CLIENT RESPONSE: The Village of Maxwell will comply with the State Audit Rule and will work to meet required deadlines set forth within the State Audit Rule.

2010-001 [2010-01] Non-compliance with State Audit Rule – Late Audit Report Submission (Material Weakness, Other Matter) repeated and revised

CONDITION: The Village did not submit their annual audit to the State Auditor by the due date of December 1, 2013.

CRITERIA: Per NMAC 2.2.2.9.A, the annual audit report for the Village is due by December 1 of the year of audit.

CAUSE: The Village was been behind on their financial audits and was not able to make the report submission to the State Auditors' Office by December 1, 2013.

EFFECT: The Village is not in compliance with the State Audit Rule NMAC 2.2.2.9 A and could potentially jeopardize future funding.

RECOMMENDATION: We recommend that the Village become current with their audits in order to comply with the State Audit Rule and meet all required deadlines set forth within the State Audit Rule.

CLIENT RESPONSE: The Village of Maxwell will work with the State Auditor's office to stay in compliance with the State Audit Rule and will meet all required deadlines set forth within the State Audit Rule.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

2013-003 Non-Compliance with IRS rules on Contract Labor (Material Weakness)

CONDITION: During our payroll testwork, we noted that the Village provides payroll services to the Maxwell Housing Authority, a component unit of the Village of Maxwell. The Executive Director was changed from an employee to an independent contractor but still held the same responsibilities as though he was an employee submitting time sheets for his hours worked. A 1099 was issued at year end for the contract labor.

CRITERIA: IRC Section 3121 (d) states the criteria for determining whether a person meets the definition of an independent contractor or as an employee.

CAUSE: It appears that the staff may not be aware of the employer-employee relationship as set forth by the Federal IRS regulations.

EFFECT: Misclassification of employee as an independent contractor without a reasonable basis can result in the Village and the Maxwell Housing Authority being held liable for all employment taxes for that worker.

RECOMMENDATION: We recommend that the Village review the IRS regulations regarding independent contractor vs employee guidelines and determine the employer-employee relationship by documenting reasonable basis for the selection on file.

CLIENT RESPONSE: The Village of Maxwell will review the IRS regulations regarding independent contractors vs employee guidelines and will work with the Maxwell Housing to determine the best employer-employee relationship for both entities involved.

2010-006 [2010-6][2010-7] Controls over Disbursements (Material Weakness) repeated and revised

CONDITION: During our testwork of cash disbursements, we noted nine (9) transactions totaling \$16,010 had insufficient or no supporting documentation, one of which was a loan payment in the amount of \$10,711. This resulted in an 9% error, and for a population of 673 checks for the year 2013, a projected potential error of 64 items.

CRITERIA: NMSA 1978, section 6-5-8, states that purchases for goods and services, other than personnel, must be accompanied by supporting invoices and documentation. In addition, the New Mexico Procurement Code (13-1-28 to 13-1-199 NMSA 1978) states that purchase orders should be approved by management prior to purchases, including P.O. revisions as necessary.

CAUSE: Inconsistent application of procedures for purchases.

EFFECT: Without adequate supporting documentation for purchases, and inconsistent use of P.O.s, there can be risks for unsupported or improper purchases with public funding and the potential to negatively affect fund budgets.

RECOMMENDATION: We recommend that the Village review NMSA 1978, Section 6-5-8 and the New Mexico Procurement Code to ensure appropriate controls are in place in order to meet the requirements of these statutes.

CLIENT RESPONSE: The Village of Maxwell will follow NMSA 1978, Section 6-5-8 and the New Mexico Procurement Code to ensure proper documentation for future audits. The Village of Maxwell does follow a PO system, but will work towards a better audit trail for future audits.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

2010-008[2010-8] Controls over Travel & Per Diem (Significant Deficiency) repeated and revised

CONDITION: In the travel and per diem testwork, we found the following issues: (1) Ten transactions were inadequately supported by itemized receipts and/or related documents to demonstrate the purpose or reasonableness of the business travel expenses; and (2) One transaction involved a meal reimbursement (\$10) which does not meet DFA Rule 95-1 for allowable travel expenses since the travel was within the working day. Out of 24 samples tested, 12 errors totaling \$940 were found which resulted in a 50% variance.

CRITERIA: DFA Rule 95-1 and NMSA 1978, section 6-5-8 requires good documentation practices be maintained, and adequate supporting documentation must be present for all travel & per diem expenses and travel reimbursements.

CAUSE OF CONDITION: It appears the staff may not be submitting proper documentation on expenses for travel and per diem due to inadequate training on travel & per diem requirements.

EFFECT OF CONDITION: Insufficient or no supporting documents for travel and per diem expenditures does not demonstrate whether expenses were reasonable and proper.

RECOMMENDATION: The Village should implement procedures to ensure all receipts and supporting documents be provided for all travel & per diem expenses. Management oversight in this area is necessary to ensure records and reimbursements are reasonable, proper, accurate and supported.

CLIENT RESPONSE: The Village of Maxwell will use follow the DFA RULE 95-1 and the NMSA 1978, Section 6-5-8 for all future Travel and Per Diem. And will provide proper receipts and records for reimbursement.

2010-002[2010-02] Cash Controls-Bank reconciliation (Significant Deficiency) repeated and revised

CONDITION: The Tortilla festival's June bank statement indicated a balance of twenty dollars (\$20). However, on the general ledger for this account, zero (\$0) was shown on the reconciliation report. In the July bank reconciliation, the account was cleared of the \$20. The bank reconciliation was not performed properly.

CRITERIA: NMAC 2.2.2.10 M Public Monies requires that the Village reconcile the balance of deposits as of the balance sheet date as reported in the financial statements.

CAUSE OF CONDITION: It appears the staff had not properly conducted the bank reconciliation process by improperly clearing an account without evaluating the timing or cutoff issues under accounting standard principles.

EFFECT OF CONDITION: Improper bank reconciliation does not allow for traceability of transactions between the bank and book records and inadequate controls in this area can potentially lead to undetected misstatements or errors on the financials.

RECOMMENDATION: The Village should review procedures on bank reconciliation procedures and monitoring activities to ensure proper management oversight is in place and to ensure accurate and complete records.

CLIENT RESPONSE: The Village of Maxwell will review procedures on bank reconciliations monthly. The Village of Maxwell will also reconcile bank accounts in a timely manner.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

2010-003[2010-03] Capital Assets Inventory (Material Weakness) repeated and revised

CONDITION: The Village did not maintain a capital assets list from year to year.

CRITERIA: Each Agency is required to maintain a capital assets list as per section 12-6-10 NMSA, 1978.

CAUSE OF CONDITION: It appears that during the 2007 audit a list of capital assets was prepared but the listing could not be located for updates.

EFFECT OF CONDITION: Without a capital asset inventory list, there is a greater risk of undetected misappropriation of assets. This also has a material effect on the financial statements if left unaccounted for.

RECOMMENDATION: The Village should maintain a listing of all Village capital assets and related depreciation and update it annually.

CLIENT RESPONSE: The Village of Maxwell will keep a list of all Village Capital Assets and related depreciation and update this list annually.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

B. PRIOR YEAR AUDIT FINDINGS

2010-001 [2010-01] Failure to file Agreed Upon Procedures Report by the required due date – Repeated and Revised
2010-002 [2010-02] General Controls Over Cash – Repeated and Revised
2010-003 [2010-03] Capital Assets Inventory – Repeated and Revised
2010-006 [2010-6] Controls over Expenditures – Repeated and Revised
2010-007 [2010-7] Procurement – Repeated and Revised
2010-008 [2010-8] Controls over Travel & Per Diem – Repeated and Revised
[2011-2] Over Expenditures of Budget – Cleared
[2010-4] Remittance of Debt Service Payments – Cleared
[2010-5] Controls over Revenue – Cleared
[2010-9] Controls over Payroll - Cleared
[2010-10] Failure to Account for the Check Sequences - Cleared
[2011-1] Violation of the Open Meeting Act - Cleared

Note: For traceability purposes, the audit finding reference numbers reported in prior year audit reports are presented in brackets, and where applicable, have been renumbered to comply with reporting standards.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
OTHER DISCLOSURES
June 30, 2013

A. AUDITOR PREPARED FINANCIAL STATEMENTS

The Village has the capability of understanding and accepting responsibility for its own GAAP-basis financial statements, however, the Village's personnel do not have the software or time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on October 9, 2014. The following individuals were in attendance.

Village of Maxwell
Richard Galli, Mayor
Joanna Taylor, Village Clerk

Precision Accounting LLC
Melissa R. Santistevan, CPA, CFE, CGMA
Mei Y. To, CPA