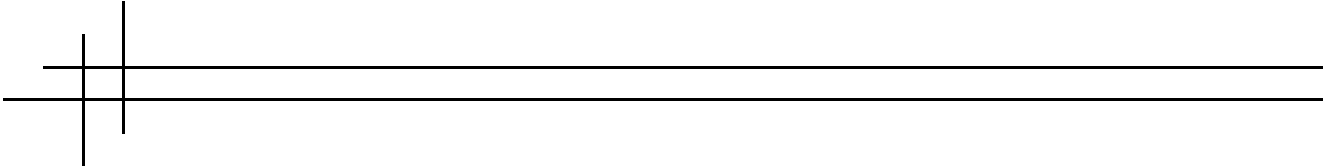




STATE OF NEW MEXICO
TOWN OF DEXTER

ANNUAL FINANCIAL REPORT
June 30, 2009

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



STATE OF NEW MEXICO
TOWN OF DEXTER
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STATE OF NEW MEXICO
TOWN OF DEXTER
Official Roster
June 30, 2009

TOWN COUNCIL

Richard Johnson	Mayor
Steve Chavez	Councilman
Andy Lopez	Councilman
Norman Caffall	Councilman
Mitch Daubert	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

(575) 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, 2009, 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, 2009, 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, 2009, 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, 2009, 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 September 14, 2009 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'Ann Willoughby CPA PC

September 14, 2009

FINANCIAL SECTION

STATE OF NEW MEXICO
TOWN OF DEXTER
Government-Wide Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,498,085	\$ 313,402	\$ 1,811,487
Receivables	54,602	41,994	96,596
Inventory	0	7,176	7,176
Total Current Assets	<u>1,552,687</u>	<u>362,572</u>	<u>1,915,259</u>
Noncurrent Assets			
Restricted Cash	0	218,543	218,543
Capital Assets	6,900,888	1,615,986	8,516,874
Less: Accumulated Depreciation	<u>(2,700,913)</u>	<u>(649,292)</u>	<u>(3,350,205)</u>
Total Noncurrent Assets	<u>4,199,975</u>	<u>966,694</u>	<u>5,166,669</u>
Total Assets	<u>5,752,662</u>	<u>1,547,809</u>	<u>7,300,471</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	19,748	14,480	34,228
Accrued Salaries and Benefits	8,570	1,774	10,344
Accrued Interest	1,268	7,733	9,001
Current Portion of Long-Term Debt	<u>51,730</u>	<u>10,000</u>	<u>61,730</u>
Total Current Liabilities	<u>81,316</u>	<u>33,987</u>	<u>115,303</u>
Noncurrent Liabilities			
Compensated Absences	19,471	8,076	27,547
Customer Deposits	0	33,715	33,715
Bonds and Notes	<u>175,445</u>	<u>138,688</u>	<u>314,133</u>
Total Noncurrent Liabilities	<u>194,916</u>	<u>180,479</u>	<u>375,395</u>
Total Liabilities	<u>276,232</u>	<u>214,466</u>	<u>490,698</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,972,800	810,273	4,783,073
Unrestricted	<u>1,503,630</u>	<u>523,070</u>	<u>2,026,700</u>
Total Net Assets	<u>\$ 5,476,430</u>	<u>\$ 1,333,343</u>	<u>\$ 6,809,773</u>

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

STATE OF NEW MEXICO
TOWN OF DEXTER
Government-Wide Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net(Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 237,056	\$ 0	\$ 35,000	\$ 0	\$ (202,056)	\$ 0	\$ (202,056)
Public Safety	501,346	22,180	223,788	0	(255,378)	0	(255,378)
Public Works	263,072	3,565	5,302	223,363	(30,842)	0	(30,842)
Culture & Recreation	274,627	37,573	0	345,175	108,121	0	108,121
Health & Welfare	13,013	0	0	0	(13,013)	0	(13,013)
Interest on Long-Term Obligations	4,681	0	0	0	(4,681)	0	(4,681)
Total Governmental Activities	1,293,795	63,318	264,090	568,538	(397,849)	0	(397,849)
Business-type Activities							
Utility	402,868	414,780	0	0	0	11,912	11,912
Total Business-type Activities	402,868	414,780	0	0	0	11,912	11,912
Total Primary Government	\$ 1,696,663	\$ 478,098	\$ 264,090	\$ 568,538	(397,849)	11,912	(385,937)
General Revenues							
Gross Receipts Taxes					\$ 645,047	\$ 0	\$ 645,047
Gasoline Taxes					32,985	0	32,985
Franchise Taxes					10,094	0	10,094
Property Taxes					26,302	0	26,302
Other Taxes					19,218	0	19,218
Interest Income					1,110	113	1,223
Miscellaneous					66,027	0	66,027
Total General Revenues					800,783	113	800,896
Other Items							
Gain on the Disposition of Capital Assets					131,374	0	131,374
Change in Net Assets					534,308	12,025	546,333
Net Assets - beginning					4,942,122	1,321,318	6,263,440
Net Assets - ending					\$ 5,476,430	\$ 1,333,343	\$ 6,809,773

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, 2009

	<u>General</u>	<u>Fire</u>	<u>Non-Major Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,156,695	\$ 93,101	\$ 248,289
Receivables			
Taxes	52,066	0	2,536
Total Assets	<u>\$ 1,208,761</u>	<u>\$ 93,101</u>	<u>\$ 250,825</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 6,885	\$ 10,638	\$ 2,225
Accrued Salaries	8,570	0	0
Total Liabilities	<u>15,455</u>	<u>10,638</u>	<u>2,225</u>
 Fund Balances			
Unreserved Reported In:			
General Fund	1,193,306	0	0
Special Revenue Fund	0	82,463	248,600
Total Fund Balances	<u>1,193,306</u>	<u>82,463</u>	<u>248,600</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,208,761</u>	 <u>\$ 93,101</u>	 <u>\$ 250,825</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, 2009

	<u>Total Governmental Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,498,085
Receivables	
Taxes	54,602
Total Assets	<u>\$ 1,552,687</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 19,748
Accrued Salaries	8,570
Total Liabilities	<u>28,318</u>
 Fund Balances	
Unreserved Reported In:	
General Fund	1,193,306
Special Revenue Fund	331,063
Total Fund Balances	<u>1,524,369</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,552,687</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, 2009

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

Total Fund Balance - Governmental Funds	\$	1,524,369
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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	\$	6,900,888	
Accumulated depreciation is		<u>(2,700,913)</u>	4,199,975

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	(227,175)	
Accrued interest on bonds	(1,268)	
Compensated Absences	<u>(19,471)</u>	<u>(247,914)</u>

Total Net Assets - Governmental Activities	\$	<u><u>5,476,430</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, 2009

	General Fund	Fire Fund	Non-Major Governmental Funds
Revenues			
Taxes			
Gross Receipts	\$ 645,047	\$ 0	\$ 0
Property	10,094	0	0
Gasoline	0	0	31,988
Franchise	26,302	0	0
Motor Vehicle	13,623	0	0
Cigarette	3,650	0	1,945
Charges for Services	63,092	0	0
Fees and Fines	7,977	0	4,511
State & Local Grants	608,840	191,737	52,051
Interest	0	1,104	6
Miscellaneous	163,139	0	15,996
Total Revenues	<u>1,541,764</u>	<u>192,841</u>	<u>106,497</u>
Expenditures			
Current			
General	227,467	0	0
Public Safety	282,766	133,254	18,314
Public Works	115,848	0	3,924
Culture & Recreation	254,743	0	1,829
Health & Welfare	0	0	9,927
Capital Outlay	532,328	18,000	65,851
Debt Service			
Principal	0	50,008	0
Interest	0	4,946	0
Total Expenditures	<u>1,413,152</u>	<u>206,208</u>	<u>99,845</u>
Excess (Deficiency) of Revenues Over Expenditures	128,612	(13,367)	6,652
Fund Balances at Beginning of Year	<u>1,064,694</u>	<u>95,830</u>	<u>241,948</u>
Fund Balance End of Year	<u>\$ 1,193,306</u>	<u>\$ 82,463</u>	<u>\$ 248,600</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, 2009

	<u>Total Governmental Funds</u>
Revenues	
Taxes	
Gross Receipts	\$ 645,047
Property	10,094
Gasoline	31,988
Franchise	26,302
Motor Vehicle	13,623
Cigarette	5,595
Charges for Services	63,092
Fees and Fines	12,488
State & Local Grants	852,628
Interest	1,110
Miscellaneous	<u>179,135</u>
Total Revenues	<u>1,841,102</u>
Expenditures	
Current	
General	227,467
Public Safety	434,334
Public Works	119,772
Culture & Recreation	256,572
Health & Welfare	9,927
Capital Outlay	616,179
Debt Service	
Principal	50,008
Interest	<u>4,946</u>
Total Expenditures	<u>1,719,205</u>
Excess (Deficiency) of Revenues Over Expenditures	121,897
Fund Balances at Beginning of Year	<u>1,402,472</u>
Fund Balance End of Year	<u>\$ 1,524,369</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, 2009

Net Change in Fund Balance \$ 121,897

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.

Depreciation expense	\$	(246,810)	
Cost of Capital Asset Sold		(13,000)	
Capital Outlays		616,179	356,369

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 50,008

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 266

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. 5,768

Changes in Net Assets of Governmental Activities \$ 534,308

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

STATE OF NEW MEXICO
TOWN OF DEXTER
GENERAL

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Gross Receipts	\$ 325,000	\$ 329,712	\$ 329,712	\$ 0
Property Taxes	8,872	10,100	10,100	0
Franchise Taxes	27,000	28,767	28,767	0
Cigarette Taxes	2,500	3,769	3,769	0
Motor Vehicle Taxes	20,655	14,320	14,322	2
State Shared Gross Receipts	325,000	329,713	329,712	(1)
Charges for Services				
Motor Vehicle	4,000	3,566	3,566	0
Ambulance	30,050	22,180	22,180	0
Recreation	33,000	37,346	37,346	0
Other License & Permits	1,950	1,500	1,500	0
Fees & Fines	14,000	6,477	6,477	0
State & Local Grants	811,156	608,841	608,840	(1)
Sale of Capital Assets	0	144,374	144,374	0
Miscellaneous	14,850	18,765	18,765	0
Total Revenues	1,618,033	1,559,430	1,559,430	0
Expenditures				
Executive				
Personnel Services	8,799	6,092	6,091	1
Operating Expense	94,858	84,517	71,747	12,770
Capital Outlay	0	0	12,771	(12,771)
Total Executive	103,657	90,609	90,609	0
Financial				
Personnel Services	12,663	111,096	111,096	0
Operating Expense	134,048	14,674	14,674	0
Total Financial	146,711	125,770	125,770	0
Judicial				
Personnel Services	18,746	14,462	14,462	0
Operating Expense	14,340	9,809	9,809	0
Total Judicial	33,086	24,271	24,271	0
Public Safety				
Personnel Services	247,264	207,819	207,819	0
Operating Expense	79,510	66,411	66,411	0
Total Public Safety	\$ 326,774	\$ 274,230	\$ 274,230	\$ 0

STATE OF NEW MEXICO
TOWN OF DEXTER
GENERAL

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Ambulance				
Operating Expense	\$ 8,136	\$ 6,920	\$ 6,920	\$ 0
Total Ambulance	<u>8,136</u>	<u>6,920</u>	<u>6,920</u>	<u>0</u>
Highway & Streets				
Personnel Services	51,961	51,603	51,602	1
Operating Expense	81,121	28,824	28,824	0
Capital Purchases	<u>313,520</u>	<u>199,057</u>	<u>199,057</u>	<u>0</u>
Total Highway & Streets	<u>446,602</u>	<u>279,484</u>	<u>279,483</u>	<u>1</u>
Parks				
Personnel Services	0	59,298	59,298	0
Operating Expense	0	143,290	143,290	0
Capital Purchases	<u>351,800</u>	<u>378,406</u>	<u>378,406</u>	<u>0</u>
Total Parks	<u>351,800</u>	<u>580,994</u>	<u>580,994</u>	<u>0</u>
Library				
Operating Expense	<u>1,000</u>	<u>949</u>	<u>949</u>	<u>0</u>
Total Library	<u>1,000</u>	<u>949</u>	<u>949</u>	<u>0</u>
Motor Vehicle Department				
Personnel Services	86,357	26,588	26,587	1
Operating Expense	<u>9,706</u>	<u>8,204</u>	<u>8,203</u>	<u>1</u>
Total Motor Vehicle Depart.	<u>96,063</u>	<u>34,792</u>	<u>34,790</u>	<u>2</u>
Total Expenditures	<u>1,513,829</u>	<u>1,418,019</u>	<u>1,418,016</u>	<u>3</u>
Excess (Deficiency) of Revenues Over Expenditures	104,204	141,411	141,414	3
Cash Balance Beginning of Year	<u>1,015,281</u>	<u>1,015,281</u>	<u>1,015,281</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,119,485</u>	<u>\$ 1,156,692</u>	<u>\$ 1,156,695</u>	<u>\$ 3</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 141,414	
Net change in Taxes Receivable			(17,665)	
Net change in Delinquent Property Taxes			0	
Net change in Uncollectibles			0	
Net change in Accounts Payable			4,377	
Net change in Accrued Salaries & Benefits			486	
Net change in Deferred Revenue			0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 128,612</u>	

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

STATE OF NEW MEXICO
TOWN OF DEXTER
SPECIAL REVENUE FUND-FIRE
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 181,737	\$ 181,737	\$ 181,737	\$ 0
County Subsidy	5,000	10,000	10,000	0
Interest Income	0	0	1,104	1,104
Total Revenues	<u>186,737</u>	<u>191,737</u>	<u>192,841</u>	<u>1,104</u>
Expenditures				
Public Safety				
Operating	170,865	98,000	97,967	33
Capital Outlay	10,000	42,740	42,741	(1)
Debt Service				
Interest	5,983	5,983	4,946	1,037
Principal	50,008	50,008	50,008	0
Total Expenditures	<u>236,856</u>	<u>196,731</u>	<u>195,662</u>	<u>1,069</u>
Excess (Deficiency) of Revenues Over Expenditures	(50,119)	(4,994)	(2,821)	2,173
Cash Balance Beginning of Year	<u>95,922</u>	<u>95,922</u>	<u>95,922</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 45,803</u>	<u>\$ 90,928</u>	<u>\$ 93,101</u>	<u>\$ 2,173</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,821)	
Net change in Accounts Payable			<u>(10,546)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (13,367)</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, 2009

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 313,402
Receivables (net of allowance for uncollectible accounts)	
Accounts	41,994
Inventory	7,176
Total Current Assets	<u>362,572</u>

Noncurrent Assets

Restricted Cash	218,543
Capital Assets	1,615,986
Less: Accumulated Depreciation	<u>(649,292)</u>
Total Noncurrent Assets	<u>1,185,237</u>

Total Assets	<u>1,547,809</u>
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LIABILITIES

Current Liabilities

Accounts Payable	14,480
Accrued Salaries and Benefits	1,774
Accrued Interest	7,733
Current Portion of Long-Term Debt	10,000
Total Current Liabilities	<u>33,987</u>

Noncurrent Liabilities

Compensated Absences	8,076
Customer Deposits	33,715
Long Term Debt	138,688
Total Noncurrent Liabilities	<u>180,479</u>

Total Liabilities	<u>214,466</u>
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NET ASSETS

Invested in Capital Assets, Net of
Related Debt

Unrestricted	818,006
Total Net Assets	515,337
	<u>\$ 1,333,343</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 Revenue, Expenses and Changes in Fund Net Assets
 For the Year Ended June 30, 2009

Operating Revenues		
Sales & Service	\$	365,541
Fees & Penalties		10,177
Miscellaneous		39,062
Total Operating Revenues		<u>414,780</u>
Operating Expenses		
Salaries & Benefits		112,945
Operating Expense		228,709
Depreciation		45,370
Total Operating Expenses		<u>387,024</u>
Operating Income (Loss)		<u>27,756</u>
Nonoperating Revenue (Expenses)		
Interest Income		113
Interest Expense		<u>(15,844)</u>
Total Nonoperating Revenue (Expenses)		<u>(15,731)</u>
Change in Net Assets		12,025
Total Net Assets - Beginning		<u>1,321,318</u>
Total Net Assets - Ending	\$	<u><u>1,333,343</u></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, 2009

Cash Flows from Operating Activities	
Cash Received From Customers	\$ 417,411
Cash Paid to Suppliers and Employees	(339,550)
Net Cash Provided by Operating Activities	<u>77,861</u>
Cash Flows from Capital & Related Financing Activities	
Principal Paid	(10,000)
Interest Paid	(15,844)
Net Cash Provided by Capital & Related Financing Activities	<u>(25,844)</u>
Cash Flows from Investing Activities	
Interest Received	113
Net Cash Provided by Investing Activities	<u>113</u>
Net Increase (Decrease) in Cash	52,130
Cash, Beginning of the Year	<u>479,815</u>
Cash, End of the Year	<u>\$ 531,945</u>
Cash in the Bank	\$ 313,402
Restricted Cash in the Bank	218,543
	<u>\$ 531,945</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 27,756
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	45,370
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	2,630
(Increase) Decrease in Inventory	(152)
Increase (Decrease) in Accounts Payable	(9,119)
Increase (Decrease) in Accrued Salaries	350
Increase (Decrease) in Accrued Interest	(378)
Increase (Decrease) in Compensated Absences	2,063
Increase (Decrease) in Meter Deposits	9,341
Net Cash Provided by Operating Activities	<u>\$ 77,861</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, 2009

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

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.

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.

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

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.

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.

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.

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.

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2009

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.

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.

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).

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2009

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.

<u>Name of Account</u>	Balance Per Bank 06-30-09	Reconciled Balance	Type
Street/Drainage Imp.	\$ 60	\$ 0	Checking
General Fund	1,443,803	1,443,029	Checking
Dexter Health Clinic	12,057	12,057	Checking
Repairs & Replacement	42,543	42,543	Checking
Reserve Bond	90,810	90,810	Checking
JUSGI 1075 & 1983	22,559	22,559	Checking
Stone Well	28,917	28,917	Checking
Utility Fund	313,595	313,403	Checking
Water Meter	33,803	33,715	Checking
Municipal Court	1	1	Checking
Water System Improvement	76	0	Checking
TOTAL Deposited	<u>1,988,224</u>	<u>\$ 1,987,034</u>	
Less: FDIC Coverage	<u>(1,988,224)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>947,931</u>		
Over (Under) requirement	<u>\$ 947,931</u>		

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

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	\$ 254,767	5/1/36	Wells Fargo, California
FN	31409V3L5	185,506	2/1/36	Wells Fargo, California
FN	3128MS7G9	130,075	6/1/37	Wells Fargo, California
FN	31410MLZ1	251,590	4/1/36	Wells Fargo, California
FNCL	31410SA80	125,993	5/1/36	Wells Fargo, California
		<u>\$ 947,931</u>		

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2009

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 1,988,224
Collateralized:	
Collateral held by the pledging bank in Town's name	0
Uninsured and uncollateralized	0
Total Deposits	\$ <u>1,988,224</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, 2009 none of the Town's bank balance of \$1,988,224 was exposed to custodial credit risk.

During the year ending June 30, 2009 the Town had the following cash balance with NMFA for debt service reserve:

<u>Name of Account</u>	<u>Balance Per Bank 6-30-09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Town of Dexter	\$ 42,997	\$ 42,997	Savings
TOTAL Deposited	\$ <u>42,997</u>	\$ <u>42,997</u>	

NOTE D: RESTRICTED CASH

Restricted cash of \$33,715 are the water deposits and is held for refunds as needed. The balance of \$184,829 is reserved for drilling and developing new sources of water for the Town.

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the fiscal year, is as follows:

	<u>Beginning Balance 6/30/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 6/30/09</u>
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 81,000	\$ 0	\$ 13,000	\$ 68,000
Total Capital Assets, not being Depreciated	<u>81,000</u>	<u>0</u>	<u>13,000</u>	<u>68,000</u>
Capital Assets, being Depreciated				
Infrastructure	3,175,643	229,183	0	3,404,826
Buildings	1,370,390	333,271	0	1,703,661
Equipment	<u>1,670,676</u>	<u>53,725</u>	<u>0</u>	<u>1,724,401</u>
Total Capital Assets, being Depreciated	<u>6,216,709</u>	<u>616,179</u>	<u>0</u>	<u>6,832,888</u>
Total Capital Assets	\$ <u>6,297,709</u>	\$ <u>616,179</u>	\$ <u>13,000</u>	\$ <u>6,900,888</u>

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2009

Less Accumulated Depreciation

Infrastructure	\$ 1,131,348	\$ 143,310	\$ 0	\$ 1,274,658
Buildings	509,765	35,435	0	545,200
Equipment	812,990	68,065	0	881,055
Total Accumulated Depreciation	<u>2,454,103</u>	<u>246,810</u>	<u>0</u>	<u>2,700,913</u>

Capital Assets, net	\$ <u>3,843,606</u>	\$ <u>369,369</u>	\$ <u>13,000</u>	\$ <u>4,199,975</u>
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Depreciation expense was charged to governmental activities as follows:

General	\$ 9,336
Public Safety	72,842
Public Works	144,140
Culture & Recreation	17,407
Health & Welfare	3,085
Total depreciation expenses	<u>\$ 246,810</u>

Business-Type Activities	Beginning Balance 6/30/08	Increases	Decreases	Ending Balance 6/30/09
Capital Assets, not being Depreciated				
Land	\$ 26,000	\$ 0	\$ 0	\$ 26,000
Total Capital Assets, not being Depreciated	<u>26,000</u>	<u>0</u>	<u>0</u>	<u>26,000</u>
Capital Assets, being Depreciated				
Infrastructure	0	0	0	0
Buildings	1,255,853	0	0	1,255,853
Equipment	334,133	0	0	334,133
Total Capital Assets, being Depreciated	<u>1,589,986</u>	<u>0</u>	<u>0</u>	<u>1,589,986</u>
Total Capital Assets	<u>1,615,986</u>	<u>0</u>	<u>0</u>	<u>1,615,986</u>
Less Accumulated Depreciation				
Improvements	492,322	31,565	0	523,887
Equipment	111,599	13,806	0	125,405
Total Accumulated Depreciation	<u>603,921</u>	<u>45,371</u>	<u>0</u>	<u>649,292</u>
Capital Assets, net	\$ <u>1,012,065</u>	\$ <u>(45,371)</u>	\$ <u>0</u>	\$ <u>966,694</u>

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2009

NOTE F: LONG TERM DEBT

Governmental Funds

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

	Beginning Balance 6/30/08	Additions	Reductions	Ending Balance 6/30/09	Amounts Due Within One Year
Governmental Activities					
Notes Payable	\$ 277,183	\$ 0	\$ 50,008	\$ 227,175	\$ 10,000
Total Notes Payable	<u>277,183</u>	<u>0</u>	<u>50,008</u>	<u>227,175</u>	<u>10,000</u>
Other Liabilities					
Compensated Absences	25,237	14,485	19,563	19,471	0
Total Other Liabilities	<u>25,237</u>	<u>14,485</u>	<u>19,563</u>	<u>19,471</u>	<u>0</u>
Long-Term	<u>\$ 302,420</u>	<u>\$ 14,485</u>	<u>\$ 69,571</u>	<u>\$ 246,646</u>	<u>\$ 10,000</u>

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

All activities of bonds and loans payable at June 30, 2009 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.	\$ 50,271
2004 NMFA Loan, due in annual installments of \$24,764 to \$32,109 including interest, at 1.9% to 4.43% through May, 2015.	176,904
	<u>\$ 227,175</u>

The annual requirements to amortize both of the above described loans as of June 30, 2009, including interest payments are as follows:

	Principal	Interest	Total
2010	\$ 51,730	\$ 6,757	\$ 58,487
2011	53,561	5,002	58,563
2012	28,895	3,629	32,524
2013	29,904	2,664	32,568
2014	30,976	1,140	32,116
2015	32,109	557	32,666
	<u>\$ 227,175</u>	<u>\$ 19,749</u>	<u>\$ 246,924</u>

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2009

Proprietary Funds

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

	Beginning Balance 6/30/08	Additions	Reductions	Ending Balance 6/30/09	Amounts Due Within One Year
Business-Type Activities					
Bonds Payable	\$ 158,688	\$ 0	\$ 10,000	\$ 148,688	\$ 51,730
Compensated Absences	6,014	6,999	5,625	8,076	0
Total	\$ 164,702	\$ 6,999	\$ 15,625	\$ 156,764	\$ 51,730

All activities of bonds and loans payable at June 30, 2009 are comprised of the following individual issues:

	Balance
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.	\$ 22,688
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%.	126,000
Total	\$ 148,688

The annual requirements to two above bonds as of June 30, 2009, including interest payments are as

	Principal	Interest	Total
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	10,688	11,901	22,589
2015-2019	44,000	45,159	89,159
2020-2023	52,000	15,470	67,470
	\$ 148,688	\$ 129,385	\$ 278,073

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.

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, 2009, 2008, and 2007 are \$57,396, \$69,972, and \$58,930, 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, 2009, were as follows:

<u>Receivables</u>	<u>General</u>	<u>Non Major</u>	<u>Utilities</u>
Gross Receipts Tax	\$ 45,673	0	\$ 0
Gas Taxes	0	2,482	0
Franchise Taxes	4,210	0	0
Property Taxes	153	0	0
Other Taxes	2,030	54	0
Accounts Receivables	0	0	41,994
	<u>\$ 52,066</u>	<u>2,536</u>	<u>\$ 41,994</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 FUNDS

SPECIAL REVENUE FUNDS

Correction

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 FUNDS
Combining Balance Sheet
June 30, 2009

	Special Revenue Funds		
	Correction	Emergency Medical Services	Recreation
ASSETS			
Cash and Cash Equivalents	\$ 63,797	\$ 5,212	\$ 686
Taxes Receivable	0	0	54
Total Assets	<u>\$ 63,797</u>	<u>\$ 5,212</u>	<u>\$ 740</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 783	\$ 0
Total Liabilities	<u>0</u>	<u>783</u>	<u>0</u>
Fund Balance			
Unreserved Reported In:			
Special Revenue	<u>63,797</u>	<u>4,429</u>	<u>740</u>
Total Fund Balance	<u>63,797</u>	<u>4,429</u>	<u>740</u>
Total Liabilities and Fund Balance	<u>\$ 63,797</u>	<u>\$ 5,212</u>	<u>\$ 740</u>

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

STATE OF NEW MEXICO
TOWN OF DEXTER
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2009

	Special Revenue Funds		
	Health Clinic	Law Enforcement	Streets Gas Tax
ASSETS			
Cash and Cash Equivalents	\$ 12,057	\$ 22,233	\$ 144,304
Taxes Receivable	0	0	2,482
Total Assets	<u>\$ 12,057</u>	<u>\$ 22,233</u>	<u>\$ 146,786</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 1,442	\$ 0	\$ 0
Total Liabilities	<u>1,442</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved Reported In:			
Special Revenue	<u>10,615</u>	<u>22,233</u>	<u>146,786</u>
Total Fund Balance	<u>10,615</u>	<u>22,233</u>	<u>146,786</u>
Total Liabilities and Fund Balance	<u>\$ 12,057</u>	<u>\$ 22,233</u>	<u>\$ 146,786</u>

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

STATE OF NEW MEXICO
TOWN OF DEXTER
 NONMAJOR FUNDS
 Combining Balance Sheet
 June 30, 2009

	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$ 248,289
Taxes Receivable	<u>2,536</u>
Total Assets	<u>\$ 250,825</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ <u>2,225</u>
Total Liabilities	<u>2,225</u>
Fund Balance	
Unreserved Reported In:	
Special Revenue	<u>248,600</u>
Total Fund Balance	<u>248,600</u>
Total Liabilities and Fund Balance	<u>\$ 250,825</u>

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

STATE OF NEW MEXICO
TOWN OF DEXTER
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

	Special Revenue Funds		
	Correction	Emergency Medical Services	Recreation
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 0
Property	0	0	0
Gasoline	0	0	0
Franchise	0	0	0
Motor Vehicle	0	0	0
Cigarette	0	0	1,945
State & Local Grants	0	20,251	0
Fees & Fines	4,284	0	227
Interest	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>4,284</u>	<u>20,251</u>	<u>2,172</u>
Expenditures			
Current			
Public Safety	1,128	15,822	0
Public Works	0	0	0
Culture & Recreation	0	0	1,829
Health & Welfare	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>1,128</u>	<u>15,822</u>	<u>1,829</u>
Excess (Deficiency) of Revenues Over Expenditures	3,156	4,429	343
Fund Balances at Beginning of Year	<u>60,641</u>	<u>0</u>	<u>397</u>
Fund Balance End of Year	<u>\$ 63,797</u>	<u>\$ 4,429</u>	<u>\$ 740</u>

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

STATE OF NEW MEXICO
TOWN OF DEXTER
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

	Special Revenue Funds		
	Health Clinic	Law Enforcement	Streets Gas Tax
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 0
Property	0	0	0
Gasoline	0	0	31,988
Franchise	0	0	0
Motor Vehicle	0	0	0
Cigarette	0	0	0
State & Local Grants	0	31,800	0
Fees & Fines	0	0	0
Interest	6	0	0
Miscellaneous	11,512	3,487	997
Total Revenues	<u>11,518</u>	<u>35,287</u>	<u>32,985</u>
Expenditures			
Current			
Public Safety	0	1,364	0
Public Works	0	0	3,924
Culture & Recreation	0	0	0
Health & Welfare	9,927	0	0
Capital Outlay	0	29,167	36,684
Total Expenditures	<u>9,927</u>	<u>30,531</u>	<u>40,608</u>
Excess (Deficiency) of Revenues Over Expenditures	1,591	4,756	(7,623)
Fund Balances at Beginning of Year	<u>9,024</u>	<u>17,477</u>	<u>154,409</u>
Fund Balance End of Year	<u>\$ 10,615</u>	<u>\$ 22,233</u>	<u>\$ 146,786</u>

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

STATE OF NEW MEXICO
TOWN OF DEXTER
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>Total</u>
Revenues	
Taxes	
Gross Receipts	\$ 0
Property	0
Gasoline	31,988
Franchise	0
Motor Vehicle	0
Cigarette	1,945
State & Local Grants	52,051
Fees & Fines	4,511
Interest	6
Miscellaneous	<u>15,996</u>
Total Revenues	<u>106,497</u>
Expenditures	
Current	
Public Safety	18,314
Public Works	3,924
Culture & Recreation	1,829
Health & Welfare	9,927
Capital Outlay	<u>65,851</u>
Total Expenditures	<u>99,845</u>
Excess (Deficiency) of Revenues Over Expenditures	6,652
Fund Balances at Beginning of Year	<u>241,948</u>
Fund Balance End of Year	<u>\$ 248,600</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
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 9,550	\$ 4,284	\$ 4,284	\$ 0
Total Revenues	<u>9,550</u>	<u>4,284</u>	<u>4,284</u>	<u>0</u>
Expenditures				
Public Safety				
Judicial	750	282	282	0
Automation	1,800	846	846	0
Housing of Prisoners	7,000	0	0	0
Total Expenditures	<u>9,550</u>	<u>1,128</u>	<u>1,128</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	3,156	3,156	0
Cash Balance Beginning of Year	<u>60,641</u>	<u>60,641</u>	<u>60,641</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 60,641</u>	<u>\$ 63,797</u>	<u>\$ 63,797</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,156	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,156</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 15,971	\$ 20,251	\$ 20,251	\$ 0
Total Revenues	<u>15,971</u>	<u>20,251</u>	<u>20,251</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expense	15,971	15,039	15,039	0
Total Expenditures	<u>15,971</u>	<u>15,039</u>	<u>15,039</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	5,212	5,212	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>5,212</u>	\$ <u>5,212</u>	\$ <u>0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,212	
Net Changes in Accounts Payable			<u>(783)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>4,429</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Cigarette Tax	\$ 1,250	\$ 1,892	\$ 1,891	\$ (1)
Other	500	226	227	1
Total Revenues	<u>1,750</u>	<u>2,118</u>	<u>2,118</u>	<u>0</u>
Expenditures				
Culture & Recreation				
Operating Expense	<u>1,750</u>	<u>1,829</u>	<u>1,829</u>	<u>0</u>
Total Expenditures	<u>1,750</u>	<u>1,829</u>	<u>1,829</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	289	289	0
Cash Balance Beginning of Year	<u>397</u>	<u>397</u>	<u>397</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 397</u>	<u>\$ 686</u>	<u>\$ 686</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 289	
Net Change in Taxes Receivable			<u>54</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 343</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Lease Income	\$ 9,000	\$ 8,900	\$ 8,900	\$ 0
Reimbursement	3,350	2,612	2,613	1
Miscellaneous	200	6	6	0
Total Revenues	<u>12,550</u>	<u>11,518</u>	<u>11,519</u>	<u>1</u>
Expenditures				
Health & Welfare				
Operating Expense	8,600	8,795	8,795	0
Total Expenditures	<u>8,600</u>	<u>8,795</u>	<u>8,795</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	3,950	2,723	2,724	1
Cash Balance Beginning of Year	<u>9,333</u>	<u>9,333</u>	<u>9,333</u>	<u>0</u>
Cash Balance End of Year	\$ <u>13,283</u>	\$ <u>12,056</u>	\$ <u>12,057</u>	\$ <u>1</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,724	
Net Changes in Accounts Payable			<u>(1,133)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,591</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
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 21,800	\$ 21,800	\$ 21,800	\$ 0
County Grant	5,000	10,000	10,000	0
Miscellaneous	1,000	3,488	3,487	(1)
Total Revenues	<u>27,800</u>	<u>35,288</u>	<u>35,287</u>	<u>(1)</u>
Expenditures				
Public Safety				
Operating Expense	21,703	3,399	3,399	0
Capital Outlay	28,677	32,236	32,235	1
Total Expenditures	<u>50,380</u>	<u>35,635</u>	<u>35,634</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	(22,580)	(347)	(347)	0
Cash Balance Beginning of Year	<u>22,580</u>	<u>22,580</u>	<u>22,580</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 22,233</u>	<u>\$ 22,233</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (347)	
Net Changes in Accounts Payable			<u>5,103</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,756</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Special Gas Tax	\$ 19,738	\$ 17,323	\$ 17,323	\$ 0
Regular Gas Tax	16,475	12,183	12,183	0
Miscellaneous	32,880	997	997	0
Total Revenues	<u>69,093</u>	<u>30,503</u>	<u>30,503</u>	<u>0</u>
Expenditures				
Public Works				
Operating Expenses	51,750	40,608	34,050	6,558
Capital Outlay	51,507	0	6,558	(6,558)
Total Expenditures	<u>103,257</u>	<u>40,608</u>	<u>40,608</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(34,164)	(10,105)	(10,105)	0
Cash Balance Beginning of Year	<u>154,409</u>	<u>154,409</u>	<u>154,409</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 120,245</u>	<u>\$ 144,304</u>	<u>\$ 144,304</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (10,105)	
Net Change in Taxes Receivable			2,482	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (7,623)</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 370,000	\$ 375,360	\$ 377,512	\$ 2,152
Connection Fees	5,400	2,882	2,882	0
Penalty	8,000	7,295	7,295	0
Interest Income	290	290	113	(177)
Stone Well	12,500	12,572	12,572	0
Water IMP 74	12,500	12,572	12,572	0
Water IMP 83	12,500	12,572	12,572	0
Miscellaneous	1,200	1,346	1,346	0
Total Revenues	422,390	424,889	426,864	1,975
Expenditures				
Water				
Salaries & Benefits	67,831	67,831	67,305	526
Operating Expense	93,032	93,032	90,839	2,193
Sewer				
Salaries & Benefits	45,702	45,702	43,227	2,475
Operating Expense	34,798	34,798	33,228	1,570
Sanitation				
Operating Expense	126,800	113,913	113,913	0
Debt Service				
Interest	16,222	16,222	16,222	0
Principal	10,000	10,000	10,000	0
Total Expenditures	394,385	381,498	374,734	6,764
Excess (Deficiency) of Revenues Over Expenditures	28,005	43,391	52,130	8,739
Cash Balance Beginning of Year	479,815	479,815	479,815	0
Cash Balance End of Year	\$ 507,820	\$ 523,206	\$ 531,945	\$ 8,739
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 52,130	
Net Changes in Accounts Receivable			(2,630)	
Net Changes in Inventory			152	
Depreciation			(45,370)	
Net Changes in Accounts Payable			9,118	
Net Changes in Accrued Salaries			(350)	
Net Changes in Accrued Interest			378	
Net Changes in Compensated Absences			(2,063)	
Net Change in Customer Deposits			(9,340)	
Principal Paid			10,000	
Change in Net Assets			\$ 12,025	

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

AGENCY FUND

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-Agency Fund
 For the Year Ended June 30, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Cash in Bank	\$ 1	\$ 2,300	\$ 2,300	\$ 1
Total Assets	<u>\$ 1</u>	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ 1</u>
LIABILITIES				
Funds Held for Others	\$ 1	\$ 2,300	\$ 2,300	\$ 1
Total Liabilities	<u>\$ 1</u>	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ 1</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

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, 2009, and have issued our report thereon dated September 14, 2009. 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.

DeAnn Willoughby CPA PC

September 14, 2009

STATE OF NEW MEXICO
TOWN OF DEXTER
Schedule of Findings and Responses
For the Year Ended June 30, 2009

Prior Year Audit Findings

There were no prior year findings.

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 September 14, 2009. In attendance were Richard Johnson-Mayor, Kay Roberts-Treasurer, and De'Aun Willoughby, CPA.