

STATE OF NEW MEXICO

VILLAGE OF MAXWELL

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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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, 2015

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State of New Mexico
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OFFICIAL ROSTER
June 30, 2015

Name

Title

Richard Galli

Mayor

Village Council

Ben Garcia

Council Member

David Wright (7/14-5/15)

Council Member

Mark Cruz (6/15 to current)

Council Member

Shantelle Gallegos

Council Member

Zac Ebell

Council Member

Village Officials

Joanna Taylor

Village Clerk

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Timothy Keller
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 of the Village of Maxwell (the "Village") as of and for the year ended June 30, 2015, 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 nonmajor special revenue funds and major capital project 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, 2015, as listed in the table of contents. We did not audit the 2015 Village of Maxwell Housing Authority. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village, is based solely on the report of the other auditors. We also did not audit the 2014 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employees Retirement Association (PERA), the administrator of the cost sharing pension plan for the Village. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village, is based solely on the report of the other auditors.

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, based on our report and the report of the other auditors, 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, 2015, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major capital project fund 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 funds of the Village of Maxwell as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor special revenue funds, and the major capital project 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, the Schedule of Proportionate Share of Net Pension liability on page 85, the Schedule of Contributions on page 87, and the notes to required supplementary information on page 89 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.

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015 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.

Decision Accounting LLC

Albuquerque, New Mexico
October 22, 2015
December 1, 2015

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STATE OF NEW MEXICO
Village of Maxwell
Management's Discussion and Analysis
for the Year Ended June 30, 2015
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, 2015. 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 \$1,932,089 of the Village of Maxwell exceeded its liabilities of \$204,833 at the close of the most recent fiscal year by \$1,727,256 (*net position*). Of this amount, \$239,696 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$(18,415) during the fiscal year. The majority of this decrease is due to the Village purchasing equipment.
- As of June 30, 2015, the Village's governmental funds reported combined ending fund balances of \$414,705 of this total; \$137,603 is restricted for special revenue funds and \$115 is restricted for capital projects 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, Sewer and Water 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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for the Year Ended June 30, 2015
Unaudited

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 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 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 39-55 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 63-81 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 second 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, the governmental activities assets exceeded liabilities by \$706,048 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 \$1,349,842 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, 2015			June 30, 2014		
	Governmental	Business- Type	Total	Governmental	Business- Type	Total
Assets						
Current and other assets	\$ 428,294	\$ 30,988	\$ 459,282	\$ 547,823	\$ 25,824	\$ 573,647
Capital assets, net of accumulated depreciation	406,044	1,057,573	1,463,617	292,369	1,101,567	1,393,936
Total Assets	834,338	1,088,561	1,922,899	840,192	1,127,391	1,967,583
Deferred outflows of resources	9,190	-	9,190	-	-	-
Liabilities						
Long-term liabilities outstanding	89,038	5,272	94,310	100	2,528	2,628
Other Liabilities	13,589	62,081	75,670	27,180	68,388	95,568
Total Liabilities	102,627	67,353	169,980	27,280	70,916	98,196
Deferred inflows of resources	34,853	-	34,853	3,654	-	3,654
Net position						
Net investment in Capital Assets	292,269	1,057,573	1,349,842	110,839	1,101,567	1,212,406
Restricted	137,718	-	137,718	234,376	-	234,376
Unrestricted	276,061	(36,365)	239,696	464,043	(45,092)	418,957
Total Net Position	706,048	1,021,208	1,727,256	809,258	1,056,475	1,865,733
Total Liabilities, Deferred inflows of resources, and Net Position	\$ 843,528	\$ 1,088,561	\$ 1,932,089	\$ 840,192	\$ 1,127,391	\$ 1,967,583

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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 decreased by \$18,415 during the current fiscal year. This decrease is explained in the government and business-type activities discussion below, and is primarily a result of increased expenses in the governmental activities and increased expenses in the business-type activities during the fiscal year.

Changes in Net Position
For the Year Ended June 30, 2015

Analysis of Changes in Net Position	Governmental Activities	Business-Type Activities	Total
Revenue			
Program revenue			
Charges for Service	\$ 83,666	\$ 69,927	\$ 153,593
Operating grants and contributions	128,801	-	128,801
Capital Grants and Contributions	-	-	-
General Revenue			
Property Tax	17,256	-	17,256
Franchise Tax	-	-	-
Gross Receipts Tax	23,967	-	23,967
Public Service Tax	-	-	-
Interest Income	288	-	288
Miscellaneous Revenues	121,697	(377)	121,320
Total Revenue	375,675	69,550	445,225
Expenses			
General Government	280,774	-	280,774
Public Safety	50,901	-	50,901
Culture and Recreation	-	-	-
Health and Welfare	10,469	-	10,469
Public Works	16,679	-	16,679
Capital Outlay	-	-	-
Proprietary Funds	-	104,817	104,817
Total Expenses	358,823	104,817	463,640
(Decrease) Increase in Assets before transfer	16,852	(35,267)	(18,415)
Transfers	-	-	-
(Decrease) Increase in Net position	16,852	(35,267)	(18,415)
Net position, Beginning of Year restated	689,186	1,056,475	1,745,671
Ending Net position	\$ 706,048	\$ 1,021,208	\$ 1,847,318

Governmental activities: Governmental activities increased the Village of Maxwell's net position by \$16,852. 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 decreased the Village's net position by \$35,267. The key element of this is that the Villages expenditures to operate the utilities exceeds its revenues.

STATE OF NEW MEXICO
Village of Maxwell
Management's Discussion and Analysis
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Unaudited

Changes in Net Position
For the Year Ended June 30, 2014

	Governmental Activities	Business-Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for Service	\$ 77,183	\$ 84,685	\$ 161,868
Operating grants and contributions	120,858	-	120,858
Capital Grants and Contributions	-	-	-
General Revenue			
Property Tax	15,310	-	17,256
Franchise Tax	-	-	-
Gross Receipts Tax	59,070	-	59,070
Public Service Tax	-	-	-
Interest Income	527	-	527
Miscellaneous Revenues	116,636	5,215	121,851
Total Revenue	389,584	89,900	479,484
<u>Expenses</u>			
General Government	259,161	-	259,161
Public Safety	62,337	-	62,337
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Public Works	-	-	-
Capital Outlay	-	-	-
Proprietary Funds	-	158,677	158,677
Total Expenses	321,498	158,677	800,982
(Decrease) Increase in Assets before transfer	68,086	(68,777)	(691)
Transfers	(29,885)	29,885	-
(Decrease) Increase in Net position	38,201	(38,892)	(691)
Net position, Beginning of Year, restated	771,057	1,095,367	1,866,424
Ending Net position	\$ 809,258	\$ 1,056,475	\$ 1,865,733

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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, and Capital Project Funds.

As of the end of the current fiscal year, the Village of Maxwell's governmental funds reported combined ending fund balances of \$414,705 a decrease of \$102,284 in comparison with the prior year. Of this amount, \$276,987 constitutes *unreserved fund balance*, which is available for spending at the government's discretion, \$137,603 constitutes reserved fund balances for special revenues and \$115 reserved fund balances for capital projects funds.

Revenues for governmental activities overall totaled \$375,675 in the fiscal year ended June 30, 2015, which represents a decrease of \$13,909 from the fiscal year ended June 30, 2014. Expenditures for governmental activities, totaling \$477,959 decreased by \$54,854 from the fiscal year ended June 30, 2014. In the fiscal year ended June 30, 2015, expenditures exceed revenues by \$102,284 due to increased expenditures in programs and capital outlay.

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 \$276,987 of which was also unassigned.

The fund balance of the Village of Maxwell's general fund decreased by \$30,043 during the current fiscal year due to the purchase of a sewer jeyter and the remodel of the fire department.

CDBG Capital Project Fund. The CDBG Capital Project Fund has a fund balance of \$115. This was primarily due to a transfer of capital outlay 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 \$(1,128), \$1,018,709 and \$5,652 respectively. The change in net position for the proprietary funds was \$(33,242). 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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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
\$349,920	\$436,580	\$(86,660)

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, 2015 amount to \$1,463,617 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and equipment. There was \$134,283 increase to the Village's governmental capital assets (excluding accumulated depreciation) for the current fiscal year due to the additions of buildings and improvements and equipment. There was \$78,244 increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year which was the result of a transfer from CDBG Grant Fund to the Water and Sewer Fund.

Capital Assets, June 30, 2015

		Governmental Activities		Business-Like Activities		Total
Land	\$	47,931	\$	-	\$	47,931
Buildings & Improvements		867,895		-		867,895
Equipment		814,727		44,162		858,889
Water & Sanitation Plant		-		1,694,131		1,694,131
Construction in Progress		6,807		-		6,807
Total capital assets		1,737,360		1,738,293		3,475,653
Accumulated depreciation		(1,331,316)		(680,720)		(2,012,036)
Capital assets, net of accumulated depreciation	\$	406,044	\$	1,057,573	\$	1,463,617

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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 \$106 in the governmental activities and \$5,272 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 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, 2015

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	\$ 343,919	\$ 23,964	\$ 367,883	\$ 55,038
Taxes receivable	-	-	-	-
Accounts receivable	40,452	7,024	47,476	38
Prepaid Insurance	-	-	-	51
Due from other funds	43,923	-	43,923	171
Inventory	-	-	-	3,453
	<u>428,294</u>	<u>30,988</u>	<u>459,282</u>	<u>58,751</u>
Noncurrent Assets				
Restricted Cash	-	-	-	3,479
Capital assets	1,737,360	1,738,293	3,475,653	1,029,502
Less: accumulated depreciation	(1,331,316)	(680,720)	(2,012,036)	(825,393)
Total Capital Assets	<u>406,044</u>	<u>1,057,573</u>	<u>1,463,617</u>	<u>204,109</u>
Deferred outflows of resources				
Post Measurement Date Contributions	6,281	-	6,281	2,909
Change in Assumptions	-	-	-	-
Total Deferred outflows of resources	<u>6,281</u>	<u>-</u>	<u>6,281</u>	<u>2,909</u>
Total Noncurrent Assets	<u>412,325</u>	<u>1,057,573</u>	<u>1,469,898</u>	<u>210,497</u>
Total Assets	<u>\$ 840,619</u>	<u>\$ 1,088,561</u>	<u>\$ 1,929,180</u>	<u>\$ 269,248</u>

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF NET POSITION
June 30, 2015

Exhibit A-1

	Governmental Activities	Business-type Activities	Total	Component Unit Housing Authority
Liabilities				
Current Liabilities				
Accounts payable	\$ 4,732	\$ 2,658	\$ 7,390	\$ 1,689
Accrued salaries and benefits	7,113	15,219	22,332	5,240
Due to other funds	1,744	42,179	43,923	-
Total Current Liabilities	13,589	60,056	73,645	6,929
Noncurrent Liabilities				
Accrued Compensated Absences	106	5,272	5,378	5,734
Tenant Security Deposits	-	2,025	2,025	3,479
Net Pension Liability	\$ 64,031	-	64,031	24,901
Total Noncurrent Liabilities	64,137	7,297	71,434	34,114
Total Liabilities	77,726	67,353	145,079	41,043
Deferred inflows of resources				
Unavailable revenue-property taxes	-	-	-	-
Change in Assumptions-Net Pension Liability	43	-	43	17
Actuarial Experience-Net Pension Liability	-	-	-	-
Investment Experience-Net Pension Liability	25,051	-	25,051	9,742
Total Deferred inflows of resources	25,094	-	25,094	9,759
Net Position				
Net Investment in Capital Assets	292,269	1,057,573	1,349,842	204,109
Restricted for:				
Capital projects	115	-	115	-
Special revenue funds	137,603	-	137,603	-
Debt Service funds	-	-	-	-
Unrestricted	307,812	(36,365)	271,447	14,337
Total Net Position	737,799	1,021,208	1,759,007	218,446
Total Liabilities, Deferred inflows of resources and Net Position	\$ 840,619	\$ 1,088,561	\$ 1,929,180	\$ 269,248

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2015

Exhibit A-2

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government			
General government	\$ 279,965	\$ 72,406	\$ 34,819
Public safety	50,901	11,260	93,982
Public works	16,679	-	-
Culture and recreation	10,469	-	-
Health and welfare	-	-	-
Capital Outlay	-	-	-
	<u>358,014</u>	<u>83,666</u>	<u>128,801</u>
<i>Total governmental activities</i>			
Business-type Activities:			
Joint Utilities	104,817	69,927	-
	<u>104,817</u>	<u>69,927</u>	<u>-</u>
<i>Total business type activities</i>			
	<u>104,817</u>	<u>69,927</u>	<u>-</u>
<i>Total Primary Government</i>	<u>\$ 462,831</u>	<u>\$ 153,593</u>	<u>\$ 128,801</u>
Component Unit:			
Housing Authority	\$ 165,712	\$ 35,616	\$ 50,462

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 Net Pension Liability
Net position, restated

Net position, ending

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2015

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	
\$ -	\$ (172,740)	\$ -	\$ (172,740)	\$ -
-	54,341	-	54,341	-
-	(16,679)	-	(16,679)	(16,679)
-	(10,469)	-	(10,469)	(10,469)
-	-	-	-	-
-	-	-	-	-
-	(145,547)	-	(145,547)	(27,148)
-	-	(34,890)	(34,890)	-
-	-	(34,890)	(34,890)	-
<u>\$ -</u>	<u>(145,547)</u>	<u>(34,890)</u>	<u>(180,437)</u>	<u>(27,148)</u>
\$ 27,516	\$ -	\$ -	\$ -	\$ (52,118)
	17,256	-	17,256	-
	23,967	-	23,967	-
	-	-	-	-
	-	-	-	-
	288	12	300	296
	121,697	(389)	121,308	17,165
	-	-	-	-
	<u>163,208</u>	<u>(377)</u>	<u>162,831</u>	<u>17,461</u>
	17,661	(35,267)	(17,606)	(34,657)
	840,200	1,056,475	1,896,675	286,230
	<u>(120,062)</u>	<u>-</u>	<u>(120,062)</u>	<u>(33,127)</u>
	720,138	1,056,475	1,776,613	253,103
	<u>\$ 737,799</u>	<u>\$ 1,021,208</u>	<u>\$ 1,759,007</u>	<u>\$ 218,446</u>

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	CDBG Capital Project Funds	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 65,007	\$ 115	\$ 138,133	\$ 203,255
Investments	140,664	-	-	140,664
Taxes receivable	-	-	-	-
Other receivables	38,605	-	1,847	40,452
Due from other funds	43,923	-	-	43,923
<i>Total assets</i>	<u>\$ 288,199</u>	<u>\$ 115</u>	<u>\$ 139,980</u>	<u>\$ 428,294</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 4,099	\$ -	\$ 633	\$ 4,732
Accrued salaries and benefits	7,113	-	-	7,113
Accrued compensated absences	-	-	-	-
Due to other funds	-	-	1,744	1,744
<i>Total liabilities</i>	<u>11,212</u>	<u>-</u>	<u>2,377</u>	<u>13,589</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	-	-	137,603	137,603
Capital Projects Funds	-	115	-	115
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	276,987	-	-	276,987
<i>Total fund balances</i>	<u>276,987</u>	<u>115</u>	<u>137,603</u>	<u>414,705</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 288,199</u>	<u>\$ 115</u>	<u>\$ 139,980</u>	<u>\$ 428,294</u>

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
RECONCILIATION OF BALANCE SHEET-GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

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

Fund balances - total governmental funds	\$	414,705
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		406,044
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Net Pension Liability		(82,844)
Accrued compensated absences		<u>(106)</u>
Net position of governmental activities	\$	<u><u>737,799</u></u>

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
For the Year Ending June 30, 2015

	General Fund	CDBG Capital Project Fund	Other Governmental Funds	Total
<i>Revenues:</i>				
Taxes				
Gross receipts taxes	\$ 23,967	\$ -	\$ -	\$ 23,967
Property taxes	17,256	-	-	17,256
Gasoline tax	7,980	-	-	7,980
MVD tax	272	-	-	272
State Grant Income	107,225	-	93,982	201,207
Charges for services	-	-	6,788	6,788
Licenses and Fees	2,437	-	-	2,437
Investment Income (Loss)	288	-	-	288
Miscellaneous	111,008	-	4,472	115,480
Total Revenues	270,433	-	105,242	375,675
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	244,586	-	-	244,586
Public Safety	-	-	50,901	50,901
Public Works	144,155	-	-	144,155
Culture and Recreation	17,276	-	-	17,276
Health and Welfare	16,721	-	-	16,721
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	4,320	4,320
Interest	-	-	-	-
Total Expenditures	422,738	-	55,221	477,959
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(152,305)</i>	<i>-</i>	<i>50,021</i>	<i>(102,284)</i>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	4,320	4,320
Transfers (Out)	(4,320)	-	-	(4,320)
Total other financing sources (uses)	(4,320)	-	4,320	-
<i>Net change in fund balance</i>	<i>(156,625)</i>	<i>-</i>	<i>54,341</i>	<i>(102,284)</i>
<i>Fund balance - beginning of year</i>	<i>433,612</i>	<i>115</i>	<i>83,262</i>	<i>516,989</i>
Fund balance - end of year	\$ 276,987	\$ 115	\$ 137,603	\$ 414,705

STATE OF NEW MEXICO
 VILLAGE OF MAXWELL

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, 2015

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

Net change in fund balances - total governmental funds	\$ (102,284)
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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	134,283
Depreciation expense	(20,608)

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 position.

Change in deferred inflows/outflows for Net Pension Liability	6,276
Increase in accrued compensated absences	<u>(6)</u>

Change in net position of governmental activities	<u><u>\$ 17,661</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 117,700	\$ 117,700	\$ 46,703	\$ (70,997)
State Grant Income	107,225	-	-	-
Charges For Services	-	-	74,824	74,824
Licenses and Fees	6,500	6,500	2,492	(4,008)
Interest Income	-	-	288	288
Investment Income(Loss)	-	-	-	-
Miscellaneous	110,000	110,000	111,758	1,758
<i>Total revenues</i>	<u>341,425</u>	<u>234,200</u>	<u>236,065</u>	<u>1,865</u>
<i>Expenditures:</i>				
Current:				
General Government	291,920	291,920	262,257	29,663
Public Safety	-	-	-	-
Public Works	30,000	30,000	142,586	(112,586)
Culture and Recreation	28,000	28,000	15,016	12,984
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>349,920</u>	<u>349,920</u>	<u>436,580</u>	<u>(86,660)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,495)</u>	<u>(115,720)</u>	<u>(200,515)</u>	<u>(84,795)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	8,495	115,720	-	(115,720)
Transfers In	-	-	-	-
Transfers Out	-	-	(4,320)	(4,320)
<i>Total other financing sources (uses)</i>	<u>8,495</u>	<u>115,720</u>	<u>(4,320)</u>	<u>(120,040)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(204,835)	(204,835)
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>410,506</u>	<u>410,506</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,671</u>	<u>\$ 205,671</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP)			\$ (204,835)	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			13,742	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>34,468</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ (156,625)</u>	

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2015

	<u>Garbage Fund</u>	<u>Water & Sewer Fund</u>	<u>Cemetery</u>	<u>Total</u>
<i>Assets</i>				
<i>Current assets</i>				
Cash	\$ 887	\$ 17,425	\$ 5,652	\$ 23,964
Investments	-	-	-	-
Accounts receivable	-	7,024	-	7,024
Due from other funds	-	-	-	-
<i>Total current assets</i>	<u>887</u>	<u>24,449</u>	<u>5,652</u>	<u>30,988</u>
<i>Capital assets</i>				
Capital assets	-	1,738,293	-	1,738,293
Accumulated depreciation	-	(680,720)	-	(680,720)
<i>Total Capital assets</i>	<u>-</u>	<u>1,057,573</u>	<u>-</u>	<u>1,057,573</u>
<i>Total Assets</i>	<u>\$ 887</u>	<u>\$ 1,082,022</u>	<u>\$ 5,652</u>	<u>\$ 1,088,561</u>
<i>Liabilities and Net Position</i>				
<i>Liabilities:</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 1,740	\$ 918	\$ -	\$ 2,658
Accrued liabilities	-	15,219	-	15,219
Accrued compensated absences	-	-	-	-
Due to other funds	275	41,904	-	42,179
Current maturity of note payable	-	-	-	-
<i>Total current liabilities</i>	<u>2,015</u>	<u>58,041</u>	<u>-</u>	<u>60,056</u>
<i>Noncurrent liabilities</i>				
Notes payable	-	-	-	-
Accrued compensated absences payable	-	5,272	-	5,272
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>5,272</u>	<u>-</u>	<u>5,272</u>
<i>Total liabilities</i>	<u>2,015</u>	<u>63,313</u>	<u>-</u>	<u>65,328</u>
<i>Net Position:</i>				
Net investment in capital assets	-	1,057,573	-	1,057,573
Unreserved				
Unreserved, undesignated	(1,128)	(38,864)	5,652	(34,340)
<i>Total net position</i>	<u>(1,128)</u>	<u>1,018,709</u>	<u>5,652</u>	<u>1,023,233</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 887</u>	<u>\$ 1,082,022</u>	<u>\$ 5,652</u>	<u>\$ 1,088,561</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, 2015

	<u>Garbage Fund</u>	<u>Water & Sewer Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
<i>Operating revenues:</i>				
Charges for services	455	84,879	1,250	\$ 86,584
Miscellaneous Revenues	15,125	53	50	15,228
<i>Total operating revenues</i>	<u>15,580</u>	<u>84,932</u>	<u>1,300</u>	<u>101,812</u>
<i>Operating expenses:</i>				
Operating Expenses	14,429	15,949	702	31,080
Travel	-	192	-	192
Gross Receipts Tax	-	-	-	-
Depreciation	-	43,994	-	43,994
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	45,138	-	45,138
Supplies	-	-	-	-
<i>Total operating expenses</i>	<u>14,429</u>	<u>105,273</u>	<u>702</u>	<u>120,404</u>
<i>Operating income (loss)</i>	<u>1,151</u>	<u>(20,341)</u>	<u>598</u>	<u>(18,592)</u>
<i>Non-operating revenues (expenses):</i>				
Interest Income	-	12	-	12
Interest expense	-	-	-	-
Transfers	-	(14,662)	-	(14,662)
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>(14,650)</u>	<u>-</u>	<u>(14,650)</u>
<i>Change in net position</i>	1,151	(34,991)	598	(33,242)
<i>Total net position, beginning of year</i>	<u>(2,279)</u>	<u>1,053,700</u>	<u>5,054</u>	<u>1,056,475</u>
<i>Total net position, end of year</i>	<u>\$ (1,128)</u>	<u>\$ 1,018,709</u>	<u>\$ 5,652</u>	<u>\$ 1,023,233</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	<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	\$ 455	\$ 84,932	\$ 1,300	\$ 86,687
Cash payments to employees/suppliers for goods and services	379	(66,659)	(702)	(66,982)
<i>Net cash provided for (used by) operating activities</i>	<u>834</u>	<u>18,273</u>	<u>598</u>	<u>19,705</u>
<i>Cash flows from noncapital financing activities:</i>				
Change in long term accrued compensated absences	-	-	-	-
Loans from other funds	-	-	700	700
Transfers	-	(14,662)	-	(14,662)
<i>Net cash provided (used) by noncapital financing activities:</i>	<u>-</u>	<u>(14,662)</u>	<u>700</u>	<u>(13,962)</u>
<i>Cash flows from investing activities:</i>				
Interest Income	-	12	-	12
Purchase of capital assets	-	-	-	-
<i>Net cash used by investing activities:</i>	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	834	3,623	1,298	5,755
<i>Cash and cash equivalents - beginning of year</i>	<u>53</u>	<u>13,802</u>	<u>4,354</u>	<u>18,209</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 887</u>	<u>\$ 17,425</u>	<u>\$ 5,652</u>	<u>\$ 23,964</u>
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>				
<i>by operating activities</i>				
Operating income (loss)	\$ 1,151	\$ (20,341)	\$ 598	\$ (18,592)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Depreciation	-	43,994	-	43,994
Changes in assets and liabilities				
Receivables	-	(109)	(550)	(659)
Accrued expenses	-	(6,174)	-	(6,174)
Prepaid expenses	-	-	-	-
Accounts payable	(317)	(1,841)	-	(2,158)
Due to Others	-	-	550	550
Accrued compensation absences	-	2,744	-	2,744
<i>Net cash (used) by operating activities</i>	<u>\$ 834</u>	<u>\$ 18,273</u>	<u>\$ 598</u>	<u>\$ 19,705</u>

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 discreetly 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 discreetly presented component unit, the Village of Maxwell Housing Authority.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. A. Financial Reporting Entity (continued)

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 significant account balances for the component unit as of June 30, 2015 are cash of \$58,517, capital assets (net of accumulated depreciation) of \$204,107 and net investment in capital assets of \$204,109.

The separate financial statements of the component unit can be obtained from the Housing Authority at P.O. Box 188, Maxwell, New Mexico 87728.

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.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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

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 *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.

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, 2015

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, 2015

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, 2015

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, 2015

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

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2015 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, 2015.

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.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3. Deposits and Investments (continued)

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.

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	Component Unit- Housing Authority International Bank Checking
Deposits	\$ 232,724	\$ 144,820	\$ 58,517
Total Deposits	232,724	144,820	58,517
Less: FDIC Coverage	(232,724)	(144,820)	(58,517)
Total uninsured public funds	-	-	-
50% Collateral requirement	-	-	-
Pledged Securities	170,506	-	-
(Over)Under collateralized	\$ (170,506)	\$ -	\$ -

Custodial Credit Risk-Deposits

Account Balance	\$ 377,544
FDIC Insured	377,544
Collateral:	
Collateral held by the pledging bank, not in the Village's name	
Uninsured and uncollateralized	-
Total Deposits	\$ 377,544

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, 2015, the Village does not have any bank balance 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.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Note 3. Deposits and Investments (continued)

Reconciliation of Cash and Temporary Investments

Carrying amounts by fund per financial statement at June 30, 2015 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit B-1	\$ 343,919
Cash and cash equivalents per Exhibit D-1	23,964
Less Petty Cash	(200)
Add outstanding deposits and checks	9,861
	<u>\$ 377,544</u>

The Village of Maxwell Housing Authority, a component unit, has a carrying amount of \$58,517 at June 30, 2015.

NOTE 4. Receivables

Receivables as of June 30, 2015, 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	38,605	-	-	1,847	40,452
	<u>\$ 38,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,847</u>	<u>\$ 40,452</u>

	Garbage Fund	Water & Sewer Fund	Cemetery Fund
Accounts receivable, net of allowance of \$0	\$ -	\$ 7,024	\$ -
Total	<u>\$ -</u>	<u>\$ 7,024</u>	<u>\$ -</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 Village does not have any deferred inflows of resources.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 43,923	\$ -
Fire Protection Fund	-	355
Fire Discretionary Fund	-	1,389
Garbage Fund	-	275
Water & Sewer Fund	-	41,904
Total	\$ <u>43,923</u>	\$ <u>43,923</u>

Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 4,320
Other Governmental Funds	4,320	-
Total	\$ <u>4,320</u>	\$ <u>4,320</u>

NOTE 6. Accounts Payables

Accounts payable as of June 30, 2015, are as follows:

Payable to suppliers	\$ 4,732
Accrued salaries and benefits	<u>7,113</u>
Total accounts payable and accrued expenses	\$ <u>11,845</u>

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows.

Governmental Activities	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Land	\$ 47,931	\$ -	\$ -	\$ 47,931
Buildings & Improvements	818,663	49,232	-	867,895
Equipment	736,483	78,244	-	814,727
Construction in progress	<u>-</u>	<u>6,807</u>	<u>-</u>	<u>6,807</u>
Total Capital Assets	<u>1,603,077</u>	<u>134,283</u>	<u>-</u>	<u>1,737,360</u>
Less accumulated depreciation:				
Land	-	-	-	-
Buildings & Improvements	624,425	10,511	-	634,936
Equipment	<u>686,283</u>	<u>10,097</u>	<u>-</u>	<u>696,380</u>
Total Accumulated Depreciation	<u>1,310,708</u>	<u>20,608</u>	<u>-</u>	<u>1,331,316</u>
Total Capital Assets, net of depreciation	\$ <u>292,369</u>	\$ <u>113,675</u>	\$ <u>-</u>	\$ <u>406,044</u>

Capital assets, net of accumulated depreciation, at June 30, 2015 appear in the Statement of Net Position as follows:

Governmental activities	\$ 406,044
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Depreciation expense for the year ended June 30, 2015 was charged to the following functions and funds:

General Government	\$ 20,608
Public Safety	-
Public Works	-
Culture and Recreation	-
Health and Welfare	-
Total depreciation expense, governmental funds	<u>\$ 20,608</u>

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7. Capital Assets (continued)

Business-Like Activities	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Water & Sanitation Plant	\$ 1,694,131	\$ -	\$ -	\$ 1,694,131
Equipment	44,162	-	-	44,162
Construction in Progress	-	-	-	-
Total Capital Assets	<u>1,738,293</u>	<u>-</u>	<u>-</u>	<u>1,738,293</u>
Less accumulated depreciation:				
Water & Sanitation Plant	611,472	33,061	-	644,533
Equipment	25,254	10,933	-	36,187
Construction in Progress	-	-	-	-
Total Accumulated Depreciation	<u>636,726</u>	<u>43,994</u>	<u>-</u>	<u>680,720</u>
Total Capital Assets, net of depreciation	<u>\$ 1,101,567</u>	<u>\$ (43,994)</u>	<u>\$ -</u>	<u>\$ 1,057,573</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2015 totaled \$43,994.

Component Unit Housing Authority	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in Progress	-	-	-	-
Buildings	924,589	-	-	924,589
Non-Dwelling Structures	66,936	-	-	66,936
Machinery and Equipment	32,977	-	-	32,977
Total Capital Assets	<u>1,029,502</u>	<u>-</u>	<u>-</u>	<u>1,029,502</u>
Less accumulated depreciation:				
Buildings	738,293	28,935	-	767,228
Non-Dwelling Structures	26,615	-	-	26,615
Machinery and Equipment	31,550	-	-	31,550
Total Accumulated Depreciation	<u>796,458</u>	<u>(28,935)</u>	<u>-</u>	<u>825,393</u>
Total Capital Assets, net of depreciation	<u>\$ 233,044</u>	<u>\$ (28,935)</u>	<u>\$ -</u>	<u>\$ 204,109</u>

NOTE 8. Long-term Debt

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Accrued Compensated Absences- Governmental	\$ 100	\$ 1,000	\$ 994	\$ 106	\$ -
Accrued Compensated Absences- Business Type	\$ 2,528	\$ 4,088	\$ 1,344	\$ 5,272	\$ -
Total Long-Term Debt	<u>\$ 2,628</u>	<u>\$ 5,088</u>	<u>\$ 2,338</u>	<u>\$ 5,378</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015.

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, 2015, 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.

Garbage Fund	\$(1,128)
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Fund deficits will be funded by general fund transfers or by grant revenues.

B. Expenditures exceeded appropriations by fund.

Fire Discretionary Fund	\$ (1,121)
General Fund – Public Works	\$(112,586)

NOTE 12. RESTATEMENT OF NET POSITION

GASB 68 requires a restatement of Net Position to include the net pension liability at June 30, 2015 as the Village is required to recognize their portion of the liability and the component unit, Village of Maxwell Housing Authority, recognizes their portion. The restatement allocated to the primary government and component unit are reflected as follows in the government-wide financial statements.

		Governmental
Beginning Net Position	\$	809,258
Primary Government		86,935
Component Unit		33,127
Restatement for Net Pension Liability		(120,062)
Net Position Restated	\$	689,196

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 13. PERA Pension Plans

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Village is: the General Division. Statutorily required contributions to the pension plan from the Village were \$9,190, of which 2,909 was contributed by the component unit, Village of Maxwell Housing Authority, and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 13. PERA Pension Plans (continued)

For PERA Fund Division – General Division, at June 30, 2015, the Village reported a total liability of \$88,932 for its proportionate share of the net pension liability. The proportionate share was allocated between the primary government and the component unit as \$64,031 and 24,901 respectively. At June 30, 2014, the Village’s proportion was 0.0114 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division – General Division pension expense of \$3,733. The proportionate share was allocated between the primary government and the component unit as \$2,690 and 1,043 respectively. At June 30, 2015, the proportionate share of the Village reported PERA Fund Division – General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions		60
Net difference between projected and actual earnings on pension plan investments	-	34,793
Changes in proportion and differences between the Village contributions and proportionate share of contributions	-	-
Village contributions subsequent to the measurement date	9,190	-
Total	\$ 9,190	\$ 34,853

\$9,190 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(8,713)
2017		(8,713)
2018		(8,713)
2019		(8,713)
2020		-
Thereafter	\$	-

The allocation between the primary government and the component unit is reflected on the government wide financial statements.

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment of rate of return	7.75% annual rate, net of investment expense
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 13. PERA Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village’s net pension liability in each PERA Fund Division that Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division – General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village’s proportionate share of the net pension liability	\$ 167,657	\$ 88,932	\$ 28,113

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2015, the Village had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2015.

NOTE 14. 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 15. Contingent Liabilities

There are no known contingent liabilities as of June 30, 2015.

NOTE 16. 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 17. 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 18. Related Party Transactions

The Village Clerk disclosed that the Village paid \$150 to a Village employee to repair a pump for the fire department. It was also noted by the auditors that the Village's Mayor is the spouse to the Village of Maxwell Housing Authority's Chair. The significance of this relationship is that the Housing Authority is a component unit of the Village of Maxwell.

NOTE 19. Commitments

There are no known commitments as of June 30, 2015.

NOTE 20. 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, 2015 for payroll services was \$3,981.

NOTE 21. Subsequent Review

The Village of Maxwell has evaluated subsequent events through October 22, 2015, which is the date the financial statements were available for issuance.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

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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.

Fire Discretionary Fund

To account for discretionary funds donated to be used for the fire department. Authority set by the Village and the Village's Fire Department through board approval.

These funds are on a reimbursement basis and therefore there are no reverting funds.

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, 2015

Schedule A-1

	Fire Protection Fund	Law Enforcement Protection Fund	Fire Discretionary Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<i>Assets</i>					
Cash and cash equivalents	\$ 118,923	\$ 106	\$ 19,104	\$ -	\$ 138,133
Other receivables	1,847	-	-	-	1,847
<i>Total assets</i>	<u>\$ 120,770</u>	<u>\$ 106</u>	<u>\$ 19,104</u>	<u>\$ -</u>	<u>\$ 139,980</u>
<i>Liabilities</i>					
Accounts payable	\$ 633	\$ -	\$ -	\$ -	\$ 633
Accrued salaries and benefits	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Due to other funds	355	-	1,389	-	1,744
<i>Total liabilities</i>	<u>988</u>	<u>-</u>	<u>1,389</u>	<u>-</u>	<u>2,377</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	119,782	106	17,715	-	137,603
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>119,782</u>	<u>106</u>	<u>17,715</u>	<u>-</u>	<u>137,603</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 120,770</u>	<u>\$ 106</u>	<u>\$ 19,104</u>	<u>\$ -</u>	<u>\$ 139,980</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, 2015

Schedule A-2

	Fire Protection Fund	Law Enforcement Protection Fund	Fire Discretionary Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<i>Revenues:</i>					
Taxes					
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State Grant Income	73,982	20,000	-	-	93,982
Charges for Services	6,788	-	-	-	6,788
Licenses and Fees	-	-	-	-	-
Investment Income (Loss)	-	-	-	-	-
Miscellaneous	-	-	4,472	-	4,472
<i>Total revenues</i>	<u>80,770</u>	<u>20,000</u>	<u>4,472</u>	<u>-</u>	<u>105,242</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General Government	-	-	-	-	-
Public Safety	18,064	21,716	11,121	-	50,901
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<i>Debt Service:</i>					
Principal	-	-	-	4,320	4,320
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>18,064</u>	<u>21,716</u>	<u>11,121</u>	<u>4,320</u>	<u>55,221</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>62,706</u>	<u>(1,716)</u>	<u>(6,649)</u>	<u>(4,320)</u>	<u>50,021</u>
<i>Other financing sources (uses)</i>					
Transfers In	-	-	-	4,320	4,320
Transfers Out	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,320</u>	<u>4,320</u>
<i>Net change in fund balances</i>	62,706	(1,716)	(6,649)	-	54,341
<i>Fund balances - beginning of year</i>	<u>57,076</u>	<u>1,822</u>	<u>24,364</u>	<u>-</u>	<u>83,262</u>
<i>Fund balances - end of year</i>	<u>\$ 119,782</u>	<u>\$ 106</u>	<u>\$ 17,715</u>	<u>\$ -</u>	<u>\$ 137,603</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	73,982	73,982	73,982	-
Charges For Services	4,941	4,941	4,941	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	78,923	78,923	78,923	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	60,812	60,812	17,431	43,381
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	60,812	60,812	17,431	43,381
<i>Excess (deficiency) of revenues over expenditures</i>	18,111	18,111	61,492	43,381
<i>Other financing sources (uses)</i>				
Designated Cash	(18,111)	(18,111)	-	18,111
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(18,111)	(18,111)	-	18,111
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	61,492	61,492
<i>Cash Balance - Beginning of Year</i>	-	-	57,431	57,431
<i>Cash Balance - End of Year</i>	\$ -	\$ -	118,923	\$ 118,923
Excess (deficiency) of revenues over expenditures (Non-GAAP)			\$ 61,492	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			1,847	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(633)	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ 62,706	

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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, 2015

	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	22,204	22,204	22,098	106
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	22,204	22,204	22,098	106
<i>Excess (deficiency) of revenues over expenditures</i>	(2,204)	(2,204)	(2,098)	106
<i>Other financing sources (uses)</i>				
Designated Cash	2,204	2,204	-	(2,204)
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	2,204	2,204	-	(2,204)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(2,098)	(2,098)
<i>Cash Balance - Beginning of Year</i>	-	-	2,204	2,204
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 106	\$ 106
Excess (deficiency) of revenues over expenditures (Non-GAAP)			\$ (2,098)	
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			382	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ (1,716)	

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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, 2015

	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	27,000	27,000	4,472	(22,528)
<i>Total revenues</i>	<u>27,000</u>	<u>27,000</u>	<u>4,472</u>	<u>(22,528)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	10,000	10,000	11,121	(1,121)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,000</u>	<u>10,000</u>	<u>11,121</u>	<u>(1,121)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>17,000</u>	<u>17,000</u>	<u>(6,649)</u>	<u>(23,649)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(17,000)	(17,000)	-	17,000
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(17,000)</u>	<u>(17,000)</u>	<u>-</u>	<u>17,000</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(6,649)	(6,649)
<i>Cash Balance - Beginning of Year</i>	-	-	25,753	25,753
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,104</u>	<u>\$ 19,104</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP)			\$ (6,649)	
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>			<u>\$ (6,649)</u>	

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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, 2015

	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	60,000	60,000	-	60,000
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	60,000	60,000	-	60,000
<i>Excess (deficiency) of revenues over expenditures</i>	(60,000)	(60,000)	-	60,000
<i>Other financing sources (uses)</i>				
Designated Cash	60,000	60,000	-	(60,000)
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	60,000	60,000	-	(60,000)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	115	115
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 115	\$ 115
Excess (deficiency) of revenues over expenditures (Non-GAAP)			\$ -	
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			136,850	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ -	

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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, 2015

	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	4,320	4,320	4,320	-
Interest	-	-	-	-
<i>Total expenditures</i>	(4,320)	(4,320)	4,320	-
<i>Excess (deficiency) of revenues over expenditures</i>	4,320	4,320	(4,320)	-
<i>Other financing sources (uses)</i>				
Designated Cash	(4,320)	(4,320)		-
Transfers (In) Out	-	-	4,320	4,320
<i>Total other financing sources (uses)</i>	(4,320)	(4,320)	4,320	-
<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)			\$ -	
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, 2015

	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	455	(33,175)
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	15,125	15,125
<i>Total revenues</i>	<u>33,630</u>	<u>33,630</u>	<u>15,580</u>	<u>(18,050)</u>
<i>Expenditures:</i>				
Current:				
Operating Expenses	33,000	33,000	14,429	18,571
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>14,429</u>	<u>18,571</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>630</u>	<u>630</u>	<u>1,151</u>	<u>521</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>	-	-	1,151	1,151
<i>Fund balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>(2,279)</u>	<u>(2,279)</u>
<i>Fund balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,128)</u>	<u>\$ (1,128)</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, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	220,100	220,100	84,879	(135,221)
Investment Income(Loss)	-	-	12	12
Miscellaneous	-	-	53	53
<i>Total revenues</i>	220,100	220,100	84,944	(135,156)
<i>Expenditures:</i>				
Current:				
Operating Expenses	78,000	78,000	15,949	62,051
Travel	-	-	192	(192)
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	43,994	(43,994)
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	130,000	130,000	45,138	84,862
Supplies	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	208,000	208,000	105,273	102,727
<i>Excess (deficiency) of revenues over expenditures</i>	12,100	12,100	(20,329)	(32,429)
<i>Other financing sources (uses)</i>				
Designated Cash	(12,100)	(12,100)	-	12,100
Transfers (In) Out	-	-	(14,662)	(14,662)
<i>Total other financing sources (uses)</i>	(12,100)	(12,100)	(14,662)	(2,562)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(34,991)	(34,991)
<i>Fund balance - Beginning of Year</i>	-	-	1,053,700	1,053,700
<i>Fund balance - End of Year</i>	\$ -	\$ -	1,018,709	\$ 1,018,709

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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, 2015

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges For Services	3,500	3,500	1,250	(2,250)
Investment Income(Loss)	-	-	-	-
Miscellaneous	100	100	50	(50)
<i>Total revenues</i>	<u>3,600</u>	<u>3,600</u>	<u>1,300</u>	<u>(2,300)</u>
<i>Expenditures:</i>				
Current:				
Operating Expenses	2,500	2,500	702	1,798
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,500</u>	<u>2,500</u>	<u>702</u>	<u>1,798</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,100</u>	<u>1,100</u>	<u>598</u>	<u>(502)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(1,100)	(1,100)	-	1,100
Transfers (In) Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,100)</u>	<u>(1,100)</u>	<u>-</u>	<u>1,100</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	598	598
<i>Fund balance - Beginning of Year</i>	-	-	5,054	5,054
<i>Fund balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>5,652</u>	<u>\$ 5,652</u>

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REQUIRED SUPPLEMENTARY INFORMATION
PENSION LIABILITY

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STATE OF NEW MEXICO
Village of Maxwell
Required Supplementary Information
June 30, 2015

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION – GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0114%
Village's proportionate share of the net pension liability (asset)	\$ 88,932
Village's covered-employee payroll	\$ 124,192
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.61%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

* The amounts presented were determined as of June 30 as of the previous fiscal year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the State of New Mexico will present information for those years for which information is available.

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STATE OF NEW MEXICO
Village of Maxwell
Required Supplementary Information
June 30, 2015

SCHEDULE OF THE CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA Fund Division - General

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 9,190
Contributions in relation to the contractually required contribution	\$ 9,190
Contribution deficiency (excess)	-
Village's covered-employee payroll	\$ 124,192
Contributions as a percentage of covered-employee payroll	7.36%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Note: The employee contribution is not included in this schedule.

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STATE OF NEW MEXICO
Village of Maxwell
Required Supplementary Information
June 30, 2015

Notes to Required Supplementary Information

For the Year Ended June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

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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, 2015

Schedule I

Bank Account Type/Name	International Bank	Washington Federal	Total
Checking - General Fund, Interest Bearing	\$ 48,601	\$ -	\$ 48,601
Checking - Law Enforcement Protection Fund, Interest Bearing	106	-	106
Checking - Water & Sewer Fund, Interest Bearing	3,717	-	3,717
Checking - Garbage Fund, Interest Bearing	887	-	887
Checking - Cemetery Fund, Interest Bearing	5,652	-	5,652
Checking - CDBG, Interest Bearing	115	-	115
Checking - Water Deposit Fund, Interest Bearing	14,378	-	14,378
Checking - Fire Protection Fund, Interest Bearing	-	118,923	118,923
Checking - Fire Discretionary Fund, Interest Bearing	-	25,897	25,897
Certificates of Deposit- General Fund, Interest Bearing	140,664	-	140,664
Savings- General Fund, Interest Bearing	18,606	-	18,606
Total On Deposit	232,726	144,820	377,546
Petty Cash			200
Reconciling Items	(9,863)	-	(9,863)
Reconciled Balance, June 30, 2015	\$ 222,863	\$ 144,820	\$ 367,883

This amount is reflected in the financial statements as follows:

Cash and cash equivalents-Governmental activities Ex-B-1	\$ 343,919
Cash and cash equivalents-Business type activities Ex-D-1	23,964
	<u>\$ 367,883</u>

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STATE OF NEW MEXICO

Schedule II

VILLAGE OF MAXWELL

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY

FOR PUBLIC FUNDS

JUNE 30, 2015

Name of Depository	Description of Pledged Collateral	Market Value June 30, 2015	Name and Location of Safekeeper
International Bank	FNMA Cusip 3136G1GE3, 2.40% 3/28/2023	<u>\$ 170,507</u>	Federal Reserve Bank Kansas City, MO
		<u>\$ 170,507</u>	

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The Village of Maxwell
Schedule of Vendor Information for purchases exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

RFP# RFB#/RFP# / State-Wide Price Agreement	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendors that responded	In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor instate and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
n/a	Petes Equipment Repair, INC.	Petes Equipment Repair, INC.	78,224.00	n/a	1412 Broadway NE. Albuquerque, NM 87102	Y	N	HGAC Contract - Sewer Equipment

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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 AUDITOR'S REPORT**

Timothy M. Keller
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 of the Village of Maxwell as of and for the year ended June 30, 2015, 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 22, 2015.

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 2013-003, 2010-003, 2010-006, 2015-003 and 2015-004.

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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 2014-002, 2014-003, 2015-001 and 2015-002.

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 2013-003, and 2014-002.

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 22, 2015
December 1, 2015

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

A. CURRENT FINDINGS - FINANCIAL STATEMENT AUDIT

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

CONDITION: The Village did not take an inventory of capital assets to ensure the completeness of their list. Although the Village has a Capital Asset list, it was derived from the 2007 audit and may not be complete for items purchased and disposed of from 2007 to current. Additions for 2015 were added to the list and depreciation was computed. The lack of progress on this finding is due to limited staffing and funding to hire someone to take inventory.

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

CAUSE: It appears that during the 2007 audit a list of capital assets was prepared but the listing has only been updated for additions from 2013 to current and may not include disposals.

EFFECT: Without a complete and accurate capital asset inventory list, there is a greater risk of undetected misappropriation of assets. This may have a material effect on the financial statements if left unaccounted for.

RECOMMENDATION: The Village should take inventory of its capital assets to ensure completeness and should maintain the listing of all Village capital assets and related depreciation.

CLIENT RESPONSE: The Village of Maxwell is maintaining a list of Capital Assets and related depreciation on an annual basis. The Mayor will be responsible for ensuring that an inventory is taken and that the results are provided to the clerk for inclusion in the Capital Asset listing.

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

CONDITION: During our testwork of cash disbursements, we noted thirteen (13) transactions had insufficient or no supporting documentation and ten (10) transactions where the amount expensed was greater than amount that was authorized per the purchase order. This resulted in a total of twenty-three (23) errors over a sample of one hundred twenty (120) transactions tested. This resulted in a 19% error, and for a population of 658 checks for the year 2015, a projected potential error of 126 items. The lack of progress was due to the limited staffing and additional workload.

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: Effective immediately, the Village Clerk will follow NMSA 1978, Section 6-5-8 and the New Mexico Procurement Code to ensure proper documentation for future audits. The Clerk does follow a PO system, but will work toward a better audit trail for future audits. The Village Mayor and Council will be more diligent in reviewing supporting documentation before signing the checks for disbursements.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

2013-003 Non-Compliance with IRS rules on Contract Labor (Material Weakness and Other Matter) repeated

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. The lack of progress was due to the Village Clerk only processing the payroll based on the determinations made by the Housing Authority.

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. Effective in October 2015, the Village Clerk will be responsible for informing the Housing Authority of the non-compliance. The Mayor will take responsibility for ensuring compliance with IRS rules, effective December 31, 2016.

2014-002 Violation of Anti-Donation Clause (Significant Deficiency, Other Matter)

CONDITION: During the audit, we noted that the Village is mowing lawns and cleaning up properties for village constituents and not billing the services. The Village does not always send the property owner a letter to address the issues prior to taking action using Village resources. This practice may be considered anti-donation, whereby it benefits the property owners at the expense of the Village. The lack of progress in this area was a lack of understanding of the anti-donation clause by management. The auditor and management reviewed the anti-donation clause and examples were provided to aid in clarification so that management could easily distinguish such violations in the future.

CRITERIA: NM Constitution Article IX, Section 14 states that general public monies cannot be used towards special interests or selective groups.

CAUSE: The Village believes that by cleaning up the properties, they are maintaining the image of the Village.

EFFECT: The donations and expenditures not within the realm of the business operations results in noncompliance of the anti-donation clause in which improper use of public monies does not support the Village's operation.

RECOMMENDATION: The Village is recommended to establish an ordinance addressing the following:

1. The Village will perform clean up on properties that are not regularly maintained.
2. The Village will send out billings to constituents whose properties have been mowed and cleaned up. These billings should include due dates indicating when the bill is due.
3. In the case where there is nonpayment, The Village shall place a lien on the property for the amount due for the services that have been rendered.

Additionally, The Village should review and comply with the anti-donation clause by reviewing expenditures for any violation of the anti-donation clause prior to providing services, making payments or donations.

CLIENT RESPONSE: The auditor and management reviewed the anti-donation clause and examples were provided to aid in clarification so that management could easily distinguish such violations in the future. By December 2015, the Mayor and Council will have a policy in place to charge constituents for clean-up that escalates to a lien being placed on the properties.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

2014-003 Excess Expenditures over Budget (Significant Deficiency) repeated and revised

CONDITION: During our testwork of budgetary compliance, we noted two (2) funds that had expenditures in excess of budget. The Fire Protection Fund was over budget by \$1,121 and the General Fund was over budget in the Public Works function by \$112,586. The lack of progress with budgetary compliance was due to an oversight and will be monitored more closely in fiscal year 2015-2016.

CRITERIA: NMSA 6-6-6 requires that actual expenditures do not exceed budgeted expenditures by function.

EFFECT: The Village appears to be out of compliance with State regulations related to the budgetary process.

CAUSE: The Village estimated the expenditures based on prior year collections and did not amend as necessary.

RECOMMENDATION: We recommend that the Village implement controls to monitor the spending of funds and to make budget adjustments whenever necessary.

CLIENT RESPONSE: Effective July 2015, the Village Clerk will follow NMSA 6-6-6 requirements on budgetary controls and revise budgets appropriately. The Council will monitor the DFA reports more closely to identify potential budget shortfalls.

2015-001 Trial Balance/SAS 115 (Significant Deficiency)

CONDITION: The Village maintains its records on a cash basis, because this is the best approach for monitoring the budgets and the methodology for which they are required to report to the Department of Finance and Administration. We noted that the Village's QuickBooks Balance Sheet has a bank account set up for each fund that records all disbursements and cash receipts by fund but that the Profit and Loss Statement does not record the transactions by fund. Additionally, there appears to be a lack of knowledge of U. S. GAAP.

CRITERIA: Statement on Auditing Standards section 325, Communication of Internal Control Related Matters Identified in an Audit, requires that management accept responsibility for the internal controls over financial reporting. AU 325 indicates that a lack of qualifications to prepare or interpret the financial statements is a control deficiency. Good accounting practices dictate that the Village's books should be maintained in such a way that a general ledger balances by fund.

CAUSE: The Village has determined that, due to its size and complexity, it is most effective and beneficial to maintain ledgers on a basis consistent with its budgetary basis.

EFFECT: The Village does not have financial information readily available that is consistent with GAAP requirements and the current management is unable to prepare or interpret the financial statements prepared in accordance with GAAP.

RECOMMENDATION: The Village Clerk should continue to improve her knowledge of GAAP. We acknowledge that efforts have been made to improve the recording and reporting process on a fund basis level, however, improvements are still necessary to ensure the proper financial reporting.

CLIENT RESPONSE: In November 2015, the Village Clerk will solicit aid from other entities using QuickBooks to learn how to implement classes to make the records GAAP compliant.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

2015-002 Chief Procurement Officer (Significant Deficiency)

CONDITION: The entity does not have a Chief Procurement Officer (CPO).

CRITERIA: Pursuant to section 13-1-95-2 NMSA 1978 states that the Village must provide the State Purchasing Agent with the name of the Chief Procurement Officer (CPO).

CAUSE: The Village has not designated a Chief Procurement Officer (CPO).

EFFECT: The Village not having a Chief Procurement Officer (CPO) is a violation of NMSA 1978 Section 13-1-95.2.

RECOMMENDATION: We recommend that the Village review NMSA 1978, Section 13-1-95.2 and the New Mexico Procurement Code to ensure the Village is meeting the requirements of these statutes.

CLIENT RESPONSE: The Village Clerk is attending the CPO training in December 2015 to ensure that the Village of Maxwell is compliant.

2015-003 Cash Receipts (Material Weakness)

CONDITION: During the audit, we noted that the Village Clerk is performing all the procedures within the cash receipts process. The Clerk is performing all of the following procedures:

1. Intake and receipting cash payments
2. Preparation of the deposit slip
3. Making bank deposits
4. Posting deposits into QuickBooks
5. Monthly bank reconciliations

The Village is not exercising proper segregation of duties within the cash receipts process.

CRITERIA: NMAC 6.20.2.11 C-Internal Control structure standards: "An internal control structure is required to demonstrate the municipalities' ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness, and 5) presentation and disclosure," and NMAC 6.20.2.14.C. Cash Control Standards.

CAUSE: The Village Clerk is the only employee on the Village premises performing the day to day operations.

EFFECT: This can potentially present an issue within the Village's internal controls, because the Village does not have proper segregation of duties.

RECOMMENDATION: We recommend the Village implement procedures to implement segregation of duties. The following are recommendation for mitigating this internal control risk:

1. Having a council member or another employee take the Village deposits to the bank.
2. Having a council member review and approve the bank statements prior to preparing the bank reconciliations.

CLIENT RESPONSE: Beginning in October 2015, the Maintenance Supervisor or the Mayor will take the bank deposit to the bank. The Mayor or a Councilor will be responsible for receiving and reviewing the bank statements prior to the Village Clerk preparing the bank reconciliations.

STATE OF NEW MEXICO
VILLAGE OF MAXWELL
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

2015-004 Utility Receipting (Material Weakness)

CONDITION: During the audit, we noted that the Village is not utilizing Caselle system for utility billing, yet the Village is paying Caselle monthly for these services.

The following are features on Caselle billing system that are not being utilized by the Village:

1. Electronic meter readers to perform the monthly meter.
2. Calculating utility bills

The Village is performing manual meter readings and manually calculating utility bills on an excel spreadsheet using these manual meter readings. We noted that the majority of the utility bills are billed at the minimum water usage rates.

By not being able to access Caselle the auditors were unable to ascertain the customer billings to ensure that customer billings were being calculated accurately.

CRITERIA: NM Constitution Article IX, Section 14 states that general public monies cannot be used towards special interests or selective groups.

CAUSE: The Village states that the Caselle is not functioning properly. This is causing the Village to perform alternative procedures to process utility billings.

EFFECT: This manual process for utility billing can potentially cause errors in calculating customer utility billings. This can potentially cause misstatement in utility revenues. Additionally, the Village is not making proper use of public funds by paying for Caselle services and not utilizing those services.

RECOMMENDATION: The Village Clerk is recommended to perform troubleshooting procedures with Caselle to ensure all functions within Caselle are operating accordingly to execute accurate customer utility billings.

CLIENT RESPONSE: In 2016, the Village Clerk will implement the upgrade to Caselle. This upgrade is expected to correct the issues in the billing system, thus eliminating the need to manually process the utility billing.

B. PRIOR YEAR AUDIT FINDINGS

2010-003 [2010-03] Capital Assets Inventory – Repeated and revised
2010-006 [2010-6][2010-7] Controls over Disbursements – Repeated and revised
2010-008 [2010-8] Controls over Travel & Per Diem – Cleared
2013-001 Non-compliance with State Audit Rule-Late Audit Contract Submission – Cleared
2014-001 Non-Compliance with PERA –Cleared
2014-002 Violation of Anti-Donation Clause- Repeated and revised
2014-003 Excess Expenditures over Budget- Repeated and revised

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.

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STATE OF NEW MEXICO
VILLAGE OF MAXWELL
OTHER DISCLOSURES
June 30, 2015

A. AUDITOR PREPARED FINANCIAL STATEMENTS

With explanation by the auditor, the Village Clerk 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 22, 2015. The following individuals were in attendance.

Village of Maxwell

Richard Galli, Mayor

Joanna Taylor, Village Clerk

Elmer Chavez, Maintenance

Precision Accounting LLC

Melissa R. Santistevan, CPA, CFE, CGMA

Daniel Perea, Staff Accountant

Steve Folkes, Quality Control