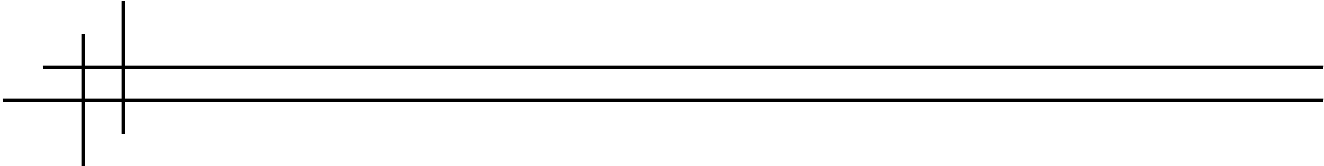




STATE OF NEW MEXICO
TOWN OF DEXTER

ANNUAL FINANCIAL REPORT
June 30, 2012

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



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TOWN OF DEXTER
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STATE OF NEW MEXICO
TOWN OF DEXTER
Official Roster
June 30, 2012

TOWN COUNCIL

David L White	Mayor
Mitch Daubert	Mayor Pro-Tem
Jim Berry	Councilman
Norman Caffall	Councilman
Thomas Mireles	Councilman

ADMINISTRATIVE OFFICIALS

Kay Roberts	Clerk/Treasurer
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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 and the budgetary comparisons for the general fund and the major special revenue funds of Town of Dexter, (Town), as of and for the year ended June 30, 2012, 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 and the budgetary comparisons for the major capital project fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the 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 27, 2012, 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 Government Auditing Standards and should be considered in assessing the results of our audit.

The Town's management has omitted the Management's Discussion and Analysis that the Governmental Accounting Standards Board require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

De'Aun Willoughby, CPA PC

November 27, 2012

FINANCIAL SECTION

STATE OF NEW MEXICO
TOWN OF DEXTER
 Government-Wide Statement of Net Assets
 June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,304,819	\$ 429,109	\$ 1,733,928
Receivables	63,182	45,532	108,714
Total Current Assets	<u>1,368,001</u>	<u>474,641</u>	<u>1,842,642</u>
Noncurrent Assets			
Restricted Cash	163,137	235,097	398,234
Capital Assets	7,424,739	2,062,948	9,487,687
Less: Accumulated Depreciation	<u>(3,495,232)</u>	<u>(790,573)</u>	<u>(4,285,805)</u>
Total Noncurrent Assets	<u>4,092,644</u>	<u>1,507,472</u>	<u>5,600,116</u>
Total Assets	<u>5,460,645</u>	<u>1,982,113</u>	<u>7,442,758</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	13,788	20,694	34,482
Accrued Salaries and Benefits	9,818	1,505	11,323
Accrued Interest	527	6,256	6,783
Compensated Absences	23,713	8,366	32,079
Current Portion of Long-Term Debt	<u>29,904</u>	<u>7,000</u>	<u>36,904</u>
Total Current Liabilities	<u>77,750</u>	<u>43,821</u>	<u>121,571</u>
Noncurrent Liabilities			
Customer Deposits	0	39,105	39,105
Bonds and Notes	<u>63,085</u>	<u>103,000</u>	<u>166,085</u>
Total Noncurrent Liabilities	<u>63,085</u>	<u>142,105</u>	<u>205,190</u>
Total Liabilities	<u>140,835</u>	<u>185,926</u>	<u>326,761</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,836,518	1,391,216	5,227,734
Unrestricted	<u>1,483,292</u>	<u>404,971</u>	<u>1,888,263</u>
Total Net Assets	<u>\$ 5,319,810</u>	<u>\$ 1,796,187</u>	<u>\$ 7,115,997</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, 2012

Functions/Programs	Program Revenues				Net(Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 254,748	\$ 8,483	\$ 72,822	\$ 0	\$ (173,443)	\$ 0	\$ (173,443)
Public Safety	598,322	37,531	257,951	162,000	(140,840)	0	(140,840)
Public Works	223,120	0	0	0	(223,120)	0	(223,120)
Culture & Recreation	181,913	44,152	0	0	(137,761)	0	(137,761)
Health & Welfare	10,087	0	0	0	(10,087)	0	(10,087)
Interest on Long-Term Obligations	3,940	0	0	0	(3,940)	0	(3,940)
Total Governmental Activities	<u>1,272,130</u>	<u>90,166</u>	<u>330,773</u>	<u>162,000</u>	<u>(689,191)</u>	<u>0</u>	<u>(689,191)</u>
Business-type Activities							
Water	225,877	249,072	0	453,021	0	476,216	476,216
Sewer	117,627	87,896	0	0	0	(29,731)	(29,731)
Sanitation	131,227	126,606	0	0	0	(4,621)	(4,621)
Total Business-type Activities	<u>474,731</u>	<u>463,574</u>	<u>0</u>	<u>453,021</u>	<u>0</u>	<u>441,864</u>	<u>441,864</u>
Total Primary Government	<u>\$ 1,746,861</u>	<u>\$ 553,740</u>	<u>\$ 330,773</u>	<u>\$ 615,021</u>	<u>(689,191)</u>	<u>441,864</u>	<u>(247,327)</u>
General Revenues							
Gross Receipts Taxes					627,510	0	627,510
Gasoline Taxes					11,578	0	11,578
Franchise Taxes					23,103	0	23,103
Property Taxes					22,830	0	22,830
Other Taxes					25,356	0	25,356
Miscellaneous					52,644	22	52,666
Total General Revenues					<u>763,021</u>	<u>22</u>	<u>763,043</u>
Change in Net Assets					73,830	441,886	515,716
Net Assets - beginning					<u>5,245,980</u>	<u>1,354,301</u>	<u>6,600,281</u>
Net Assets - ending					<u>\$ 5,319,810</u>	<u>\$ 1,796,187</u>	<u>\$ 7,115,997</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, 2012

	<u>General</u>	<u>Special Revenue</u>	
		<u>Fire</u>	<u>Streets</u>
ASSETS			
Cash and Cash Equivalents	\$ 955,656	\$ 81,384	\$ 145,624
Receivables			
Taxes	61,092	0	2,090
Restricted Cash	121,706	41,431	0
Total Assets	<u>\$ 1,138,454</u>	<u>\$ 122,815</u>	<u>\$ 147,714</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 10,129	\$ 2,469	\$ 0
Accrued Salaries	9,818	0	0
Total Liabilities	<u>19,947</u>	<u>2,469</u>	<u>0</u>
Fund Balances			
Reserved			
Special Revenue Fund	0	120,346	147,714
Unreserved Reported In			
General Fund	1,118,507	0	0
Total Fund Balances	<u>1,118,507</u>	<u>120,346</u>	<u>147,714</u>
Total Liabilities and Fund Balances	<u>\$ 1,138,454</u>	<u>\$ 122,815</u>	<u>\$ 147,714</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, 2012

	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 122,155	\$ 1,304,819
Receivables		
Taxes	0	63,182
Restricted Cash	0	163,137
Total Assets	<u>\$ 122,155</u>	<u>\$ 1,531,138</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,190	\$ 13,788
Accrued Salaries	0	9,818
Total Liabilities	<u>1,190</u>	<u>23,606</u>
 Fund Balances		
Reserved		
Special Revenue Fund	120,965	389,025
Unreserved Reported In		
General Fund	0	1,118,507
Total Fund Balances	<u>120,965</u>	<u>1,507,532</u>
 Total Liabilities and Fund Balances	 <u>\$ 122,155</u>	 <u>\$ 1,531,138</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, 2012

Total Fund Balance - Governmental Funds \$ 1,507,532

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	\$ 7,424,739	
Accumulated depreciation is	<u>(3,495,232)</u>	3,929,507

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	(92,989)	
Accrued interest on bonds	(527)	
Compensated Absences	<u>(23,713)</u>	<u>(117,229)</u>

Total Net Assets - Governmental Activities \$ 5,319,810

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, 2012

	General	Special Revenue	
		Fire	Streets
Revenues			
Taxes			
Gross Receipts	\$ 627,510	\$ 0	\$ 0
Property	11,578	0	0
Gasoline	0	0	23,103
Franchise	22,830	0	0
Motor Vehicle	25,353	0	0
Cigarette	2	0	0
Charges for Services	68,761	0	0
License & Permits	1,730	0	0
Fees and Fines	11,609	0	0
County Subsidy	0	5,833	0
State & Local Grants	72,822	210,276	0
Miscellaneous	38,766	3,595	0
Total Revenues	<u>880,961</u>	<u>219,704</u>	<u>23,103</u>
Expenditures			
Current			
General	244,443	0	0
Public Safety	378,698	104,613	856
Public Works	66,449	0	0
Culture & Recreation	147,527	0	0
Health & Welfare	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	28,895	0
Interest	0	4,096	0
Total Expenditures	<u>837,117</u>	<u>137,604</u>	<u>856</u>
Excess (Deficiency) of Revenues Over Expenditures	43,844	82,100	22,247
Fund Balances at Beginning of Year	<u>1,074,663</u>	<u>38,246</u>	<u>125,467</u>
Fund Balance End of Year	<u>\$ 1,118,507</u>	<u>\$ 120,346</u>	<u>\$ 147,714</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, 2012

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Taxes		
Gross Receipts	\$ 0	\$ 627,510
Property	0	11,578
Gasoline	0	23,103
Franchise	0	22,830
Motor Vehicle	0	25,353
Cigarette	1	3
Charges for Services	0	68,761
License & Permits	0	1,730
Fees and Fines	8,066	19,675
County Subsidy	11,666	17,499
State & Local Grants	30,176	313,274
Miscellaneous	10,283	52,644
Total Revenues	<u>60,192</u>	<u>1,183,960</u>
Expenditures		
Current		
General	0	244,443
Public Safety	19,594	503,761
Public Works	0	66,449
Culture & Recreation	0	147,527
Health & Welfare	7,002	7,002
Capital Outlay	0	0
Debt Service		
Principal	0	28,895
Interest	0	4,096
Total Expenditures	<u>26,596</u>	<u>1,002,173</u>
Excess (Deficiency) of Revenues Over Expenditures	33,596	181,787
Fund Balances at Beginning of Year	<u>87,369</u>	<u>1,325,745</u>
Fund Balance End of Year	<u>\$ 120,965</u>	<u>\$ 1,507,532</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, 2012

Net Change in Fund Balance \$ 181,787

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	\$ (303,291)	
Donation of Equipment	162,000	
Capital Outlays	<u>0</u>	(141,291)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 28,895

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, 2011	6,890	
Accrued Interest, June 30, 2012	<u>(527)</u>	6,363

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, 2011	21,789	
Compensated Absences, June 30, 2012	<u>(23,713)</u>	<u>(1,924)</u>

Changes in Net Assets of Governmental Activities \$ 73,830

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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Gross Receipts	\$ 549,236	\$ 549,236	\$ 629,064	\$ 79,828
Property Taxes	10,702	10,702	11,676	974
Franchise Taxes	28,000	28,000	23,722	(4,278)
Cigarette Taxes	0	0	2	2
Motor Vehicle Taxes	26,340	26,340	25,560	(780)
State Shared Gross Receipts	0	0	0	0
Charges for Services				
Motor Vehicle	7,100	7,100	6,753	(347)
Ambulance	20,900	20,900	17,856	(3,044)
Recreation	32,000	32,000	44,152	12,152
License & Permits	2,230	2,230	1,730	(500)
Fees & Fines	10,000	10,000	11,609	1,609
State & Local Grants	88,011	88,011	72,822	(15,189)
Federal Grant	0	0	0	0
Miscellaneous	16,000	16,000	38,767	22,767
Total Revenues	<u>790,519</u>	<u>790,519</u>	<u>883,713</u>	<u>93,194</u>
Expenditures				
Executive				
Personnel Services	5,823	5,918	5,918	0
Operating Expense	<u>13,527</u>	<u>12,591</u>	<u>12,591</u>	<u>0</u>
Total Executive	<u>19,350</u>	<u>18,509</u>	<u>18,509</u>	<u>0</u>
Financial				
Personnel Services	126,841	131,374	131,373	1
Operating Expense	<u>18,727</u>	<u>22,556</u>	<u>22,557</u>	<u>(1)</u>
Total Financial	<u>145,568</u>	<u>153,930</u>	<u>153,930</u>	<u>0</u>
Judicial				
Personnel Services	21,572	17,515	17,514	1
Operating Expense	<u>9,654</u>	<u>10,309</u>	<u>10,310</u>	<u>(1)</u>
Total Judicial	<u>31,226</u>	<u>27,824</u>	<u>27,824</u>	<u>0</u>
Public Safety				
Personnel Services	273,215	287,337	287,337	0
Operating Expense	<u>63,105</u>	<u>54,482</u>	<u>54,483</u>	<u>(1)</u>
Total Public Safety	<u>336,320</u>	<u>341,819</u>	<u>341,820</u>	<u>(1)</u>
Fire				
Operating Expense	<u>9,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fire	<u>\$ 9,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Ambulance				
Operating Expense	\$ 22,700	\$ 34,181	\$ 34,181	\$ 0
Total Ambulance	<u>22,700</u>	<u>34,181</u>	<u>34,181</u>	<u>0</u>
Highway & Streets				
Personnel Services	34,432	35,026	35,026	0
Operating Expense	<u>30,640</u>	<u>30,028</u>	<u>30,028</u>	<u>0</u>
Total Highway & Streets	<u>65,072</u>	<u>65,054</u>	<u>65,054</u>	<u>0</u>
Parks				
Personnel Services	78,656	73,091	73,090	1
Operating Expense	<u>66,197</u>	<u>71,000</u>	<u>70,996</u>	<u>4</u>
Total Parks	<u>144,853</u>	<u>144,091</u>	<u>144,086</u>	<u>5</u>
Library				
Operating Expense	<u>1,000</u>	<u>1,016</u>	<u>1,016</u>	<u>0</u>
Total Library	<u>1,000</u>	<u>1,016</u>	<u>1,016</u>	<u>0</u>
Motor Vehicle Department				
Personnel Services	28,936	30,215	30,215	0
Operating Expense	<u>10,001</u>	<u>9,478</u>	<u>9,476</u>	<u>2</u>
Total Motor Vehicle Depart.	<u>38,937</u>	<u>39,693</u>	<u>39,691</u>	<u>2</u>
Total Expenditures	<u>805,026</u>	<u>826,117</u>	<u>826,111</u>	<u>6</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,507)	(35,598)	57,602	93,200
Cash Balance Beginning of Year	<u>1,019,760</u>	<u>1,019,760</u>	<u>1,019,760</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,005,253</u>	<u>\$ 984,162</u>	<u>\$ 1,077,362</u>	<u>\$ 93,200</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 57,602	
Net change in Taxes Receivable			(2,752)	
Net change in Accounts Payable			(1,188)	
Net change in Accrued Salaries & Benefits			(9,818)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 43,844</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 210,276	\$ 210,276	\$ 210,276	\$ 0
County Subsidy	6,833	6,833	5,833	(1,000)
Miscellaneous	0	0	3,595	3,595
Total Revenues	<u>217,109</u>	<u>217,109</u>	<u>219,704</u>	<u>2,595</u>
Expenditures				
Public Safety				
Operating	168,276	76,717	76,903	(186)
Capital Outlay	20,000	32,720	32,720	0
Debt Service				
Principal	28,895	28,895	28,895	0
Interest	4,283	4,283	4,097	186
Total Expenditures	<u>221,454</u>	<u>142,615</u>	<u>142,615</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,345)	74,494	77,089	2,595
Cash Balance Beginning of Year	<u>45,726</u>	<u>45,726</u>	<u>45,726</u>	<u>0</u>
Cash Balance End of Year	\$ <u>41,381</u>	\$ <u>120,220</u>	\$ <u>122,815</u>	\$ <u>2,595</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 77,089	
Net change in Accounts Payable			<u>5,011</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>82,100</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Special Gas Tax	\$ 25,900	\$ 25,900	\$ 22,972	\$ (2,928)
Total Revenues	<u>25,900</u>	<u>25,900</u>	<u>22,972</u>	<u>(2,928)</u>
Expenditures				
Public Works				
Operating Expenses	9,000	857	857	0
Capital Outlay	<u>80,000</u>	<u>0</u>		<u>0</u>
Total Expenditures	<u>89,000</u>	<u>857</u>	<u>857</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(63,100)	25,043	22,115	(2,928)
Cash Balance Beginning of Year	<u>123,509</u>	<u>123,509</u>	<u>123,509</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 60,409</u>	<u>\$ 148,552</u>	<u>\$ 145,624</u>	<u>\$ (2,928)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 22,115	
Net Change in Taxes Receivable			<u>132</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 22,247</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, 2012

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 429,109
Receivables (net of allowance for uncollectible accounts)	
Accounts	45,532
Total Current Assets	<u>474,641</u>

Noncurrent Assets

Restricted Cash	235,097
Capital Assets	2,062,948
Less: Accumulated Depreciation	<u>(790,573)</u>
Total Noncurrent Assets	<u>1,507,472</u>

Total Assets	<u>1,982,113</u>
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LIABILITIES

Current Liabilities

Accounts Payable	20,694
Accrued Salaries and Benefits	1,505
Accrued Interest	6,256
Compensated Absences	8,366
Current Portion of Long-Term Debt	<u>7,000</u>
Total Current Liabilities	<u>43,821</u>

Noncurrent Liabilities

Customer Deposits	39,105
Long Term Debt	<u>103,000</u>
Total Noncurrent Liabilities	<u>142,105</u>

Total Liabilities	<u>185,926</u>
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NET ASSETS

Invested in Capital Assets, Net of

Related Debt	1,162,375
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Unrestricted

Total Net Assets	<u>\$ 1,796,187</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
 PROPRIETARY FUND
 Statement of Revenue, Expenses and Changes in Fund Net Assets
 For the Year Ended June 30, 2012

Operating Revenues	
Sales & Service	\$ 463,574
Total Operating Revenues	<u>463,574</u>
Operating Expenses	
Salaries & Benefits	121,865
Operating Expense	278,724
Depreciation	61,581
Total Operating Expenses	<u>462,170</u>
Operating Income (Loss)	<u>1,404</u>
Nonoperating Revenue (Expenses)	
Interest Income	22
Federal Grant	453,021
Interest Expense	(12,561)
Total Nonoperating Revenue (Expenses)	<u>440,482</u>
Change in Net Assets	441,886
Total Net Assets - Beginning	<u>1,354,301</u>
Total Net Assets - Ending	<u>\$ 1,796,187</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, 2012

Cash Flows from Operating Activities	
Cash Received From Customers	\$ 467,129
Cash Paid to Suppliers and Employees	(392,726)
Net Cash Provided by Operating Activities	<u>74,403</u>
 Cash Flows from Capital & Related Financing Activities	
Federal Grant	453,021
Capital Outlay	(453,021)
Principal Paid	(6,000)
Interest Paid	(12,561)
Net Cash Provided by Capital & Related Financing Activities	<u>(18,561)</u>
 Cash Flows from Investing Activities	
Interest Received	<u>22</u>
Net Cash Provided by Investing Activities	<u>22</u>
 Net Increase (Decrease) in Cash	55,864
 Cash, Beginning of the Year	<u>608,342</u>
 Cash, End of the Year	<u>\$ 664,206</u>
 Reconciliation of Cash	
Cash in the Bank	\$ 429,109
Restricted Cash in the Bank	235,097
	<u>\$ 664,206</u>
 Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 1,404
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	61,581
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	1,695
Increase (Decrease) in Accounts Payable	6,689
Increase (Decrease) in Accrued Salaries	1,505
Increase (Decrease) in Accrued Interest	(634)
Increase (Decrease) in Compensated Absenses	303
Increase (Decrease) in Customer Deposits	1,860
Net Cash Provided by Operating Activities	<u>\$ 74,403</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 LEPPF, 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 provisions. (NMSA 59A-53-1).

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, 2012 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, 2012

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.

<u>Name of Account</u>	Balance Per Bank 6/30/12	Reconciled Balance	<u>Type</u>
Street/Drainage Imp.	\$ 60	\$ 60	Checking Non-Interest Bearing
General Fund	1,414,876	1,409,543	Checking Non-Interest Bearing
Dexter Health Clinic	16,983	16,983	Checking Interest Bearing
Repairs & Replacement	49,055	49,055	Checking Interest Bearing
Reserve Bond	96,659	96,659	Checking Interest Bearing
JUSGI 1075 & 1983	10,793	10,793	Checking Interest Bearing
Municipal Court	100	100	Checking Non-Interest Bearing
Utility Fund	470,428	468,361	Checking Non-Interest Bearing
Water Meter	39,280	39,178	Checking Non-Interest Bearing
TOTAL Deposited	<u>2,098,234</u>	<u>\$ 2,090,732</u>	
Less: FDIC Coverage	<u>(2,098,234)</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>	<u>Bank Balance</u>
Insured	\$ 2,098,234
Collateralized:	
Collateral held by the pledging bank in Town's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 2,098,234</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, 2012 none of the Town's bank balance of \$2,098,234 was exposed to custodial credit risk.

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2012

During the year ending June 30, 2012 the Town had the following cash balance with NMFA for debt service reserve:

Name of Account	Balance Per Bank 6/30/12	Reconciled Balance	Type
Town of Dexter	\$ 27,660	\$ 27,660	Savings
Town of Dexter	13,770	13,770	Savings
TOTAL Deposited	<u>\$ 41,430</u>	<u>\$ 41,430</u>	

NOTE D: RESTRICTED CASH

Restricted cash of \$41,430 is for the retirement of debt, \$39,105 is for water deposits and is held for refunds as needed. The balance of \$317,699 is reserved for drilling and developing new sources of water for the Town and other capital improvements.

NOTE E: CAPITAL ASSETS

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

	Beginning Balance 6/30/11	Increases	Decreases	Ending Balance 6/30/12
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 68,000	\$ 0	\$ 0	\$ 68,000
Construction in Progress				
Total Capital Assets, not being Depreciated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>68,000</u>	<u>0</u>	<u>0</u>	<u>68,000</u>
Capital Assets, being Depreciated				
Infrastructure	3,480,324	0	0	3,480,324
Buildings	1,920,145	0	0	1,920,145
Equipment	1,794,270	162,000	0	1,956,270
Total Capital Assets, being Depreciated	<u>7,194,739</u>	<u>162,000</u>	<u>0</u>	<u>7,356,739</u>
Total Capital Assets	<u>7,262,739</u>	<u>162,000</u>	<u>0</u>	<u>7,424,739</u>
Less Accumulated Depreciation				
Infrastructure	1,562,229	145,641	0	1,707,870
Buildings	649,735	53,357	0	703,092
Equipment	979,977	104,293	0	1,084,270
Total Accumulated Depreciation	<u>3,191,941</u>	<u>303,291</u>	<u>0</u>	<u>3,495,232</u>
Capital Assets, net	<u>\$ 4,070,798</u>	<u>\$ (141,291)</u>	<u>\$ 0</u>	<u>\$ 3,929,507</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 9,837
Public Safety	99,993
Public Works	156,671
Culture & Recreation	33,705
Health & Welfare	3,085
Total depreciation expenses	<u>\$ 303,291</u>

STATE OF NEW MEXICO
TOWN OF DEXTER
Notes to the Financial Statements
June 30, 2012

Business-Type Activities	Beginning Balance 6/30/11	Increases	Decreases	Ending Balance 6/30/12
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	1,262,614	453,021	0	1,715,635
Equipment	321,313	0	0	321,313
Total Capital Assets, being Depreciated	1,583,927	453,021	0	2,036,948
Total Capital Assets	1,609,927	453,021	0	2,062,948
Less Accumulated Depreciation				
Buildings	587,474	46,475	0	633,949
Equipment	141,518	15,106	0	156,624
Total Accumulated Depreciation	728,992	61,581	0	790,573
Capital Assets, net	\$ 880,935	\$ 391,440	\$ 0	\$ 1,272,375

NOTE F: LONG TERM DEBT

Governmental Funds

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

	Beginning Balance 6/30/11	Additions	Reductions	Ending Balance 6/30/12	Amounts Due Within One Year
Notes Payable	\$ 121,884	\$ 0	\$ 28,895	\$ 92,989	\$ 29,904
Total Notes Payable	121,884	0	28,895	92,989	29,904
Other Liabilities					
Compensated Absences	21,788	20,974	19,049	23,713	0
Total Other Liabilities	21,788	20,974	19,049	23,713	0
Long-Term	\$ 143,672	\$ 20,974	\$ 47,944	\$ 116,702	\$ 29,904

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, 2012

All activities of bonds and loans payable at June 30, 2012 are comprised of the following individual issues:

2004 NMFA Loan, due in annual installments of \$24,764 to \$32,109 including interest, at 1.9% to 4.43% through May, 2015.	\$	92,989
	\$	<u>92,989</u>

The annual requirements to amortize both of the above described loans as of June 30, 2012, including interest payments are as follows:

	Principal	Interest	Total
2013	\$ 29,904	\$ 2,664	\$ 32,568
2014	30,976	140	31,116
2015	32,109	557	32,666
	<u>\$ 92,989</u>	<u>\$ 3,361</u>	<u>\$ 96,350</u>

Proprietary Funds

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

	Beginning Balance 6/30/11	Additions	Reductions	Ending Balance 6/30/12	Amounts Due Within One Year
Bonds Payable	\$ 116,000	\$ 0	\$ 6,000	\$ 110,000	\$ 7,000
Compensated Absences	8,063	5,928	5,625	8,366	8,366
Total	<u>\$ 124,063</u>	<u>\$ 5,928</u>	<u>\$ 11,625</u>	<u>\$ 118,366</u>	<u>\$ 15,366</u>

All activities of bonds and loans payable at June 30, 2012 are comprised of the following individual

	Balance
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%.	\$ 110,000
Total	<u>\$ 110,000</u>

The annual requirements to two above bonds as of June 30, 2012, including interest payments are as follows:

	Principal	Interest	Total
2013	\$ 7,000	\$ 12,513	\$ 19,513
2014	7,000	11,716	18,716
2015	8,000	10,920	18,920
2016	8,000	10,010	18,010
2017	9,000	9,100	18,100
2018-2022	56,000	28,893	84,893
2023	15,000	1,706	16,706
	<u>\$ 110,000</u>	<u>\$ 84,858</u>	<u>\$ 194,858</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, 2012, 2011 and 2010 were \$78,703, \$71,530, and \$70,657, 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, 2012, were as follows:

<u>Receivables</u>	<u>General</u>	<u>Streets</u>	<u>Non Major</u>	<u>Utilities</u>
Gross Receipts Tax	\$ 54,081	\$ 0	\$ 0	\$ 0
Gas Taxes	0	2,090	0	0
Franchise Taxes	3,869	0	0	0
Property Taxes	116	0	0	0
Other Taxes	3,026	0	0	0
Accounts Receivables	0	0	0	45,532
	<u>\$ 61,092</u>	<u>\$ 2,090</u>	<u>\$ 0</u>	<u>\$ 45,532</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.

NOTE N: DEFICIT FUND BALANCE

The EMS Fund had a deficit fund balance of \$(765).

NOTE O: RELATED PARTY TRANSACTIONS

Board member Mitch Daubert owns Daubert Oil & Gas. Total fuel purchased from Daubert Oil & Gas was \$15,868.90. Board Member Thomas Mireles is an employee manager of Frazier Oil & Gas. Total fuel purchased from Fraier Oil & Gas was \$14,658.11.

**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)

Corrections

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, 2012

	Special Revenue Funds		
	Emergency Medical Services	Law Enforcement	Corrections
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 25,159	\$ 80,012
Taxes Receivable	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 25,159</u>	<u>\$ 80,012</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 765	\$ 0	\$ 0
Total Liabilities	<u>765</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved			
Special Revenue	(765)	25,159	80,012
Total Fund Balance	<u>(765)</u>	<u>25,159</u>	<u>80,012</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 25,159</u>	<u>\$ 80,012</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, 2012

	<u>Special Revenue Funds</u>		
	<u>Recreation</u>	<u>Health Clinic</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1	\$ 16,983	\$ 122,155
Taxes Receivable	0	0	0
Total Assets	<u>\$ 1</u>	<u>\$ 16,983</u>	<u>\$ 122,155</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 425	\$ 1,190
Total Liabilities	<u>0</u>	<u>425</u>	<u>1,190</u>
Fund Balance			
Reserved			
Special Revenue	1	16,558	120,965
Total Fund Balance	<u>1</u>	<u>16,558</u>	<u>120,965</u>
Total Liabilities and Fund Balance	<u>\$ 1</u>	<u>\$ 16,983</u>	<u>\$ 122,155</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, 2012

	Special Revenue Funds		
	Emergency Medical Services	Law Enforcement	Corrections
Revenues			
Taxes			
Cigarette	0	0	0
Fees & Fines	0	0	8,066
County Subsidy	5,833	5,833	0
State & Local Grants	7,776	22,400	0
Miscellaneous	0	1,600	0
Total Revenues	<u>13,609</u>	<u>29,833</u>	<u>8,066</u>
Expenditures			
Current			
Public Safety	12,289	4,674	2,631
Culture & Recreation	0	0	0
Health & Welfare	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>12,289</u>	<u>4,674</u>	<u>2,631</u>
Excess (Deficiency) of Revenues Over Expenditures	1,320	25,159	5,435
Fund Balances at Beginning of Year	<u>(2,085)</u>	<u>0</u>	<u>74,577</u>
Fund Balance End of Year	<u>\$ (765)</u>	<u>\$ 25,159</u>	<u>\$ 80,012</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, 2012

	<u>Special Revenue Funds</u>		
	<u>Recreation</u>	<u>Health Clinic</u>	<u>Total</u>
Revenues			
Taxes			
Cigarette	1	0	1
Fees & Fines	0	0	8,066
County Subsidy	0	0	11,666
State & Local Grants	0	0	30,176
Miscellaneous	0	8,683	10,283
Total Revenues	<u>1</u>	<u>8,683</u>	<u>60,192</u>
Expenditures			
Current			
Public Safety	0	0	19,594
Culture & Recreation	0	0	0
Health & Welfare	0	7,002	7,002
Capital Outlay	0	0	0
Total Expenditures	<u>0</u>	<u>7,002</u>	<u>26,596</u>
Excess (Deficiency) of Revenues Over Expenditures	1	1,681	33,596
Fund Balances at Beginning of Year	<u>0</u>	<u>14,877</u>	<u>87,369</u>
Fund Balance End of Year	<u>\$ 1</u>	<u>\$ 16,558</u>	<u>\$ 120,965</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grant	\$ 13,605	\$ 13,609	\$ 13,609	\$ 0
Total Revenues	<u>13,605</u>	<u>13,609</u>	<u>13,609</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expense	13,605	13,609	13,609	0
Total Expenditures	<u>13,605</u>	<u>13,609</u>	<u>13,609</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	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>0</u>	\$ <u>0</u>	\$ <u>0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net Changes in Accounts Payable			<u>1,320</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,320</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 22,400	\$ 22,400	\$ 22,400	\$ 0
County Grant	5,833	5,833	5,833	0
Miscellaneous	1,600	1,600	1,600	0
Total Revenues	<u>29,833</u>	<u>29,833</u>	<u>29,833</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expense	23,833	4,674	4,674	0
Capital Outlay	6,000	0	0	0
Total Expenditures	<u>29,833</u>	<u>4,674</u>	<u>4,674</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	25,159	25,159	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>\$ 25,159</u>	<u>\$ 25,159</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 25,159</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 25,159</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 7,350	\$ 7,350	\$ 8,066	\$ 716
Total Revenues	<u>7,350</u>	<u>7,350</u>	<u>8,066</u>	<u>716</u>
Expenditures				
Public Safety				
Judicial	750	891	891	0
Automation	1,800	1,740	1,740	0
Housing of Prisoners	4,800	0	0	0
Total Expenditures	<u>7,350</u>	<u>2,631</u>	<u>2,631</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	4,719	5,435	716
Cash Balance Beginning of Year	<u>74,577</u>	<u>74,577</u>	<u>74,577</u>	<u>0</u>
Cash Balance End of Year	\$ <u>74,577</u>	\$ <u>79,296</u>	\$ <u>80,012</u>	\$ <u>716</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>5,435</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>5,435</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Cigarette Tax	\$ 0	\$ 0	\$ 1	\$ 1
Fees	0	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Expenditures				
Culture & Recreation				
Operating Expense	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	1	1
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>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1	
Net Change in Taxes Receivable			0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Lease Income	\$ 9,000	\$ 9,000	\$ 7,162	\$ (1,838)
Reimbursement	3,000	3,000	1,519	(1,481)
Interest Income	200	200	2	(198)
Total Revenues	<u>12,200</u>	<u>12,200</u>	<u>8,683</u>	<u>(3,517)</u>
Expenditures				
Health & Welfare				
Operating Expense	11,100	6,744	6,744	0
Total Expenditures	<u>11,100</u>	<u>6,744</u>	<u>6,744</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	1,100	5,456	1,939	(3,517)
Cash Balance Beginning of Year	<u>15,044</u>	<u>15,044</u>	<u>15,044</u>	<u>0</u>
Cash Balance End of Year	\$ <u>16,144</u>	\$ <u>20,500</u>	\$ <u>16,983</u>	\$ <u>(3,517)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,939	
Net Changes in Accounts Payable			<u>(258)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,681</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 430,722	\$ 393,222	\$ 467,129	\$ 73,907
Interest Income	200	0	22	22
Federal Grant	453,020	453,021	453,021	0
Total Revenues	<u>883,942</u>	<u>846,243</u>	<u>920,172</u>	<u>73,929</u>
Expenditures				
Water				
Salaries & Benefits	75,598	77,747	77,746	1
Operating Expense	134,293	97,631	97,631	0
Capital Outlay	453,021	453,021	453,021	0
Sewer				
Salaries & Benefits	45,498	42,311	42,310	1
Operating Expense	59,029	43,864	43,864	0
Sanitation				
Operating Expense	122,000	130,541	130,541	0
Debt Service				
Interest	6,000	6,000	6,000	0
Principal	13,195	13,195	13,195	0
Total Expenditures	<u>908,634</u>	<u>864,310</u>	<u>864,308</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	(24,692)	(18,067)	55,864	73,931
Cash Balance Beginning of Year	<u>608,342</u>	<u>608,342</u>	<u>608,342</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 583,650</u>	<u>\$ 590,275</u>	<u>\$ 664,206</u>	<u>\$ 73,931</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 55,864	
Depreciation			(61,581)	
Capital Outlay			453,021	
Principal Paid			6,000	
Net Changes in Accounts Receivable			(1,695)	
Net Changes in Accounts Payable			(6,689)	
Net Changes in Accrued Salaries			(1,505)	
Net Changes in Accrued Interest			634	
Net Changes in Compensated Absences			(303)	
Net Change in Customer Deposits			(1,860)	
Change in Net Assets			<u>\$ 441,886</u>	

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

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 financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund, major special revenue funds, and the budgetary comparisons for the major capital project funds and the combining 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, 2012, and have issued our report thereon dated November 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the board is responsible for establishing and maintaining effective 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 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 entity's financial statements will not be prevented, or detected and correct on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting; 11-1 and 12-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses; 11-1 and 12-1.

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

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 27, 2012

STATE OF NEW MEXICO
TOWN OF DEXTER
 Schedule of Findings and Responses
 For the Year Ended June 30, 2012

Prior Year Audit Findings

	<u>Status</u>
11-1 Embezzlement	Repeated & Modified
11-2 Emergency Medical Services	Resolved
11-3 Personnel Policy	Resolved
11-4 Fringe Benefits	Resolved
11-5 Expenditures Over Budget	Resolved
11-6 Late Audit	Repeated

Current Year Audit Findings

11-1 Fraudulent & excessive fuel purchases-Compliance and Internal Control-Significant Deficiency Condition

Fuel costs were excessive as shown in the following schedule:

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
July	\$ 842.62	\$ 2,969.61	\$ 3,812.23
August	761.31	3,051.20	3,812.51
September	1,173.19	3,108.41	4,281.60
October	1,061.16	2,449.72	3,510.88
November	1,033.51	2,418.97	3,452.48
December	965.51	853.90	1,819.41
January	1,005.42	935.56	1,940.98
February	904.31	1,067.59	1,971.90
March	1,003.49	313.81	1,317.30
April	329.66	652.43	982.09
May	359.76	665.22	1,024.98
June	360.79	486.87	847.66
	<u>\$ 9,800.73</u>	<u>\$ 18,973.29</u>	<u>\$ 28,774.02</u>

The prior year audit was issued in the spring of 2012. After the findings were discussed, fuel consumption dropped from a high of \$4,282 to a low of \$847. Although you cannot consider only a one month comparison, comparing all twelve months establishes a pattern of abuse and excessive fuel purchases that could have been personal use.

Criteria

N.M.S.A 1978, Section 30.16.8 Embezzlement consists of a person embezzling or converting to the person's own use anything of value, with which the person has been entrusted, with fraudulent intent to deprive the owner thereof.

Cause

Many volunteer firemen had fuel cards. No one knew who had the cards and their were no controls over fuel purchases. One fuel card was admittedly missed used and is under investigation by the local police department. The mayor refused to sign checks for fuel purchases considering them to be fraudulent. Mayor pro tem Daubert signed checks and statements paying his own company for fuel.

Effect

Lack of controls and oversight provides an opportunity for abuse and potential for embezzlement and fraud.

Recommendation

All fuel cards have been cancelled and fuel logs required based on recommendation from the previous year's audit findings. As you can see for the above schedule, fuel consumption has declined dramatically both in the police department and the fire department.

Response

Councilman Thomas Mireles stated that the fire department was not active as it had been in the past and it was the Town's loss and he was working with the volunteers. Mayor pro tem Daubert agreed his signing of the checks issued to his company was not kosher.

11-6 Late Audit Report-Compliance

Condition

The audit report was not submitted to the State Auditor after the required deadline of December 1, 2012.

Criteria

Municipal audits are to be submitted to the State Auditor by December 1 as required by NMAC 2.2.2.9A (1) (d).

Cause

The audit was submitted timely but the audit was rejected by OSA because the condition in 11-1 was not adequate. A rejection fax causes the audit to be considered to be late.

Effect

The users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit report could have an effect on state and federal funding.

Recommendation

The audit should be filed timely.

Response

We will encourage the auditor to properly complete the findings to avoid a late filed report.

Employees were not paid overtime correctly-Compliance and Internal Control-Significant

12-1 Deficiency

Condition

The audit revealed that the employees working at the pool were not being paid overtime pay. A total of \$1,543.61 is owed to employees for overtime pay.

Criteria

In accordance with NMSA 1978, § 50-4-24, employees shall be paid time and a half for each overtime hour worked.

Cause

The employee responsible for calculating overtime pay was not correctly informed of the provisions of NMSA 1978, § 50-4-24 and did not realize pool employees were not exempt from overtime.

Effect

Employees are not correctly compensated for the time they worked.

Recommendation

The employees should be paid the amount due them and overtime should be paid for pool employees in the future.

Response

We have calculated the overtime and will pay the difference on 12/3/12.

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 27, 2012 in closed session per the Open Meetings Act. In attendance were all board members, Kay Roberts-Clerk/Treasurer and De'Aun Willoughby, CPA.