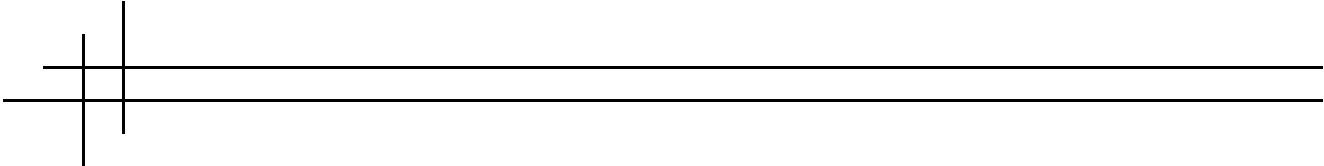




STATE OF NEW MEXICO
TOWN OF DEXTER

ANNUAL FINANCIAL REPORT
June 30, 2010

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



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TOWN OF DEXTER
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STATE OF NEW MEXICO
TOWN OF DEXTER
Official Roster
June 30, 2010

TOWN COUNCIL

David L White	Mayor
Norman Caffall	Councilman
Andy Lopez	Councilman
Mitch Daubert	Councilman
Jim Berry	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, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the TOWN OF DEXTER, (Town), as of and for the year ended June 30, 2010, 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, nonmajor enterprise, and the budgetary comparisons for the major capital project fund and allnonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and nonmajor enterprise funds of the Town as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund and for all 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 November 24, 2010, 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

November 24, 2010

FINANCIAL SECTION

STATE OF NEW MEXICO
TOWN OF DEXTER
 Government-Wide Statement of Net Assets
 June 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,407,342	\$ 344,880	\$ 1,752,222
Receivables	61,690	42,369	104,059
Inventory	0	7,433	7,433
Total Current Assets	<u>1,469,032</u>	<u>394,682</u>	<u>1,863,714</u>
Noncurrent Assets			
Restricted Cash	0	228,482	228,482
Capital Assets	7,135,860	1,615,966	8,751,826
Less: Accumulated Depreciation	<u>(2,982,528)</u>	<u>(695,313)</u>	<u>(3,677,841)</u>
Total Noncurrent Assets	<u>4,153,332</u>	<u>920,653</u>	<u>5,073,985</u>
Total Assets	<u>5,622,364</u>	<u>1,543,817</u>	<u>7,166,181</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	17,394	11,553	28,947
Accrued Salaries and Benefits	11,473	2,033	13,506
Accrued Interest	985	7,356	8,341
Compensated Absences	22,610	7,542	30,152
Current Portion of Long-Term Debt	<u>53,561</u>	<u>10,000</u>	<u>63,561</u>
Total Current Liabilities	<u>106,023</u>	<u>38,484</u>	<u>144,507</u>
Noncurrent Liabilities			
Customer Deposits	0	35,580	35,580
Bonds and Notes	<u>121,884</u>	<u>128,688</u>	<u>250,572</u>
Total Noncurrent Liabilities	<u>121,884</u>	<u>164,268</u>	<u>286,152</u>
Total Liabilities	<u>227,907</u>	<u>202,752</u>	<u>430,659</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,977,887	774,609	4,752,496
Unrestricted	<u>1,416,570</u>	<u>566,456</u>	<u>1,983,026</u>
Total Net Assets	<u>\$ 5,394,457</u>	<u>\$ 1,341,065</u>	<u>\$ 6,735,522</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, 2010

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
Governmental Activities							
General Government	\$ 186,427	\$ 1,365	\$ 88,982	\$ 0	\$ (96,080)	\$ 0	\$ (96,080)
Public Safety	519,951	35,056	266,996	0	(217,899)	0	(217,899)
Public Works	304,979	5,312	0	44,698	(254,969)	0	(254,969)
Culture & Recreation	181,859	30,348	0	4,625	(146,886)	0	(146,886)
Health & Welfare	7,572	0	0	0	(7,572)	0	(7,572)
Interest on Long-Term Obligations	7,891	0	0	0	(7,891)	0	(7,891)
Total Governmental Activities	<u>1,208,679</u>	<u>72,081</u>	<u>355,978</u>	<u>49,323</u>	<u>(731,297)</u>	<u>0</u>	<u>(731,297)</u>
Business-type Activities							
Utility	364,035	371,704	0	0	0	7,669	7,669
Total Business-type Activities	<u>364,035</u>	<u>371,704</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,669</u>	<u>7,669</u>
Total Primary Government	<u>\$ 1,572,714</u>	<u>\$ 443,785</u>	<u>\$ 355,978</u>	<u>\$ 49,323</u>	<u>(731,297)</u>	<u>7,669</u>	<u>(723,628)</u>
General Revenues							
Gross Receipts Taxes					533,190	0	533,190
Gasoline Taxes					27,714	0	27,714
Franchise Taxes					26,114	0	26,114
Property Taxes					10,838	0	10,838
Other Taxes					25,557	0	25,557
Interest Income					126	53	179
Miscellaneous					25,785	0	25,785
Total General Revenues					<u>649,324</u>	<u>53</u>	<u>649,377</u>
Change in Net Assets					(81,973)	7,722	(74,251)
Net Assets - beginning					<u>5,476,430</u>	<u>1,333,343</u>	<u>6,809,773</u>
Net Assets - ending					<u>\$ 5,394,457</u>	<u>\$ 1,341,065</u>	<u>\$ 6,735,522</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, 2010

	<u>General</u>	<u>Special Revenue</u>	
		<u>Fire</u>	<u>Streets</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,062,155	\$ 77,454	\$ 168,120
Receivables			
Taxes	59,095	0	2,372
Total Assets	<u>\$ 1,121,250</u>	<u>\$ 77,454</u>	<u>\$ 170,492</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 10,334	\$ 6,002	\$ 0
Accrued Salaries	11,473	0	0
Total Liabilities	<u>21,807</u>	<u>6,002</u>	<u>0</u>
 Fund Balances			
Reserved			
Special Revenue Fund	0	71,452	170,492
Unreserved Reported In			
General Fund	1,099,443	0	0
Total Fund Balances	<u>1,099,443</u>	<u>71,452</u>	<u>170,492</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,121,250</u>	 <u>\$ 77,454</u>	 <u>\$ 170,492</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, 2010

	Non-Major Governmental Funds	Total Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 99,613	\$ 1,407,342
Receivables		
Taxes	223	61,690
Total Assets	\$ 99,836	\$ 1,469,032
 LIABILITIES AND FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,058	\$ 17,394
Accrued Salaries	0	11,473
Total Liabilities	1,058	28,867
 Fund Balances		
Reserved		
Special Revenue Fund	98,778	340,722
Unreserved Reported In		
General Fund	0	1,099,443
Total Fund Balances	98,778	1,440,165
 Total Liabilities and Fund Balances	 \$ 99,836	 \$ 1,469,032

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, 2010

Total Fund Balance - Governmental Funds \$ 1,440,165

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported as assets in
 governmental funds.

The cost of capital assets	\$ 7,135,860	
Accumulated depreciation is	<u>(2,982,528)</u>	4,153,332

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 :

Bonds payable	(175,445)	
Accrued interest on bonds	(985)	
Compensated Absences	<u>(22,610)</u>	<u>(199,040)</u>

Total Net Assets - Governmental Activities \$ 5,394,457

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, 2010

	General	Special Revenue	
		Fire	Streets
Revenues			
Taxes			
Gross Receipts	\$ 533,190	\$ 0	\$ 0
Property	10,838	0	0
Gasoline	0	0	27,714
Franchise	26,114	0	0
Motor Vehicle	21,059	0	0
Cigarette	2,884	0	0
Charges for Services	52,668	0	0
License & Permits	1,365	0	0
Fees and Fines	10,175	0	0
County Subsidy	0	5,833	0
State & Local Grants	103,305	220,125	0
Federal Grant	35,000	0	0
Interest	0	123	0
Miscellaneous	13,297	0	0
Total Revenues	<u>809,895</u>	<u>226,081</u>	<u>27,714</u>
Expenditures			
Current			
General	176,734	0	0
Public Safety	295,574	115,366	4,008
Public Works	125,598	0	0
Culture & Recreation	161,869	0	0
Health & Welfare	0	0	0
Capital Outlay	143,983	61,822	0
Debt Service			
Principal	0	51,730	0
Interest	0	8,174	0
Total Expenditures	<u>903,758</u>	<u>237,092</u>	<u>4,008</u>
Excess (Deficiency) of Revenues Over Expenditures	(93,863)	(11,011)	23,706
Fund Balances at Beginning of Year	<u>1,193,306</u>	<u>82,463</u>	<u>146,786</u>
Fund Balance End of Year	<u>\$ 1,099,443</u>	<u>\$ 71,452</u>	<u>\$ 170,492</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, 2010

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Taxes		
Gross Receipts	\$ 0	\$ 533,190
Property	0	10,838
Gasoline	0	27,714
Franchise	0	26,114
Motor Vehicle	0	21,059
Cigarette	1,614	4,498
Charges for Services	0	52,668
License & Permits	0	1,365
Fees and Fines	7,873	18,048
County Subsidy	11,666	17,499
State & Local Grants	29,372	352,802
Federal Grant	0	35,000
Interest	3	126
Miscellaneous	12,488	25,785
Total Revenues	<u>63,016</u>	<u>1,126,706</u>
Expenditures		
Current		
General	0	176,734
Public Safety	28,198	443,146
Public Works	0	125,598
Culture & Recreation	1,115	162,984
Health & Welfare	7,572	7,572
Capital Outlay	29,167	234,972
Debt Service		
Principal	0	51,730
Interest	0	8,174
Total Expenditures	<u>66,052</u>	<u>1,210,910</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,036)	(84,204)
Fund Balances at Beginning of Year	<u>101,814</u>	<u>1,524,369</u>
Fund Balance End of Year	<u>\$ 98,778</u>	<u>\$ 1,440,165</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, 2010

Net Change in Fund Balance \$ (84,204)

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.

Depreciation expense	\$ (281,615)	
Capital Outlays	<u>234,972</u>	(46,643)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 51,730

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

Accrued Interest, June 30, 2009	1,268	
Accrued Interest, June 30, 2010	<u>(985)</u>	283

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.

Compensated Absences, June 30, 2009	19,471	
Compensated Absences, June 30, 2010	<u>(22,610)</u>	<u>(3,139)</u>

Changes in Net Assets of Governmental Activities \$ (81,973)

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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Gross Receipts	\$ 340,000	\$ 264,315	\$ 264,315	\$ 0
Property Taxes	9,987	10,719	10,719	0
Franchise Taxes	31,900	24,540	24,540	0
Cigarette Taxes	3,100	2,880	2,880	0
Motor Vehicle Taxes	12,288	20,289	20,289	0
State Shared Gross Receipts	340,000	264,315	264,315	0
Charges for Services				
Motor Vehicle	2,721	5,312	5,312	0
Ambulance	20,073	17,008	17,008	0
Recreation	35,000	30,347	30,347	0
License & Permits	2,000	1,365	1,365	0
Fees & Fines	6,000	10,175	10,175	0
State & Local Grants	135,000	103,305	103,305	0
Federal Grant	0	35,000	35,000	0
Miscellaneous	16,200	13,297	13,297	0
Total Revenues	954,269	802,867	802,867	0
Expenditures				
Executive				
Personnel Services	8,819	7,042	7,042	0
Operating Expense	15,690	54,816	8,104	46,712
Capital Outlay	0	0	46,712	(46,712)
Total Executive	24,509	61,858	61,858	0
Financial				
Personnel Services	119,082	118,167	118,166	1
Operating Expense	21,662	12,674	12,675	(1)
Total Financial	140,744	130,841	130,841	0
Judicial				
Personnel Services	20,122	16,571	16,571	0
Operating Expense	15,105	12,704	12,704	0
Total Judicial	35,227	29,275	29,275	0
Public Safety				
Personnel Services	266,237	222,877	222,876	1
Operating Expense	57,188	80,923	64,874	16,049
Capital Outlay	0	0	16,050	(16,050)
Total Public Safety	\$ 323,425	\$ 303,800	\$ 303,800	\$ 0

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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Ambulance				
Operating Expense	\$ 49,000	8,181	8,181	\$ 0
Total Ambulance	<u>49,000</u>	<u>8,181</u>	<u>8,181</u>	<u>0</u>
Highway & Streets				
Personnel Services	53,652	53,365	53,366	(1)
Operating Expense	69,529	32,782	32,781	1
Capital Purchases	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Highway & Streets	<u>223,181</u>	<u>86,147</u>	<u>86,147</u>	<u>0</u>
Parks				
Personnel Services	84,124	56,327	56,335	(8)
Operating Expense	101,018	100,927	100,530	397
Capital Purchases	<u>0</u>	<u>80,832</u>	<u>81,221</u>	<u>(389)</u>
Total Parks	<u>185,142</u>	<u>238,086</u>	<u>238,086</u>	<u>0</u>
Library				
Operating Expense	<u>1,000</u>	<u>1,041</u>	<u>1,041</u>	<u>0</u>
Total Library	<u>1,000</u>	<u>1,041</u>	<u>1,041</u>	<u>0</u>
Motor Vehicle Department				
Personnel Services	27,596	27,375	27,375	0
Operating Expense	<u>8,550</u>	<u>10,802</u>	<u>10,802</u>	<u>0</u>
Total Motor Vehicle Depart.	<u>36,146</u>	<u>38,177</u>	<u>38,177</u>	<u>0</u>
Total Expenditures	<u>1,018,374</u>	<u>897,406</u>	<u>897,406</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(64,105)	(94,539)	(94,539)	0
Cash Balance Beginning of Year	<u>1,156,694</u>	<u>1,156,694</u>	<u>1,156,694</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,092,589</u>	<u>\$ 1,062,155</u>	<u>\$ 1,062,155</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (94,539)	
Net change in Taxes Receivable			7,028	
Net change in Accounts Payable			(3,449)	
Net change in Accrued Salaries & Benefits			(2,903)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (93,863)</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 181,737	\$ 220,125	\$ 220,125	\$ 0
County Subsidy	5,000	5,833	5,833	0
Interest Income	0	0	123	123
Total Revenues	<u>186,737</u>	<u>225,958</u>	<u>226,081</u>	<u>123</u>
Expenditures				
Public Safety				
Operating	178,138	181,824	120,002	61,822
Capital Outlay	0	0	61,822	(61,822)
Debt Service				
Principal	58,703	59,904	59,904	0
Total Expenditures	<u>236,841</u>	<u>241,728</u>	<u>241,728</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(50,104)	(15,770)	(15,647)	123
Cash Balance Beginning of Year	<u>93,101</u>	<u>93,101</u>	<u>93,101</u>	<u>0</u>
Cash Balance End of Year	\$ <u>42,997</u>	\$ <u>77,331</u>	\$ <u>77,454</u>	\$ <u>123</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (15,647)	
Net change in Accounts Payable			4,636	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (11,011)</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Special Gas Tax	\$ 17,130	\$ 16,397	\$ 16,397	\$ 0
Regular Gas Tax	12,170	11,366	11,426	60
Total Revenues	<u>29,300</u>	<u>27,763</u>	<u>27,823</u>	<u>60</u>
Expenditures				
Public Works				
Operating Expenses	90,252	4,007	4,007	0
Capital Outlay	30,758	0	0	0
Total Expenditures	<u>121,010</u>	<u>4,007</u>	<u>4,007</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(91,710)	23,756	23,816	60
Cash Balance Beginning of Year	<u>144,304</u>	<u>144,304</u>	<u>144,304</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 52,594</u>	<u>\$ 168,060</u>	<u>\$ 168,120</u>	<u>\$ 60</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 23,816	
Net Change in Taxes Receivable			(110)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 23,706</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, 2010

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 344,880
Receivables (net of allowance for uncollectible accounts)	
Accounts	42,369
Inventory	7,433
Total Current Assets	<u>394,682</u>

Noncurrent Assets

Restricted Cash	228,482
Capital Assets	1,615,966
Less: Accumulated Depreciation	<u>(695,313)</u>
Total Noncurrent Assets	<u>1,149,135</u>

Total Assets	<u>1,543,817</u>
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LIABILITIES

Current Liabilities

Accounts Payable	11,553
Accrued Salaries and Benefits	2,033
Accrued Interest	7,356
Compensated Absences	7,542
Current Portion of Long-Term Debt	10,000
Total Current Liabilities	<u>38,484</u>

Noncurrent Liabilities

Customer Deposits	35,580
Long Term Debt	128,688
Total Noncurrent Liabilities	<u>164,268</u>

Total Liabilities	<u>202,752</u>
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NET ASSETS

Invested in Capital Assets, Net of
Related Debt

Unrestricted	781,965
Total Net Assets	<u>559,100</u>
	<u>\$ 1,341,065</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, 2010

Operating Revenues	
Sales & Service	\$ 360,335
Fees & Penalties	10,565
Miscellaneous	804
Total Operating Revenues	<u>371,704</u>
Operating Expenses	
Salaries & Benefits	117,849
Operating Expense	185,076
Depreciation	46,021
Total Operating Expenses	<u>348,946</u>
Operating Income (Loss)	<u>22,758</u>
Nonoperating Revenue (Expenses)	
Interest Income	53
Interest Expense	<u>(15,089)</u>
Total Nonoperating Revenue (Expenses)	<u>(15,036)</u>
Change in Net Assets	7,722
Total Net Assets - Beginning	<u>1,333,343</u>
Total Net Assets - Ending	<u>\$ 1,341,065</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, 2010

Cash Flows from Operating Activities	
Cash Received From Customers	\$ 371,345
Cash Paid to Suppliers and Employees	(304,896)
Net Cash Provided by Operating Activities	<u>66,449</u>
Cash Flows from Capital & Related Financing Activities	
Principal Paid	(10,000)
Interest Paid	(15,089)
Net Cash Provided by Capital & Related Financing Activities	<u>(25,089)</u>
Cash Flows from Investing Activities	
Interest Received	53
Net Cash Provided by Investing Activities	<u>53</u>
Net Increase (Decrease) in Cash	41,413
Cash, Beginning of the Year	<u>531,949</u>
Cash, End of the Year	<u>\$ 573,362</u>
Reconciliation of Cash	
Cash in the Bank	\$ 344,880
Restricted Cash in the Bank	228,482
	<u>\$ 573,362</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 22,758
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	46,021
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(359)
(Increase) Decrease in Inventory	(257)
Increase (Decrease) in Accounts Payable	(2,927)
Increase (Decrease) in Accrued Salaries	259
Increase (Decrease) in Accrued Interest	(378)
Increase (Decrease) in Compensated Absences	(534)
Increase (Decrease) in Meter Deposits	1,866
Net Cash Provided by Operating Activities	<u>\$ 66,449</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 Town'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, which includes the small cities assistance, fire protection, EMS and LEPF, operating expenses and capital purchases 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

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)

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.

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, 2010 are considered non-current, and any payments are made from the proprietary or general fund, 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, 2010

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).

NOTE C: DEPOSITS 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.

Wells Fargo Bank

<u>Name of Account</u>	Balance Per Bank 6/30/10	Reconciled Balance	Type
Street/Drainage Imp.	\$ 60	\$ 60	Checking
General Fund	1,364,740	1,348,770	Checking
Dexter Health Clinic	16,731	16,592	Checking
Repairs & Replacement	44,715	44,715	Checking
Reserve Bond	92,778	92,778	Checking
JUSGI 1075 & 1983	22,568	22,568	Checking
Utility Fund	378,853	377,306	Checking
Water Meter	36,220	35,996	Checking
TOTAL Deposited	<u>1,956,665</u>	<u>\$ 1,938,785</u>	
Less: FDIC Coverage	<u>(1,956,665)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

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

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 1,956,665
Collateralized:	
Collateral held by the pledging bank in Town's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 1,956,665</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, 2010 none of the Town's bank balance of \$1,956,665 was exposed to custodial credit risk.

During the year ending June 30, 2010 the Town had the following cash balance with NMFA for debt service reserve:

<u>Name of Account</u>	Balance Per Bank 6/30/10	Reconciled Balance	Type
Town of Dexter	\$ 41,919	\$ 41,919	Savings
TOTAL Deposited	<u>\$ 41,919</u>	<u>\$ 41,919</u>	

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2010

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:

	Beginning Balance 6/30/09	Increases	Decreases	Ending Balance 6/30/10
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 68,000	\$ 0	\$	\$ 68,000
Construction in Progress				
Total Capital Assets, not being Depreciated	<u>0</u> 68,000	<u>46,712</u> 46,712	<u>0</u> 0	<u>46,712</u> 114,712
Capital Assets, being Depreciated				
Infrastructure	3,404,826	0	0	3,404,826
Buildings	1,703,661	137,092	0	1,840,753
Equipment	1,724,400	51,169	0	1,775,569
Total Capital Assets, being Depreciated	<u>6,832,887</u>	<u>188,261</u>	<u>0</u>	<u>7,021,148</u>
Total Capital Assets	<u>\$ 6,900,887</u>	<u>\$ 234,973</u>	<u>\$ 0</u>	<u>\$ 7,135,860</u>
Less Accumulated Depreciation				
Infrastructure	\$ 1,274,658	\$ 141,869	\$ 0	\$ 1,416,527
Buildings	545,200	51,957	0	597,157
Equipment	881,055	87,789	0	968,844
Total Accumulated Depreciation	<u>2,700,913</u>	<u>281,615</u>	<u>0</u>	<u>2,982,528</u>
Capital Assets, net	<u>\$ 4,199,974</u>	<u>\$ (46,642)</u>	<u>\$ 0</u>	<u>\$ 4,153,332</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 9,501
Public Safety	72,677
Public Works	178,945
Culture & Recreation	17,407
Health & Welfare	3,085
Total depreciation expenses	<u>\$ 281,615</u>

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2010

Business-Type Activities	Beginning Balance 6/30/09	Increases	Decreases	Ending Balance 6/30/10
Capital Assets, not being Depreciated:				
Land	\$ 26,000	\$ 0	\$ 0	\$ 26,000
Total Capital Assets, not being Depreciated	26,000	0	0	26,000
Capital Assets, being Depreciated				
Infrastructure	0	0	0	0
Buildings	1,255,853	0	0	1,255,853
Equipment	334,113	0	0	334,113
Total Capital Assets, being Depreciated	1,589,966	0	0	1,589,966
Total Capital Assets	1,615,966	0	0	1,615,966
Less Accumulated Depreciation				
Buildings	523,887	32,214	0	556,101
Equipment	125,406	13,806	0	139,212
Total Accumulated Depreciation	649,293	46,020	0	695,313
Capital Assets, net	\$ 966,673	\$ (46,020)	\$ 0	\$ 920,653

NOTE F: LONG TERM DEBT

Governmental Funds

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

	Beginning Balance 6/30/09	Additions	Reductions	Ending Balance 6/30/10	Amounts Due Within One Year
Notes Payable	\$ 227,175	\$ 0	\$ 51,730	\$ 175,445	\$ 53,561
Total Notes Payable	227,175	0	51,730	175,445	53,561
Other Liabilities					
Compensated Absences	19,471	17,791	19,563	22,610	22,610
Total Other Liabilities	19,471	17,791	19,563	22,610	22,610
Long-Term	\$ 246,646	\$ 17,791	\$ 71,293	\$ 198,055	\$ 76,171

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, 2010

All activities of bonds and loans payable at June 30, 2010 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.	\$	25,610
2004 NMFA Loan, due in annual installments of \$24,764 to \$32,109 including interest, at 1.9% to 4.43% through May, 2015.		149,835
	\$	<u>175,445</u>

The annual requirements to amortize both of the above described loans as of June 30, 2010, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 175,445</u>	<u>\$ 12,992</u>	<u>\$ 188,437</u>

Proprietary Funds

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

	<u>Beginning Balance 6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/10</u>	<u>Amounts Due Within One Year</u>
Bonds Payable	\$ 148,688	\$ 0	\$ 10,000	\$ 138,688	\$ 10,000
Compensated Absences	8,076	5,397	5,931	7,542	0
Total	<u>\$ 156,764</u>	<u>\$ 5,397</u>	<u>\$ 15,931</u>	<u>\$ 146,230</u>	<u>\$ 10,000</u>

All activities of bonds and loans payable at June 30, 2010 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.	\$ 16,688
1983 Utility Serial Bonds issued January, 1983, held by GE Capital, due in annual installments of \$3,000 to 18,584 including interest, through January, 2023, interest at 11.375%.	122,000
Total	<u>\$ 138,688</u>

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2010

The annual requirements to two above bonds as of June 30, 2010, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	8,000	10,920	18,920
2016-2020	47,000	40,154	87,154
2021-2023	41,000	9,555	50,555
	<u>\$ 138,688</u>	<u>\$ 113,918</u>	<u>\$ 252,606</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 Fund. 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 the gross salary. The Town is required to contribute 7% for all employee's with the exception of police officers which require the Town to contribute 10% of the gross covered salary. 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's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$43,542 \$40,058, and \$41,401, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE I: POST-EMPLOYMENT BENEFITS

The Town does not participate in the State of New Mexico Retiree Health Care plan.

NOTE J: RECEIVABLES

Receivables as of June 30, 2010, were as follows:

<u>Receivables</u>	<u>General</u>	<u>Streets</u>	<u>Non Major</u>	<u>Utilities</u>
Gross Receipts Tax	\$ 50,233	0	0	\$ 0
Gas Taxes	0	2,372	0	0
Franchise Taxes	5,784	0	0	0

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2010

Property Taxes	272	0	0	0
Other Taxes	2,806	0	223	0
Accounts Receivables	0	0	0	42,369
	<u>\$ 59,095</u>	<u>2,372</u>	<u>223</u>	<u>\$ 42,369</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

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)

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)

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)

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

STATE OF NEW MEXICO
TOWN OF DEXTER
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2010

	Special Revenue Funds		
	Emergency Medical Services	Law Enforcement	Corrections
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 12,711	\$ 69,294
Taxes Receivable	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 12,711</u>	<u>\$ 69,294</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved			
Special Revenue	0	12,711	69,294
Total Fund Balance	<u>0</u>	<u>12,711</u>	<u>69,294</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 12,711</u>	<u>\$ 69,294</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, 2010

	<u>Special Revenue Funds</u>		
	<u>Recreation</u>	<u>Health Clinic</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,016	\$ 16,592	\$ 99,613
Taxes Receivable	223	0	223
Total Assets	<u>\$ 1,239</u>	<u>\$ 16,592</u>	<u>\$ 99,836</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 1,058	\$ 1,058
Total Liabilities	<u>0</u>	<u>1,058</u>	<u>1,058</u>
Fund Balance			
Reserved			
Special Revenue	<u>1,239</u>	<u>15,534</u>	<u>98,778</u>
Total Fund Balance	<u>1,239</u>	<u>15,534</u>	<u>98,778</u>
Total Liabilities and Fund Balance	<u>\$ 1,239</u>	<u>\$ 16,592</u>	<u>\$ 99,836</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, 2010

	Special Revenue Funds		
	Emergency Medical Services	Law Enforcement	Corrections
Revenues			
Taxes			
Cigarette	0	0	0
Fees & Fines	0	0	7,873
County Subsidy	5,833	5,833	0
State & Local Grants	7,572	21,800	0
Interest	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>13,405</u>	<u>27,633</u>	<u>7,873</u>
Expenditures			
Current			
Public Safety	17,834	7,988	2,376
Culture & Recreation	0	0	0
Health & Welfare	0	0	0
Capital Outlay	0	29,167	0
Total Expenditures	<u>17,834</u>	<u>37,155</u>	<u>2,376</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,429)	(9,522)	5,497
Fund Balances at Beginning of Year	<u>4,429</u>	<u>22,233</u>	<u>63,797</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 12,711</u>	<u>\$ 69,294</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, 2010

	<u>Special Revenue Funds</u>		
	<u>Recreation</u>	<u>Health Clinic</u>	<u>Total</u>
Revenues			
Taxes			
Cigarette	1,614	0	1,614
Fees & Fines	0	0	7,873
County Subsidy	0	0	11,666
State & Local Grants	0	0	29,372
Interest	0	3	3
Miscellaneous	0	12,488	12,488
Total Revenues	<u>1,614</u>	<u>12,491</u>	<u>63,016</u>
Expenditures			
Current			
Public Safety	0	0	28,198
Culture & Recreation	1,115	0	1,115
Health & Welfare	0	7,572	7,572
Capital Outlay	0	0	29,167
Total Expenditures	<u>1,115</u>	<u>7,572</u>	<u>66,052</u>
Excess (Deficiency) of Revenues Over Expenditures	499	4,919	(3,036)
Fund Balances at Beginning of Year	<u>740</u>	<u>10,615</u>	<u>101,814</u>
Fund Balance End of Year	<u>\$ 1,239</u>	<u>\$ 15,534</u>	<u>\$ 98,778</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grant	\$ 15,236	\$ 13,405	\$ 13,405	\$ 0
Total Revenues	<u>15,236</u>	<u>13,405</u>	<u>13,405</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expense	20,448	18,617	18,617	0
Total Expenditures	<u>20,448</u>	<u>18,617</u>	<u>18,617</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,212)	(5,212)	(5,212)	0
Cash Balance Beginning of Year	<u>5,212</u>	<u>5,212</u>	<u>5,212</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</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-LAW ENFORCEMENT
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	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	5,833	5,833	0
Miscellaneous	1,000	0	0	0
Total Revenues	<u>27,800</u>	<u>27,633</u>	<u>27,633</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expense	7,500	7,989	7,988	1
Capital Outlay	42,533	29,168	29,167	1
Total Expenditures	<u>50,033</u>	<u>37,157</u>	<u>37,155</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	(22,233)	(9,524)	(9,522)	2
Cash Balance Beginning of Year	<u>22,233</u>	<u>22,233</u>	<u>22,233</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 12,709</u>	<u>\$ 12,711</u>	<u>\$ 2</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (9,522)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (9,522)</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 5,650	\$ 7,873	\$ 7,873	\$ 0
Total Revenues	<u>5,650</u>	<u>7,873</u>	<u>7,873</u>	<u>0</u>
Expenditures				
Public Safety				
Judicial	3,100	0	732	(732)
Automation	750	732	1,644	(912)
Housing of Prisoners	1,800	1,644	0	1,644
Total Expenditures	<u>5,650</u>	<u>2,376</u>	<u>2,376</u>	<u>1,644</u>
Excess (Deficiency) of Revenues Over Expenditures	0	5,497	5,497	0
Cash Balance Beginning of Year	<u>63,797</u>	<u>63,797</u>	<u>63,797</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 63,797</u>	<u>\$ 69,294</u>	<u>\$ 69,294</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>5,497</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>5,497</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Cigarette Tax	\$ 1,550	\$ 14,450	\$ 1,445	\$ (13,005)
Other	500	0	0	0
Total Revenues	<u>2,050</u>	<u>14,450</u>	<u>1,445</u>	<u>(13,005)</u>
Expenditures				
Culture & Recreation				
Operating Expense	1,800	1,115	1,115	0
Total Expenditures	<u>1,800</u>	<u>1,115</u>	<u>1,115</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	250	13,335	330	(13,005)
Cash Balance Beginning of Year	<u>686</u>	<u>686</u>	<u>686</u>	<u>0</u>
Cash Balance End of Year	\$ <u>936</u>	\$ <u>14,021</u>	\$ <u>1,016</u>	\$ <u>(13,005)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 330	
Net Change in Taxes Receivable			<u>169</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>499</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Lease Income	\$ 9,000	\$ 10,450	\$ 10,450	\$ 0
Reimbursement	3,000	2,038	2,038	0
Interest Income	200	3	3	0
Total Revenues	<u>12,200</u>	<u>12,491</u>	<u>12,491</u>	<u>0</u>
Expenditures				
Health & Welfare				
Operating Expense	8,600	7,956	7,956	0
Total Expenditures	<u>8,600</u>	<u>7,956</u>	<u>7,956</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	3,600	4,535	4,535	0
Cash Balance Beginning of Year	<u>12,057</u>	<u>12,057</u>	<u>12,057</u>	<u>0</u>
Cash Balance End of Year	\$ <u>15,657</u>	\$ <u>16,592</u>	\$ <u>16,592</u>	\$ <u>0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,535	
Net Changes in Accounts Payable			<u>384</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>4,919</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 370,000	\$ 359,976	\$ 361,840	\$ 1,864
Connection Fees	14,600	11,368	10,565	(803)
Interest Income	0	53	52	(1)
Miscellaneous	0	804	804	0
Total Revenues	<u>384,600</u>	<u>372,201</u>	<u>373,261</u>	<u>1,060</u>
Expenditures				
Water				
Salaries & Benefits	70,322	69,902	69,901	1
Operating Expense	99,014	84,449	46,449	38,000
Sewer				
Salaries & Benefits	48,462	48,323	48,222	101
Operating Expense	34,733	30,363	30,464	(101)
Sanitation				
Operating Expense	126,800	111,346	111,345	1
Debt Service				
Interest	10,000	10,000	10,000	0
Principal	15,467	15,467	15,467	0
Total Expenditures	<u>404,798</u>	<u>369,850</u>	<u>331,848</u>	<u>38,002</u>
Excess (Deficiency) of Revenues Over Expenditures	(20,198)	2,351	41,413	39,062
Cash Balance Beginning of Year	<u>531,949</u>	<u>531,949</u>	<u>531,949</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 511,751</u>	<u>\$ 534,300</u>	<u>\$ 573,362</u>	<u>\$ 39,062</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 41,413	
Net Changes in Accounts Receivable			359	
Net Changes in Inventory			257	
Depreciation			(46,021)	
Net Changes in Accounts Payable			2,927	
Net Changes in Accrued Salaries			(259)	
Net Changes in Accrued Interest			378	
Net Changes in Compensated Absences			534	
Net Change in Customer Deposits			(1,866)	
Principal Paid			10,000	
Change in Net Assets			<u>\$ 7,722</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, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds and the combining and individual funds and related budgetary comparison presented as supplemental information of the Town OF DEXTER (Town) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 24, 2010. 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 our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 - Local Government 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

November 24, 2010

STATE OF NEW MEXICO
TOWN OF DEXTER
Schedule of Findings and Responses
For the Year Ended June 30, 2010

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 November 24, 2010. In attendance were David L White-Mayor, Kay Roberts-Clerk/Treasurer and De'Aun Willoughby, CPA.