

Village of Dora
State of New Mexico

**Audited Financial Statements
and Supplemental Information**

June 30, 2007

**VILLAGE OF DORA
TABLE OF CONTENTS
JUNE 30, 2007**

	<u>Page</u>
INTRODUCTION	
Official Roster	iii
 FINANCIAL SECTION	
Independent Auditors' Report	1
 Basic Financial Statements:	
Government-Wide Statement of Net Assets	3
Government-Wide Statement of Activities	4
Balance Sheet - Governmental Funds	6
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	8
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	9
General Fund Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	10
Fire Protection Fund Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	11
Statement of Net Assets - Proprietary Funds	12
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	13
Statement of Cash Flows - Proprietary Funds	14
Notes to Financial Statements	15
 Combining Fund Statements and Schedules	
Combining Balance Sheets - Nonmajor Governmental Funds	26
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	27
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Recreation Fund (Non-GAAP Budgetary Basis)	28
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Emergency Medical Services Tax Fund (Non-GAAP Budgetary Basis)	29
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Municipal Street Fund (Non-GAAP Budgetary Basis)	30

**VILLAGE OF DORA
TABLE OF CONTENTS
(Continued)
JUNE 30, 2007**

	<u>Page</u>
Combining Fund Statements and Schedules - Continued	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Senior Citizens Fund (Non-GAAP Budgetary Basis)	31
Enterprise Funds Budget vs. Actual	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Proprietary Fund (Non-GAAP Budgetary Basis)	33
SUPPLEMENTAL INFORMATION	
Schedule of Deposits and Temporary Investments by Depository for Public Funds - All Funds	34
Schedule of Collateral Pledged by Depository for Public Funds	35
COMPLIANCE	
Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	36
Schedule of Audit Findings - Prior Year	38
Schedule of Audit Findings - Current Year - 2005-4	39
Schedule of Audit Findings - Current Year - 2007-1	40
Exit Conference	41
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE	42

**State of New Mexico
Village of Dora**

**Official Roster
June 30, 2007**

Village Council

Mickey Burkett

Mayor

Bill Cathey

Councilor

Jack Manis

Councilor

Matt Rush

Councilor

Lewis Walker

Councilor

Administrative Officials

Becky Fraze

Clerk/Treasurer

FINANCIAL SECTION

JW Anderson & Associates, PC

Certified Public Accountants

Coppertree Office Park
4412 74th Street, Suite F-101
PO Box 6785
Lubbock, Texas 79493-6785
Office (806) 771-4000
Fax (806) 771-4005

INDEPENDENT AUDITORS' REPORT

Hector Balderas, State Auditor
State of New Mexico, and
Village Council
Village of Dora
PO Box 308
Dora, NM 88115

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and the major special revenue funds, and the aggregate remaining fund information of the Village of Dora (Dora), as of and for the year ended June 30, 2007, which collectively comprise Dora's basic financial statements as listed in the table of contents. We have also audited the financial statements and budgetary comparisons of each of Dora's non-major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of Dora's management. Our responsibility is to express opinions on these financial statements based on our audit.

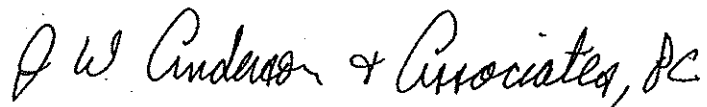
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Village of Dora as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village of Dora as of June 30, 2007, and the respective changes in financial position thereof, and budgetary comparisons of the nonmajor governmental funds and enterprise funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

The Village of Dora has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2009 on our consideration of Dora's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Governmental Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The Schedule of Deposits and Temporary Investments and Schedule of Collateral Pledged by Depository are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "J.W. Anderson & Associates, PC". The signature is written in dark ink and is positioned to the right of the typed company name.

JW ANDERSON & ASSOCIATES, PC
A Professional Corporation
Lubbock, Texas
February 10, 2009

BASIC FINANCIAL STATEMENTS

VILLAGE OF DORA, NEW MEXICO
 GOVERNMENT-WIDE STATEMENT OF NET ASSETS
 June 30, 2007

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total 2007
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 96,921	\$ 35,301	\$ 132,222
Certificates of Deposit	286,327	-	286,327
Investment with New Mexico State Treasurer	121,000	49,000	170,000
Utilities Accounts Receivable	-	136	136
Gross Receipts Taxes Receivable	2,704	-	2,704
Total Current Assets	506,952	84,437	591,389
Noncurrent Assets			
Restricted Cash	-	574	574
Capital Assets, Net:	827,146	570,749	1,397,895
Total Noncurrent Assets	827,146	571,323	1,398,469
Total Assets	\$ 1,334,098	\$ 655,760	\$ 1,989,858
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 5,330	\$ 1,547	\$ 6,877
Current Portion of Long-Term Debt	18,215	-	18,215
Total Current Liabilities	23,545	1,547	25,092
NONCURRENT LIABILITIES			
Customer Deposits	-	574	574
Long Term Debt Due After One Year	106,360	-	106,360
Total Noncurrent Liabilities	106,360	574	106,934
Total Liabilities	129,905	2,121	132,026
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	702,571	570,749	1,273,320
Restricted	-	574	574
Unrestricted	501,622	82,316	583,938
Total Net Assets	1,204,193	653,639	1,857,832
Total Liabilities and Net Assets	\$ 1,334,098	\$ 655,760	\$ 1,989,858

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VILLAGE OF DORA, NEW MEXICO
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2007

Functions and Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT			
Governmental Activities			
General Government	\$ 72,307	\$ 384	\$ 35,000
Public Safety	62,926	-	84,327
Senior Citizens	11,623	-	9,456
Parks, Culture & Recreation	10,169	-	-
Depreciation - Unallocated	65,653	-	-
Interest on Long Term Debt	8,130	-	-
Total Governmental Activities	230,808	384	128,783
Business Type Activities			
Operational Expenses	31,027	22,520	-
Depreciation	21,765	-	-
Total Business Type Activities	52,792	22,520	-
Total Primary Government	\$ 283,600	\$ 22,904	\$ 128,783

General Revenues:

- Taxes:
 - Gross Receipts
 - Property Tax
 - Gasoline
- Investment Earnings
- Other
- Transfers, Net

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year, as Reported
 Prior Period Adjustment

Net Assets - Beginning of Year, as Adjusted

Net Assets - End of Year

Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
\$ -	\$ (36,923)	\$ -	\$ (36,923)
-	21,401	-	21,401
-	(2,167)	-	(2,167)
-	(10,169)	-	(10,169)
-	(65,653)	-	(65,653)
-	(8,130)	-	(8,130)
-	(101,641)	-	(101,641)
215,593	-	207,086	207,086
-	-	(21,765)	(21,765)
215,593	-	185,321	185,321
<u>\$ 215,593</u>	<u>(101,641)</u>	<u>185,321</u>	<u>83,680</u>
	47,199	-	47,199
	874	-	874
	5,278	-	5,278
	17,218	3,554	20,772
	327	472	799
	(1,710)	1,710	-
	69,186	5,736	74,922
	(32,455)	191,057	158,602
	1,248,940	462,582	1,711,522
	(12,292)	-	(12,292)
	1,236,648	462,582	1,699,230
	<u>\$ 1,204,193</u>	<u>\$ 653,639</u>	<u>\$ 1,857,832</u>

VILLAGE OF DORA, NEW MEXICO
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	Fire Protection Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 72,863	\$ 11,826	\$ 12,232	\$ 96,921
Certificates of Deposit	266,243	16,552	3,532	286,327
Investment with New Mexico State Treasurer	91,667	5,500	23,833	121,000
Gross Receipts Taxes Receivable	2,287	-	417	2,704
Total Assets	<u>\$ 433,060</u>	<u>\$ 33,878</u>	<u>\$ 40,014</u>	<u>\$ 506,952</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 2,601	\$ 2,729	\$ -	\$ 5,330
Total Liabilities	2,601	2,729	-	5,330
FUND BALANCES				
Unreserved - Reported in Special Revenue Funds	-	-	40,014	40,014
Unreserved	430,459	31,149	-	461,608
Total Fund Balances	<u>430,459</u>	<u>31,149</u>	<u>40,014</u>	<u>501,622</u>
Total Liabilities and Fund Balances	<u>\$ 433,060</u>	<u>\$ 33,878</u>	<u>\$ 40,014</u>	<u>\$ 506,952</u>

VILLAGE OF DORA, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total Fund Balance - Governmental Funds \$ 501,622

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

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds 827,146

Certain liabilities are not due and payable in the current period and therefore
are not reported in the funds. Those liabilities include:
Notes Payable (124,575)

Net Assets of Governmental Activities \$ 1,204,193

VILLAGE OF DORA, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended June 30, 2007

	General Fund	Fire Protection Fund	Other Funds	Total Governmental Funds
REVENUES				
Taxes				
Gross Receipts	\$ 47,199	\$ -	\$ -	\$ 47,199
Property	874	-	-	874
Gasoline		-	5,278	5,278
License, Fees, and Registrations	384		-	384
Intergovernmental Subsidies				
Local Sources		6,700	-	6,700
State Sources	35,000	65,511	14,612	115,123
Federal Sources		5,000	1,960	6,960
Interest Income	14,809	975	1,434	17,218
Other	245	67	15	327
	<u>98,511</u>	<u>78,253</u>	<u>23,299</u>	<u>200,063</u>
Total Revenues				
EXPENDITURES				
<i>Current:</i>				
General Government	72,307	-	-	72,307
Public Safety	6,200	49,476	7,250	62,926
Senior Citizens	-	-	11,623	11,623
Parks, Culture & Recreation	10,092	-	77	10,169
<i>Debt Service:</i>				
Principal	-	17,094	-	17,094
Interest and Other Charges	-	8,130	-	8,130
	<u>88,599</u>	<u>74,700</u>	<u>18,950</u>	<u>182,249</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	9,912	3,553	4,349	17,814
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	2,500	2,500
Transfers Out	(4,210)	-	-	(4,210)
	<u>(4,210)</u>	<u>-</u>	<u>2,500</u>	<u>(1,710)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	5,702	3,553	6,849	16,104
Fund Balance, Beginning of Year	424,757	27,596	33,165	485,518
Fund Balance, End of Year	<u>\$ 430,459</u>	<u>\$ 31,149</u>	<u>\$ 40,014</u>	<u>\$ 501,622</u>

VILLAGE OF DORA, NEW MEXICO
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Net Changes in Fund Balance - Governmental Funds \$ 16,104

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

Governmental Funds to Statement of Activities Adjustments:

Debt service is an expenditure for governmental funds consisting
of both interest expense (\$8,130) and principal (\$17,094) for the
Notes Payable. The principal portion reduces Notes Payable
on the Governmental Activities Balance Sheet and is not an
expense on the Statement of Activities 17,094

Statement of Activities to Governmental Funds Adjustments:

Depreciation is recognized on the Statement of Activities as
allocating the cost of the assets over their estimated useful lives (65,653)

Change in Net Assets of Governmental Activities \$ (32,455)

VILLAGE OF DORA, NEW MEXICO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes				
Gross Receipts	\$ 60,000	\$ 60,000	\$ 47,869	\$ (12,131)
Property	860	860	874	14
Cigarette	50	50	-	(50)
License, Fees, and Registrations	410	410	384	(26)
Intergovernmental Subsidies	35,000	35,000	35,000	-
Interest Income	8,800	8,800	14,809	6,009
Other	-	-	245	245
Total Revenues	<u>105,120</u>	<u>105,120</u>	<u>99,181</u>	<u>(5,939)</u>
EXPENDITURES				
<i>Current:</i>				
General Government	70,806	72,506	72,579	(73)
Public Safety	6,000	6,490	6,200	290
Parks, Culture & Recreation	12,100	12,550	10,092	2,458
Total Operating Expenses	<u>88,906</u>	<u>91,546</u>	<u>88,871</u>	<u>2,675</u>
Operating Income	16,214	13,574	10,310	(3,264)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,500)	(2,500)	(4,210)	(1,710)
Total Other Financing Sources (Uses)	<u>(2,500)</u>	<u>(2,500)</u>	<u>(4,210)</u>	<u>(1,710)</u>
Net Change in Cash Balance	13,714	11,074	6,100	<u>\$ (4,974)</u>
Cash Balance - Beginning of Year	<u>424,673</u>	<u>424,673</u>	<u>424,673</u>	
Cash Balance - End of Year	<u>\$ 438,387</u>	<u>\$ 435,747</u>	<u>\$ 430,773</u>	

Reconciliation of Budgetary Basis to Financial Statement Basis

Total Revenues - Budgetary Basis	\$ 99,181
Less Prior Year Gross Receipts Tax Receivable	(2,957)
Add Current Year Gross Receipts Tax Receivable	<u>2,287</u>
Total Revenues - Financial Statement Basis	<u>\$ 98,511</u>
Total Expenditures - Budgetary Basis	\$ 88,871
Less Prior Year Accounts Payable	(2,873)
Add Current Year Accounts Payable	<u>2,601</u>
Total Expenditures - Financial Statement Basis	<u>\$ 88,599</u>

VILLAGE OF DORA, NEW MEXICO
 FIRE PROTECTION FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
County Subsidy	\$ 12,800	\$ 12,800	\$ 6,700	\$ (6,100)
State Fire Allotment	58,584	58,584	65,511	6,927
Bureau of Land Management	-	5,000	5,000	-
Interest Income	-	-	975	975
Other Revenues	-	-	67	67
Total Revenues	<u>71,384</u>	<u>76,384</u>	<u>78,253</u>	<u>1,869</u>
EXPENDITURES				
<i>Current:</i>				
Public Safety	45,707	51,207	47,750	3,457
<i>Debt Service:</i>				
Principal	17,094	17,094	17,094	-
Interest and Other Charges	8,130	8,130	8,130	-
Total Operating Expenses	<u>70,931</u>	<u>76,431</u>	<u>72,974</u>	<u>3,457</u>
Net Change in Cash Balance	453	(47)	5,279	<u>\$ 5,326</u>
Cash Balance - Beginning of Year	<u>28,599</u>	<u>28,599</u>	<u>28,599</u>	
Cash Balance - End of Year	<u>\$ 29,052</u>	<u>\$ 28,552</u>	<u>\$ 33,878</u>	

Reconciliation of Budgetary Basis to Financial Statement Basis

Total Expenditures - Budgetary Basis	\$ 72,974
Less Prior Year Accounts Payable	(1,003)
Add Current Year Accounts Payable	<u>2,729</u>
Total Expenditures - Financial Statement Basis	<u>\$ 74,700</u>

Add Current Year Accounts Payable

VILLAGE OF DORA, NEW MEXICO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

		Water Fund
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents		\$ 35,301
Investment with New Mexico State Treasurer		49,000
Utilities Accounts Receivable		<u>136</u>
	Total Current Assets	84,437
NONCURRENT ASSETS		
Restricted Cash		574
Capital Assets, Net		<u>570,749</u>
	Total Current Assets	<u>571,323</u>
	Total Assets	<u><u>\$ 655,760</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable		\$ 1,547
Customer Deposits		<u>574</u>
	Total Liabilities	2,121
NET ASSETS		
Invested in Capital Assets		570,749
Restricted		574
Unrestricted		<u>82,316</u>
	Total Net Assets	<u>653,639</u>
	Total Liabilities and Net Assets	<u><u>655,760</u></u>

VILLAGE OF DORA, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Water Fund
OPERATING REVENUES	
Water Revenue	\$ 18,773
Ambulance Charges	3,747
Other	<u>472</u>
Total Revenues	22,992
OPERATING EXPENDITURES	
Personnel	2,610
Supplies, Repairs and Maintenance	11,874
Utilities	2,881
Other Operating	13,662
Depreciation	<u>21,765</u>
Total Operating Expenses	<u>52,792</u>
Operating Loss	(29,800)
NONOPERATING REVENUES	
Interest Income	3,554
Capital Grants and Contributions	<u>215,593</u>
Total Nonoperating Revenues	<u>219,147</u>
Net Income Before Transfers	189,347
Transfers In	<u>1,710</u>
Net Transfers	<u>1,710</u>
Net Income After Transfers	191,057
Net Assets, Beginning of Year	<u>462,582</u>
Net Assets, End of Year	<u><u>\$ 653,639</u></u>

VILLAGE OF DORA, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 25,699
Payments to Suppliers and Contractors	(28,351)
Payments to and On Behalf of Employees	<u>(2,610)</u>
Net Cash Used by Operating Activities	(5,262)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In	<u>1,710</u>
Net Cash Provided by NonCapital Financing Activities	1,710
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Capital Grants and Contributions	<u>215,593</u>
Net Cash Provided by Capital Financing Activities	215,593
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Capital Assets	(216,025)
Interest Income	<u>3,554</u>
Net Cash Used by Investing Activities	(212,471)
Net Decrease in Cash and Cash Equivalents	(430)
Cash and Cash Equivalents at Beginning of Year	<u>85,305</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 84,875</u></u>
Reconciliation to Balance Sheet	
Cash and Cash Equivalents	\$ 35,301
Investment with New Mexico State Treasurer	49,000
Restricted Cash	<u>574</u>
	<u><u>\$ 84,875</u></u>
Reconciliation of Operating Income to Net Cash Flows	
Used by Operating Activities	
Operating Income	\$ (29,800)
Adjustments to Reconcile Operating Income	
to Net Cash Flows Used by Operating Activities	
Depreciation	21,765
Changes in	
Accounts Receivable	2,607
Accounts Payable	66
Customer Deposits	<u>100</u>
Net Cash Used by Operating Activities	<u><u>(5,262)</u></u>

VILLAGE OF DORA, STATE OF NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Dora (Dora) operates as incorporated village under the laws of the State of New Mexico. Dora operates under a Council - Mayor form of government, providing services as authorized by its charter: public safety (fire and emergency medical services), streets, sanitation, health and welfare, culture and recreation, public improvements, and general administrative services.

The financial statements of the Village of Dora have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB approved Statement No. 34 "*Basic Financial Statements and Management Discussion and Analysis for State and Local Government.*" In June 2001, the GASB approved Statement No. 37, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*" and Statement No. 38 "*Certain Financial Statement Note Disclosures.*" Statement No. 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies establishes and rescinds certain financial statement disclosure requirements. The Village of Dora implemented the provisions of the above statements effective July 1, 2003.

Reporting Entity – The Village Council (the Council) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Village of Dora is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "*The Financial Reporting Entity.*" There are no component units included within the reporting entity as defined by Statement No. 14.

Government-Wide and Fund Financial Statements – The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Village of Dora nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, State funds, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the Village of Dora operates have shared in the payment of the direct costs. The "*charges for services*" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the Village of Dora. Examples include user charges at recreation facilities, municipal court fines, licenses and fees and other administrative related items. The "*operating grants and contributions*" and "*capital grants and contributions*" columns include amounts paid by organizations outside to help meet the operational or capital requirements of a given function. Examples include grants under Housing and Urban Development's Community Development Block Grants or contributions from the State of New Mexico. If a revenue receipt is not considered program revenue, it is considered general revenue used to support all of the Village of Dora's functions. Taxes are always considered general revenues.

Interfund activities between governmental funds or between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and/or the Proprietary Fund Statement of Net Assets if any pending transfers exist at the end of the fiscal year, and as transfers in/transfers out on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and/or on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and proprietary. The Village of Dora considers some governmental funds major and their financial condition and results of operations are reported in separate columns from the non-major governmental funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expense are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Village of Dora considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property, franchise, and gross receipts taxes. Non-exchange transactions, in which the Village of Dora gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts and property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from gross receipts taxes are recognized when the underlying transaction takes place. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Miscellaneous revenues are recorded as revenue when received because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Any non-exchange transactions which can not be reasonably estimated are not recognized nor included in the accompanying financial statements.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes may require the Village of Dora to refund all or part of the unused amount.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Village of Dora applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. As allowed by GASB Statement 20, The Village of Dora has elected not to apply FASB pronouncements issued after November 30, 1989. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The government-wide and business-type activities fund statements utilize a net asset presentation. Net assets are categorized as follows:

Investment in Capital Assets, Net of Related Debt - This category reflects the portion of net assets that are associated with capital assets less any outstanding capital asset related debt.

Restricted Net Assets - Restricted net assets result from constraints placed on the use of net assets when externally imposed by creditors, grantors, laws and regulations of other governments, and imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This category reflects net assets of the Village, not restricted for any project or other purpose.

Fund Accounting – The Village of Dora used funds to report its financial position and results of its operations. Fund accounting segregates funds according to their intended purpose and is designated to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which include assets, liabilities, fund balance/net assets, revenues and expenditures/expenses.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The Village records reserves to indicate that a portion of fund balance is legally restricted for a specific future use or is not available for appropriation and/or expenditure.

Governmental Funds are those through which most of the governmental functions of the Village of Dora are financed. The Village of Dora reports the following major governmental funds:

The General Fund – The general fund is the Village of Dora’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Fire Protection Fund – The Fire Fund accounts for the receipts and expenditures of a special State grant related to rescue operations and for the operation and maintenance of the fire equipment. Additionally, the Village of Dora reports the following non-major governmental funds:

Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital outlays) that are restricted to expenditures for specified purposes.

Proprietary Funds are used for operations: (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Village of Dora reports the following major proprietary funds:

VILLAGE OF DORA, STATE OF NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Accounting Policies –

Cash Flows - For purposes of the statement of cash flows for proprietary funds, the Village of Dora considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories - The Village of Dora reports inventories of supplies at cost including consumable maintenance and office items. Supplies are recorded as expenditures when they are consumed.

Long Term Debt - 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences – There is no liability for unpaid accumulated annual leave since the Village does not have a policy to pay any amounts when employees separate from service from the Village.

Capital Assets - Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village of Dora as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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.

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. Interest expense during construction is capitalized in enterprise funds but not in governmental funds. Library books are not capitalized.

Buildings, furniture and equipment of the Village of Dora are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	30-40
Water Systems	40
Streets	10-20
Machinery and Equipment	10-20
Vehicles, Computer Equipment and Software	5-10

VILLAGE OF DORA, STATE OF NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Customer Deposits - Cash held in the Proprietary fund for customer deposits is restricted.

Utilities Receivables – The Village extends credit to its utilities customers without collateral during the month through the utilities billings. Management has not established an allowance for bad debts because the receivables reported at the end of the fiscal year are considered to be fully collectible.

Use of Restricted Cash - When the Village of Dora incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

Risk Management - The Village is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Any settled claims have not exceeded this commercial coverage in any preceding years.

Property Taxes – The County collects the Village of Dora’s share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent by the County Treasurer to property owners by November 1 of each year to be paid in whole or in two installments by November 10 and April 10 of the following year. The County collects such taxes and distributes them to the Village of Dora on a monthly basis. The Village of Dora accounts for its share of property taxes in the General Fund. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year. The Village of Dora has \$86 in uncollected property taxes, which is fully reserved as uncollectible. The Village of Dora is prohibited from writing off real property taxes.

NOTE B – PRIOR PERIOD ADJUSTMENT

Below details the prior period adjustment and its cumulative effect on government-wide net assets. The prior period adjustment did not affect the fund statements’ fund balance.

<u>Prior Period Adjustment:</u>	<u>Statement of Net Assets</u>
Balance at June 30, 2006, as previously reported	\$1,248,940
Accumulated Depreciation for General Capital Assets was understated at June 30, 2006	<u>(12,292)</u>
Balance at June 30, 2006, as adjusted	<u>\$1,236,648</u>

NOTE C – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data – The Village Council adopts an “appropriated budget” for the General Fund, Special Revenue Funds and the Enterprise Fund. The Village of Dora is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The Village compares the final amended budget to actual revenues and expenditures.

NOTE C – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. The Village of Dora submits a proposed operating budget for the fiscal year commencing July 1, prior to June 30. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for the General, Special Revenue and Proprietary Funds.
2. Public hearings are conducted to obtain taxpayer comments. The budgets are then submitted to the Department of Finance and Administration for review, adjustment and approval.
3. Prior to June 30, the budget is legally enacted through passage of a resolution and the council is authorized to transfer budgeted amounts between departments with any fund. Any revisions that alter the total expenditures of any fund must be approved by the Department of Finance and Administration, Local Government Division.
4. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue and Proprietary Funds. Budgets for the Village's budgeted funds are adopted on the cash basis which is not consistent with generally accepted accounting principles. Budgetary comparisons have been presented in this report on the basis of the legally adopted budget.
5. Budgets for all funds are adopted on a regulatory prescribed cash basis. The level of budgetary control is by fund type. Budgetary information is presented as adopted and amended, with the amendments being adopted in a legally prescribed manner. Appropriations lapse at year end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.
6. The budgets secure appropriations for only one year. All annual appropriations lapse at the end of the fiscal year, or as amended by village council. The level of classification detail in which expenditures may not legally exceed appropriations for each budget is in fund total.

NOTE D – CASH DEPOSITS AND INVESTMENTS

State statutes authorize the investment of the Village of Dora's 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 of the Village of Dora's invested funds properly follow State deposit and investment requirements as of June 30, 2007.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more financial institution. 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.

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.

VILLAGE OF DORA, STATE OF NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2007

NOTE D – CASH 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.

Custodial Credit Risk - 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 Village of Dora does not have a formal deposit policy for custodial credit risk other than following the state statutes as put forth in the Public Money Act (Sec. 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2007, the carrying values of the Village of Dora's deposits were \$589,123. The total cash balance in financial institutions of \$592,810 at June 30, 2007 consisting of savings deposits, time deposits and interest-bearing NOW accounts.

In accordance with FDIC, public unit deposits are funds owned by the Village of Dora. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution. Of the Village of Dora's funds on deposit, \$415,725 was covered by federal depository insurance, with an additional \$7,085 covered by the collateral pledged by the financial institution in the Village of Dora's name. As of June 30, 2007, the Village of Dora had no bank deposits subject to custodial credit risk.

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 of Dora for at least one half of the amount on deposit with the institution. The types of collateral an institution is permitted to use as pledged securities are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico.

Year Ended June 30, 2007	Portales National Bank	Wells Fargo Bank	New Mexico Bank and Trust	First Financial Credit Union	First Community Bank	Total
Total Cash Deposits	\$ 98,735	\$ 107,085	\$ 80,000	\$ 79,467	\$ 57,523	\$ 422,810
FDIC/SIPC Coverage	<u>(98,735)</u>	<u>(100,000)</u>	<u>(80,000)</u>	<u>(79,467)</u>	<u>(57,523)</u>	<u>(415,725)</u>
Unsecured Deposits	-	7,085	-	-	-	7,085
Securities Held by the Investment Trustee in the Village's Name	<u>-</u>	<u>(53,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,950)</u>
Funds (Over) Under Collateralized - Total Funds Subject to Custodial Credit Risk	<u>\$ -</u>	<u>\$(46,865)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(46,865)</u>

VILLAGE OF DORA, STATE OF NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2007

NOTE D – CASH DEPOSITS AND INVESTMENTS - Continued

Year Ended June 30, 2007	Portales National Bank	Wells Fargo Bank	New Mexico Bank and Trust	First Financial Credit Union	First Community Bank	Total
Collateral Requirements:						
50% of Uninsured Funds	\$ -	\$ 3,542	\$ -	\$ -	\$ -	\$ 3,542
Pledged Securities	-	(53,950)	-	-	-	(53,950)
(Over) Under Collateralized	<u>\$ -</u>	<u>\$ (50,408)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,408)</u>

Other Investments - The Village also maintains investments outside of the internal investment pool in the LGIP, as operated by the New Mexico State Treasurer. The funds are 30% invested in money market funds investing in federal government-backed securities and 70% in government and agency bonds. The investments are in compliance with state statutes regarding investments of governmental funds. These investments have not been rated.

Section 6-10-10.1, 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 funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government.

The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares and earnings are distributed monthly by the State Treasurer to the participants in proportion to the amount and length of time the participants have funds on deposit. Participation in the LGIP is voluntary and can be liquidated by the Village of Dora at the Village council's discretion. The Village of Dora's balance in the LGIP account as of June 30, 2007 is \$170,000.

NOTE E – INTERFUND TRANSFERS

Interfund transfers are made for various purposes throughout the year. Transfers made by the Village of Dora during the fiscal year ended June 30, 2007 are listed below:

<u>Transfer Description</u>	<u>Amount</u>	<u>From</u>	<u>To</u>
General Fund subsidized the ambulance purchase and CDBG grant matching	1,710	General	Proprietary
General Fund subsidizes Senior Citizen Fund activities	<u>2,500</u>	General	Senior Citizens
Total Transfers	<u>\$ 4,210</u>		

NOTE F – POST EMPLOYMENT BENEFITS

The Village has elected not to participate in the Retiree Health Care Act of New Mexico's retiree health care program or in the State of New Mexico's PERA retirement program.

VILLAGE OF DORA, STATE OF NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2007

NOTE G – CAPITAL ASSET ACTIVITY

Capital asset activity for the Village of Dora for the year ended June 30, 2007, was as follows:

	Balance June 30, 2006	Adjustments	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2007
Governmental Activities:					
Assets Not Depreciated:					
Land	\$ 13,519	\$ -	\$ -	\$ -	\$ 13,519
Depreciable Assets:					
Buildings and Improvements	364,653	-	-	-	364,653
Infrastructure	254,493	-	-	-	254,493
Machinery & Equipment	137,699	-	-	-	137,699
Vehicles	<u>715,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>715,677</u>
Total Depreciable Assets	1,472,522	-	-	-	1,472,522
Accumulated Depreciation:					
Buildings and Improvements	(180,809)	-	(10,264)	-	(191,073)
Infrastructure	(136,677)	12,095	(7,851)	-	(132,433)
Machinery & Equipment	(65,207)	53	(8,783)	-	(73,937)
Vehicles	<u>(198,257)</u>	<u>(24,440)</u>	<u>(38,755)</u>	<u>-</u>	<u>(261,452)</u>
Total Accumulated Depreciation	<u>(580,950)</u>	<u>(12,292)</u>	<u>(65,653)</u>	<u>-</u>	<u>(658,895)</u>
Net Depreciable Assets	<u>891,572</u>	<u>(12,292)</u>	<u>(65,653)</u>	<u>-</u>	<u>813,627</u>
Net Governmental Capital Assets	<u>\$ 905,091</u>	<u>\$ (12,292)</u>	<u>\$ (137,306)</u>	<u>\$ -</u>	<u>\$ 827,146</u>
Business-Type Activities:					
Assets Not Depreciated:					
Land	\$25,099	\$ -	\$ -	\$ -	\$ 25,099
Depreciable Assets:					
Infrastructure	563,202	-	105,593	-	668,795
Equipment	<u>21,729</u>	<u>-</u>	<u>110,432</u>	<u>-</u>	<u>132,161</u>
Total Depreciable Assets	584,931	-	216,025	-	800,956
Accumulated Depreciation:					
Infrastructure	(224,501)	-	(18,104)	-	(242,605)
Equipment	<u>(9,040)</u>	<u>-</u>	<u>(3,661)</u>	<u>-</u>	<u>(12,701)</u>
Total Accumulated Depreciation	<u>(233,541)</u>	<u>-</u>	<u>(21,765)</u>	<u>-</u>	<u>(255,306)</u>
Net Depreciable Assets	<u>351,390</u>	<u>-</u>	<u>194,260</u>	<u>-</u>	<u>545,650</u>
Net Business-type Capital Assets	<u>\$ 376,489</u>	<u>\$ -</u>	<u>\$ 320,175</u>	<u>\$ -</u>	<u>\$ 570,749</u>

Depreciation expense for the year ended June 30, 2007 for the Water and Sewer fund is \$21,765.

The Village of Dora reported \$65,653 of depreciation in general fixed assets in use by governmental funds on the Government-Wide Statement of Activities. The Village of Dora did not allocate the depreciation to the various governmental functions, instead presenting the amount separately from the functions on the statement.

VILLAGE OF DORA, STATE OF NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2007

NOTE H – LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2007 is as follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2007</u>
General Debt:				
Fire Truck	\$ 126,550	\$ -	\$ 8,966	\$ 117,584
Fire Truck	<u>15,119</u>	<u>-</u>	<u>8,128</u>	<u>6,991</u>
Totals	<u>\$ 141,669</u>	<u>\$ -</u>	<u>\$ 17,094</u>	<u>\$ 124,575</u>

<u>Description</u>	<u>Date</u> <u>of Issue</u>	<u>Original</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Fire Truck	05/01/06	126,550	3.9%	117,584	11,224
Fire Truck	11/21/01	32,164	5.9%	<u>6,991</u>	<u>6,991</u>
Total - All Debt				<u>\$ 124,575</u>	<u>\$ 18,215</u>

November 21, 2001 the Village of Dora entered into a loan agreement with a local financial institution to purchase a fire truck, financing \$32,164. This loan is due in annual installments with interest at 3.9% maturing in July, 2008. The fire truck debt service is paid from the Fire Protection governmental fund of the Village of Dora.

The Village of Dora entered into a loan agreement with New Mexico Finance Authority in May, 2006 to purchase a fire truck with annual principal payments and semi-annual interest payments totaling approximately \$15,889 per fiscal year. The fire truck debt service is paid from the Fire Protection governmental fund of the Village of Dora.

There are a number of limitations and restrictions contained in the loans. Management has indicated that the Village of Dora is in compliance with all significant limitations and restrictions at June 30, 2007.

The annual requirements to amortize the principal of all debt outstanding as June 30, 2007, are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 18,215	\$ 5,064	\$ 23,279
2009	11,613	4,272	15,885
2010	12,031	3,855	15,886
2011	12,478	3,409	15,887
2012	12,959	2,930	15,889
2013	13,474	2,415	15,889
2014	14,025	1,865	15,890
2015	14,612	1,281	15,893
2016	<u>15,168</u>	<u>660</u>	<u>15,828</u>
Total	<u>\$ 124,575</u>	<u>\$ 25,751</u>	<u>\$ 150,326</u>

COMBINING FUND STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

Recreation Fund – Accounts for operations and maintenance of recreation facilities. Financing is provided by a specific tax on cigarette sales. (Section 5-4-1 NMSA 1978)

Emergency Medical Services Fund – Accounts for operations and maintenance of the EMS department. Financing is provided by motor vehicle registration fees. (Section 24-10A-6, NMSA 1978)

Municipal Street Fund – Accounts for the receipts and expenditures of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality (Section 7-1-6.9 NMSA 1978).

Senior Citizens Fund – Accounts for the collection and disbursement of the federal and state grants collected by the Village of Dora on behalf of the Senior Citizens (Section 28-4-1, NMSA 1978/Older Americans Act of 1965, 42 USA 3001 as amended)

VILLAGE OF DORA, NEW MEXICO
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2007

	Recreation Fund	EMS Fund	Municipal Street Fund	Senior Citizens Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 308	\$ 10,206	\$ 1,718	\$ 12,232
Certificates of Deposit	-	-	3,532	-	3,532
Investment with New Mexico State Treasurer	-	-	23,833	-	23,833
Gasoline Tax Receivable	-	-	417	-	417
Total Assets	<u>\$ -</u>	<u>\$ 308</u>	<u>\$ 37,988</u>	<u>\$ 1,718</u>	<u>\$ 40,014</u>
FUND BALANCES					
Unreserved	-	308	37,988	1,718	40,014
Total Fund Balances	<u>\$ -</u>	<u>\$ 308</u>	<u>\$ 37,988</u>	<u>\$ 1,718</u>	<u>\$ 40,014</u>

VILLAGE OF DORA, NEW MEXICO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2007

	Recreation Fund	EMS Fund	Municipal Street Fund	Senior Citizens Fund	Total Governmental Funds
REVENUES					
Intergovernmental Subsidies					
State Sources	\$ -	\$ 7,116	\$ -	\$ 7,496	\$ 14,612
Federal Sources	-	-	-	1,960	1,960
Gasoline Taxes	-	-	5,278	-	5,278
Interest Income	-	7	1,427	-	1,434
Other	-	-	-	15	15
Total Revenues	<u>-</u>	<u>7,123</u>	<u>6,705</u>	<u>9,471</u>	<u>23,299</u>
EXPENDITURES					
<i>Current:</i>					
Recreation	77	-	-	-	77
Senior Citizens	-	-	-	11,623	11,623
Public Safety	-	7,250	-	-	7,250
Total Expenditures	<u>77</u>	<u>7,250</u>	<u>-</u>	<u>11,623</u>	<u>18,950</u>
Excess (Deficiency) of Revenues over Expenditures	(77)	(127)	6,705	(2,152)	4,349
OTHER FINANCING SOURCES					
Transfers In	-	-	-	2,500	2,500
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Net Change in Fund Balance	(77)	(127)	6,705	348	6,849
Fund Balance, Beginning of Year	<u>77</u>	<u>435</u>	<u>31,283</u>	<u>1,370</u>	<u>33,165</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 308</u>	<u>\$ 37,988</u>	<u>\$ 1,718</u>	<u>\$ 40,014</u>

VILLAGE OF DORA, NEW MEXICO
 RECREATION FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Cigarette	\$ 35	\$ 35	\$ -	\$ (35)
Donations	20	20	-	(20)
Total Revenues	<u>55</u>	<u>55</u>	<u>-</u>	<u>(55)</u>
EXPENDITURES				
Parks & Recreation Supplies	<u>77</u>	<u>77</u>	<u>77</u>	<u>-</u>
Total Operating Expenses	<u>77</u>	<u>77</u>	<u>77</u>	<u>-</u>
Net Change in Fund Balance	(22)	(22)	(77)	<u>\$ (55)</u>
Cash Balance - Beginning of Year	<u>77</u>	<u>77</u>	<u>77</u>	
Cash Balance - End of Year	<u>\$ 55</u>	<u>\$ 55</u>	<u>\$ -</u>	

VILLAGE OF DORA, NEW MEXICO
 EMERGENCY MEDICAL SERVICES FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental Subsidies	\$ 7,116	\$ 7,116	\$ 7,116	\$ -
Interest Income	4	4	7	3
Total Revenues	<u>7,120</u>	<u>7,120</u>	<u>7,123</u>	<u>3</u>
EXPENDITURES				
Public Safety	<u>7,250</u>	<u>7,250</u>	<u>7,250</u>	<u>-</u>
Total Operating Expenses	<u>7,250</u>	<u>7,250</u>	<u>7,250</u>	<u>-</u>
Net Change in Cash Balance	(130)	(130)	(127)	<u>\$ 3</u>
Cash Balance - Beginning of Year	<u>435</u>	<u>435</u>	<u>435</u>	
Cash Balance - End of Year	<u>\$ 305</u>	<u>\$ 305</u>	<u>\$ 308</u>	

VILLAGE OF DORA, NEW MEXICO
MUNICIPAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Gasoline Tax	\$ 5,000	\$ 5,000	\$ 5,278	\$ 278
Interest Income	1,150	1,150	1,427	277
Total Revenues	<u>6,150</u>	<u>6,150</u>	<u>6,705</u>	<u>555</u>
EXPENDITURES				
Street Repairs	4,500	4,500	-	4,500
Total Operating Expenses	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Net Change in Fund Balance	1,650	1,650	6,705	<u>\$ 5,055</u>
Cash Balance - Beginning of Year	<u>30,866</u>	<u>30,866</u>	<u>30,866</u>	
Cash Balance - End of Year	<u>\$ 32,516</u>	<u>\$ 32,516</u>	<u>\$ 37,571</u>	

Reconciliation of Budgetary Basis to Financial Statement Basis

Total Revenues - Budgetary Basis	\$ 6,705
Less Prior Year Gasoline Tax Receivable	(417)
Add Current Year Gasoline Tax Receivable	<u>417</u>
Total Revenues - Financial Statement Basis	<u>\$ 6,705</u>

VILLAGE OF DORA, NEW MEXICO
 SENIOR CITIZENS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State Grants	\$ 7,496	\$ 7,496	\$ 7,528	\$ 32
Federal Grants	1,960	1,960	2,562	602
Other	-	-	15	15
Total Revenues	<u>9,456</u>	<u>9,456</u>	<u>10,105</u>	<u>649</u>
EXPENDITURES				
Senior Citizens	<u>11,956</u>	<u>11,956</u>	<u>11,623</u>	<u>333</u>
Total Operating Expenses	<u>11,956</u>	<u>11,956</u>	<u>11,623</u>	<u>333</u>
Operating Income (Loss)	<u>(2,500)</u>	<u>(2,500)</u>	<u>(1,518)</u>	<u>316</u>
OTHER FINANCING USES				
Transfers In	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>(4,805)</u>
Total Other Financing Uses	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>4,805</u>
Net Change in Cash Balance	<u>-</u>	<u>-</u>	<u>982</u>	<u>\$ 982</u>
Cash Balance - Beginning of Year	<u>736</u>	<u>736</u>	<u>736</u>	
Cash Balance - End of Year	<u>\$ 736</u>	<u>\$ 736</u>	<u>\$ 1,718</u>	

Reconciliation of Budgetary Basis to Financial Statement Basis

Total Revenues - Budgetary Basis	\$ 10,105
Less Prior Year Intergovernmental Receivable	(634)
Add Current Year Intergovernmental Receivable	<u>-</u>
Total Revenues - Financial Statement Basis	<u>\$ 9,471</u>

PROPRIETARY FUND

Water Fund – The Water Fund is used to account for the provision of water services to the residents of the Village of Dora. All activities necessary to provide such services are accounted for in this fund including administration, operations billing and maintenance. The fund also accounts for the billings and collections of ambulance services.

VILLAGE OF DORA, NEW MEXICO
WATER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET ASSETS - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
OPERATING REVENUES				
Water Revenue	\$ 26,250	\$ 26,250	\$ 21,380	\$ (4,870)
Ambulance Charges	-	-	3,747	3,747
Water Meter Deposits Received	-	-	200	200
Other	3,534	3,534	472	(3,062)
Total Revenues	29,784	29,784	25,799	(3,985)
OPERATING EXPENDITURES				
<i>Current:</i>				
Personnel, Benefits and Operations	35,511	35,511	30,961	4,550
Water Meter Deposits Refunded	-	-	100	(100)
<i>Capital Outlay</i>	290,892	290,892	216,025	74,867
Total Operating Expenses	326,403	326,403	247,086	79,317
Operating Income	(296,619)	(296,619)	(221,287)	75,332
NONOPERATING REVENUE (EXPENSES)				
Capital Grants and Contributions	286,392	286,392	215,593	(70,799)
Interest Income	-	-	3,554	3,554
Total Nonoperating Revenues (Expenses)	286,392	286,392	219,147	(67,245)
Net Income (Loss) Before Transfers	(10,227)	(10,227)	(2,140)	8,087
Transfers, Net	-	-	1,710	1,710
Net Income (Loss) After Transfers	(10,227)	(10,227)	(430)	8,087
Cash Balance - Beginning of Year	84,831	84,831	85,305	474
Cash Balance - End of Year	\$ 74,604	\$ 74,604	\$ 84,875	\$ 474

**Reconciliation of Net Loss for Budgetary Basis to
Statement of Activities for Proprietary Funds**

Net Income - Budgetary Basis \$ (430)

Amounts reported in the Statement of Activities differ because:

Collections of prior year accounts receivable is a budgeted item but is reported on the Statement of Net Assets	(2,743)
Current year accounts receivable is reported on the Statement of Net Assets and is not a budgeted item	136
Payment of prior year accounts payable is a budgeted expenditure item but is reported on the Statement of Net Assets	1,481
Current year accounts payable is reported on the Statement of Net Assets and is not a budgeted expenditure item	(1,547)
Receipt of meter deposits is a cash item but is accounted for as a increase in liability on the Statement of Net Assets	(200)
Refunds of meter deposits is a cash item but is accounted for as a reduction of liability on the Statement of Net Assets	100
Capital Outlay is a budget expenditure but is reported on the Statement Net Assets	216,025
Depreciation is reported on Statement of Activities and is not a budget expenditure item	(21,765)
Net Income After Transfers - Financial Statement Basis	\$ 191,057

SUPPLEMENTAL INFORMATION

VILLAGE OF DORA, NEW MEXICO
 SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
 FOR PUBLIC FUNDS
 Year Ending June 30, 2007

Name of Depository	Pledged Collateral	CUSIP	Name and Location of Custodian	Fair Market Value June 30, 2007
Wells Fargo Bank, NA	GNMA Matures 5/1/2036	31410SA80	Wells Fargo Bank San Francisco, CA	<u>\$ 53,950</u>

VILLAGE OF DORA, NEW MEXICO
SCHEDULE OF DEPOSITS AND TEMPORARY INVESTMENTS
BY DEPOSITORY FOR PUBLIC FUNDS
ALL FUNDS
Year Ending June 30, 2007

Account Description	Account Number	Account Type	Bank Balance June 30, 2007	Net Reconciling Items	Reconciled Balance June 30, 2007
Portales National Bank					
Village of Dora	2805	CD	98,735	-	98,735
New Mexico Bank and Trust					
Village of Dora	25285	CD	80,000	-	80,000
First Financial Credit Union					
Village of Dora	19	CD	25,589	-	25,589
Village of Dora	24	CD	50,184	-	50,184
Village of Dora	1	Savings	3,694	-	3,694
Total First Financial Credit Union			79,467	-	79,467
First Community Bank					
Village of Dora	02-06395364	CD	57,523	-	57,523
Wells Fargo Bank, NA					
Village of Dora	135-5611888	Money Mkt	71,150	-	71,150
Village of Dora	190-0196991	Interest Checking	35,935	(3,794)	32,141
Total Wells Fargo Bank, NA			107,085	(3,794)	103,291
New Mexico State Treasurer - Local Government Investment Pool					
Village of Dora	7002-1234	Savings	170,000	-	170,000
		Total Cash on Deposit	592,810	(3,794)	589,016
		Cash on Hand	-	-	107
		Total Cash and Cash Equivalents	592,810	(3,794)	589,123

Reconciliation of Accounts to Government-wide Balance Sheet

	Governmental Activities	Business-Type Activities	Total 2007
Cash and Cash Equivalents	\$ 96,921	\$ 35,301	\$ 132,222
Certificates of Deposit	286,327	-	286,327
Investment with New Mexico State Treasurer	121,000	49,000	170,000
Restricted Cash	-	574	574
	<u>\$ 504,248</u>	<u>\$ 84,875</u>	<u>\$ 589,123</u>

COMPLIANCE

JW Anderson & Associates, PC

Certified Public Accountants

Coppertree Office Park
4412 74th Street, Suite F-101
PO Box 6785
Lubbock, Texas 79493-6785
Office (806) 771-4000
Fax (806) 771-4005

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*

Hector Balderas, State Auditor
State of New Mexico, and
Village Council
Village of Dora
PO Box 308
Dora, NM 88115

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and the major special revenue funds, and the aggregate remaining fund information of the Village of Dora (Dora), as of and for the year ended June 30, 2007, which collectively comprise Dora's basic financial statements as listed in the table of contents and have issued our report thereon dated February 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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 of Dora's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Dora's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Dora's financial statements that is more than inconsequential will not be prevented or detected by the Village of Dora's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Dora's internal control.

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

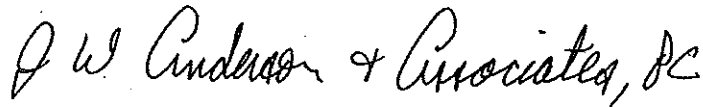
Compliance and Other Matters

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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16 and Section 12-6-5 NMSA 1978 which are described in the accompanying Schedule of Audit Findings as 2005-4, and 2007-1.

The Village of Dora's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Village Council and management, the Office of the State Auditor, the New Mexico Legislature, New Mexico Department of Finance and Administration – Local Government Division and applicable state and federal awarding agencies and pass-through agencies, and is not intended to be and should not be used by anyone other than these specified parties.



JW Anderson & Associates, PC
Certified Public Accountants
Lubbock, Texas
February 10, 2009

VILLAGE OF DORA, STATE OF NEW MEXICO
SCHEDULE OF AUDIT FINDINGS
For the Year Ended June 30, 2007

Prior Year -

<u>Finding</u>	<u>Description</u>	<u>Status</u>
2005-01	Unemployment Reports	Resolved
2005-03	Missing Invoices	Resolved
2005-04	Segregation of Duties	Repeated in 2007
2006-01	Budget Overruns	Resolved

VILLAGE OF DORA, STATE OF NEW MEXICO
SCHEDULE OF AUDIT FINDINGS
For the Year Ended June 30, 2007

Current Year -

2005-4 Segregation of Duties

CONDITION - The clerk for the Village of Dora performs all payroll functions, billing and receipting functions and all procurement functions.

CRITERIA – Good internal controls require segregation of payroll, procurement and receipting functions.

CAUSE - The Village is a small agency and does not have the adequate resources necessary to separate incompatible functions. Although the Village has established some compensating controls, some internal control incompatibilities are inherent to the operations of the Village.

EFFECT - The Village's assets are susceptible to misappropriation or misallocation.

RECOMMENDATION – Additional controls should be implemented within the Village council in conjunction with the Clerk to strengthen controls as much as possible.

MANAGEMENT'S RESPONSE - The Village will continue to refine internal controls where necessary to maximize safeguarding of the village assets.

VILLAGE OF DORA, STATE OF NEW MEXICO
SCHEDULE OF AUDIT FINDINGS
For the Year Ended June 30, 2007

Current Year -

2007-01 Late Audit Report

CONDITION - The audit report for fiscal year 2007 was not submitted by December 1, 2007, causing Village to be out of compliance with New Mexico State Auditor Rule 2.2.2.9A (1).

CRITERIA - New Mexico State Auditor Rule 2.2.2.9A (1) requires audit reports for municipalities to be submitted by December 1st following the end of the fiscal year.

CAUSE – The Independent Public Accountant incurred an involuntary reduction in audit personnel specializing in GASB 34 audit preparation, causing significant delays in submission.

EFFECT – The Village's financial status and other information is not available to the public and various state agencies in a timely manner.

RECOMMENDATION - The Village was not at fault with the late submission. No recommendation is necessary at this time.

MANAGEMENT'S RESPONSE - The Village has contracted with another Independent Public Accountant for the fiscal year 2008 and will proactively work with the new Independent Public Accountants to expedite the preparation of current and future financial statement audits.

VILLAGE OF DORA, STATE OF NEW MEXICO
EXIT CONFERENCE
For the Year Ended June 30, 2007

The contents of this report were discussed with the Village of Dora on October 11, 2007. The following individuals were available for the conference:

Village of Dora

Mickey Burkett, Mayor
Becky Frazee, Village Secretary

J.W. Anderson & Associates, PC

Larry Anderson, President
Scott Northam, Audit Manager

The financial statements of Village of Dora were prepared from original books and records provided by and with assistance from the management of the Village and J.W. Anderson & Associates, PC.

Although Statement of Auditing Standards No. 112 - *Communicating Internal Control Related Matters Identified in an Audit* strongly emphasizes that the Village of Dora prepare its own financial statements, the consensus between the Village management and the auditors was that it would be more time and cost efficient for the auditors to prepare the financial statements and the related notes. Accordingly, the Village has designated a competent management-level individual to oversee the auditors' services and have made all management decisions and performed all management functions. The Village has reviewed, approved, and accepted responsibility for the accompanying financial statements and related notes, and for ensuring that the underlying accounting records adequately support the preparation of the financial statements in accordance with generally accepted accounting principles and that the records are current and in balance.

JW Anderson & Associates, PC

Certified Public Accountants

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4412 74th Street, Suite F-101
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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Hector Balderas, State Auditor
State of New Mexico, and
Village Council
Village of Dora
PO Box 308
Dora, NM 88115

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparisons for the general fund and the major special revenue funds, and the aggregate remaining fund information of the Village of Dora (Dora), as of and for the year ended June 30, 2007, which collectively comprise Dora's basic financial statements as listed in the table of contents and have issued our report thereon dated February 10, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated October 10, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As such, there is a risk that material misstatements may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

As part of our audit, we considered the internal control of the Village. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management regarding the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2007. We noted no transactions entered into by the Village during the year that were both significant and unusual, and of which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of the allowances for doubtful accounts, which is based on a historical average of bad debt write-offs, and depreciation, based on the useful lives and cost of capital assets. We evaluated the key factors and assumptions used to develop the allowances for doubtful accounts depreciation and in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Professional standards define an audit adjustment as a proposed correction to the financial statements that, in our judgment, may not have been detected except through auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Village's financial reporting process. In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by management, either individually or in the aggregate, indicate matters that could have a significant effect on the Village's financial reporting process.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 10, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of Village Council and management, the Office of the State Auditor, the New Mexico Legislature, New Mexico Department of Finance and Administration – Local Government Division and applicable state and federal awarding agencies and pass-through agencies, and is not intended to be and should not be used by anyone other than these specified parties.

J W Anderson & Associates, PC

JW Anderson & Associates, PC
Certified Public Accountants
Lubbock, Texas
November 15, 2008