

STATE OF NEW MEXICO

VILLAGE OF DORA

AUDIT REPORT

***For the Year Ended June 30, 2012
(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, 2012

(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, 2012

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
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Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

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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

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 comparison for the General and Fire Protection Funds of the Village of Dora, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the non-major governmental and enterprise funds and the budgetary comparisons for all non-major governmental and enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the Village 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Dora's internal control over financial reporting. According, we express no such opinion. 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, each major fund, and the aggregate remaining fund information of the Village of Dora, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General and Fire Protection 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 non-major governmental and enterprise funds of the Village of Dora, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the non-major governmental and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013 on our consideration of the Village of Dora's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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.

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



June 25, 2013

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF DORA
Statement of Net Assets
June 30, 2012

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 671,112	\$ 84,462	\$ 755,574
Accounts receivable (net of uncollectible accounts)	<u>5,838</u>	<u>4,276</u>	<u>10,114</u>
Total current assets	<u>676,950</u>	<u>88,738</u>	<u>765,688</u>
Restricted Assets (Cash)			
Customer meter deposits	<u>-</u>	<u>1,024</u>	<u>1,024</u>
Total restricted assets	<u>-</u>	<u>1,024</u>	<u>1,024</u>
Capital Assets			
Land	13,519	25,099	38,618
Equipment and vehicles	1,005,523	132,161	1,137,684
Buildings and improvements	536,626	-	536,626
Plant/Infrastructure	<u>247,451</u>	<u>668,795</u>	<u>916,246</u>
Total capital assets	<u>1,803,119</u>	<u>826,055</u>	<u>2,629,174</u>
Less accumulated depreciation	(1,038,116)	(361,179)	(1,399,295)
Total capital assets (net of accumulated depreciation)	<u>765,003</u>	<u>464,876</u>	<u>1,229,879</u>
Total assets	<u>\$ 1,441,953</u>	<u>\$ 554,638</u>	<u>\$ 1,996,591</u>

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Statement of Net Assets
June 30, 2012

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Customer meter deposits (restricted)	-	1,024	1,024
NMFA Loan (current portion)	20,479	-	20,479
Total current liabilities	20,479	1,024	21,503
Non-Current Liabilities			
Compensated absences payable	-	-	-
NMFA Loan payable	201,806	-	201,806
Total non-current liabilities	201,806	-	201,806
Total liabilities	222,285	1,024	223,309
Net Assets			
Invested in capital assets net of related debt	542,718	464,876	1,007,594
Unrestricted	676,950	88,738	765,688
Total net assets	1,219,668	553,614	1,773,282
Total liabilities and net assets	\$ 1,441,953	\$ 554,638	\$ 1,996,591

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, 2012

Statement 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 59,682	\$ 100	\$ 92	\$ -	\$ (59,490)	\$ -	\$ (59,490)
Highways and streets	2,663	-	-	-	(2,663)	-	(2,663)
Public safety	60,787	18,890	190,148	-	148,251	-	148,251
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	23,134	-	10,300	-	(12,834)	-	(12,834)
Interest	1,158	-	-	-	(1,158)	-	(1,158)
Depreciation - unallocated	114,005	-	-	-	(114,005)	-	(114,005)
Total governmental activities	<u>261,429</u>	<u>18,990</u>	<u>200,540</u>	<u>-</u>	<u>(41,899)</u>	<u>-</u>	<u>(41,899)</u>
Business-type activities:							
Water services	48,354	33,479	-	-	-	(14,875)	(14,875)
Solid waste services	6,902	6,545	-	-	-	(357)	(357)
Total business-type activities	<u>55,256</u>	<u>40,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,232)</u>	<u>(15,232)</u>
Total all activities	<u>\$ 316,685</u>	<u>\$ 59,014</u>	<u>\$ 200,540</u>	<u>\$ -</u>	<u>(41,899)</u>	<u>(15,232)</u>	<u>(57,131)</u>
General Revenues:							
Property taxes					1,285	-	1,285
Gross receipts taxes					34,272	-	34,272
Gasoline taxes					5,906	-	5,906
Motor vehicle taxes					316	-	316
State aid not restricted to special purpose							
General					35,000	-	35,000
Transfers					-	-	-
Investment earnings					1,564	616	2,180
Total general revenues					<u>78,343</u>	<u>616</u>	<u>78,959</u>
Change in net assets					36,444	(14,616)	21,828
Net assets - beginning of year					1,183,224	568,230	1,751,454
Net assets - ending					<u>\$ 1,219,668</u>	<u>\$ 553,614</u>	<u>\$ 1,773,282</u>

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Balance Sheet
Governmental Funds
June 30, 2012

Statement 3

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 360,437	\$ 303,462	\$ 7,213	\$ 671,112
Accounts receivable	2,192	-	3,646	5,838
Due from other funds	26,000	-	-	26,000
	<u>388,629</u>	<u>303,462</u>	<u>10,859</u>	<u>702,950</u>
Total assets	<u>\$ 388,629</u>	<u>\$ 303,462</u>	<u>\$ 10,859</u>	<u>\$ 702,950</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	26,000	-	26,000
	<u>-</u>	<u>26,000</u>	<u>-</u>	<u>26,000</u>
Total liabilities	<u>-</u>	<u>26,000</u>	<u>-</u>	<u>26,000</u>
FUND BALANCE				
Restricted	7,161	277,462	10,859	295,482
Committed	-	-	-	-
Unassigned	381,468	-	-	381,468
	<u>388,629</u>	<u>277,462</u>	<u>10,859</u>	<u>676,950</u>
Total fund balance	<u>388,629</u>	<u>277,462</u>	<u>10,859</u>	<u>676,950</u>
Total liabilities and fund balance	<u>\$ 388,629</u>	<u>\$ 303,462</u>	<u>\$ 10,859</u>	<u>\$ 702,950</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 Assets
 June 30, 2012

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

Total fund balances - governmental funds		\$ 676,950
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	1,803,119	
Accumulated depreciation	<u>(1,038,116)</u>	
		765,003
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>(222,285)</u>
Net assets of governmental activities		<u><u>\$ 1,219,668</u></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, 2012

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,285	\$ -	\$ -	\$ 1,285
Charges for services	-	-	18,890	18,890
Licenses and permits	100	-	-	100
Fines and forfeitures	-	-	-	-
Local sources	92	-	-	92
State sources	36,000	163,517	14,549	214,066
Federal sources	-	19,422	1,960	21,382
State shared taxes	40,494	-	-	40,494
Earnings from investments	1,299	263	2	1,564
Total revenues	<u>79,270</u>	<u>183,202</u>	<u>35,401</u>	<u>297,873</u>
EXPENDITURES				
Current:				
General government	59,980	-	-	59,980
Highways and streets	2,663	-	-	2,663
Public safety	6,045	31,154	23,588	60,787
Health & welfare	-	-	-	-
Culture and recreation	8,542	-	14,592	23,134
Capital	-	27,095	-	27,095
NMFA Principle	-	69,940	-	69,940
NMFA Interest	-	1,158	-	1,158
Total expenditures	<u>77,230</u>	<u>129,347</u>	<u>38,180</u>	<u>244,757</u>
Excess (deficiency) revenues over expenditures	2,040	53,855	(2,779)	53,116
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	2,000	2,000
Operating transfers out	(2,000)	-	-	(2,000)
Loan proceeds	-	222,285	-	222,285
	<u>(2,000)</u>	<u>222,285</u>	<u>2,000</u>	<u>222,285</u>
Net change in fund balances	40	276,140	(779)	275,401
Fund balance beginning of year	388,589	1,322	11,638	401,549
Fund balance end of year	<u>\$ 388,629</u>	<u>\$ 277,462</u>	<u>\$ 10,859</u>	<u>\$ 676,950</u>

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, 2012

Net change in fund balances - total governmental funds \$ 275,401

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	(114,005)	
Capital outlays	<u>27,095</u>	
Excess of capital outlay over depreciation expense		<u>(86,910)</u>

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 assets and does not affect the Statement of Activities

Loan proceeds	(222,285)	
Repayment of long-term debt	<u>70,238</u>	
		<u>(152,047)</u>

Change in net assets of governmental activities		<u>\$ 36,444</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 1,509	\$ 1,509	\$ 1,285	\$ (224)
Charges for services	-	-	-	-
Licenses and permits	200	200	100	(100)
Fines and forfeitures	-	-	-	-
Local sources	350	350	92	(258)
State sources	36,000	36,000	36,000	-
Federal sources	-	-	-	-
State shared taxes	22,339	22,339	40,503	18,164
Earnings from investments	3,000	3,000	1,299	(1,701)
Total revenues	<u>\$ 63,398</u>	<u>\$ 63,398</u>	<u>\$ 79,279</u>	<u>\$ 15,881</u>
EXPENDITURES				
Current:				
General government	\$ 64,702	\$ 64,702	\$ 66,684	\$ (1,982)
Highways and streets	3,480	3,480	2,663	817
Public safety	6,000	6,000	6,045	(45)
Health and welfare	-	-	-	-
Culture and recreation	10,100	10,100	8,542	1,558
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 84,282</u>	<u>\$ 84,282</u>	<u>\$ 83,934</u>	<u>\$ 348</u>
OTHER FINANCING SOURCES				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	(2,000)	(2,000)	(2,000)	-
Total other financing sources	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 22,884</u>	<u>\$ 22,884</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 164,000	\$ 164,000	\$ 163,517	\$ (483)
Federal sources	-	-	19,422	19,422
Earnings from investments	-	-	263	263
Total revenues	<u>\$ 164,000</u>	<u>\$ 164,000</u>	<u>\$ 183,202</u>	<u>\$ 19,202</u>
EXPENDITURES				
Public safety	\$ 203,852	\$ 203,852	\$ 155,443	\$ 48,409
Total expenditures	<u>\$ 203,852</u>	<u>\$ 203,852</u>	<u>\$ 155,443</u>	<u>\$ 48,409</u>
OTHER FINANCING SOURCES				
Loan proceeds	\$ -	\$ -	\$ 222,285	\$ 222,285
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,285</u>	<u>\$ 222,285</u>
BUDGETED CASH BALANCE	<u>\$ 39,852</u>	<u>\$ 39,852</u>		

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

STATE OF NEW MEXICO
VILLAGE OF DORA
Proprietary Funds
Statement of Net Assets
June 30, 2012

Statement 9

	Water Fund	Solid Waste Fund	Total
ASSETS			
Current Assets			
Cash on deposit	\$ 83,842	\$ 620	\$ 84,462
Accounts receivable (net)	4,264	12	4,276
Total Current Assets	88,106	632	88,738
Non-Current Assets			
Restricted Assets (Cash)			
Customer meter deposits	1,024	-	1,024
Total Non-Current Assets	1,024	-	1,024
Capital Assets			
Land	25,099	-	25,099
Land improvements	-	-	-
Equipment	132,161	-	132,161
Heavy equipment	-	-	-
Vehicles	-	-	-
Plant/infrastructure	668,795	-	668,795
Accumulated depreciation	(361,179)	-	(361,179)
Total Capital Assets	464,876	-	464,876
Total Assets	\$ 554,006	\$ 632	\$ 554,638
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Customer meter deposits payable from Restricted Assets	1,024	-	1,024
Total Current Liabilities	1,024	-	1,024
Long-Term Liabilities			
Compensated absences payable	-	-	-
Total Long-Term Liabilities	-	-	-
Total Liabilities	1,024	-	1,024
NET ASSETS			
Invested in Capital Assets	464,876	-	464,876
Unrestricted	88,106	632	88,738
Total Net Assets	552,982	632	553,614
Total Liabilities and Net Assets	\$ 554,006	\$ 632	\$ 554,638

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 Assets
 For the Year Ended June 30, 2012

	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES			
Sales and services	\$ 33,479	\$ 6,545	\$ 40,024
Local source	-	-	-
State sources	-	-	-
	<u>33,479</u>	<u>6,545</u>	<u>40,024</u>
Total operating revenue			
OPERATING EXPENSES			
Personal services	2,400	-	2,400
Maintenance and operations	21,289	6,902	28,191
Depreciation	24,665	-	24,665
	<u>48,354</u>	<u>6,902</u>	<u>55,256</u>
Total operating expenses			
Operating income (loss)	<u>(14,875)</u>	<u>(357)</u>	<u>(15,232)</u>
NON-OPERATING REVENUE (EXPENSE)			
Investment income	616	-	616
Investment expense	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
State grant	-	-	-
Federal grant	-	-	-
	<u>616</u>	<u>-</u>	<u>616</u>
Total Non-Operating Revenue (Expense)			
Change in Net Assets	(14,259)	(357)	(14,616)
Total net assets, beginning of year	<u>567,241</u>	<u>989</u>	<u>568,230</u>
Total net assets, end of year	<u>\$ 552,982</u>	<u>\$ 632</u>	<u>\$ 553,614</u>

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, 2012

Statement 11

	Water Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 30,464	\$ 6,534	\$ 36,998
Cash received from local sources	-	-	-
Cash received from state sources	-	-	-
Cash payments to employees and to suppliers for goods and services	(26,400)	(6,902)	(33,302)
Net cash provided by operating activities	4,064	(368)	3,696
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Loan proceeds	-	-	-
Principal paid	-	-	-
Acquisition of capital assets	-	-	-
Investment expense	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from state sources	-	-	-
Cash received from federal sources	-	-	-
Operating transfers from other funds	-	-	-
Operating transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	616	-	616
Net cash provided by investing activities	616	-	616
Net increase (decrease) in cash	4,680	(368)	4,312
Cash, beginning of year	80,186	988	81,174
Cash, end of year	\$ 84,866	\$ 620	\$ 85,486
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (14,875)	\$ (357)	\$ (15,232)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	24,665	-	24,665
Changes in assets and liabilities:			
(Increase) decrease in receivables	(3,143)	(11)	(3,154)
Increase (decrease) in accounts payable	(2,712)	-	(2,712)
Increase (decrease) in security deposits	129	-	129
Net cash provided (used) by operating activities	\$ 4,064	\$ (368)	\$ 3,696

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, 2012

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 assets and the statement of activities and changes in net assets) 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 judgments, 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.

Fiduciary Funds - Agency Funds

Agency Funds - To account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Village.

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.

Notes to Financial Statements (continued)

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.

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.

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

All full-time regular employees are entitled to paid vacation time. No unused sick leave is paid upon leaving the Village.

Full-time regular employees accrue vacation time as follows:
One year of service: 7 days (56 hours per year), Five or more years of service: 14 days (112 hours per year). Annual leave must be requested and approved in advance. Vacation time may be carried over from year to year until used. Upon leaving employment of the Village, any vacation time remaining will be compensated.

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 Assets

The governmental activities and business-type activities financial statements utilize a net assets 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 outstanding capital asset related debt.

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

Unrestricted net assets - 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 and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Notes to Financial Statements (continued)

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

JP Stone Community Bank	General	Checking	\$ 19,496
Wells Fargo Bank	CDBG	Checking	3,000
Wells Fargo Bank		Savings	104,134
Wells Fargo Bank		Checking	13,397
US Bank		Certificate of Deposit	57,523
First Financial CU		Savings	2,969
First Financial CU		Savings	83,623
First Financial CU		Certificate of Deposit	50,184
First Financial CU		Certificate of Deposit	32,498
New Mexico Bank & Trust		Certificate of Deposit	80,000
JP Stone Community Bank		Certificate of Deposit	98,735
NMFA			<u>219,000</u>
			<u>\$ 764,559</u>
New Mexico State Treasurer	Investment Pool		<u>\$ 242</u>
Total amount on deposit			\$ 764,801
Deposit in transit			1,542
Petty cash			85
Outstanding checks			<u>(9,830)</u>
Total per financial statements			<u>\$ 756,598</u>

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

	<u>JP Stone Community Bank</u>	<u>Wells Fargo Bank</u>	<u>First Financial Credit Union</u>	<u>New Mexico Bank & Trust</u>	<u>US Bank</u>
Cash on deposit at June 30	\$ 118,231	\$ 120,531	\$ 169,274	\$ 80,000	\$ 57,523
Less FDIC	(118,231)	(120,531)	(169,274)	(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>	<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 \$545,559 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 \$219,000 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. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. Obligations of the United States Government or obligations explicitly guaranteed 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 entities in amounts directly proportionate to the respective amounts 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 MexiGrow LGIP AAAM rated \$ 242 60-day WAM

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	\$ 1,321	\$ 4,276
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	1,321	4,276
Property taxes	8	-
Gross receipts taxes receivable	1,651	-
Intergovernmental	<u>2,858</u>	<u>-</u>
Total	<u>\$ 5,838</u>	<u>\$ 4,276</u>

4. CAPITAL ASSETS

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

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</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	529,469	7,157	-	536,626
Infrastructure	254,493	12,108	(19,150)	247,451
Equipment and vehicles	<u>1,040,404</u>	<u>7,830</u>	<u>(42,711)</u>	<u>1,005,523</u>
Total capital assets being depreciated	<u>1,824,366</u>	<u>27,095</u>	<u>(61,861)</u>	<u>1,789,600</u>
Less accumulated depreciation for:				
Building and improvements	(236,008)	(14,389)	-	(250,397)
Infrastructure	(176,818)	(10,846)	19,150	(168,514)
Equipment and vehicles	<u>(573,146)</u>	<u>(88,770)</u>	<u>42,711</u>	<u>(619,205)</u>
Total accumulated depreciation	<u>(985,972)</u>	<u>(114,005)</u>	<u>61,861</u>	<u>(1,038,116)</u>
Total capital assets being depreciated	<u>838,394</u>	<u>(86,910)</u>	<u>-</u>	<u>751,484</u>
Net capital assets	<u>\$ 851,913</u>	<u>\$ (86,910)</u>	<u>\$ -</u>	<u>\$ 765,003</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, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 25,099	\$ -	\$ -	\$ 25,099
Total capital assets not being depreciated	25,099	-	-	25,099
Infrastructure	668,795	-	-	668,795
Equipment	132,161	-	-	132,161
Total capital assets being depreciated	800,956	-	-	800,956
Less accumulated depreciation for:				
Infrastructure	(313,779)	(17,978)	-	(331,757)
Equipment	(22,735)	(6,687)	-	(29,422)
Total accumulated depreciation	(336,514)	(24,665)	-	(361,179)
Total capital assets being depreciated	464,442	(24,665)	-	439,777
Net capital assets	<u>\$ 489,541</u>	<u>\$ (24,665)</u>	<u>\$ -</u>	<u>\$ 464,876</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, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
NMFA Loan	\$ -	\$ 222,285	\$ -	\$ 222,285	\$ 20,479
NMFA Loan	70,238	-	70,238	-	-
Total	<u>\$ 70,238</u>	<u>\$ 222,285</u>	<u>\$ 70,238</u>	<u>\$ 222,285</u>	<u>\$ 20,479</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 tanker 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 1.130% to 3.500%. The maturity date is May 1, 2022.

Notes to Financial Statements (continued)

Due Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 20,479	\$ 7,334	\$ 27,813
2014	20,711	4,945	25,656
2015	20,980	4,676	25,656
2016	21,318	4,338	25,656
2017	21,717	3,939	25,656
2018-2022	<u>117,080</u>	<u>11,201</u>	<u>128,281</u>
Total	<u>\$ 222,285</u>	<u>\$ 36,433</u>	<u>\$ 258,718</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>\$ 1,024</u>
------------------------	-----------------

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.

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.

Notes to Financial Statements (continued)

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	\$ 79,270	\$ 183,202	\$ 35,401	\$ 40,640
Budget basis	<u>79,279</u>	<u>183,202</u>	<u>32,874</u>	<u>37,614</u>
Increase (decrease) in receivables/due from grantor/ security deposits	<u>\$ (9)</u>	<u>\$ -</u>	<u>\$ 2,527</u>	<u>\$ 3,026</u>
<u>Expenditures</u>				
Accrual basis	\$ 77,230	\$ 129,347	\$ 38,180	\$ 55,256
Budget basis	83,934	155,443	40,288	33,302
Depreciation	-	-	-	(24,665)
Capital outlay	-	-	-	-
(Increase) decrease in compensated absences	-	-	-	-
Increase (decrease) in payables	<u>\$ (6,704)</u>	<u>\$ (26,096)</u>	<u>\$ (2,108)</u>	<u>\$ (2,711)</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.

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>
General Fund	<u>\$ 2,000</u>
Total Transfers In/Out	<u>\$ 2,000</u>

Notes to Financial Statements (continued)

Balance of Transfers

Transfer to
Seniors Fund \$ 2,000 From General Fund

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.

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	-	277,462	-	277,462
Culture and recreational services	-	-	1,159	1,159
Emergency Medical Services	-	-	9,700	9,700
Environmental improvements	-	-	-	-
Law Enforcement	-	-	-	-
Cemetery improvements	-	-	-	-
Reserves	7,161	-	-	7,161
Total restricted	7,161	277,462	10,859	295,482
<u>Committed to:</u>				
Other purposes	-	-	-	-
Total committed	-	-	-	-
<u>Unassigned:</u>	381,468	-	-	381,468
Total Fund Balances	<u>\$ 388,629</u>	<u>\$ 277,462</u>	<u>\$ 10,859</u>	<u>\$ 676,950</u>

13. INTERFUND TRANSACTIONS

The General Fund loaned the Fire Fund \$60,000 to purchase equipment in the June 30, 2008 fiscal year. The Fire Fund paid \$10,000 in 2009 fiscal year leaving a balance of \$39,000. During the current fiscal year ending June 30, 2012 the Fire Fund paid \$13,000 to the General Fund. The current amount owed is \$26,000.

Notes to Financial Statements (continued)

14. RELATED PARTY

The Village purchased \$3,193 in services from Bill's Welding during the fiscal year. The Village Councilman Bill Cathey is the owner of Bill's Welding.

NON-MAJOR FUNDS

**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, 2012

Statement A-1

	EMS Fund	Ambulance Fund	Seniors Fund	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 260	\$ 8,119	\$ (1,166)	\$ 7,213
Accounts receivable	-	1,321	2,325	3,646
Total assets	\$ 260	\$ 9,440	\$ 1,159	\$ 10,859
FUND BALANCE				
Restricted	\$ 260	\$ 9,440	\$ 1,159	\$ 10,859
Unassigned	-	-	-	-
Total fund balance	\$ 260	\$ 9,440	\$ 1,159	\$ 10,859

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, 2012

	EMS Fund	Ambulance Fund	Seniors Fund	Total Governmental Total
REVENUES				
Charges for services	\$ -	\$ 18,890	\$ -	\$ 18,890
Fines and forfeitures	-	-	-	-
Local sources	-	-	-	-
State sources	7,209	-	7,340	14,549
Federal sources	-	-	1,960	1,960
Earnings from investments	-	2	-	2
Total revenues	<u>7,209</u>	<u>18,892</u>	<u>9,300</u>	<u>35,401</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	7,381	16,207	-	23,588
Health and welfare	-	-	-	-
Culture and recreation	-	-	14,592	14,592
Capital outlay	-	-	-	-
Total expenditures	<u>7,381</u>	<u>16,207</u>	<u>14,592</u>	<u>38,180</u>
Excess (deficiency) of revenues over expenditures	(172)	2,685	(5,292)	(2,779)
OTHER FINANCING SOURCES				
Transfer in	-	-	2,000	2,000
Total other financing sour	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(172)	2,685	(3,292)	(779)
Fund balance beginning of year	432	6,755	4,451	11,638
Fund balance end of year	<u>\$ 260</u>	<u>\$ 9,440</u>	<u>\$ 1,159</u>	<u>\$ 10,859</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 7,209	\$ 7,209	\$ 7,209	\$ -
Earnings from investments	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Total revenues	<u>\$ 7,210</u>	<u>\$ 7,210</u>	<u>\$ 7,209</u>	<u>\$ (1)</u>
EXPENDITURES				
Public safety	\$ 7,401	\$ 7,401	\$ 7,381	\$ 20
Total expenditures	<u>\$ 7,401</u>	<u>\$ 7,401</u>	<u>\$ 7,381</u>	<u>\$ 20</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 10,000	\$ 10,000	\$ 18,688	\$ 8,688
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Earnings from investments	10	10	2	(8)
Total revenues	<u>\$ 10,010</u>	<u>\$ 10,010</u>	<u>\$ 18,690</u>	<u>\$ 8,680</u>
EXPENDITURES				
Public safety	\$ 18,884	\$ 18,884	\$ 17,692	\$ 1,192
Total expenditures	<u>\$ 18,884</u>	<u>\$ 18,884</u>	<u>\$ 17,692</u>	<u>\$ 1,192</u>
BUDGETED CASH BALANCE	<u>\$ 8,874</u>	<u>\$ 8,874</u>		
REVENUES				
Budgetary basis			\$ 18,690	
Increase in accounts receivable			202	
Modified accrual basis			<u>\$ 18,892</u>	
EXPENDITURES				
Budgetary basis			\$ 17,692	
(Decrease) in accounts payable			(1,485)	
Modified accrual basis			<u>\$ 16,207</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 7,340	\$ 7,340	\$ 5,505	\$ (1,835)
Federal sources	<u>1,960</u>	<u>1,960</u>	<u>1,470</u>	<u>(490)</u>
Total revenues	<u>\$ 9,300</u>	<u>\$ 9,300</u>	<u>\$ 6,975</u>	<u>\$ (2,325)</u>
EXPENDITURES				
Culture and recreation	\$ 15,359	\$ 15,359	\$ 15,215	\$ 144
Total expenditures	<u>\$ 15,359</u>	<u>\$ 15,359</u>	<u>\$ 15,215</u>	<u>\$ 144</u>
OTHER FINANCING SOURCES				
Transfer in	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Total other financing sources	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 4,059</u>	<u>\$ 4,059</u>		
REVENUES				
Budgetary basis			\$ 6,975	
Increase in accounts receivable			<u>2,325</u>	
Modified accrual basis			<u>\$ 9,300</u>	
EXPENDITURES				
Budgetary basis			\$ 15,215	
Increase in accounts receivable			<u>(623)</u>	
Modified accrual basis			<u>\$ 14,592</u>	

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

PROPRIETARY FUND DETAIL

PROPRIETARY FUNDS BUDGETS

WATER FUND - To account for the provision of water services to the residents of Elida, 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 28,500	\$ 28,500	\$ 30,464	\$ 1,964
Local sources	1,250	1,250	-	(1,250)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	816	816	616	(200)
	<u>30,566</u>	<u>30,566</u>	<u>31,080</u>	<u>514</u>
Total revenues	\$ 30,566	\$ 30,566	\$ 31,080	\$ 514
EXPENDITURES				
Personal services	\$ 2,400	\$ 2,400	\$ 2,400	\$ -
Maintenance and operations	29,354	29,354	24,000	5,354
Capital outlay	-	-	-	-
	<u>31,754</u>	<u>31,754</u>	<u>26,400</u>	<u>5,354</u>
Total expenditures	\$ 31,754	\$ 31,754	\$ 26,400	\$ 5,354
BUDGETED CASH BALANCE	\$ 1,188	\$ 1,188		
REVENUES				
Budgetary basis			\$ 31,080	
Increase in receivables			3,143	
(Increase) in security deposits			(129)	
			<u>34,094</u>	
Modified accrual basis			\$ 34,094	
EXPENDITURES				
Budgetary basis			\$ 26,400	
Depreciation			24,665	
(Decrease) in accounts payable			(2,711)	
			<u>48,354</u>	
Modified accrual basis			\$ 48,354	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 7,200	\$ 7,200	\$ 6,534	\$ (666)
State grant	-	-	-	-
State shared taxes	400	400	-	(400)
Interest income	-	-	-	-
Total revenues	<u>\$ 7,600</u>	<u>\$ 7,600</u>	<u>\$ 6,534</u>	<u>\$ (1,066)</u>
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	7,600	7,600	6,902	698
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 7,600</u>	<u>\$ 7,600</u>	<u>\$ 6,902</u>	<u>\$ 698</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		
REVENUES				
Budgetary basis			\$ 6,534	
Increase in receivables			11	
Modified accrual basis			<u>\$ 6,545</u>	
EXPENDITURES				
Budgetary basis			\$ 6,902	
Depreciation			-	
Capital outlay			-	
(Decrease) in payables			-	
Increase in compensated absences			-	
Modified accrual basis			<u>\$ 6,902</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**

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

We have audited 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, 2012, and have issued our report thereon dated June 25, 2013. We also have audited the financial statements of each of the Village's non-major governmental and fiduciary funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012. 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.

Internal Control Over Financial Reporting

Management of the Village of Dora is responsible for establishing and maintaining effective 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not be designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies

or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Status of Comments and Responses as Social Security Not Withheld (12-05). 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.

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 which are described in the accompanying Status of Comments and Responses as Late Audit Report (12-01), Incorrect Department of Labor Reports (12-02), Payroll in Excess of Budget (12-03), W-2 Incorrect (12-04), Social Security Not Withheld (12-05), Solid Waste Ordinance (12-06), Water Ordinance (12-07), Incorrect 1099 Forms (12-11), Depreciation Policy (12-12), Savings Accounts Not Listed on DFA Report (12-14) and Board Meeting Minutes Not Signed (12-16).

We noted certain matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying Status of Comments and Responses as Signed/Approved contract for Water Purchases Missing (12-08), Signed Approved contract for Solid Waste Removal (12-09), Gross Receipts Taxes on Services Provided Not Submitted Correctly to Taxation and Revenue (12-10), Bank Service Charges (12-13) and Loss on Investment (12-15).

The Village of Dora's responses to the findings identified in our audit are described in the accompanying Status of Comments and Responses. We did not audit the Village of Dora's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Office of the State Auditor, the New Mexico State Legislature, applicable federal grantors and the New Mexico Department of Finance and Administration and is not intended to be used by anyone other than these specified parties.



June 25, 2013

STATUS OF COMMENTS AND RESPONSES

Prior Year Audit Findings

1. SAS 115 Compliance (08-01) - Resolved.
2. Payroll(11-01) - Resolved.
3. W-2's (11-02) - Resolved.
4. Reconciliation of Bank Statements (11-03) - Resolved.
5. Expenditures (11-04) - Resolved.

Current Year Audit Findings

1. Late Audit Report (12-01)
2. Incorrect Department of Labor Reports (12-02)
3. Payroll in Excess of Budget (12-03)
4. W-2 Incorrect (12-04)
5. Social Security Not Withheld (12-05)
6. Solid Waste Ordinance (12-06)
7. Water Ordinance (12-07)
8. Signed/Approved Contract for Water Purchase Missing (12-08)
9. Signed/Approved Contract for Solid Waste Removal Missing (12-09)
10. Gross Receipts Taxes on Services Provided Not Submitted Correctly to Taxation and Revenue (12-10)
11. Incorrect 1099 Forms (12-11)
12. Depreciation Policy (12-12)
13. Bank Services Charges (12-13)
14. Savings Accounts Not Listed on DFA Report (12-14)
15. Loss on Investment (12-15)
16. Board Meeting Minutes Not Signed (12-16)

Late Audit Report - Other Matter
(12-01)

CONDITION	The June 30, 2012 audit report was not submitted to the State Auditors Office by the required deadline of December 1, 2012.
CRITERIA	According to NMAC 2.2.2 Requirements for Contracting and Conducting Audits of Agencies; all Village audits are due to the State Auditors Office by December 1, 2012.
CAUSE	The Village had a three year contract with a previously selected auditor. This auditing firm however was not approved to perform the Village audit. The Village then had to go out for bid again to obtain another auditing firm. The new contract with the new firm was not approved by the State Auditors Office until after December 6, 2012. This did not provide enough time to perform and deliver the audit by the State Auditor deadline.
EFFECT	NMAC 2.2.2 Requirements for Contracting and Conducting Audits of Agencies regulation was not followed.
RECOMMENDATION	Now that the Village has completed and submitted the 2012 audit, there should be no reason for the 2013 audit report to be late.
RESPONSE	The Village of Dora will make efforts to complete all audits in a timely manner.

Incorrect Department of Labor Reports - Other Matter
(12-02)

CONDITION	The Department of Labor Reports filed for 2012 did not: 1. Include correct gross salary amounts that were supported by payroll records. 2. Did not report excess wages over the \$22,400 taxable wage base.
CRITERIA	All Department of Labor Reports should be prepared based on payroll records. Also, once the taxable wage base rate has been attained, the excess wages should be reported.
CAUSE	Management was unaware of this requirement.
EFFECT	The Department of Labor Reports submitted are incorrect.
RECOMMENDATION	All Department of Labor Reports should be prepared from actual payroll records and include all excess wages over the taxable wage base rate.
RESPONSE	The Village of Dora will submit Labor Reports as required.

Payroll in Excess of Budget - Other Matter
(12-03)

CONDITION The Business Manager is not budgeting salaries accurately in the annual Department of Finance budget. Salaries are being budgeted at a total of 1800 hours at \$18 per hour instead of 2080 hours at \$18 per hour.

CRITERIA Department of Finance regulations require all budgets to be based on accurate information.

CAUSE Management purposely underbudgeted salaries to ensure the overall budget did not increase based on the prior years budget.

EFFECT The salaries actually paid were \$5,000 more than the amount budgeted.

RECOMMENDATION Management needs to provide accurate information not only to the Department of Finance, but to the constituents of the Village to provide an actual account of what will be spent for salaries (and benefits) on a yearly basis.

RESPONSE The Village of Dora will submit budget reports that accurately portray salary expenditures.

W-2 Incorrect - Other Matter

(12-04)

CONDITION A W-2 for an employee was not prepared correctly:

1. It did not include in salaries the retirement paid by the Village (as a benefit).
2. It did not include Medicare tax paid 100% by the Village as Medicare wages.
3. It was \$153 off compared to the supporting payroll records.
4. Medicare wages were \$1,076 short compared to supporting payroll records.

CRITERIA All wages and compensation must be included on the W-2. These figures are based on the actual amounts paid to the employee.

CAUSE Management was not aware that the W-2 had been calculated incorrectly.

EFFECT The W-2 was not submitted correctly. Because of this situation the Village may be liable for penalties and interest on the amount still owed.

RECOMMENDATION Management should correct and resubmit the W-2 as soon as possible.

RESPONSE The Village of Dora will make efforts to correct the W-2.

Social Security Not Withheld - Significant Deficiency
(12-05)

CONDITION	Management has not withheld Social Security on an employee since they were hired.
CRITERIA	All employees that are not subject to an IRS 218 Agreement and hired after 1986 are required by law to contribute to the Social Security Administration.
CAUSE	Management was under the impression that an IRA contribution was adequate for a 218 Agreement. The Village does not have a 218 Agreement in place with the IRS.
EFFECT	The Village could be liable for up to \$25,000 worth of unpaid back taxes for the last three years and penalties and interest on those unpaid taxes.
RECOMMENDATION	Management should calculate and resubmit the last three years 941 reports and include social security wages/taxes and pay all amounts owed.
RESPONSE	The Village Council will make a decision at the next meeting.

Solid Waste Ordinance - Other Matter
(12-06)

CONDITION	The Board approved an increase in Trash charges; however it was not in an Ordinance.
CRITERIA	An Ordinance must be passed by the Board to ensure the correct amount is charged for the services provided and can be enforced legally.
CAUSE	Management was unaware of this oversight.
EFFECT	These charges cannot be enforced legally.
RECOMMENDATION	The Board should approve a Solid Waste Ordinance as soon as possible.
RESPONSE	The Village of Dora will begin the process of securing a Solid Waste Ordinance.

Water Ordinance - Other Matter
(12-07)

CONDITION	The Board has not approved a Water Ordinance.
CRITERIA	An Ordinance must be passed by the Board to ensure the correct amount is charged for the services provided and can be enforced legally.
CAUSE	Management was unaware of this oversight.
EFFECT	These charges cannot be enforced legally.
RECOMMENDATION	The Board should approve a Water Ordinance as soon as possible.
RESPONSE	The Village of Dora will begin the process of securing a Water Ordinance.

Signed/Approved Contract for Water Purchase Missing -
Other Matter
(12-08)

CONDITION	Management purchases water from a particular source to provide to its Village tenants. However, a signed/approved contract with that Vendor has not been obtained.
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 contract was obtained.
EFFECT	The Village could pay more than what price was agreed to as there is no legal/binding contract.
RECOMMENDATION	A contract should be obtained as soon as possible.
RESPONSE	The Village of Dora will secure a contract with the vendor.

Signed/Approved Contract for Solid Waste Removal Missing -
Other Matter
(12-09)

CONDITION Management purchases Solid Waste removal from a particular source as the Village does not have a landfill. The Village does not have a signed/approved contract with this Vendor.

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 contract was obtained.

EFFECT The Village could pay more than what price was agreed to as there is no legal/binding contract.

RECOMMENDATION A contract should be obtained as soon as possible.

RESPONSE The Village of Dora will secure a contract with the vendor.

Gross Receipts Taxes on Services Provided
Not Submitted Correctly to Taxation & Revenue -
Other Matter
(12-10)

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	The Village of Dora will make efforts to submit future GRT taxes on a cash basis.

Incorrect 1099 Forms - Other Matter
(12-11)

CONDITION	Management did not include a full amount paid to a vendor. \$1,220 worth of parts was not included on the 1099.
CRITERIA	IRS 1099-MISC form regulations require services (including parts and materials) to be included on the 1099 form (if over \$600).
CAUSE	Management was not aware of this requirement.
EFFECT	IRS 1099-MISC Form regulations were not followed.
RECOMMENDATION	All 1099 Forms should be prepared according to IRS regulations.
RESPONSE	The Village of Dora will make efforts to submit 1099 Forms according to IRS regulations

Depreciation Policy - Other Matter
(12-12)

CONDITION	The Village has not approved a depreciation policy so depreciation can be charged to capital assets according to Board approval.
CRITERIA	The Village needs a depreciation policy so capital assets can be depreciated according to Board policy. This is due to the implementation of GASB 34.
CAUSE	The Village has not approved a policy for management to follow.
EFFECT	Depreciation may be charged incorrectly because no set policy is in place.
RECOMMENDATION	The Village should approve a policy as soon as possible. Management should then implement that policy as soon as possible.
RESPONSE	The Village Council will approve a depreciation policy.

Bank Services Charges - Other Matter
(12-13)

CONDITION	The Village was charged over \$500 in bank analysis fees. This charge should be abated as the Village is a non-profit government entity.
CRITERIA	Bank analysis fees are waived for most government entities.
CAUSE	Management has not tried to collect these amounts back from the bank.
EFFECT	The Village is losing over \$500 to charges that it does not have to pay for.
RECOMMENDATION	Management should try to obtain abatement of these fees as soon as possible.
RESPONSE	The Village of Dora will check with our bank concerning these bank fees.

Savings Accounts Not Listed on DFA Report - Other Matter
(12-14)

CONDITION	The Village has \$169,517 worth of cash not being reported on the DFA report.
CRITERIA	Department of Finance and Administration regulations require all investments to be recorded on the DFA report.
CAUSE	Management did not know where these savings accounts should be listed on the DFA report.
EFFECT	DFA regulations concerning cognizant reporting were not followed.
RECOMMENDATION	All investments need to be included on the DFA report by management.
RESPONSE	The Village of Dora will include all investments on the DFA report.

Loss on Investment - Other Matter
(12-15)

CONDITION	The Village lost \$413 on an investment without Managements knowledge.
CRITERIA	Investment reports should be reviewed constantly to ensure all changes are reported in the books of record immediately.
CAUSE	Management did not review these reports upon receiving them from the Bank.
EFFECT	The Village lost \$413.
RECOMMENDATION	Management should review all investment reports immediately.
RESPONSE	The Village of Dora will review investments reports in a timely manner.

Board Meeting Minutes Not Signed - Other Matter
(12-16)

CONDITION There were three different Board meetings held throughout the year that were not properly signed as approved.

CRITERIA According to the Open Meetings Act Article 15, Section 10-15-1G "Minutes shall not become official until approved by the policy making body". This is done by formal approval in a subsequent Board Meeting and having a signed copy available for review.

CAUSE The Village is not ensuring this procedure is completed.

EFFECT Written approved minutes of the Board are not available as required by the Open Meetings Act.

RECOMMENDATION The Board should ensure that all future Board Minutes be prepared, approved, signed and available for review.

RESPONSE The Village of Dora will ensure all Board minutes are signed.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2012 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 June 25, 2013. In attendance were Ms. Becky Frazee, Clerk/Treasurer, Mr. Mickey Burkett, Mayor and Ms. Pamela A. Rice, CPA, Contract Auditor.