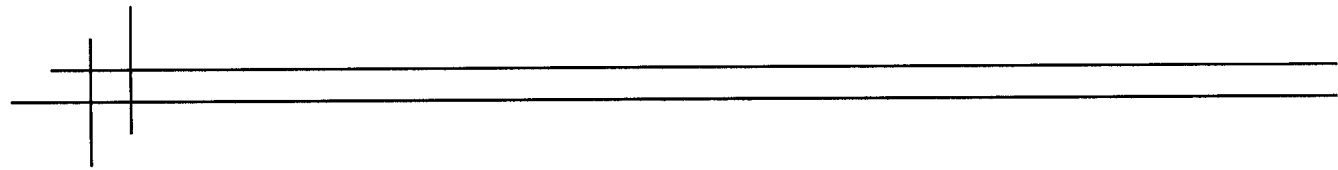




STATE OF NEW MEXICO  
**TOWN OF DEXTER**

**ANNUAL FINANCIAL REPORT**  
June 30, 2008

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Melrose, New Mexico



STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
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 For the Year Ended June 30, 2008

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STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
Official Roster  
June 30, 2008

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**TOWN COUNCIL**

John Reid	Mayor
Steve Chavez	Councilman
Andy Lopez	Councilman
Richard Johnson	Councilman
Norman Caffall	Councilman

**ADMINISTRATIVE OFFICIALS**

Kay Roberts	Clerk/Treasurer
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De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

## Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the TOWN OF DEXTER

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the TOWN OF DEXTER, (Town), as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Town'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 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 Town as of June 30, 2008, and the respective changes in financial position, and cash flows where applicable, thereof and the respective budgetary comparison for the General Fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all the nonmajor 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 December 1, 2008, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Town has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements. 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 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.

*De'Aun Willoughby* CPA PC

December 1, 2008

## **FINANCIAL SECTION**

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,358,562	\$ 271,148	\$ 1,629,710
Receivable (net)	69,731	44,624	114,355
Inventory	0	7,024	7,024
Total Current Assets	<u>1,428,293</u>	<u>322,796</u>	<u>1,751,089</u>
Noncurrent Assets			
Restricted Cash	<u>0</u>	<u>208,667</u>	<u>208,667</u>
Capital Assets			
Land	81,000	26,000	107,000
Infrastructure	3,175,641	0	3,175,641
Building & Improvements	1,370,390	1,589,986	2,960,376
Equipment	1,670,676	0	1,670,676
Less: Accumulated Depreciation	<u>(2,454,103)</u>	<u>(603,922)</u>	<u>(3,058,025)</u>
Total Noncurrent Assets	<u>3,843,604</u>	<u>1,012,064</u>	<u>4,855,668</u>
Total Assets	<u>5,271,897</u>	<u>1,543,527</u>	<u>6,815,424</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	16,765	23,599	40,364
Accrued Wages and Benefits	9,056	1,424	10,480
Accrued Interest	1,533	8,111	9,644
Current Portion of Long-Term Debt	<u>50,008</u>	<u>10,000</u>	<u>60,008</u>
Total Current Liabilities	<u>77,362</u>	<u>43,134</u>	<u>120,496</u>
Noncurrent Liabilities			
Compensated Absences	25,238	6,014	31,252
Customer Deposits	0	24,373	24,373
Bonds and Notes	<u>227,175</u>	<u>148,688</u>	<u>375,863</u>
Total Noncurrent Liabilities	<u>252,413</u>	<u>179,075</u>	<u>431,488</u>
Total Liabilities	<u>329,775</u>	<u>222,209</u>	<u>551,984</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	3,566,421	845,265	4,411,686
Unrestricted	<u>1,375,701</u>	<u>476,053</u>	<u>1,851,754</u>
Total Net Assets	<u>\$ 4,942,122</u>	<u>\$ 1,321,318</u>	<u>\$ 6,263,440</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
TOWN OF DEXTER

Statement of Activities

For the Year Ended June 30, 2008

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
<b>Governmental Activities</b>							
General Government	\$ 279,276	\$ 50,336	\$ 100,385	\$ 0	\$ (128,555)	\$ 0	\$ (128,555)
Public Safety	537,212	26,609	267,652	0	(242,951)	0	(242,951)
Public Works	293,960	8,296	260,982	0	(24,682)	0	(24,682)
Culture & Recreation	103,853	38,373	0	0	(65,480)	0	(65,480)
Health & Welfare	9,297	0	0	0	(9,297)	0	(9,297)
Interest on Long-Term Obligations	11,259	0	0	0	(11,259)	0	(11,259)
<b>Total Governmental Activities</b>	<u>1,234,857</u>	<u>123,614</u>	<u>629,019</u>	<u>0</u>	<u>(482,224)</u>	<u>0</u>	<u>(482,224)</u>
<b>Business-type Activities</b>							
Utility	460,072	432,721	0	0	0	(27,351)	(27,351)
<b>Total Business-type Activities</b>	<u>460,072</u>	<u>432,721</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(27,351)</u>	<u>(27,351)</u>
<b>Total Primary Government</b>	<u>\$ 1,694,929</u>	<u>\$ 556,335</u>	<u>\$ 629,019</u>	<u>\$ 0</u>	<u>(482,224)</u>	<u>(27,351)</u>	<u>(509,575)</u>
<b>General Revenues</b>							
Gross Receipts Taxes				\$ 696,744	\$ 0	\$ 0	\$ 696,744
Gasoline Taxes				38,488	0	0	38,488
Franchise Taxes				31,182	0	0	31,182
Property Taxes				9,493	0	0	9,493
Other Taxes				24,396	0	0	24,396
Interest Income				5,989	5,598	0	11,587
Miscellaneous				31,517	0	0	31,517
<b>Total General Revenues</b>				<u>837,809</u>	<u>5,598</u>	<u>0</u>	<u>843,407</u>
<b>Other Items</b>							
Loss on Disposition of Capital Assets				(10,608)	0	0	(10,608)
<b>Change in Net Assets</b>				<u>344,977</u>	<u>(21,753)</u>	<u>0</u>	<u>323,224</u>
<b>Net Assets - beginning</b>				<u>4,597,145</u>	<u>1,343,071</u>	<u>5,940,216</u>	<u>5,940,216</u>
<b>Net Assets - ending</b>				<u>\$ 4,942,122</u>	<u>\$ 1,321,318</u>	<u>\$ 6,263,440</u>	<u>\$ 6,263,440</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Non-Major Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,015,281	\$ 95,921	\$ 247,360
Receivables			
Taxes	69,731	0	0
Total Assets	<u>\$ 1,085,012</u>	<u>\$ 95,921</u>	<u>\$ 247,360</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 11,262	\$ 91	\$ 5,412
Accrued Salaries	9,056	0	0
Total Liabilities	<u>20,318</u>	<u>91</u>	<u>5,412</u>
<b>Fund Balances</b>			
<b>Unreserved Reported In:</b>			
General Fund	1,064,694	0	0
Special Revenue Fund		95,830	241,948
Total Fund Balances	<u>1,064,694</u>	<u>95,830</u>	<u>241,948</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,085,012</u>	<u>\$ 95,921</u>	<u>\$ 247,360</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2008

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	<u>Total Governmental Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,358,562
Receivables	
Taxes	<u>69,731</u>
Total Assets	<u>\$ 1,428,293</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 16,765
Accrued Salaries	<u>9,056</u>
Total Liabilities	<u>25,821</u>
 Fund Balances	
Unreserved Reported In:	
General Fund	1,064,694
Special Revenue Fund	<u>337,778</u>
Total Fund Balances	<u>1,402,472</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,428,293</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Assets  
 June 30, 2008

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

Total Fund Balance - Governmental Funds	\$	1,402,472
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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	\$	6,297,707	
Accumulated depreciation is		<u>(2,454,103)</u>	3,843,604

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 :

Bond payable		(277,183)	
Accrued interest on bonds		(1,533)	
Compensated Absences	\$	<u>(25,238)</u>	<u>(303,954)</u>

Total net assets - governmental activities	\$	<u><u>4,942,122</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2008

	General Fund	Fire Fund	Non-Major Governmental Funds
<b>Revenues</b>			
Taxes	\$ 760,579	\$ 0	\$ 39,725
Charges for Services	97,005	0	0
License, Fees and Fines	17,123	0	9,486
Grants	361,367	235,717	31,935
Interest	2,332	3,652	5
Miscellaneous	17,915	100	13,502
<b>Total Revenues</b>	<u>1,256,321</u>	<u>239,469</u>	<u>94,653</u>
<b>Expenditures</b>			
<b>Current</b>			
General	257,756	0	0
Public Safety	284,792	143,040	34,622
Public Works	147,130	0	2,456
Culture & Recreation	84,052	0	1,751
Health & Welfare	0	0	6,212
Capital Outlay	186,664	0	0
<b>Debt Service</b>			
Principal	0	48,390	0
Interest	0	11,508	0
<b>Total Expenditures</b>	<u>960,394</u>	<u>202,938</u>	<u>45,041</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	295,927	36,531	49,612
<b>Fund Balances at Beginning of Year</b>	<u>768,767</u>	<u>59,299</u>	<u>192,336</u>
<b>Fund Balance End of Year</b>	<u>\$ 1,064,694</u>	<u>\$ 95,830</u>	<u>\$ 241,948</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2008

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	Total Governmental Funds
Revenues	
Taxes	\$ 800,304
Charges for Services	97,005
License, Fees and Fines	26,609
Grants	629,019
Interest	5,989
Miscellaneous	31,517
Total Revenues	<u>1,590,443</u>
Expenditures	
Current	
General	257,756
Public Safety	462,454
Public Works	149,586
Culture & Recreation	85,803
Health & Welfare	6,212
Capital Outlay	186,664
Debt Service	
Principal	48,390
Interest	11,508
Total Expenditures	<u>1,208,373</u>
Excess (Deficiency) of Revenues Over Expenditures	382,070
Fund Balances at Beginning of Year	<u>1,020,402</u>
Fund Balance End of Year	<u>\$ 1,402,472</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2008

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Net Change in Fund Balance \$ 382,070

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 exceeds capital outlays in the period. (11,732)

Depreciation expense	\$	(247,574)	
Loss of Disposition of Capital Assets		(10,608)	
Capital Outlays		186,664	(71,518)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 48,390

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 248

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (2,481)

Changes in Net Assets of Governmental Activities \$ 344,977

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
GENERAL FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
Gross Receipts	\$ 300,000	\$ 352,862	\$ 352,862	\$ 0
Property Taxes	8,653	9,453	9,453	0
Franchise Taxes	22,000	26,386	26,385	(1)
Cigarette Taxes	2,500	2,465	2,464	(1)
Motor Vehicle Taxes	15,818	22,285	22,284	(1)
State Shared Gross Receipts	300,000	352,862	352,862	0
<b>Charges for Services</b>				
Motor Vehicle	3,200	5,675	5,674	(1)
Ambulance	18,020	50,336	50,336	0
Recreation	33,000	38,374	38,373	(1)
Other License & Permits	1,950	1,350	1,350	0
Fines and Forfeitures	15,340	15,774	15,774	0
Grants	819,133	353,166	361,367	8,201
Insurance Income	15,300	17,922	17,915	(7)
Interest Income	0	0	2,332	2,332
<b>Total Revenues</b>	<b>1,554,914</b>	<b>1,248,910</b>	<b>1,259,431</b>	<b>10,521</b>
<b>Expenditures</b>				
<b>Executive</b>				
Personnel Services	7,299	5,555	5,554	1
Operating Expense	22,873	19,360	19,359	1
<b>Total Executive</b>	<b>30,172</b>	<b>24,915</b>	<b>24,913</b>	<b>2</b>
<b>Financial</b>				
Personnel Services	88,963	104,945	104,945	0
Operating Expense	23,896	15,273	15,370	(97)
<b>Total Financial</b>	<b>112,859</b>	<b>120,218</b>	<b>120,315</b>	<b>(97)</b>
<b>Judicial</b>				
Personnel Services	5,457	13,749	13,749	0
Operating Expense	28,805	11,392	11,388	4
<b>Total Judicial</b>	<b>34,262</b>	<b>25,141</b>	<b>25,137</b>	<b>4</b>
<b>Public Safety</b>				
Personnel Services	234,440	216,398	216,398	0
Operating Expense	67,102	55,921	55,917	4
<b>Total Public Safety</b>	<b>301,542</b>	<b>272,319</b>	<b>272,315</b>	<b>4</b>
<b>Ambulance</b>				
Operating Expense	8,136	9,423	9,421	2
<b>Total Ambulance</b>	<b>\$ 8,136</b>	<b>\$ 9,423</b>	<b>\$ 9,421</b>	<b>\$ 2</b>



STATE OF NEW MEXICO  
TOWN OF DEXTER  
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Highway &amp; Streets</b>				
Personnel Services	\$ 48,631	\$ 47,800	\$ 47,800	\$ 0
Operating Expense	491,267	238,014	98,996	139,018
Capital Purchases	0	0	139,014	(139,014)
<b>Total Highway &amp; Streets</b>	<b>539,898</b>	<b>285,814</b>	<b>285,810</b>	<b>4</b>
<b>Parks</b>				
Personnel Services	85,104	60,265	60,264	1
Operating Expense	336,843	64,222	16,564	47,658
Capital Purchases	0	0	47,650	(47,650)
<b>Total Parks</b>	<b>421,947</b>	<b>124,487</b>	<b>124,478</b>	<b>9</b>
<b>Library</b>				
Operating Expense	1,000	1,000	970	30
<b>Total Library</b>	<b>1,000</b>	<b>1,000</b>	<b>970</b>	<b>30</b>
<b>Motor Vehicle Department</b>				
Personnel Services	80,998	80,998	76,936	4,062
Operating Expense	9,291	7,201	10,188	(2,987)
<b>Total Motor Vehicle Depart.</b>	<b>90,289</b>	<b>88,199</b>	<b>87,124</b>	<b>1,075</b>
<b>Total Expenditures</b>	<b>1,540,105</b>	<b>951,516</b>	<b>950,483</b>	<b>1,033</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>14,809</b>	<b>297,394</b>	<b>308,948</b>	<b>11,554</b>
<b>Cash Balance Beginning of Year</b>	<b>706,333</b>	<b>706,333</b>	<b>706,333</b>	<b>0</b>
<b>Cash Balance End of Year</b>	<b>\$ 721,142</b>	<b>\$ 1,003,727</b>	<b>\$ 1,015,281</b>	<b>\$ 11,554</b>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 308,948	
Net change in Taxes Receivable			(3,110)	
Net change in Delinquent Property Taxes			(17,084)	
Net change in Uncollectibles			5,352	
Net change in Accounts Payable			(7,747)	
Net change in Accrued Salaries & Benefits			(2,165)	
Net change in Deferred Revenue			11,732	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<b>\$ 295,927</b>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
SPECIAL REVENUE FUND-FIRE FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 185,985	\$ 185,985	\$ 235,717	\$ 49,732
Interest Income	0	0	3,652	3,652
Miscellaneous	0	0	100	100
Total Revenues	<u>185,985</u>	<u>185,985</u>	<u>239,469</u>	<u>53,484</u>
<b>Expenditures</b>				
<b>Public Safety</b>				
Operating	200,848	145,829	145,829	0
Capital Outlay	0	0	0	0
<b>Debt Service</b>				
Interest	0	11,508	11,508	0
Principal	0	48,390	48,390	0
Total Expenditures	<u>200,848</u>	<u>205,727</u>	<u>205,727</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14,863)</u>	<u>(19,742)</u>	<u>33,742</u>	<u>53,484</u>
Cash Balance Beginning of Year	62,180	62,180	62,180	0
Cash Balance End of Year	\$ <u>47,317</u>	\$ <u>42,438</u>	\$ <u>95,922</u>	\$ <u>53,484</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 33,742	
Net change in Accounts Payable			2,789	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 36,531</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 PROPRIETARY FUND  
 Statement of Net Assets  
 June 30, 2008

ASSETS	Utility
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 271,148
Receivables (net of allowance for uncollectible accounts)	
Accounts	44,624
Inventory	7,024
Total Current Assets	322,796
<b>Noncurrent Assets</b>	
Restricted Cash	208,667
Land	26,000
Capital Assets	1,589,986
Less: Accumulated Depreciation	(603,922)
Total Noncurrent Assets	1,220,731
Total Assets	1,543,527
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	23,599
Accrued Salaries and Benefits	1,424
Accrued Interest	8,111
Current Portion of Long-Term Debt	10,000
Total Current Liabilities	43,134
<b>Noncurrent Liabilities</b>	
Compensated Absences	6,014
Customer Deposits	24,373
Long Term Debt	148,688
Total Noncurrent Liabilities	179,075
Total Liabilities	222,209
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	827,376
Unrestricted	493,942
Total Net Assets	\$ 1,321,318

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 PROPRIETARY FUND  
 Statement of Revenue, Expenses and Changes in Net Assets  
 For the Year Ended June 30, 2008

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Operating Revenues	
Sales & Service	\$ 379,955
Fees & Penalties	50,048
Miscellaneous	2,718
Total Operating Revenues	<u>432,721</u>
Operating Expenses	
Salaries & Benefits	107,253
Operating Expense	290,198
Depreciation	46,022
Total Operating Expenses	<u>443,473</u>
Operating Income (Loss)	<u>(10,752)</u>
Nonoperating Revenue (Expenses)	
Interest Income	5,598
Interest Expense	(16,599)
Total Nonoperating Revenue (Expenses)	<u>(11,001)</u>
Change in Net Assets	(21,753)
Total Net Assets - Beginning	<u>1,343,071</u>
Total Net Assets - Ending	<u>\$ 1,321,318</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 PROPRIETARY FUND  
 Combined Statement of Cash Flows  
 For the Year Ended June 30, 2008

	<u>Utility</u>
Cash Flows from Operating Activities	
Cash Received From Customers	\$ 426,877
Cash Paid to Suppliers and Employees	<u>(376,721)</u>
Net Cash Provided by Operating Activities	<u>50,156</u>
Cash Flows from Capital & Related Financing Activities	
Principal Paid	(10,000)
Interest Paid	<u>(16,599)</u>
Net Cash Provided by Capital & Related Financing Activities	<u>(26,599)</u>
Cash Flows from Investing Activities	
Interest Received	<u>5,598</u>
Net Cash Provided by Investing Activities	<u>5,598</u>
Net Increase (Decrease) in Cash	29,155
Cash, Beginning of the Year	<u>450,660</u>
Cash, End of the Year	\$ <u><u>479,815</u></u>
Cash in the Bank	\$ 271,148
Restricted Cash in the Bank	<u>208,667</u>
	\$ <u><u>479,815</u></u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (10,752)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	46,022
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(8,566)
(Increase) Decrease in Inventory	(104)
Increase (Decrease) in Accounts Payable	20,200
Increase (Decrease) in Accrued Salaries	91
Increase (Decrease) in Accrued Interest	(378)
Increase (Decrease) in Compensated Absences	920
Increase (Decrease) in Meter Deposits	<u>2,723</u>
Net Cash Provided by Operating Activities	\$ <u><u>50,156</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 Statement of Fiduciary Assets and Liabilities - Agency Funds  
 For the Year Ended June 30, 2008

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	Agency Funds
<b>Assets</b>	
Cash in the Bank	\$ 1
Total Assets	\$ 1
 <b>Liabilities</b>	
Funds Held for Others	\$ 1
Total Liabilities	\$ 1

The notes to the financial statements are an integral part of this statement.

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Dexter (Town) ,has 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. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the School's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD & A) providing an analysis of the District's overall financial position and results of operations.
- Financial Statements prepared using full-accrual accounting for all the Town's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2008.

In addition, in June 2001, the GASB issued Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, *Certain Financial Note Disclosures*. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the Town.

**Financial Reporting Entity**

The TOWN OF DEXTER was incorporated under the laws of the State of New Mexico. The Town operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
Notes to the Financial Statements  
June 30, 2008

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The Town has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Town members are financially accountable. There are no other primary governments with which the Town Board Members are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Town are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

**Basis of Presentation and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Town. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program and 3) capital grants or contributions restricted to meeting capital requirements of a particular program. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Town has presented the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Town and accounts for all revenues and expenditures of the Town not encompassed within other funds.



**Fire Fund**

To account for the operation and maintenance of the Town Fire Department. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA

**Proprietary Funds** - Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

The Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period on which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Additionally, the Town reports the following non-major funds types:

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

**Capital Projects Fund** - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the Town.

**Fiduciary Fund** - The Fiduciary funds account for assets held by the Town in a trustee or agent capacity.

**Measurement Focus and Basis of Accounting**

The government wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenue, such as franchise and sales tax revenue, is recognized when the underlying exchange transaction occurs.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
Notes to the Financial Statements  
June 30, 2008

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Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes, sales taxes, franchise tax, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreement, the Town funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to financial the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Control

1. Prior to June 1, the Town's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.
3. The Town treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Trustees and the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. Legal budget control for expenditures is by fund.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Town is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
Notes to the Financial Statements  
June 30, 2008

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Investments

All money not immediately necessary for the public uses of the Town may be invested in :

(a) bonds or negotiable securities of the United States, the state or any county, municipality or Town which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Prepaid Items

Prepaid balances are for payments made by the Town in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
Notes to the Financial Statements  
June 30, 2008

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Capital Assets

Capital assets, which includes property, plant, equipment (including software), and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The construction period interest is not capitalized in the proprietary funds.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings, Improvements and Infrastructure	20-50 Years
Equipment	3-15 Years

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

Accumulated Unpaid Vacation and Sick Leave Benefits

Upon retirement or death of certain employees, the Town pays any accrued vacation leave in a lump cash payment to such employee or his/her estate. All amounts as of June 30, 2008 are considered non-current, and any payments are made from the proprietary or general funds, where employee earns vacation pay.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

**NOTE B: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of each budget actual.

**NOTE C: CASH AND INVESTMENTS**

The Town is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<b>Wells Fargo Bank</b>	Balance Per Bank 06-30-08	Reconciled Balance	Type
<u>Name of Account</u>	<u>06-30-08</u>	<u>Balance</u>	<u>Type</u>
Street/Drainage Imp.	\$ 60	\$ 0	Checking
General Fund	1,310,704	1,303,427	Checking
Dexter Health Clinic	9,333	9,333	Checking
Repairs & Replacement	40,351	40,351	Checking
Reserve Bond	88,808	88,808	Checking
JUSGI 1075 & 1983	22,546	22,546	Checking
Stone Well	25,400	25,400	Checking
Utility Fund	271,325	271,148	Checking
Water Meter	31,766	31,562	Checking
Municipal Court	1	1	Checking
Water System Improvement	76	0	
TOTAL Deposited	<u>1,800,370</u>	<u>\$ 1,792,576</u>	
Less: FDIC Coverage	<u>(100,000)</u>		
Uninsured Amount	1,700,370		
50% collateral requirement	850,185		
Pledged securities	<u>921,151</u>		
Over (Under) requirement	<u>\$ 70,966</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
Notes to the Financial Statements  
June 30, 2008

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The following securities are pledged at **Wells Fargo Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNCL	31409UUZ6	\$ 291,096	5/1/36	Wells Fargo, California
FN	31409V3L5	79,032	2/1/36	Wells Fargo, California
FN	3128MS7G9	144,171	6/1/37	Wells Fargo, California
FN	31410MLZ1	273,085	4/1/36	Wells Fargo, California
FNCL	31410SA80	133,767	5/1/36	Wells Fargo, California
		<u>\$ 921,151</u>		

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 100,000
Collateralized:	
Collateral held by the pledging bank in Town's name	921,151
Uninsured and uncollateralized	779,220
Total Deposits	<u>\$ 1,800,371</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008 \$779,220 of the Town's bank balance of 1,800,371 was exposed to custodial credit risk.

During the year ending June 30, 2008 the Town had the following invested with NMFA for debt service reserve:

<u>Name of Account</u>	<u>Balance Per Bank 6-30-08</u>	<u>Reconciled Balance</u>	<u>Type</u>
Town of Dexter	\$ 45,802	\$ 45,802	Savings
TOTAL Deposited	<u>\$ 45,802</u>	<u>\$ 45,802</u>	

**NOTE D: RESTRICTED CASH**

The restricted cash is the water deposits and is held for refunds as needed.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
Notes to the Financial Statements  
June 30, 2008

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**NOTE E: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2008, is as follows:

	Balance 6/30/07	Increases	Decreases	Balance 6/30/08
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 81,000	\$ 0	\$ 0	\$ 81,000
Total Capital Assets, not being Depreciated	<u>81,000</u>	<u>0</u>	<u>0</u>	<u>81,000</u>
Capital Assets, being Depreciated				
Infrastructure	3,175,641	0	0	3,175,641
Buildings	1,370,390	0	0	1,370,390
Equipment	1,542,731	186,664	58,719	1,670,676
Total Capital Assets, being Depreciated	<u>6,088,762</u>	<u>186,664</u>	<u>58,719</u>	<u>6,216,707</u>
Total Capital Assets	<u>\$ 6,169,762</u>	<u>\$ 186,664</u>	<u>\$ 58,719</u>	<u>\$ 6,297,707</u>
<b>Less Accumulated Depreciation</b>				
Infrastructure	\$ 1,000,938	\$ 130,410	\$ 0	\$ 1,131,348
Buildings	474,387	35,378	0	509,765
Equipment	779,313	81,787	48,110	812,990
Total Accumulated Depreciation	<u>2,254,638</u>	<u>247,575</u>	<u>48,110</u>	<u>2,454,103</u>
Capital Assets, net	<u>\$ 3,915,124</u>	<u>\$ (60,911)</u>	<u>\$ 10,609</u>	<u>\$ 3,843,604</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 9,501
Public Safety	73,442
Public Works	144,140
Culture & Recreation	17,407
Health & Welfare	3,085
Total depreciation expenses	<u>\$ 247,575</u>

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
Notes to the Financial Statements  
June 30, 2008

	Balance 6/30/07	Increases	Decreases	Balance 6/30/08
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 26,000	\$ 0	\$ 0	\$ 26,000
Total Capital Assets not being Depreciated	26,000	0	0	26,000
Other Capital Assets				
Buildings & Equipment	1,255,853	0	0	1,255,853
Machinery & Equipment	321,133	0	(13,000)	308,133
Total Capital Assets at Historical Cost	<u>1,602,986</u>	<u>0</u>	<u>(13,000)</u>	<u>1,589,986</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Equipment	460,757	31,564	0	492,321
Machinery & Equipment	84,144	14,457	(13,000)	111,601
Total Accumulated Depreciation	<u>544,901</u>	<u>46,021</u>	<u>(13,000)</u>	<u>603,922</u>
Capital Assets, net	<u>\$ 1,058,085</u>	<u>\$ (46,021)</u>	<u>\$ 0</u>	<u>\$ 986,064</u>

**NOTE F: LONG TERM DEBT**

Governmental Funds

A summary of activity in the Long-Term Debt is as follows:

	Balance 6/30/07	Additions	Reductions	Balance 6/30/08	Amounts Due Within One Year
<b>Governmental Activities</b>					
Notes Payable	\$ 325,573	\$ 0	\$ 48,390	\$ 277,183	\$ 50,008
Total Notes Payable	<u>325,573</u>	<u>0</u>	<u>48,390</u>	<u>277,183</u>	<u>50,008</u>
Other Liabilities					
Compensated Absences	22,758	20,157	17,677	25,238	0
Total Other Liabilities	<u>22,758</u>	<u>20,157</u>	<u>17,677</u>	<u>25,238</u>	<u>0</u>
Long-Term	<u>\$ 348,331</u>	<u>\$ 20,157</u>	<u>\$ 66,067</u>	<u>\$ 302,421</u>	<u>\$ 50,008</u>

The compensated absences ultimately will be liquidated by the General Fund or Utility Fund as they have been in the past.



STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
Notes to the Financial Statements  
June 30, 2008

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All activities of bonds and loans payable at June 30, 2008 are comprised of the following individual issues:

2001 NMFA Loan, due in annual installments of \$22,908 to \$25,610 including interest, at 4.54% to 5.37% through May, 2011. \$ 74,032

2004 NMFA Loan, due in annual installments of \$24,764 to \$32,109 including interest, at 1.9% to 4.43% through May, 2015. 203,151  
\$ 277,183

The annual requirements to amortize both of the above described loans as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 50,008	\$ 8,403	\$ 58,411
2010	51,730	6,757	58,487
2011	53,561	3,158	56,719
2012	28,895	3,629	32,524
2013	29,904	2,664	32,568
2014-2015	63,085	1,697	64,782
	<u>\$ 277,183</u>	<u>\$ 26,308</u>	<u>\$ 303,491</u>

Proprietary Funds

A summary of activity in the Long-Term Debt is as follows:

	<u>Balance 6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/08</u>	<u>Amounts Due Within One Year</u>
<b>Business-Type Activities</b>					
Bonds Payable	\$ 168,688	\$ 0	\$ 10,000	\$ 158,688	10,000
Compensated Absences	5,094	4,514	3,594	6,014	0
Total	<u>\$ 173,782</u>	<u>\$ 4,514</u>	<u>\$ 13,594</u>	<u>\$ 164,702</u>	<u>\$ 10,000</u>

All activities of bonds and loans payable at June 30, 2008 are comprised of the following individual issues:

1974 Utility Serial Bonds issued January, 1974, held by GE Capital, due in installments of \$6,000 to \$8,034, including interest, through January, 2014. Balance  
\$ 28,688

1983 Utility Serial Bonds issued January, 1983, held by GE Capital, due in annual installments of \$3000 to 18,584 including interest, through January, 2023, interest at 11.375%. 130,000

Total \$ 158,688

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 Notes to the Financial Statements  
 June 30, 2008

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The annual requirements to two above bonds as of June 30, 2008, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 10,000	\$ 16,222	\$ 26,222
2010	10,000	15,467	25,467
2011	11,000	14,712	25,712
2012	10,000	13,779	23,779
2013	11,000	12,897	23,897
2014-2018	44,688	41,931	86,619
2019-2023	62,000	22,523	84,523
	<u>\$ 158,688</u>	<u>\$ 137,531</u>	<u>\$ 296,219</u>

**NOTE G: PROPERTY TAXES**

The County collects the Town's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Town on a monthly basis. The Town accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

**NOTE H: DEFINED BENEFIT PENSION PLAN**

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

**Funding Policy.** Plan members are required to contribute 7% of their gross salary for law enforcement and 9.15% for others. The Town of Dexter is required to contribute 18.5% for law enforcement employees and 9.15% for all other employees. The contribution requirements of plan members and the Town are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Town of Dexter's contributions to PERA for the years ending June 30, 2008, 2007, and 2006 are \$69,972, \$58,930, and \$54,750, respectively, equal to the amount of the required contributions for each year.

**NOTE I: POST-EMPLOYMENT BENEFITS**

The Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Town has elected not to participate in the program by adoption of an ordinance.

**NOTE J: RECEIVABLES**

Receivables as of June 30, 2008, were as follows:

<u>Receivables</u>	<u>General</u>	<u>Utilities</u>
Gross Receipts Tax	\$ 60,049	\$ 0
Franchise Taxes	6,675	0
Property Taxes	159	0
Other Taxes	2,848	0
Accounts Receivables	0	44,624
	<u>\$ 69,731</u>	<u>\$ 44,624</u>

**NOTE K: INTERFUND TRANSFERS**

There were no interfund transfers or interfund balances.

**NOTE L: RISK MANAGEMENT**

The Town participates in the New Mexico Self-Insurers Fund for medical insurance coverage for their employees. Commercial Insurance covers all other losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. There are no claim liabilities at year end.

**NOTE M: SURETY BOND**

The officials and certain employees of the Town are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

**NONMAJOR SPECIAL REVENUE FUNDS**

**Correction Fund**

To account for the collection of fines which are used to supplement the cost of prisoner housing. The fund was created by the authority of state statute. (Section 29-1301 NASA 1978)

**Emergency Medical Services**

To account for the operation and maintenance of the Town EMS Department. Financing is primarily from an annual EMS allotment and fees collected for emergency transportation. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

**Recreation**

To account for the operation and maintenance of the Town's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of state statute. (NMSA 7-12-15)

**Health Clinic**

To account for the receipts and expenditures related to the Town's Health Clinic. Funding is provided by the State Department of Health, Public Health Division, to provide primary health care services and rental income collected and reserved for maintenance of the Health Clinic Building. The fund was created by State Grant Provisions. NMSA 24-1A-3.1

**Law Enforcement**

To account for funds received from the State of New Mexico for law enforcement purposes. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

**Streets Gas Tax**

To account for the receipts and expenditures of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 NONMAJOR SPECIAL REVENUE FUNDS  
 Combining Balance Sheet  
 June 30, 2008

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	<u>Correction Fees</u>	<u>Emergency Medical Services</u>	<u>Recreation</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 60,641	\$ 0	\$ 397
Total Assets	<u>\$ 60,641</u>	<u>\$ 0</u>	<u>\$ 397</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
<b>Unreserved Reported In:</b>			
Special Revenue	60,641	0	397
Total Fund Balance	<u>60,641</u>	<u>0</u>	<u>397</u>
 Total Liabilities and Fund Balance	 <u>\$ 60,641</u>	 <u>\$ 0</u>	 <u>\$ 397</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	<u>Health Clinic</u>	<u>Law Enforcement Protection</u>	<u>Streets Gas Tax</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,333	\$ 22,580	\$ 154,409
Total Assets	<u>\$ 9,333</u>	<u>\$ 22,580</u>	<u>\$ 154,409</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 309	\$ 5,103	\$ 0
Total Liabilities	<u>309</u>	<u>5,103</u>	<u>0</u>
Fund Balance			
Unreserved Reported In:			
Special Revenue	<u>9,024</u>	<u>17,477</u>	<u>154,409</u>
Total Fund Balance	<u>9,024</u>	<u>17,477</u>	<u>154,409</u>
 Total Liabilities and Fund Balance	 <u>\$ 9,333</u>	 <u>\$ 22,580</u>	 <u>\$ 154,409</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	<u>Total</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 247,360
Total Assets	<u>\$ 247,360</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts Payable	\$ 5,412
Total Liabilities	<u>5,412</u>
Fund Balance	
Unreserved Reported In:	
Special Revenue	<u>241,948</u>
Total Fund Balance	<u>241,948</u>
 Total Liabilities and Fund Balance	 <u>\$ 247,360</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	Correction Fees	Emergency Medical Services	Recreation
<b>Revenues</b>			
Taxes	\$ 0	\$ 0	\$ 1,237
State Grants	0	10,735	0
Fees & Fines	9,486	0	0
Interest	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>9,486</u>	<u>10,735</u>	<u>1,237</u>
<b>Expenditures</b>			
<b>Current</b>			
General	0	0	0
Public Safety	2,756	16,748	0
Public Works	0	0	0
Culture & Recreation	0	0	1,751
Health & Welfare	0	0	0
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<u>2,756</u>	<u>16,748</u>	<u>1,751</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	6,730	(6,013)	(514)
<b>Fund Balances at Beginning of Year</b>	<u>53,911</u>	<u>6,013</u>	<u>911</u>
<b>Fund Balance End of Year</b>	<u>\$ 60,641</u>	<u>\$ 0</u>	<u>\$ 397</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	Health Clinic	Law Enforcement Protection	Streets Gas Tax
Revenues			
Taxes	\$ 0	\$ 0	\$ 38,488
State Grants	0	21,200	0
Fees & Fines	0	0	0
Interest	5	0	0
Miscellaneous	12,302	1,200	0
Total Revenues	<u>12,307</u>	<u>22,400</u>	<u>38,488</u>
Expenditures			
Current			
General	0	0	0
Public Safety	0	15,118	0
Public Works	0	0	2,456
Culture & Recreation	0	0	0
Health & Welfare	6,212	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>6,212</u>	<u>15,118</u>	<u>2,456</u>
Excess (Deficiency) of Revenues Over Expenditures	6,095	7,282	36,032
Fund Balances at Beginning of Year	<u>2,929</u>	<u>10,195</u>	<u>118,377</u>
Fund Balance End of Year	<u>\$ 9,024</u>	<u>\$ 17,477</u>	<u>\$ 154,409</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 For the Year Ended June 30, 2008

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	<u>Total</u>
Revenues	
Taxes	\$ 39,725
State Grants	31,935
Fees & Fines	9,486
Interest	5
Miscellaneous	13,502
Total Revenues	<u>94,653</u>
Expenditures	
Current	
General	0
Public Safety	34,622
Public Works	2,456
Culture & Recreation	1,751
Health & Welfare	6,212
Capital Outlay	0
Total Expenditures	<u>45,041</u>
Excess (Deficiency) of Revenues Over Expenditures	49,612
Fund Balances at Beginning of Year	<u>192,336</u>
Fund Balance End of Year	<u>\$ 241,948</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
**SPECIAL REVENUE FUND-CORRECTION FEES**  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Correction Fees	\$ 5,400	\$ 9,486	\$ 9,486	\$ 0
Total Revenues	<u>5,400</u>	<u>9,486</u>	<u>9,486</u>	<u>0</u>
<b>Expenditures</b>				
<b>Public Safety</b>				
Local Correction Fee	3,000	0	0	0
Judicial	600	686	686	0
Automation	1,800	2,070	2,070	0
Total Expenditures	<u>5,400</u>	<u>2,756</u>	<u>2,756</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	6,730	6,730	0
Cash Balance Beginning of Year	<u>53,911</u>	<u>53,911</u>	<u>53,911</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 53,911</u>	<u>\$ 60,641</u>	<u>\$ 60,641</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 6,730	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 6,730</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
SPECIAL REVENUE FUND-EMERGENCY MEDICAL SERVICES  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 12,992	\$ 10,735	\$ 10,735	\$ 0
Total Revenues	<u>12,992</u>	<u>10,735</u>	<u>10,735</u>	<u>0</u>
<b>Expenditures</b>				
<b>Public Safety</b>				
Operating Expense	19,621	17,364	17,364	0
Capital Outlay	0	0	0	0
Total Expenditures	<u>19,621</u>	<u>17,364</u>	<u>17,364</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,629)	(6,629)	(6,629)	0
Cash Balance Beginning of Year	<u>6,629</u>	<u>6,629</u>	<u>6,629</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,629)	
Net Changes in Accounts Payable			616	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (6,013)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
SPECIAL REVENUE FUND-RECREATION  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Cigarette Tax	\$ 1,250	\$ 1,250	\$ 1,237	\$ (13)
Other	0	2,332	0	(2,332)
Total Revenues	<u>1,250</u>	<u>3,582</u>	<u>1,237</u>	<u>(2,345)</u>
<b>Expenditures</b>				
Culture & Recreation				
Operating Expense	<u>2,161</u>	<u>1,751</u>	<u>1,751</u>	<u>0</u>
Total Expenditures	<u>2,161</u>	<u>1,751</u>	<u>1,751</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(911)	1,831	(514)	(2,345)
Cash Balance Beginning of Year	<u>911</u>	<u>911</u>	<u>911</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>2,742</u>	\$ <u>397</u>	\$ <u>(2,345)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(514)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(514)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
SPECIAL REVENUE FUND-HEALTH CLINIC  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Lease Income	\$ 9,000	\$ 9,000	\$ 9,050	\$ 50
Reimbursement	3,000	3,000	3,252	252
Miscellaneous	0	0	5	5
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>12,307</u>	<u>307</u>
<b>Expenditures</b>				
<b>Health &amp; Welfare</b>				
Operating Expense	<u>10,001</u>	<u>6,011</u>	<u>6,010</u>	<u>1</u>
Total Expenditures	<u>10,001</u>	<u>6,011</u>	<u>6,010</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	1,999	5,989	6,297	308
Cash Balance Beginning of Year	<u>3,036</u>	<u>3,036</u>	<u>3,036</u>	<u>0</u>
Cash Balance End of Year	\$ <u>5,035</u>	\$ <u>9,025</u>	\$ <u>9,333</u>	\$ <u>308</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 6,297	
Net Changes in Accounts Payable			(202)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>6,095</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
TOWN OF DEXTER  
SPECIAL REVENUE FUND-LAW ENFORCEMENT PROTECTION  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 21,200	\$ 21,200	\$ 21,200	\$ 0
County Grant	5,000	0	0	0
Miscellaneous	2,500	1,200	1,200	0
Total Revenues	<u>28,700</u>	<u>22,400</u>	<u>22,400</u>	<u>0</u>
<b>Expenditures</b>				
<b>Public Safety</b>				
Operating Expense	<u>42,095</u>	<u>13,216</u>	<u>13,215</u>	<u>1</u>
Total Expenditures	<u>42,095</u>	<u>13,216</u>	<u>13,215</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,395)	9,184	9,185	1
Cash Balance Beginning of Year	<u>13,395</u>	<u>13,395</u>	<u>13,395</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>22,579</u>	\$ <u>22,580</u>	\$ <u>1</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,185	
Net Changes in Accounts Payable			<u>(1,903)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 7,282</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
TOWN OF DEXTER  
SPECIAL REVENUE FUND-STREETS GAS TAX  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Special Gas Tax	\$ 16,475	\$ 20,843	\$ 20,843	\$ 0
Regular Gas Tax	36,275	17,645	17,645	0
Total Revenues	<u>52,750</u>	<u>38,488</u>	<u>38,488</u>	<u>0</u>
<b>Expenditures</b>				
<b>Public Works</b>				
Operating Expenses	102,626	2,456	2,456	0
Total Expenditures	<u>102,626</u>	<u>2,456</u>	<u>2,456</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(49,876)	36,032	36,032	0
Cash Balance Beginning of Year	<u>118,377</u>	<u>118,377</u>	<u>118,377</u>	<u>0</u>
Cash Balance End of Year	\$ <u>68,501</u>	\$ <u>154,409</u>	\$ <u>154,409</u>	\$ <u>0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>36,032</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>36,032</u>	

The notes to the financial statements are an integral part of this statement.

**ENTERPRISE FUNDS**

**Utility**

To account for the provision of water, sewer and sanitation to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 PROPRIETARY FUND-UTILITY  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Sales & Service	\$ 363,075	\$ 371,389	\$ 374,110	\$ 2,721
Connection Fees	4,174	4,000	4,839	839
Interest Income	5,595	5,595	5,598	3
Miscellaneous	45,400	47,928	47,928	0
Total Revenues	<u>418,244</u>	<u>428,912</u>	<u>432,475</u>	<u>3,563</u>
<b>Expenditures</b>				
<b>Water</b>				
Salaries & Benefits	64,881	64,351	64,350	1
Operating Expense	86,430	106,864	106,716	148
<b>Sewer</b>				
Salaries & Benefits	48,629	41,891	41,891	0
Operating Expense	33,255	35,263	35,256	7
<b>Sanitation</b>				
Operating Expense	125,315	128,131	128,130	1
<b>Debt Service</b>				
Interest	16,977	16,977	16,977	0
Principal	10,000	10,000	10,000	0
Total Expenditures	<u>385,487</u>	<u>403,477</u>	<u>403,320</u>	<u>157</u>
Excess (Deficiency) of Revenues Over Expenditures	32,757	25,435	29,155	3,720
Cash Balance Beginning of Year	<u>450,660</u>	<u>450,660</u>	<u>450,660</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 483,417</u>	<u>\$ 476,095</u>	<u>\$ 479,815</u>	<u>\$ 3,720</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 29,155	
Depreciation			(46,022)	
Principal Paid			10,000	
Net Changes in Accounts Receivable			8,566	
Net Changes in Inventory			104	
Net Changes in Accounts Payable			(20,200)	
Net Changes in Accrued Salaries			(91)	
Net Changes in Accrued Interest			378	
Net Changes in Compensated Absenses			(920)	
Net Changes in Meter Deposits			(2,723)	
Change in Net Assets			<u>\$ (21,753)</u>	

The notes to the financial statements are an integral part of this statement.

**AGENCY FUNDS**

**Motor Vehicle Department**

To account for funds held on behalf of the Motor Vehicle Department.

**Municipal Court Bond**

To account for funds held on behalf of the Municipal Court Bond Account.

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
 AGENCY FUNDS  
 Schedule of Changes in Assets and Liabilities  
 For the Year Ended June 30, 2008

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	<u>Balance</u> 06/30/07	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 06/30/08
<b>ASSETS</b>				
Cash in Bank	\$ 252	\$ 35,551	\$ 35,802	\$ 0
Total Assets	<u>\$ 252</u>	<u>\$ 35,551</u>	<u>\$ 35,802</u>	<u>\$ 0</u>
<b>LIABILITIES</b>				
Funds Held for Others	\$ 252	\$ 35,551	\$ 35,802	\$ 0
Total Liabilities	<u>\$ 252</u>	<u>\$ 35,551</u>	<u>\$ 35,802</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

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 Balderas  
State Auditor of the State of New Mexico  
Board Members of the Town OF DEXTER

Mr. Balderas and Members of the Board

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 for the general fund and major special revenue fund, and the combining and individual funds presented as supplemental information of the TOWN OF DEXTER (Town), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 1, 2008. 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

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing the audit procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 Town's financial statements that is more than inconsequential will not be prevented or detected by the Town'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 Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the 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 Town'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 the 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.

This report is intended solely for the information and use of management, the New Mexico State Legislature and its committees, the Office of the State Auditor, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

*De'Ann Willoughby CPA PC*

December 1, 2008

STATE OF NEW MEXICO  
**TOWN OF DEXTER**  
Schedule of Findings and Responses  
For the Year Ended June 30, 2008

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**Prior Year Audit Findings**

	<b><u>Status</u></b>
07-01 Late Audit Report - Compliance	Resolved
07-02 Preparation of the Audit Report	Resolved

**Current Year Audit Findings**

There are no current year Findings.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on December 1, 2008. In attendance were Richard Johnson-Councilman, Norman Caffall-Councilman, Kay Roberts-Treasurer, and De'Aun Willoughby, CPA.