

State of New Mexico

VILLAGE OF DORA

FOR YEAR ENDED JUNE 30, 2014

(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

VILLAGE OF DORA

AUDIT REPORT

For The Year Ended June 30, 2014

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
 VILLAGE OF DORA
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STATE OF NEW MEXICO
VILLAGE OF DORA
Official Roster
Year Ended June 30, 2014

Village Council

<u>Name</u>	<u>Title</u>
Mr. Mickey Burkett	Mayor
Mr. Jack Manis	Trustee
Mr. Lewis Walker	Trustee
Mr. Bill Cathey	Trustee
Mr. Bobbie Victor	Trustee

Village Administration

Ms. Becky Frazee	Clerk/Treasurer
------------------	-----------------

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Dora
Dora, 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 for the General and Fire Protection Funds of the Village of Dora, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Village of Dora's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village of Dora's non-major governmental funds and the budgetary comparisons for the non-major governmental and enterprise funds 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, 2014 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dora, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General and Fire Protection Funds for the year then ended in accordance 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 governmental funds of the Village of Dora, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental and enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014 on our consideration of the Village of Dora'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 Dora's internal control over financial reporting and compliance.



Albuquerque, New Mexico
November 6, 2014

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF DORA
Statement of Net Position
June 30, 2014

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 512,693	\$ 45,965	\$ 558,658
Accounts receivable (net of uncollectible accounts)	<u>4,867</u>	<u>6,786</u>	<u>11,653</u>
Total current assets	<u>517,560</u>	<u>52,751</u>	<u>570,311</u>
Restricted Assets (Cash)			
Customer meter deposits	<u>-</u>	<u>807</u>	<u>807</u>
Total restricted assets	<u>-</u>	<u>807</u>	<u>807</u>
Capital Assets			
Land	13,519	25,099	38,618
Equipment	101,960	21,729	123,689
Vehicles	1,212,307	-	1,212,307
Buildings and improvements	601,245	-	601,245
Plant/Infrastructure	<u>247,451</u>	<u>740,502</u>	<u>987,953</u>
Total capital assets	<u>2,176,482</u>	<u>787,330</u>	<u>2,963,812</u>
Less accumulated depreciation	(1,136,913)	(393,029)	(1,529,942)
Total capital assets (net of accumulated depreciation)	<u>1,039,569</u>	<u>394,301</u>	<u>1,433,870</u>
Total assets	<u>\$ 1,557,129</u>	<u>\$ 447,859</u>	<u>\$ 2,004,988</u>

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Statement of Net Position
June 30, 2014

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Customer meter deposits (restricted)	-	807	807
NMFA Loan (current portion)	<u>21,415</u>	<u>-</u>	<u>21,415</u>
Total current liabilities	<u>21,415</u>	<u>807</u>	<u>22,222</u>
Non-Current Liabilities			
Compensated absences payable	-	-	-
NMFA Loan payable	<u>158,391</u>	<u>-</u>	<u>158,391</u>
Total non-current liabilities	<u>158,391</u>	<u>-</u>	<u>158,391</u>
Total liabilities	<u>179,806</u>	<u>807</u>	<u>180,613</u>
Net Position			
Net investment in capital assets	859,763	394,301	1,254,064
Restricted for Special Revenue funds	174,241	-	174,241
Unrestricted	<u>343,319</u>	<u>52,751</u>	<u>396,070</u>
Total net position	<u>1,377,323</u>	<u>447,052</u>	<u>1,824,375</u>
Total liabilities and net position	<u>\$ 1,557,129</u>	<u>\$ 447,859</u>	<u>\$ 2,004,988</u>

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

STATE OF NEW MEXICO
 VILLAGE OF DORA
 Statement of Activities
 Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 80,912	\$ 100	\$ -	\$ -	\$ (80,812)	\$ -	\$ (80,812)
Highways and streets	2,921	-	-	-	(2,921)	-	(2,921)
Public safety	108,669	13,034	158,322	-	62,687	-	62,687
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	24,416	-	10,519	-	(13,897)	-	(13,897)
Interest	3,295	-	-	-	(3,295)	-	(3,295)
Depreciation - unallocated	94,269	-	-	-	(94,269)	-	(94,269)
Total governmental activities	314,482	13,134	168,841	-	(132,507)	-	(132,507)
Business-type activities:							
Water services	168,884	33,364	-	-	-	(135,520)	(135,520)
Solid waste services	8,712	9,195	-	-	-	483	483
Total business-type activities	177,596	42,559	-	-	-	(135,037)	(135,037)
Total all activities	\$ 492,078	\$ 55,693	\$ 168,841	\$ -	(132,507)	(135,037)	(267,544)
General Revenues:							
Property taxes					1,917	-	1,917
Gross receipts taxes					29,219	-	29,219
Gasoline taxes					5,883	-	5,883
Motor vehicle taxes					284	-	284
State aid not restricted to special purpose							
General					90,000	-	90,000
Transfers					(31,547)	31,547	-
Investment earnings					1,506	330	1,836
Total general revenues					97,262	31,877	129,139
Change in net position					(35,245)	(103,160)	(138,405)
Net position - beginning of year					1,412,568	550,212	1,962,780
Net position - ending					1,377,323	447,052	1,824,375

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Balance Sheet
Governmental Funds
June 30, 2014

Statement 3

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 398,146	\$ 96,308	\$ 18,239	\$ 512,693
Accounts receivable	<u>2,337</u>	<u>-</u>	<u>2,530</u>	<u>4,867</u>
Total assets	<u>\$ 400,483</u>	<u>\$ 96,308</u>	<u>\$ 20,769</u>	<u>\$ 517,560</u>
LIABILITIES				
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Restricted	57,164	96,308	20,769	174,241
Committed	-	-	-	-
Unassigned	<u>343,319</u>	<u>-</u>	<u>-</u>	<u>343,319</u>
Total fund balance	<u>400,483</u>	<u>96,308</u>	<u>20,769</u>	<u>517,560</u>
Total liabilities and fund balance	<u>\$ 400,483</u>	<u>\$ 96,308</u>	<u>\$ 20,769</u>	<u>\$ 517,560</u>

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

STATE OF NEW MEXICO
 VILLAGE OF DORA
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2014

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

Total fund balances - governmental funds		\$ 517,560
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
The cost of capital assets	2,176,482	
Accumulated depreciation	<u>(1,136,913)</u>	
		1,039,569
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:		
NMFA Loan		<u>(179,806)</u>
Net position of governmental activities		<u>\$ 1,377,323</u>

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,917	\$ -	\$ -	\$ 1,917
Charges for services	-	-	13,034	13,034
Licenses and permits	100	-	-	100
Fines and forfeitures	-	-	-	-
Local sources	-	6,700	-	6,700
State sources	91,000	143,708	15,473	250,181
Federal sources	-	-	1,960	1,960
State shared taxes	35,386	-	-	35,386
Earnings from investments	1,239	260	7	1,506
Total revenues	129,642	150,668	30,474	310,784
EXPENDITURES				
Current:				
General government	80,912	-	-	80,912
Highways and streets	2,921	-	-	2,921
Public safety	1,220	89,956	17,493	108,669
Health & welfare	-	-	-	-
Culture and recreation	13,452	-	10,964	24,416
Capital Outlay	-	-	-	-
NMFA Principle	-	21,283	-	21,283
NMFA Interest	-	3,295	-	3,295
Total expenditures	98,505	114,534	28,457	241,496
Excess (deficiency) revenues over expenditures	31,137	36,134	2,017	69,288
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	3,500	3,500
Operating transfers out	(35,047)	-	-	(35,047)
Loan proceeds	-	-	-	-
	(35,047)	-	3,500	(31,547)
Net change in fund balances	(3,910)	36,134	5,517	37,741
Fund balance beginning of year	404,393	60,174	15,252	479,819
Fund balance end of year	\$ 400,483	\$ 96,308	\$ 20,769	\$ 517,560

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 37,741

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense	(94,269)
Capital Outlays	<u> -</u>

Excess of capital outlay over depreciation expense	<u> (94,269)</u>
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In the Statement of Activities, certain operating expenses are measured by the amount incurred during the year. In the fund financial statements however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increase) decrease in the liabilities for the year were:

Compensated absences payable	<u> -</u>
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The issuance of long-term debt 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. Repayment of loans payable is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the Statement of Activities

Loan proceeds	<u> -</u>
Repayment of long-term debt	<u> 21,283</u>
	<u> 21,283</u>

Change in net position of governmental activities	<u><u> \$ (35,245)</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF DORA
General Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 12,177	\$ 12,177	\$ 1,839	\$ (10,338)
Charges for services	-	-	-	-
Licenses and permits	125	125	100	(25)
Fines and forfeitures	-	-	-	-
Local sources	500	500	-	(500)
State sources	91,000	91,000	91,000	-
Federal sources	-	-	-	-
State shared taxes	22,454	22,454	38,986	16,532
Earnings from investments	1,200	1,200	1,239	39
Total revenues	<u>\$ 127,456</u>	<u>\$ 127,456</u>	<u>\$ 133,164</u>	<u>\$ 5,708</u>
EXPENDITURES				
Current:				
General government	\$ 96,803	\$ 96,803	\$ 80,912	\$ 15,891
Highways and streets	3,300	3,300	2,921	379
Public safety	7,000	7,000	1,220	5,780
Health and welfare	-	-	-	-
Culture and recreation	13,800	13,800	13,452	348
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 120,903</u>	<u>\$ 120,903</u>	<u>\$ 98,505</u>	<u>\$ 22,398</u>
OTHER FINANCING SOURCES				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	(36,500)	(36,500)	(35,047)	1,453
Total other financing sources	<u>\$ (36,500)</u>	<u>\$ (36,500)</u>	<u>\$ (35,047)</u>	<u>\$ 1,453</u>
BUDGETED CASH BALANCE	<u>\$ 29,947</u>	<u>\$ 29,947</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF DORA
 Fire Protection Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 6,800	\$ 6,800	\$ 6,700	\$ (100)
State sources	153,216	153,216	143,708	(9,508)
Federal sources	-	-	-	-
Earnings from investments	300	300	260	(40)
Total revenues	<u>\$ 160,316</u>	<u>\$ 160,316</u>	<u>\$ 150,668</u>	<u>\$ (9,648)</u>
EXPENDITURES				
Public safety	\$ 169,500	\$ 169,500	\$ 114,534	\$ 54,966
Total expenditures	<u>\$ 169,500</u>	<u>\$ 169,500</u>	<u>\$ 114,534</u>	<u>\$ 54,966</u>
BUDGETED CASH BALANCE	<u>\$ 9,184</u>	<u>\$ 9,184</u>		

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Proprietary Funds
Statement of Net Position
June 30, 2014

Statement 9

	Water Fund	Solid Waste Fund	Total
ASSETS			
Current Assets			
Cash on deposit	\$ 44,545	\$ 1,420	\$ 45,965
Accounts receivable (net)	5,672	1,114	6,786
Total Current Assets	50,217	2,534	52,751
Non-Current Assets			
Restricted Assets (Cash)			
Customer meter deposits	807	-	807
Total Non-Current Assets	807	-	807
Capital Assets			
Land	25,099	-	25,099
Land improvements	-	-	-
Equipment	21,729	-	21,729
Heavy equipment	-	-	-
Vehicles	-	-	-
Plant/infrastructure	740,502	-	740,502
Accumulated depreciation	(393,029)	-	(393,029)
Total Capital Assets	394,301	-	394,301
Total Assets	\$ 445,325	\$ 2,534	\$ 447,859
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Customer meter deposits payable from Restricted Assets	807	-	807
Total Current Liabilities	807	-	807
Long-Term Liabilities			
Compensated absences payable	-	-	-
Total Long-Term Liabilities	-	-	-
Total Liabilities	807	-	807
NET POSITION			
Net investment in capital assets	394,301	-	394,301
Unrestricted	50,217	2,534	52,751
Total Net Position	444,518	2,534	447,052
Total Liabilities and Net Position	\$ 445,325	\$ 2,534	\$ 447,859

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2014

	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES			
Sales and services	\$ 33,364	\$ 9,195	\$ 42,559
Local sources	-	-	-
State sources	-	-	-
Total operating revenue	33,364	9,195	42,559
OPERATING EXPENSES			
Personal services	2,400	-	2,400
Maintenance and operations	34,488	8,712	43,200
Depreciation	131,996	-	131,996
Total operating expenses	168,884	8,712	177,596
Operating income (loss)	(135,520)	483	(135,037)
NON-OPERATING REVENUE (EXPENSE)			
Investment income	330	-	330
Investment expense	-	-	-
Transfers in	31,547	-	31,547
Transfers out	-	-	-
State grant	-	-	-
Federal grant	-	-	-
Total Non-Operating Revenue (Expense)	31,877	-	31,877
Change in Net Position	(103,643)	483	(103,160)
Total net position beginning of year	548,161	2,051	550,212
Total net position, end of year	\$ 444,518	\$ 2,534	\$ 447,052

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2014

Statement 11

	Water Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 31,412	\$ 9,831	\$ 41,243
Cash received from local sources	-	-	-
Cash received from state sources	-	-	-
Cash payments to employees and to suppliers for goods and services	(36,888)	(8,712)	(45,600)
Net cash provided by operating activities	(5,476)	1,119	(4,357)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Loan proceeds	-	-	-
Principal paid	-	-	-
Acquisition of capital assets	(71,707)	-	(71,707)
Investment expense	-	-	-
Net cash provided (used) by capital and related financing activities	(71,707)	-	(71,707)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from state sources	-	-	-
Cash received from federal sources	-	-	-
Operating transfers from other funds	31,547	-	31,547
Operating transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	31,547	-	31,547
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	330	-	330
Net cash provided by investing activities	330	-	330
Net increase (decrease) in cash	(45,306)	1,119	(44,187)
Cash, beginning of year	90,658	301	90,959
Cash, end of year	\$ 45,352	\$ 1,420	\$ 46,772
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (135,520)	\$ 483	\$ (135,037)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	131,996	-	131,996
Changes in assets and liabilities:			
(Increase) decrease in receivables	(1,952)	636	(1,316)
Increase (decrease) in accounts payable	-	-	-
Net cash provided (used) by operating activities	\$ (5,476)	\$ 1,119	\$ (4,357)

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Notes to Financial Statements
Year Ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Dora is incorporated under Section 3 New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation and general administrative services.

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

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to 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. Based upon the application of these criteria, the Village had no component units.

Notes to Financial Statements (continued)

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 operation 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 and proprietary funds. 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 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 billed. 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 30 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 judgements, are recorded only when payment is due.

Notes to Financial Statements (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.

The government reports the following major governmental funds:

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.

The *Fire Protection Fund* (Special Revenue Fund) is to account for the operations and maintenance of the Fire Department. It is financed by a specific allotment from the State Fire Marshall's Office. The authority is NMSA 59A-53-1.

The Village also reports additional Government funds as non-major. They include:

Special Revenue Funds - these funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The Village reports the following Proprietary Fund types:

Enterprise Fund - Water Fund - To account for the provision of water services to the residents of Dora, New Mexico. All activities necessary to provide these services are accounted for in this fund.

Enterprise Fund - Solid Waste Fund - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

Notes to Financial Statements (continued)

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions and 3) program specific capital grants and contributions including special assessments.

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. 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.

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.

Notes to Financial Statements (continued)

D. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. The original budget that was adopted in July, 1998 was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Project Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principals. Throughout the year the accounting records are maintained on the Non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

Notes to Financial Statements (continued)

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Village. The pledged securities remain in the name of the financial institution.

F. Inventories

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Notes to Financial Statements (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Building improvements	30-40
Public domain infrastructure	30-40
System infrastructure	30-40
Vehicles	5 to 20
Equipment	5 to 20

The Village does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

H. Compensated Absences

The Village does not allow any vacation or sick leave to accrue and carry forward at the end of each fiscal year.

I. Long-Term Obligations

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

J. Taxes

Motor Vehicle Registration Fees - Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies within the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 2978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Notes to Financial Statements (continued)

Gasoline Tax - The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed an excise tax on \$0.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the State pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

Municipal Gross Receipts Tax - Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the Village adopted gross receipts taxing through ordinance. Said ordinances provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the State of New Mexico and remitted to the Village after deducting certain administrative costs.

State Gross Receipts Tax - Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

K. Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purpose such as "deposits held in trust for others".

L. Net Position

The governmental activities and business-type activities financial statements utilize a net position presentation. Net position is categorized as follows:

Net investment in capital assets - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net position- This category reflects the portion of net assets that have third party limitation on their use.

Unrestricted net position- This category reflects net assets of the Village not restricted for any project or other purposes.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Notes to Financial Statements (continued)

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent

Notes to Financial Statements (continued)

intended uses established by the Village Council or a Village official delegated that authority by the Village Council or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. 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.

O. 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 to employees; and natural disasters. The Village carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

2. DEPOSITORY COLLATERAL

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Village's 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.

Notes to Financial Statements (continued)

The following is the Cash on Deposit at each financial institution.

JP Stone Community Bank	General	Checking	\$ 16,202
JP Stone Community Bank		Savings	84,594
US Bank		Certificate Of Deposit	57,523
First Financial CU		Savings	53,784
First Financial CU		Certificate Of Deposit	85,466
First Financial CU		Certificate Of Deposit	50,184
First Financial CU		Certificate Of Deposit	32,884
New Mexico Bank & Trust		Certificate Of Deposit	80,000
JP Stone Community Bank		Certificate Of Deposit	98,735
NMFA			<u>6</u>
			<u>\$ 559,378</u>
New Mexico State Treasurer	Investment Pool		<u>\$ 83</u>
Total amount on deposit			\$ 559,461
Deposit in transit			13,125
Petty Cash			53
Outstanding checks			<u>(13,174)</u>
Total per financial statements			<u>\$ 559,465</u>

The following schedule details the public money held at each Bank and the pledged collateral provided for the Village follows:

	JP Stone Community Bank	First Financial Credit Union	New Mexico Bank & Trust	US Bank
Cash on deposit at June 30	\$ 199,531	\$ 222,318	\$ 80,000	\$ 57,523
Less FDIC	(199,531)	(222,318)	(80,000)	(57,523)
Uninsured funds	-	-	-	-
Funds needing collateralization at 50% (required by State Law)	-	-	-	-
Pledged collateral at June 30	-	-	-	-
Excess of Pledged Collateral	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Financial Statements (continued)

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, \$0 of the Village's bank balance \$559,372 was exposed to custodial credit risk as follows:

A.	Uninsured and Uncollateralized	\$	-
B.	Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Village's name		<u>-</u>
	Total	\$	<u><u>-</u></u>

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 cooperative for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

The amount held at the New Mexico Finance Authority totaling \$6 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to the New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

The accounts of the State Treasurers Investment Pool are monitored by the State Treasurers Office and the State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States Government are not considered to have credit risk.

Notes to Financial Statements (continued)

The Local Government Investment Pool does not have unit shares. Per Section 6-10-10, 1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing deposited in the fund and the length of time the amounts in the fund were invested. Participation in the local government investment pool is voluntary.

The credit rating of the investment pool at the New Mexico State Treasurer is as follows:

New Mexico LGIP AAAM Rated \$83 [48.6] day WAR(R); [116.20] day WAM(F)

3. ACCOUNTS RECEIVABLES

Receivables as of June 30, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 6,786
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	-	6,786
Property taxes	161	-
Gross receipts taxes receivable	2,176	-
Intergovernmental	<u>2,530</u>	<u>-</u>
Total	<u>\$ 4,867</u>	<u>\$ 6,786</u>

4. CAPITAL ASSETS

The amount of property, plant and equipment in the Governmental-Type Activities consists of the following:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Land	\$ 13,519	\$ -	\$ -	\$ 13,519
Total capital assets not being depreciated	<u>13,519</u>	<u>-</u>	<u>-</u>	<u>13,519</u>
Building and improvements	601,245	-	-	601,245
Infrastructure	247,451	-	-	247,451
Vehicles	1,221,847	-	(9,540)	1,212,307
Equipment	<u>101,960</u>	<u>-</u>	<u>-</u>	<u>101,960</u>
Total capital assets being depreciated	<u>2,172,503</u>	<u>-</u>	<u>(9,540)</u>	<u>2,162,963</u>
Less accumulated depreciation for:				
Building and improvements	(274,635)	(19,769)	-	(294,404)
Infrastructure	(170,228)	(9,212)	-	(179,440)
Equipment	(68,189)	(7,332)	-	(75,521)
Vehicles	<u>(539,132)</u>	<u>(57,956)</u>	<u>9,540</u>	<u>(587,548)</u>
Total accumulated depreciation	<u>(1,052,184)</u>	<u>(94,269)</u>	<u>9,540</u>	<u>(1,136,913)</u>
Total capital assets being depreciated	<u>1,120,319</u>	<u>(94,269)</u>	<u>-</u>	<u>1,026,050</u>
Net capital assets	<u>\$ 1,133,838</u>	<u>\$ (94,269)</u>	<u>\$ -</u>	<u>\$ 1,039,569</u>

Notes to Financial Statements (continued)

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Land	\$ 25,099	\$ -	\$ -	\$ 25,099
Total capital assets not being depreciated	<u>25,099</u>	<u>-</u>	<u>-</u>	<u>25,099</u>
Infrastructure	668,795	71,707	-	740,502
Equipment	<u>21,729</u>	<u>-</u>	<u>-</u>	<u>21,729</u>
Total capital assets being depreciated	<u>690,524</u>	<u>71,707</u>	<u>-</u>	<u>762,231</u>
Less accumulated depreciation for:				
Infrastructure	(239,304)	(131,996)	-	(371,300)
Equipment	<u>(21,729)</u>	<u>-</u>	<u>-</u>	<u>(21,729)</u>
Total accumulated depreciation	<u>(261,033)</u>	<u>(131,996)</u>	<u>-</u>	<u>(393,029)</u>
Total capital assets being depreciated	<u>429,491</u>	<u>(60,289)</u>	<u>-</u>	<u>369,202</u>
Net capital assets	<u>\$ 454,590</u>	<u>\$ (60,289)</u>	<u>\$ -</u>	<u>\$ 394,301</u>

5. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

During the year ended June 30, the following changes occurred in the liabilities reported in the Governmental Funds:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
NMFA Loan	\$ 201,089	\$ -	\$ 21,283	\$ 179,806	\$ 21,415
Total	<u>\$ 201,089</u>	<u>\$ -</u>	<u>\$ 21,283</u>	<u>\$ 179,806</u>	<u>\$ 21,415</u>

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$222,285 and interest for the purpose of defraying the cost of acquiring a fire station for the Village's fire department. The Village has pledged future State Fire Fund revenues to pay the loan. The yearly payments are to be redirected from the Village's share of the State Fire Fund revenues to the NMFA. Total annual principal and interest payments for the repayment of the loan is expected to require 14% of the yearly State Fire Allotment. The interest rate is 0.410% to 2.660%. The maturity date is May 1, 2022.

Notes to Financial Statements (continued)

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 21,415	\$ 3,164	\$ 24,579
2016	21,612	2,967	24,579
2017	21,854	2,725	24,579
2018	22,149	2,430	24,579
2019	22,506	2,073	24,579
2020	22,924	1,655	24,579
2021	23,406	1,173	24,579
2022	<u>23,940</u>	<u>639</u>	<u>24,579</u>
Total	<u>\$ 179,806</u>	<u>\$ 16,826</u>	<u>\$ 196,632</u>

The liability will be liquidated by the Fire Protection Fund.

6. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

Deposits in the Water Utility Enterprise Fund consist of the following:

Hydrant Meter deposits	<u>\$ 807</u>
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Water meter deposits are charged to new customers and consist of the following:

Residential properties	\$ 100
Commercial properties	\$ 100

7. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the Village by the County Treasurer, and are remitted to the Village in the month following collection. Because the Treasurer for the county in which the Village is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the Village.

Notes to Financial Statements (continued)

The Village is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the Village is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Village.

The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The Village has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Villages financial records.

8. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Non-Major Special Revenue Fund</u>	<u>Proprietary Fund</u>
Accrual basis	\$ 129,642	\$ 150,668	\$ 30,474	\$ 42,889
Budget basis	<u>133,164</u>	<u>150,668</u>	<u>30,669</u>	<u>41,573</u>
Increase (decrease) in receivables/due from grantor/ security deposits	<u>\$ (3,522)</u>	<u>\$ -</u>	<u>\$ (195)</u>	<u>\$ 1,316</u>
<u>Expenditures</u>				
Accrual basis	\$ 98,505	\$ 114,534	\$ 28,457	\$ 177,596
Budget basis	98,505	114,534	28,457	45,600
Depreciation	-	-	-	(131,996)
Capital outlay	-	-	-	-
(Increase) decrease in compensated absences	-	-	-	-
Increase (decrease) in payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

9. RETIREMENT PLAN

The Village has elected not to participate in the New Mexico Public Employees Retirement Association Plan.

10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

The Village has elected not to participate in the New Mexico State Retiree Health Care Plan.

Notes to Financial Statements (continued)

11. TRANSFERS

The composition of interfund transfers for the year are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>Seniors Fund</u>	<u>Water Fund</u>
General Fund	\$ 3,500	\$ 31,547
Total Transfers In/Out	<u>\$ 3,500</u>	<u>\$ 31,547</u>

In the year ended June 30, the Village made the following one-time transfers:

- 1) The General Fund transferred monies to the Senior Fund to cover one-time expenditures.
- 2) The General Fund transferred monies to the Water Fund to cover one-time expenditures.

12. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Totals</u>
<u>Nonspendable:</u>				
Interfund loans	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-
Total nonspendable	-	-	-	-
<u>Restricted for:</u>				
Road improvements	-	-	-	-
Fire protection	-	96,308	-	96,308
Culture and recreational services	-	-	3,806	3,806
Emergency Medical Services	-	-	16,963	16,963
Environmental improvements	-	-	-	-
Law Enforcement	-	-	-	-
Cemetery improvements	-	-	-	-
Reserves	57,164	-	-	57,164
Total restricted	57,164	96,308	20,769	174,241
<u>Committed to:</u>				
Other purposes	-	-	-	-
Total committed	-	-	-	-
<u>Unassigned:</u>				
	343,319	-	-	343,319
Total Fund Balances	<u>\$ 400,483</u>	<u>\$ 96,308</u>	<u>\$ 20,769</u>	<u>\$ 517,560</u>

**NON-MAJOR
SPECIAL REVENUE FUNDS**

EMS (EMERGENCY MEDICAL SERVICES) FUND - To account for the operation and maintenance of the Village EMS Department. Financing is primarily from an annual EMS allotment. The fund was created by the authority of the State grant provisions (NMSA 59A-53-1)

AMBULANCE FUND - To account for fees collected for emergency transportation of the Village residents. The fund was created by the authority of NMSA 59-A-53-1.

SENIORS FUND - To account for grant funds received/used for the benefit of the Village's Senior Citizens. The authority for the allocation and set-up of the fund is 9-2-5 through 9-2-19, NMSA 1978.

STATE OF NEW MEXICO
VILLAGE OF DORA
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2014

Statement A-1

	EMS Fund	Ambulance Fund	Seniors Fund	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 2,855	\$ 13,771	\$ 1,613	\$ 18,239
Accounts receivable	<u> </u>	<u> 337</u>	<u> 2,193</u>	<u> 2,530</u>
Total assets	<u>\$ 2,855</u>	<u>\$ 14,108</u>	<u>\$ 3,806</u>	<u>\$ 20,769</u>
FUND BALANCE				
Restricted	\$ 2,855	\$ 14,108	\$ 3,806	\$ 20,769
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>\$ 2,855</u>	<u>\$ 14,108</u>	<u>\$ 3,806</u>	<u>\$ 20,769</u>

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances
For the Year Ended June 30, 2014

	EMS Fund	Ambulance Fund	Seniors Fund	Total Governmental Total
REVENUES				
Charges for services	\$ -	\$ 13,034	\$ -	\$ 13,034
Fines and forfeitures	-	-	-	-
Local sources	-	-	-	-
State sources	7,914	-	7,559	15,473
Federal sources	-	-	1,960	1,960
Earnings from investments	1	6	-	7
	<u>7,915</u>	<u>13,040</u>	<u>9,519</u>	<u>30,474</u>
Total revenues				
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	5,321	12,172	-	17,493
Health and welfare	-	-	-	-
Culture and recreation	-	-	10,964	10,964
Capital outlay	-	-	-	-
	<u>5,321</u>	<u>12,172</u>	<u>10,964</u>	<u>28,457</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	2,594	868	(1,445)	2,017
OTHER FINANCING SOURCES				
Transfer in	-	-	3,500	3,500
	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>3,500</u>
Total other financing sources				
Net change in fund balance	2,594	868	2,055	5,517
Fund balance beginning of year	261	13,240	1,751	15,252
Fund balance end of year	<u>\$ 2,855</u>	<u>\$ 14,108</u>	<u>\$ 3,806</u>	<u>\$ 20,769</u>

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

STATE OF NEW MEXICO
 VILLAGE OF DORA
 Non-Major Special Revenue Fund - EMS Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 7,949	\$ 7,949	\$ 7,914	\$ (35)
Earnings from investments	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total revenues	<u>\$ 7,949</u>	<u>\$ 7,949</u>	<u>\$ 7,915</u>	<u>\$ (34)</u>
EXPENDITURES				
Public safety	\$ 7,949	\$ 7,949	\$ 5,321	\$ 2,628
Total expenditures	<u>\$ 7,949</u>	<u>\$ 7,949</u>	<u>\$ 5,321</u>	<u>\$ 2,628</u>

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

STATE OF NEW MEXICO
 VILLAGE OF DORA
 Non-Major Special Revenue Fund - Ambulance Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 15,000	\$ 15,000	\$ 13,043	\$ (1,957)
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Earnings from investments	3	3	6	3
	<u>3</u>	<u>3</u>	<u>6</u>	<u>3</u>
Total revenues	<u>\$ 15,003</u>	<u>\$ 15,003</u>	<u>\$ 13,049</u>	<u>\$ (1,954)</u>
EXPENDITURES				
Public safety	<u>\$ 27,638</u>	<u>\$ 27,638</u>	<u>\$ 12,172</u>	<u>\$ 15,466</u>
Total expenditures	<u>\$ 27,638</u>	<u>\$ 27,638</u>	<u>\$ 12,172</u>	<u>\$ 15,466</u>
BUDGETED CASH BALANCE	<u>\$ 12,635</u>	<u>\$ 12,635</u>		
REVENUES				
Budgetary basis			\$ 13,049	
(Decrease) in accounts receivable			<u>(9)</u>	
Modified accrual basis			<u>\$ 13,040</u>	

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

STATE OF NEW MEXICO
 VILLAGE OF DORA
 Non-Major Special Revenue Fund - Seniors Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 9,069	\$ 9,069	\$ 7,929	\$ (1,140)
Federal sources	<u>2,450</u>	<u>2,450</u>	<u>1,776</u>	<u>(674)</u>
Total revenues	<u>\$ 11,519</u>	<u>\$ 11,519</u>	<u>\$ 9,705</u>	<u>\$ (1,814)</u>
EXPENDITURES				
Culture and recreation	\$ 13,019	\$ 13,019	\$ 10,964	\$ 2,055
Total expenditures	<u>\$ 13,019</u>	<u>\$ 13,019</u>	<u>\$ 10,964</u>	<u>\$ 2,055</u>
OTHER FINANCING SOURCES				
Transfer in	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Total other financing sources	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		
REVENUES				
Budgetary basis			\$ 9,705	
(Decrease) in accounts receivable			<u>(186)</u>	
Modified accrual basis			<u>\$ 9,519</u>	

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

PROPRIETARY FUNDS BUDGETS

WATER FUND - To account for the provision of water services to the residents of Dora, New Mexico. All activities necessary to provide these services are accounted for in this fund.

SOLID WASTE FUND - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

STATE OF NEW MEXICO
 VILLAGE OF DORA
 Proprietary Funds
 Water Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 39,275	\$ 39,275	\$ 31,412	\$ (7,863)
Local sources	200	200	-	(200)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	425	425	330	(95)
Total revenues	<u>\$ 39,900</u>	<u>\$ 39,900</u>	<u>\$ 31,742</u>	<u>\$ (8,158)</u>
EXPENDITURES				
Personal services	\$ 2,400	\$ 2,400	\$ 2,400	\$ -
Maintenance and operations	44,960	44,960	34,488	10,472
Capital outlay	66,000	66,000	71,707	(5,707)
Total expenditures	<u>\$ 113,360</u>	<u>\$ 113,360</u>	<u>\$ 108,595</u>	<u>\$ 4,765</u>
OTHER FINANCING SOURCES				
Operating transfers in	\$ 33,000	\$ 33,000	\$ 31,547	\$ (1,453)
Total other financing sources	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 31,547</u>	<u>\$ (1,453)</u>
BUDGETED CASH BALANCE	<u>\$ 40,460</u>	<u>\$ -</u>		
REVENUES				
Budgetary basis			\$ 31,742	
Decrease in receivables			1,952	
Modified accrual basis			<u>\$ 33,694</u>	
EXPENDITURES				
Budgetary basis			\$ 36,888	
Depreciation			131,996	
(Decrease) in accounts payable			-	
Modified accrual basis			<u>\$ 168,884</u>	

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

STATE OF NEW MEXICO
 VILLAGE OF DORA
 Proprietary Funds
 Solid Waste Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 9,324	\$ 9,324	\$ 9,831	\$ 507
State grant	-	-	-	-
State shared taxes	-	-	-	-
Interest income	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 9,324</u>	<u>\$ 9,324</u>	<u>\$ 9,831</u>	<u>\$ 507</u>
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	9,324	9,324	8,712	612
Capital outlay	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 9,324</u>	<u>\$ 9,324</u>	<u>\$ 8,712</u>	<u>\$ 612</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		
REVENUES				
Budgetary basis			\$ 9,831	
(Decrease) in receivables			<u>(636)</u>	
Modified accrual basis			<u>\$ 9,195</u>	
EXPENDITURES				
Budgetary basis			\$ 8,712	
Depreciation			-	
Capital outlay			-	
(Decrease) in payables			-	
Increase in compensated absences			<u>-</u>	
Modified accrual basis			<u>\$ 8,712</u>	

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

Rice and Associates, C.P.A.

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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

Mr. Hector H. Balderas
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Dora
Dora, New Mexico

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, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General and Fire Protection Funds of the Village of Dora, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Village of Dora's basic financial statements, and the related budgetary comparisons of the non-major governmental and enterprise funds, presented as supplemental information, and have issued our report thereon dated November 6, 2014.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control 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 deficiencies, significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

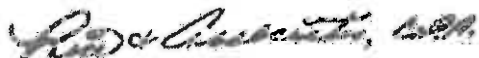
As part of obtaining reasonable assurance about whether the Village of Dora's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material 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 Status of Comments as Gross Receipts Taxes on Services Provided Not Submitted Correctly to Taxation and Revenue (2012-010) and Vendor Increased Prices Without a New Revised Contract Approved by the Board (2014-001).

The Village of Dora's Response to Findings

The Village of Dora's responses to the findings identified in our audit are described in the accompanying Status of Comments. The Village of Dora's responses were not subjected to the auditing procedures applied in the audits 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Dora's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico
November 6, 2014

STATUS OF COMMENTS AND RESPONSES

Prior Year Audit Findings

1. W-2 Incorrect (12-04) - Resolved
2. Solid Waste Ordinance (12-06) - Resolved
3. Water Ordinance (12-07) - Resolved
4. Signed/Approved Contract for Solid Waste Removal Missing (12-09)
- Resolved
5. Gross Receipts Taxes on Services Provided Not Submitted
Correctly to Taxation and Revenue (12-10) (2012-010) - Repeated
6. Bank Services Charges (12-13) - Resolved
7. Payments for Water/Solid Waste not Collected Timely - (13-01)
- Resolved
8. Budget Overruns (13-02) - Resolved

Current Year Audit Findings

1. Vendor Increased Prices Without a New Revised Contract
Approved by the Board (2014-001)

Gross Receipts Taxes on Services Provided
Not Submitted Correctly to Taxation & Revenue
Other Matter
(2012-010)

CONDITION	The gross receipts taxes submitted to the New Mexico Taxation and Revenue Department are based on the services billed/charged each month not on the actual payments received.
CRITERIA	All payments made to the New Mexico Taxation and Revenue for gross receipts taxes are based on cash actually received not on accrual payments (amounts billed/charged).
CAUSE	Management was not aware of this requirement.
EFFECT	The Village is pre-paying the tax on behalf of the Village residents. Thus, decreasing the actual cash balance fo the Water/Solid Waste Funds.
RECOMMENDATION	Management should submit all future GRT taxes on a cash basis not an accrual basis.
RESPONSE	Management will make necessary efforts to ensure Gross Receipts Taxes are calculated correctly prior to submitting to New Mexico Taxation and Revenue Department.

Vendor Increased Prices without a
New Revised Contract Approved by the Board - Other Matter
(2014-001)

CONDITION	A Vendor increased his monthly and hourly rates and Management did not ensure that a new contract was approved by the Board agreeing to the new rates.
CRITERIA	A signed/approved contract with any Vendor should be obtained so all requirements, prices, changes or services have been agreed to by both parties and can be legally enforceable.
CAUSE	Management has not ensured that a new contract was obtained.
EFFECT	The Village is paying more than what the current contract states.
RECOMMENDATION	A new contract should be obtained as soon as possible.
RESPONSE	The Village of Dora will secure a new contract with the vendor.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2014 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An exit conference was held on November 6, 2014. In attendance were Ms. Becky Frazee, Clerk/Treasurer, Mr. Mickey Burkett, Mayor, Mr. Antonio Lucero and Ms. Pamela A. Rice, CPA, Contract Auditors.