

STATE OF NEW MEXICO
TOWN OF MESILLA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008 and 2007

Prepared by
Marcus, Fairall, Bristol + Co., L.L.P.
Certified Public Accountants
6090 Surety Drive, Suite 100
El Paso, Texas 79905
Telephone (915) 775-1040

INTRODUCTORY SECTION

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STATE OF NEW MEXICO
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OFFICIAL ROSTER

Elected Officials

| | |
|--------------------|---------------|
| Michael M. Cadena | Mayor |
| Jesus M. Caro, Jr. | Trustee |
| Nora L. Barraza | Mayor Pro-Tem |
| Carlos Arzabal | Trustee |
| Sam Bernal | Trustee |

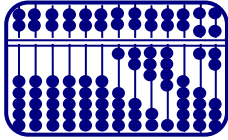
Department Heads

| | |
|-----------------|--------------------------------|
| Juan A. Fuentes | Town Clerk-Treasurer |
| Kristie Medina | Recreation/Program Coordinator |
| Debbie Lujan | Public Works Director |
| Angelo Vega | Marshal |
| Kevin Hoban | Fire Chief |
| Nick Eckert | Community Development Director |

Municipal Court

| | |
|---------------|-----------------|
| Lionel Fritze | Municipal Judge |
|---------------|-----------------|

FINANCIAL SECTION



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

Independent Auditors Report

Hector H. Balderas
New Mexico State Auditor
Mayor and Board of Trustees
Town of Mesilla
Mesilla, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the general fund and major special revenue fund budgetary comparisons, and the aggregate remaining fund information of Town of Mesilla, New Mexico, as of and for the years-ended June 30, 2008 and 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Town's non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years-ended June 30, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of Town of Mesilla, New Mexico'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 with 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 of the United States of America 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 Town of Mesilla, New Mexico, as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, USAO HIDTA Fund, and Town Hall Project Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Town of Mesilla, New Mexico, as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the non-major governmental funds and the enterprise funds for the years ended in conformity with accounting principles generally accepted in the United States of America.

The *Management's Discussion and Analysis* on pages vii through xvii is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2009 on our consideration of Town of Mesilla, New Mexico'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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons of the Town of Mesilla, New Mexico. The accompanying information listed as Supporting Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis. Also, the accompanying Schedule of Changes in Assets and Liabilities-Agency Funds, as required by SAO Rule 2.2.2.10.BB, is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.



Marcus, Fairall, Bristol + Co., L.L.P.
El Paso, Texas

March 11, 2009

**STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008**

Management's Discussion and Analysis

As management of the Town of Mesilla, we offer readers of Town of Mesilla financial statements this narrative overview and analysis of the financial activities of the Town of Mesilla for the fiscal year-ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the financial statements of the Town of Mesilla and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Mesilla exceeded its liabilities at the close of the most recent fiscal year by \$7,403,832 (net assets). Of this amount, \$965,605 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$160,762 during the fiscal year. This increase is primarily due to a 68% increase in grant funds received during the year-ended June 30, 2008.
- At the close of the current fiscal year, unreserved fund balance of the general fund was \$369,725.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Mesilla's basic financial statements. Town of Mesilla's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Town of Mesilla's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Town of Mesilla's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Town of Mesilla is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenue and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Town of Mesilla that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Town of Mesilla include general government, public safety, public works, and culture and recreation. The business-type activities of the Town include joint utility services.

The government-wide financial statements can be found at Exhibits A-1 through A-4 of this report.

STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008

Management's Discussion and Analysis

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Town of Mesilla, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Town of Mesilla can be divided into two categories: governmental funds and proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Town of Mesilla maintains twenty-one individual governmental funds organized according to their type (special revenue and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, USAO HIDTA Fund, and the Town Hall Project Fund of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Town of Mesilla adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, USAO HIDTA Fund, and Town Hall Project Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at Exhibits B-1 through C-3 of this report.

Proprietary Funds. Proprietary funds are generally used to account for business-type services for which the Town charges customers – either outside customers or internal units or departments of the Town. These funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains one business-type activity. The proprietary fund financial statements can be found at Exhibits D-1 through D-3

Fiduciary Funds. Fiduciary funds are used to account for resources held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Town of Mesilla's own operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found at Exhibit E of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25–42 of this report.

**STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008**

Management's Discussion and Analysis

Combining Statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 46-85 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Town of Mesilla, net assets exceeded liabilities by \$7,403,832 at the close of the current fiscal year. (See analysis on page xi.)

The largest portion of Town of Mesilla's net assets represents the Town's investment of \$6,438,227 in capital assets (e.g., land improvements, buildings, infrastructure and machinery and equipment), less any related outstanding debt used to acquire those assets. Town of Mesilla uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Town of Mesilla's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

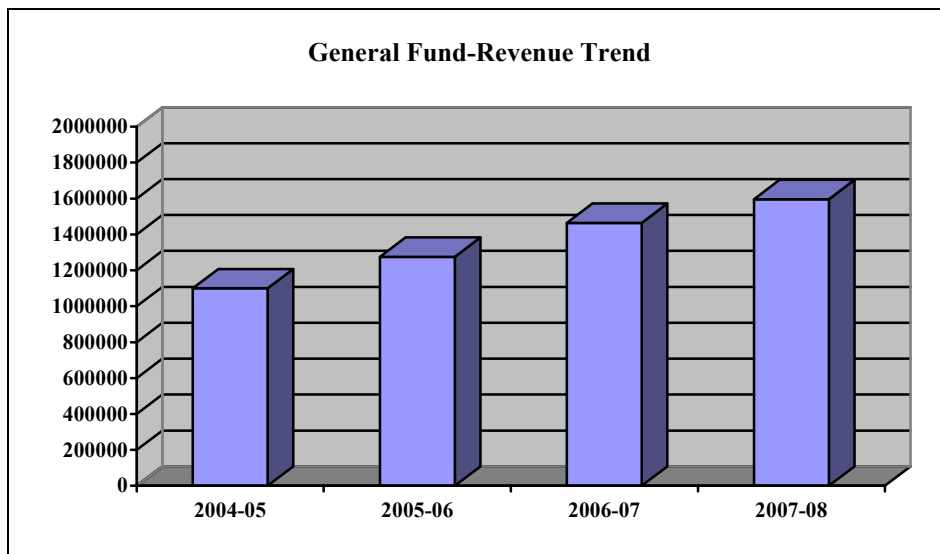
The remaining balance of *unrestricted net assets* \$965,605 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Town of Mesilla is able to report positive balances in all categories of net assets, for the government as a whole as well as for the business-type activities.

Analysis of Changes in Net Assets

The Town's net assets, overall, increased by \$160,762 during the current fiscal year. These increases are explained in the government activities discussion below, and are primarily the result of an increase in grant funds during the fiscal year. (See analysis page xii.)

Governmental Activities. The principal operating fund of the Town is the General Fund. Revenues are derived primarily from gross receipts taxes, property tax, franchise tax, intergovernmental/grants, licenses and permits, sales and services and a variety of other sources. Total General Fund revenues increased \$131,845 over the prior fiscal year of 2006-2007, which represents a 9% increase. Key cause of the increase is a decrease in receivables. The revenues were \$40,045 over the budgeted revenue of \$1,555,725.



**STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008**

**Management's Discussion and Analysis
Summary of Net Assets**

| | Governmental-Type Activities | | Business-Type Activities | | Totals | | Total Percent Change |
|---|------------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|----------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 - 2007 |
| ASSETS | | | | | | | |
| Current and other assets | \$ 833,402 | \$ 1,423,516 | \$ 352,963 | \$ 428,661 | \$ 1,186,365 | \$ 1,852,177 | -35.95% |
| Capital assets, net of accumulated depreciation | 5,588,162 | 4,760,116 | 1,584,352 | 1,663,418 | 7,172,514 | 6,423,534 | 11.66% |
| Total assets | <u>\$ 6,421,564</u> | <u>\$ 6,183,632</u> | <u>\$ 1,937,315</u> | <u>\$ 2,092,079</u> | <u>\$ 8,358,879</u> | <u>\$ 8,275,711</u> | 1.00% |
| LIABILITIES | | | | | | | |
| Current and other liabilities | \$ 102,107 | \$ 150,945 | \$ 119,341 | \$ 75,087 | \$ 221,448 | \$ 226,032 | -2.03% |
| Long-term liabilities | 733,599 | 806,148 | - | 461 | 733,599 | 806,609 | -9.05% |
| Total liabilities | 835,706 | 957,093 | 119,341 | 75,548 | 955,047 | 1,032,641 | -7.51% |
| NET ASSETS | | | | | | | |
| Invested in capital assets, net of related debt | 4,853,875 | 3,993,830 | 1,584,352 | 1,663,418 | 6,438,227 | 5,657,248 | 13.80% |
| Unrestricted | 731,983 | 1,232,709 | 233,622 | 353,113 | 965,605 | 1,585,822 | -39.11% |
| Total net assets | <u>5,585,858</u> | <u>5,226,539</u> | <u>1,817,974</u> | <u>2,016,531</u> | <u>7,403,832</u> | <u>7,243,070</u> | 2.22% |
| Total liabilities and net assets | <u>\$ 6,421,564</u> | <u>\$ 6,183,632</u> | <u>\$ 1,937,315</u> | <u>\$ 2,092,079</u> | <u>\$ 8,358,879</u> | <u>\$ 8,275,711</u> | 1.00% |

**STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008**

**Management's Discussion and Analysis
Changes in Net Assets**

| | Governmental-Type Activities | | Business-Type Activities | | Totals | | Total Percentage Change |
|---------------------------------------|------------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2007-2008 |
| Revenues | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 277,216 | \$ 280,914 | \$ 520,049 | \$ 467,715 | \$ 797,265 | \$ 748,629 | 6.50% |
| Operating grants and contributions | 1,081,190 | 841,390 | - | - | 1,081,190 | 841,390 | 28.50% |
| Capital grants and contributions | 1,282,184 | 569,497 | 35,054 | 90,000 | 1,317,238 | 659,497 | 99.73% |
| General revenues: | | | | | | | |
| Taxes | 1,222,726 | 1,262,590 | - | 23,355 | 1,222,726 | 1,285,945 | -4.92% |
| Small cities assistance | 129,277 | 120,075 | - | - | 129,277 | 120,075 | 7.66% |
| Other income | 57,557 | 64,896 | 30,898 | 84,372 | 88,455 | 149,268 | -40.74% |
| Total revenues | <u>4,050,150</u> | <u>3,139,362</u> | <u>586,001</u> | <u>665,442</u> | <u>4,636,151</u> | <u>3,804,804</u> | 21.85% |
| Expenses | | | | | | | |
| General government | 1,193,694 | 789,759 | - | - | 1,193,694 | 789,759 | 51.15% |
| Public safety | 1,927,671 | 1,514,382 | - | - | 1,927,671 | 1,514,382 | 27.29% |
| Public works | 468,233 | 171,353 | - | - | 468,233 | 171,353 | 173.26% |
| Health and welfare | 6,524 | 7,391 | - | - | 6,524 | 7,391 | |
| Culture and recreation | 227,336 | 90,610 | - | - | 227,336 | 90,610 | 150.90% |
| Proprietary expenses | - | - | 770,558 | 794,190 | 770,558 | 794,190 | -2.98% |
| Total expenses | <u>3,823,458</u> | <u>2,573,495</u> | <u>770,558</u> | <u>794,190</u> | <u>4,594,016</u> | <u>3,367,685</u> | 36.41% |
| Change in net assets before transfers | 226,692 | 565,867 | (184,557) | (128,748) | 42,135 | 437,119 | -90.36% |
| Transfers | <u>132,627</u> | <u>-</u> | <u>(14,000)</u> | <u>-</u> | <u>118,627</u> | <u>-</u> | |
| Change in net assets | <u>359,319</u> | <u>565,867</u> | <u>(198,557)</u> | <u>(128,748)</u> | <u>160,762</u> | <u>437,119</u> | -63.22% |
| Net assets - beginning | <u>5,226,539</u> | <u>4,660,672</u> | <u>2,016,531</u> | <u>2,145,279</u> | <u>7,243,070</u> | <u>6,805,951</u> | 6.42% |
| Net assets - ending | <u>\$ 5,585,858</u> | <u>\$ 5,226,539</u> | <u>\$ 1,817,974</u> | <u>\$ 2,016,531</u> | <u>\$ 7,403,832</u> | <u>\$ 7,243,070</u> | 2.22% |

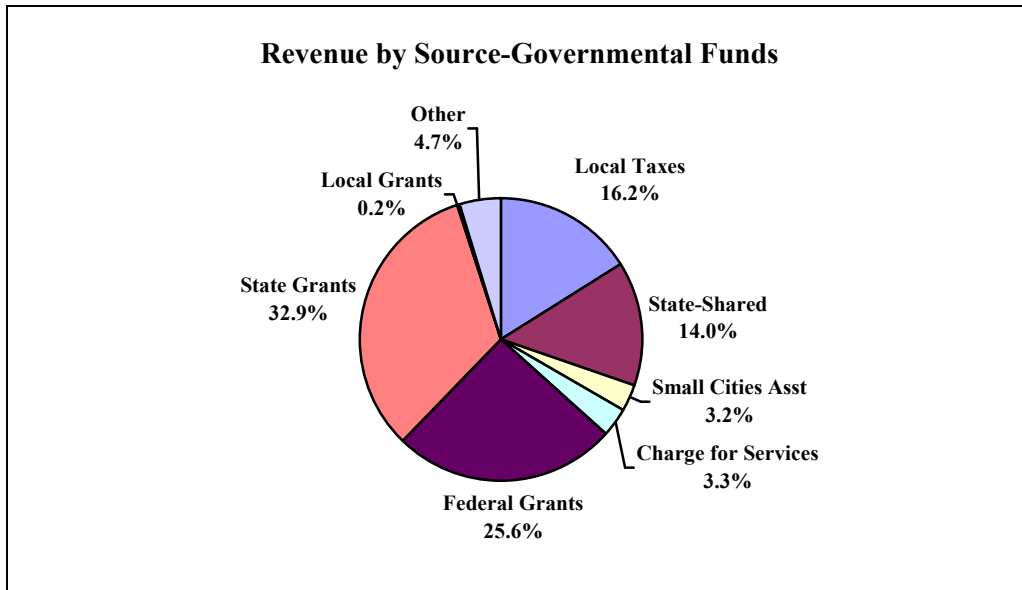
**STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008**

Management's Discussion and Analysis

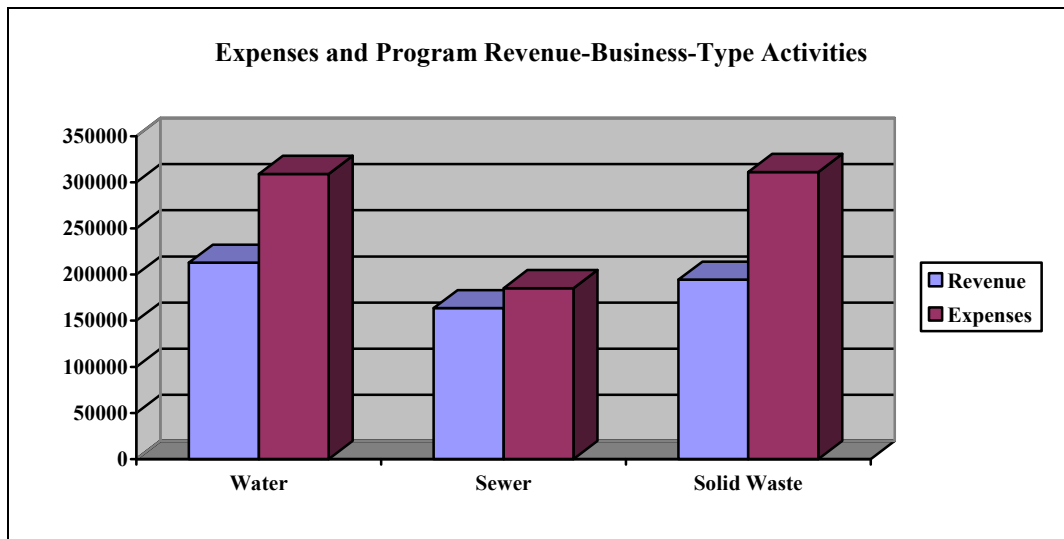
Governmental Activities (continued)

Program revenues for governmental activities include charges for services as well as operating and capital grants and contributions. The program revenues increased 56.1% over the prior year. The largest increase was from capital grants and contributions.

General revenues, consisting mostly of taxes, are not directly associated with any government function. The chart provided on pages x shows a comparison of the prior three years. Total revenues, includes both general and program revenue, from governmental activities are summarized below. For fiscal year 2007-2008, Local and State Taxes made up 30.2% of the total government funds revenues compared to 73% of the prior year's revenues.



Business-Type Activities. Total revenues recorded in the business-type activities decreased by 4% below the prior year. The most significant influence on this was a decrease in grant revenue. There was an increase in the ending cash balance due to a decrease in capital purchases. The following chart demonstrates the comparison of expenses and program revenues for business-type activities.



**STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008**

Management's Discussion and Analysis

Business-Type Activities (continued)

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, Town of Mesilla uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Town of Mesilla's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Town of Mesilla's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Town include the General Fund, Special Revenue Funds, and Capital Project Funds.

As of the end of the current fiscal year, Town of Mesilla's governmental funds reported combined ending fund balances of \$782,585 a decrease of \$489,986 in comparison with the prior year. The decrease is primarily due to an increase of \$1,565,906 in government fund expenditures. The ending fund balances consist of an *unreserved fund balance* in the amount of \$369,725 which is available for spending at the government's discretion.

Revenues for governmental functions overall totaled \$4,050,150 at the fiscal year-ended June 30, 2008, which represents an increase of \$910,788 from the fiscal year-ended June 30, 2007. Expenditures for governmental functions totaled \$4,610,744. This was an increase of approximately \$1,565,906 from the fiscal year-ended June 30, 2007. In the fiscal year-ended June 30, 2008, expenses for governmental functions exceeded revenues by approximately \$622,613 before inter-fund transfers.

The General Fund is the chief operating fund of Town of Mesilla. At the end of the current fiscal year, *unreserved* fund balance of the General Fund was \$369,725.

The fund balance of Town of Mesilla's General Fund decrease \$345,724 during the current fiscal year, due to an increase in expenditures. Before inter-fund transfers expenditures exceeded revenues by \$219,552.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for business-type activities were \$233,622. The total decrease in net assets for the proprietary funds was \$198,557. Factors concerning the finances of this fund have been addressed previously in the discussion of the Town's proprietary fund activities.

Fiduciary Funds. The Town maintains fiduciary funds for the assets of various agency funds. The Town was permitted by the State of New Mexico to use the funds in the Revolving Loan Fund for the renovation of the Town Hall. The Revolving Loan Fund was created with state funds.

Budgetary Highlights. Town budgets reflect the same pattern as seen in the revenue and expenditures of the Town. The State of New Mexico budget process is defined under State law and regulation. To enhance the process of developing a budget at the Town level, the Town of Mesilla utilizes goals and objectives defined by the Board of Trustees, community input meetings, long-term plans and input from various staff groups to develop the Town budget. Town priorities are well defined through this process.

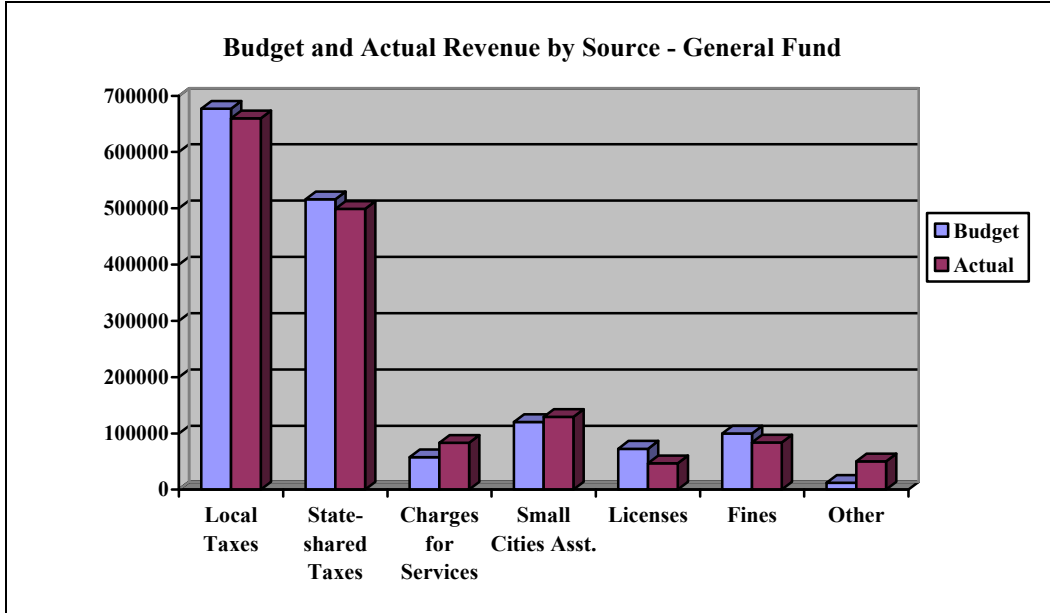
General Fund Budgetary Highlights. The General Fund accounts for all of the general services provided by the Town of Mesilla. At the end of 2008, the cash balance of the General Fund had decreased by \$216,679. The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund.

**STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008**

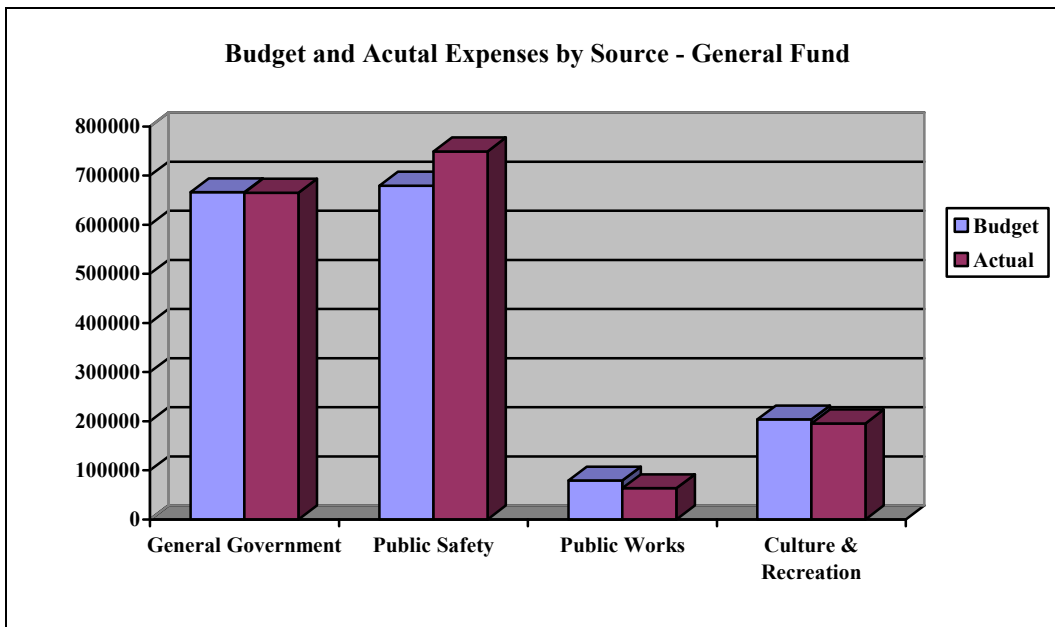
Management's Discussion and Analysis

Financial Analysis of the Town's Funds (continued)

General Fund Budgetary Highlights (continued)



General government expenditures include all administrative functions of the Town which include: Board of Trustees, General Government, Public Safety, Public Works, and Culture and Recreation. The following chart shows a summary of functional categories for expenditures:



**STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008**

Management's Discussion and Analysis

Budgetary Highlights (continued)

General Fund Budgetary Highlights (continued).

Overall, actual expenditures were under the approved budget by \$90,168.

Capital Asset and Debt Administration

Capital Assets. Town of Mesilla's capital assets for its governmental and business-type activities as of June 30, 2008 amount to \$7,172,514 (net of accumulated depreciation). Capital assets include land improvements, buildings, machinery, equipment and infrastructure. The total increase in the Town's capital assets (excluding accumulated depreciation) for the current fiscal year was \$1,005,313 for governmental activities. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$34,856.

**Capital Assets, Net of Depreciation
June 30, 2008**

| | Government Activities | Business-Type Activities | Totals |
|---|--------------------------|-----------------------------|--------------|
| Land and Construction in Process | \$ 999,500 | \$ - | \$ 999,500 |
| Buildings | 201,882 | - | 201,882 |
| Utility Systems and Facilities Improvements | - | 1,509,496 | 1,509,496 |
| Machinery and Equipment | 3,974,129 | 74,856 | 4,048,985 |
| Capital Assets, Net of Accumulated Depreciation | \$5,588,162 | \$ 1,584,352 | \$ 7,172,514 |

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

The Statement of Net Assets shows the Investment in Capital Assets in the amount of \$6,438,227. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service. The only deletions consisted of the disposal of machinery and equipment, costing \$57,600, which had accumulated depreciation of \$4,800.

The Town's outstanding loans decreased \$31,999 through principal payments. Additional information on the Town's debt can be found in Note 7.

The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

**STATE OF NEW MEXICO
TOWN OF MESILLA
June 30, 2008**

Management's Discussion and Analysis

Capital Asset and Debt Administration (continued)

| | Government Activities | Business- Type Activities | Balance as of 6/30/2008 |
|------------------------------------|--------------------------|---------------------------------|----------------------------|
| Net Value of Capital Assets | \$ 5,588,162 | \$ 1,584,352 | \$ 7,172,514 |
| Long-Term Debt Principal Balance: | | | |
| Fire Brush Truck Loan | 47,255 | - | 47,255 |
| Town Hall Project Loan | 678,606 | - | 678,606 |
| Xerox Capital Lease | 8,426 | - | 8,426 |
| Total Debt Principal | 734,287 | - | 734,287 |
| Total Investment in Capital Assets | | | |
| Net of Related Debt | \$ 4,853,875 | \$ 1,584,352 | \$ 6,438,227 |

CONTINGENCIES

Following a hail storm, the Town was declared a disaster area by the Governor of New Mexico and the U. S. Department of Homeland Security, Federal Emergency Management Administration (FEMA). Recovery costs have been estimated by the New Mexico Department of Public Safety, Office of Emergency Management, at \$73,272. FEMA has agreed to pay for \$ (75%) of the estimated costs. The Office of Emergency Management has estimated the State's share at 18%. As of June 30, 2008, the final cost to the State has not been determined. After the State's share is determined, the Town will be responsible for the balance of the recovery costs. The Town's liability insurance did not contribute toward the recovery costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Town of Mesilla's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Mesilla Administration; PO Box 10; Mesilla, New Mexico 88046.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

| | Governmental Activities | Business-Type Activities | Totals |
|---|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 209,354 | \$ 140,397 | \$ 349,751 |
| Investments | 378,995 | 160,671 | 539,666 |
| Receivables | | | |
| Accounts | 212 | 49,981 | 50,193 |
| Taxes | 88,978 | 1,914 | 90,892 |
| Reserve funds receivable | 44,693 | - | 44,693 |
| Interest | - | - | - |
| Intergovernmental | 111,170 | - | 111,170 |
| Capital assets: | | | - |
| Land and work in process | 999,500 | - | 999,500 |
| Other capital assets, net of depreciation | 4,588,662 | 1,584,352 | 6,173,014 |
| Total assets | 6,421,564 | 1,937,315 | 8,358,879 |
| Liabilities | | | |
| Accounts payable | 50,699 | 33,120 | 83,819 |
| Accrued salaries | 118 | 53,612 | 53,730 |
| Accrued interest | - | - | - |
| Customer deposits | - | 26,886 | 26,886 |
| Long-term liabilities | | | |
| Compensated absences due in one year | 25,301 | 5,723 | 31,024 |
| Notes payable due in one year | 25,989 | - | 25,989 |
| Compensated absences due in more than one year | 25,301 | - | 25,301 |
| Notes payable due in more than one year | 708,298 | - | 708,298 |
| Total liabilities | 835,706 | 119,341 | 955,047 |
| Net Assets | | | |
| Investment in capital assets, net of related debt | 4,853,875 | 1,584,352 | 6,438,227 |
| Unrestricted | 731,983 | 233,622 | 965,605 |
| Total net assets | \$ 5,585,858 | \$1,817,974 | \$ 7,403,832 |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
Statement of Net Assets
June 30, 2007

| | Governmental Activities | Business-Type Activities | Totals |
|---|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 618,928 | \$ 104,778 | \$ 723,706 |
| Investments | 498,944 | 259,409 | 758,353 |
| Receivables | | | |
| Accounts | - | 63,123 | 63,123 |
| Taxes | 155,955 | - | 155,955 |
| Reserve funds receivable | 46,580 | - | 46,580 |
| Interest | 1,373 | - | 1,373 |
| Intergovernmental | 101,736 | 1,351 | 103,087 |
| Capital assets: | | | |
| Land and work in process | 1,616,380 | - | 1,616,380 |
| Other capital assets, net of depreciation | 3,143,736 | 1,663,418 | 4,807,154 |
| Total assets | 6,183,632 | 2,092,079 | 8,275,711 |
| Liabilities | | | |
| Accounts payable | 27,566 | 44,592 | 72,158 |
| Accrued salaries | 69,431 | 7,414 | 76,845 |
| Accrued interest | 323 | - | 323 |
| Customer deposits | - | 23,081 | 23,081 |
| Deferred revenue | 53,625 | - | 53,625 |
| Long-term liabilities | | | |
| Compensated absences due in one year | 19,931 | 461 | 20,392 |
| Notes payable due in one year | 31,651 | - | 31,651 |
| Compensated absences due in more than one year | 19,931 | - | 19,931 |
| Notes payable due in more than one year | 734,635 | - | 734,635 |
| Total liabilities | 957,093 | 75,548 | 1,032,641 |
| Net Assets | | | |
| Investment in capital assets, net of related debt | 3,993,830 | 1,663,418 | 5,657,248 |
| Unrestricted | 1,232,709 | 353,113 | 1,585,822 |
| Total net assets | \$ 5,226,539 | \$2,016,531 | \$ 7,243,070 |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
Statement of Activities
 June 30, 2008

| Functions/programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes In Net Assets | | |
|---|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
| | | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Government Activities | Business Type Activities | |
| Primary government | | | | | | | |
| Governmental Activities | | | | | | | |
| General government | \$ 1,193,694 | \$ 144,040 | \$ - | \$ 1,038,483 | \$ (11,171) | \$ - | \$ (11,171) |
| Public safety | 1,927,671 | 115,358 | 1,081,190 | 3,706 | (727,417) | - | (727,417) |
| Public works | 468,233 | - | - | 215,109 | (253,124) | - | (253,124) |
| Health and welfare | 6,524 | - | - | - | (6,524) | - | (6,524) |
| Culture and recreation | 227,336 | 17,818 | - | 24,886 | (184,632) | - | (184,632) |
| Total governmental | <u>3,823,458</u> | <u>277,216</u> | <u>1,081,190</u> | <u>1,282,184</u> | <u>(1,182,868)</u> | <u>-</u> | <u>(1,182,868)</u> |
| Business-Type Activities | | | | | | | |
| Utilities | 770,558 | 520,049 | - | 35,054 | - | (215,455) | (215,455) |
| Total business-type activities | <u>770,558</u> | <u>520,049</u> | <u>-</u> | <u>35,054</u> | <u>-</u> | <u>(215,455)</u> | <u>(215,455)</u> |
| Total Primary Government | | | | | <u>(1,182,868)</u> | <u>(215,455)</u> | <u>(1,398,323)</u> |
| General Revenues | | | | | | | |
| Taxes | | | | | | | |
| Franchise taxes | | | | | 71,873 | - | 71,873 |
| Gross receipts taxes-local effort | | | | | 478,491 | - | 478,491 |
| Property taxes | | | | | 54,032 | - | 54,032 |
| Gross receipts taxes-municipal infrastructure | | | | | 51,467 | - | 51,467 |
| State share taxes | | | | | 566,863 | - | 566,863 |
| State Shared Assistance | | | | | | | |
| Small cities assistance | | | | | 129,277 | - | 129,277 |
| Interest | | | | | 21,302 | 10,474 | 31,776 |
| Miscellaneous | | | | | 36,255 | 20,424 | 56,679 |
| Transfers | | | | | 132,627 | (14,000) | 118,627 |
| Total General Revenue and Transfers | | | | | <u>1,542,187</u> | <u>16,898</u> | <u>1,559,085</u> |
| Changes in Net Assets | | | | | 359,319 | (198,557) | 160,762 |
| Net Assets, Beginning of Year | | | | | <u>5,226,539</u> | <u>2,016,531</u> | <u>7,243,070</u> |
| Net Assets, End of Year | | | | | <u>\$ 5,585,858</u> | <u>\$ 1,817,974</u> | <u>\$ 7,403,832</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
Statement of Activities
 June 30, 2007

| Functions/programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes In Net Assets | | |
|---|------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------|
| | | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Government Activities | Business Type Activities | |
| Primary government | | | | | | | |
| Governmental Activities | | | | | | | |
| General government | \$ 732,589 | \$ 118,093 | \$ - | \$ 429,607 | \$ (184,889) | \$ - | \$ (184,889) |
| Public safety | 1,514,382 | 147,236 | 825,062 | 7,077 | (535,007) | - | (535,007) |
| Public works | 171,353 | - | 16,328 | 132,813 | (22,212) | - | (22,212) |
| Health and welfare | 7,391 | - | - | - | (7,391) | - | (7,391) |
| Culture and recreation | 90,610 | 15,585 | - | - | (75,025) | - | (75,025) |
| Total governmental | 2,516,325 | 280,914 | 841,390 | 569,497 | (824,524) | - | (824,524) |
| Business-Type Activities | | | | | | | |
| Utilities | 794,190 | 467,715 | - | 90,000 | - | (236,475) | (236,475) |
| Total business-type activities | 794,190 | 467,715 | - | 90,000 | - | (236,475) | (236,475) |
| Total Primary Government | | | | | (824,524) | (236,475) | (1,060,999) |
| General Revenues | | | | | | | |
| Taxes | | | | | | | |
| Franchise taxes | | | | | 67,595 | - | 67,595 |
| Gross receipts taxes-local effort | | | | | 452,462 | - | 452,462 |
| Property taxes | | | | | 53,292 | - | 53,292 |
| Gross receipts taxes-municipal infrastructure | | | | | 46,360 | - | 46,360 |
| State share taxes | | | | | 642,881 | 23,355 | 666,236 |
| State Shared Assistance | | | | | | | |
| Small cities assistance | | | | | 120,075 | - | 120,075 |
| Interest | | | | | 25,506 | 10,123 | 35,629 |
| Miscellaneous | | | | | 39,390 | 17,079 | 56,469 |
| Transfers | | | | | (57,170) | 57,170 | - |
| Total General Revenue and Transfers | | | | | 1,390,391 | 107,727 | 1,498,118 |
| Changes in Net Assets | | | | | 565,867 | (128,748) | 437,119 |
| Net Assets, Beginning of Year | | | | | 4,660,672 | 2,145,279 | 6,805,951 |
| Net Assets, End of Year | | | | | \$ 5,226,539 | \$ 2,016,531 | \$ 7,243,070 |

The accompanying notes are an integral part of these financial statements

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

| Assets | USAO | | Town Hall Fund | Total Non- Major Funds | Total Funds |
|--------------------------------------|-------------------|------------------|-------------------|---------------------------|-------------------|
| | General Fund | HIDTA Fund | | | |
| Cash and cash equivalents | \$ 76,149 | \$ - | \$ 22,114 | \$ 111,091 | \$ 209,354 |
| Investments | 188,847 | - | 87,588 | 102,560 | 378,995 |
| Accounts receivable | 212 | - | - | - | 212 |
| Taxes receivable | 81,372 | - | 7,606 | - | 88,978 |
| Reserve funds receivable | - | - | 44,693 | - | 44,693 |
| Interest receivable | - | - | - | - | - |
| Due from other funds | 40,178 | - | - | 7,317 | 47,495 |
| Due from other governments | 8,808 | 81,170 | - | 21,192 | 111,170 |
| Total assets | <u>\$ 395,566</u> | <u>\$ 81,170</u> | <u>\$ 162,001</u> | <u>\$ 242,160</u> | <u>\$ 880,897</u> |
| Liabilities and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 18,406 | \$ - | \$ - | \$ 32,293 | \$ 50,699 |
| Accrued salaries | 118 | - | - | - | 118 |
| Accrued interest | - | - | - | - | - |
| Due to other funds | 7,317 | 5,525 | - | 34,653 | 47,495 |
| Total liabilities | <u>25,841</u> | <u>5,525</u> | <u>-</u> | <u>66,946</u> | <u>98,312</u> |
| Fund balances: | | | | | |
| Reserved for capital projects funds | - | - | - | 5,397 | 5,397 |
| Unreserved for special revenue funds | - | 75,645 | 162,001 | 169,817 | 407,463 |
| Unreserved | 369,725 | - | - | - | 369,725 |
| Total fund balances | <u>369,725</u> | <u>75,645</u> | <u>162,001</u> | <u>175,214</u> | <u>782,585</u> |
| Total liabilities and fund balances | <u>\$ 395,566</u> | <u>\$ 81,170</u> | <u>\$ 162,001</u> | <u>\$ 242,160</u> | <u>\$ 880,897</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
Reconciliation of Balance Sheet to
Statement of Net Assets
For the Year-Ended June 30, 2008**

Total fund balances-governmental funds \$ 782,585

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 in the funds.

| | | |
|--------------------------|--------------|-----------|
| Cost of the assets | \$ 6,857,138 | |
| Accumulated depreciation | (1,268,976) | |
| | | 5,588,162 |

Long-term 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 liabilities at year-end consist of:

| | | |
|----------------------|-----------|-----------|
| Fire Brush Truck | (47,255) | |
| Town Hall Project | (678,606) | |
| Xerox Capital Lease | (8,426) | |
| Compensated absences | (50,602) | |
| | | (784,889) |

| | | |
|--------------------------------------|--|--------------|
| Net assets for government activities | | \$ 5,585,858 |
|--------------------------------------|--|--------------|

**STATE OF NEW MEXICO
TOWN OF MESILLA
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2007**

| | General Fund | USAO HIDTA Fund | Town Hall Fund | Total Non- Major Funds | Total Funds |
|--|-------------------|-----------------------|-------------------|---------------------------|--------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 292,828 | \$ - | \$ 103,161 | \$ 222,939 | \$ 618,928 |
| Investments | 259,403 | - | 136,981 | 102,560 | 498,944 |
| Taxes receivable | 151,659 | - | 4,296 | - | 155,955 |
| Reserve funds receivable | - | - | 46,580 | - | 46,580 |
| Interest receivable | 1,360 | - | 13 | - | 1,373 |
| Due from other funds | 12,042 | - | - | 406 | 12,448 |
| Due from other governments | 61,850 | 39,360 | - | 526 | 101,736 |
| Total assets | <u>\$ 779,142</u> | <u>\$ 39,360</u> | <u>\$ 291,031</u> | <u>\$ 326,431</u> | <u>\$1,435,964</u> |
| Liabilities and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 9,197 | \$ - | \$ - | \$ 18,369 | \$ 27,566 |
| Accrued salaries | 54,090 | 11,119 | - | 4,222 | 69,431 |
| Accrued interest | - | - | - | 323 | 323 |
| Deferred revenue | - | - | - | 53,625 | 53,625 |
| Due to other funds | 406 | 12,042 | - | - | 12,448 |
| Total liabilities | <u>63,693</u> | <u>23,161</u> | <u>-</u> | <u>76,539</u> | <u>163,393</u> |
| Fund balances: | | | | | |
| Reserved for capital projects funds | - | - | - | 7,397 | 7,397 |
| Unreserved for special revenue funds | - | 16,199 | 291,031 | 242,495 | 549,725 |
| Unreserved | 715,449 | - | - | - | 715,449 |
| Total fund balances | <u>715,449</u> | <u>16,199</u> | <u>291,031</u> | <u>249,892</u> | <u>1,272,571</u> |
| Total liabilities and fund balances | <u>\$ 779,142</u> | <u>\$ 39,360</u> | <u>\$ 291,031</u> | <u>\$ 326,431</u> | <u>\$1,435,964</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
Reconciliation of Balance Sheet to
Statement of Net Assets
For the Year-Ended June 30, 2007**

Total fund balances-governmental funds \$ 1,272,571

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 in the funds.

| | | |
|--------------------------|--------------|-----------|
| Cost of the assets | \$ 5,851,825 | |
| Accumulated depreciation | (1,091,709) | |
| | | 4,760,116 |

Long-term 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 liabilities at year-end consist of:

| | | |
|----------------------|------------|-----------|
| Fire Equipment | \$ (5,556) | |
| Fire Brush Truck | (54,482) | |
| Town Hall Project | (694,335) | |
| Xerox Capital Lease | (11,913) | |
| Compensated absences | (39,862) | |
| | | (806,148) |

| | | |
|--------------------------------------|--|--------------|
| Net assets for government activities | | \$ 5,226,539 |
|--------------------------------------|--|--------------|

**STATE OF NEW MEXICO
TOWN OF MESILLA
GOVERNMENTAL FUNDS
Revenues, Expenditures and
Changes in Fund Balances
For the Year-Ended June 30, 2008**

| | General Fund | USAO HIDTA Fund | Town Hall Fund | Total Non- Major Funds | Total Governmental Funds |
|--|-------------------|-----------------------|-------------------|------------------------------|--------------------------------|
| Revenues: | | | | | |
| Local taxes | \$ 655,647 | \$ - | \$ - | \$ - | \$ 655,647 |
| State-shared taxes | 538,081 | - | - | 28,306 | 566,387 |
| Licenses and permits | 47,098 | - | - | - | 47,098 |
| Charges for services | 83,424 | - | - | 49,188 | 132,612 |
| Fines and forfeitures | 83,988 | - | - | - | 83,988 |
| Small cities assistance | 129,277 | - | - | - | 129,277 |
| Federal grants | - | 361,229 | - | 674,626 | 1,035,855 |
| State grants | - | - | 976,049 | 356,872 | 1,332,921 |
| Local grants | 8,808 | - | - | - | 8,808 |
| Interest income | 13,865 | - | 7,121 | 316 | 21,302 |
| Miscellaneous income | 35,582 | - | - | 673 | 36,255 |
| Total revenues | <u>1,595,770</u> | <u>361,229</u> | <u>983,170</u> | <u>1,109,981</u> | <u>4,050,150</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 739,000 | - | 266,303 | - | 1,005,303 |
| Public safety | 767,613 | 301,783 | - | 792,408 | 1,861,804 |
| Public works | 72,542 | - | - | 380,847 | 453,389 |
| Culture and recreation | 197,585 | - | - | 29,751 | 227,336 |
| Capital outlay | 35,095 | - | 901,209 | 126,608 | 1,062,912 |
| Total expenditures | <u>1,811,835</u> | <u>301,783</u> | <u>1,167,512</u> | <u>1,329,614</u> | <u>4,610,744</u> |
| Excess (deficiency) of revenues over (under) expenditures | (216,065) | 59,446 | (184,342) | (219,633) | (560,594) |
| Other financing sources (uses) | | | | | |
| Debt service | | | | | |
| Principal | (3,487) | - | (15,729) | (12,783) | (31,999) |
| Interest | - | - | (28,959) | (1,061) | (30,020) |
| Transfers in | - | - | 100,000 | 184,889 | 284,889 |
| Transfers out | (126,172) | - | - | (26,090) | (152,262) |
| Total other financing sources (uses) | <u>(129,659)</u> | <u>-</u> | <u>55,312</u> | <u>144,955</u> | <u>70,608</u> |
| Net change in fund balances | (345,724) | 59,446 | (129,030) | (74,678) | (489,986) |
| Fund balance: | | | | | |
| Balances beginning of year | <u>715,449</u> | <u>16,199</u> | <u>291,031</u> | <u>249,892</u> | <u>1,272,571</u> |
| Balances end of year | <u>\$ 369,725</u> | <u>\$ 75,645</u> | <u>\$ 162,001</u> | <u>\$ 175,214</u> | <u>\$ 782,585</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
Reconciliation of the Revenues, Expenditures, Other Financing Sources (Uses), Net Change in
Fund Balances, Beginning Fund Balance and Ending Fund Balance to the Statement of Activities
For the Year-Ending June 30, 2008

Total net change in fund balances-governmental funds \$ (489,986)

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

Principal payment on bonds and capital leases 31,999

Accrued interest -

Change in compensated absences

Current year additions \$ (22,085)

Current year deletions 11,346

(10,739)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays \$ 1,062,912

Disposal of assets (52,800)

Depreciation expense (182,067)

828,045

Change in net assets of governmental activities \$ 359,319

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
GOVERNMENTAL FUNDS
Revenues, Expenditures and
Changes in Fund Balances
For the Year-Ended June 30, 2007**

| | General Fund | USAO HIDTA Fund | Town Hall Fund | Total Non- Major Funds | Total Governmental Funds |
|--|-------------------|-----------------------|-------------------|------------------------------|--------------------------------|
| Revenues: | | | | | |
| Local taxes | \$ 616,249 | \$ - | \$ - | \$ - | \$ 616,249 |
| State-shared taxes | 462,497 | - | 140,253 | 43,591 | 646,341 |
| Licenses and permits | 52,715 | - | - | - | 52,715 |
| Charges for services | 65,378 | - | - | 57,832 | 123,210 |
| Fines and forfeitures | 104,989 | - | - | - | 104,989 |
| Small cities assistance | 120,075 | - | - | - | 120,075 |
| Intergovernmental income | - | - | - | 29,704 | 29,704 |
| Federal grants | - | 346,954 | - | 710,415 | 1,057,369 |
| State grants | - | - | 69,152 | 262,289 | 331,441 |
| Interest income | 17,679 | - | 7,813 | 14 | 25,506 |
| Miscellaneous income | 24,343 | - | - | 7,420 | 31,763 |
| Total revenues | <u>1,463,925</u> | <u>346,954</u> | <u>217,218</u> | <u>1,111,265</u> | <u>3,139,362</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 529,102 | - | - | 2,105 | 531,207 |
| Public safety | 579,391 | 299,352 | - | 645,068 | 1,523,811 |
| Public works | 114,762 | - | - | 56,591 | 171,353 |
| Culture and recreation | 52,655 | - | - | 37,955 | 90,610 |
| Capital outlay | 88,882 | - | 70,039 | 568,936 | 727,857 |
| Total expenditures | <u>1,364,792</u> | <u>299,352</u> | <u>70,039</u> | <u>1,310,655</u> | <u>3,044,838</u> |
| Excess (deficiency) of revenues over (under) expenditures | 99,133 | 47,602 | 147,179 | (199,390) | 94,524 |
| Other financing sources (uses) | | | | | |
| Debt service | | | | | |
| Principal | (2,905) | - | (15,381) | (12,435) | (30,721) |
| Interest | - | - | (14,634) | (965) | (15,599) |
| Transfers in | 400 | - | - | 73,932 | 74,332 |
| Transfers out | (73,932) | - | - | (57,570) | (131,502) |
| Total other financing sources (uses) | <u>(76,437)</u> | <u>-</u> | <u>(30,015)</u> | <u>2,962</u> | <u>(57,170)</u> |
| Net change in fund balances | 22,696 | 47,602 | 117,164 | (196,428) | (8,966) |
| Fund balance: | | | | | |
| Balances beginning of year | <u>692,753</u> | <u>(31,403)</u> | <u>173,867</u> | <u>446,320</u> | <u>1,281,537</u> |
| Balances end of year | <u>\$ 715,449</u> | <u>\$ 16,199</u> | <u>\$ 291,031</u> | <u>\$ 249,892</u> | <u>\$ 1,272,571</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
Reconciliation of the Revenues, Expenditures, Other Financing Sources (Uses), Net Change in
Fund Balances, Beginning Fund Balance and Ending Fund Balance to the Statement of Activities
For the Year-Ending June 30, 2007

| | | |
|---|-------------|-------------------|
| Total net change in fund balances-governmental funds | | \$ (8,966) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Principal payment on bonds and capital leases | | 31,303 |
| Accrued interest | | 2,038 |
| Change in compensated absences | | |
| Current year additions | \$ (46,020) | |
| Current year deletions | 51,593 | |
| | | 5,573 |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | | |
| Capital outlays | \$ 727,857 | |
| Disposal of obsolete assets | (11,668) | |
| Depreciation expense | (180,270) | |
| | | 535,919 |
| Change in net assets of governmental activities | | \$ 565,867 |

The accompanying notes are an integral part of these financial statements

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

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|--------------------|-------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Local taxes | \$ 677,000 | \$ 677,000 | \$ 659,990 | \$ (17,010) |
| State-shared taxes | 516,200 | 516,200 | 499,206 | (16,994) |
| Local grants | - | - | - | - |
| Licenses & permits | 72,750 | 72,750 | 47,098 | (25,652) |
| Charges for services | 57,700 | 57,700 | 83,424 | 25,724 |
| Fines and forfeits | 100,000 | 100,000 | 83,988 | (16,012) |
| Interest | 12,000 | 12,000 | 15,225 | 3,225 |
| Miscellaneous revenues | - | - | 35,103 | 35,103 |
| Small cities assistance | 120,075 | 120,075 | 129,277 | 9,202 |
| Total revenues | <u>1,555,725</u> | <u>1,555,725</u> | <u>1,553,311</u> | <u>(2,414)</u> |
| Add: Budget cash | <u>347,873</u> | <u>347,873</u> | | |
| | <u>\$1,903,598</u> | <u>\$1,903,598</u> | | |
| Expenditures: | | | | |
| General government | 666,163 | 666,163 | 665,112 | 1,051 |
| Public safety | 679,238 | 754,082 | 749,142 | 4,940 |
| Public works | 79,316 | 79,316 | 63,658 | 15,658 |
| Culture and recreation | 203,698 | 203,698 | 195,572 | 8,126 |
| Capital outlay | - | 95,488 | 35,095 | 60,393 |
| Total expenditures | <u>1,628,415</u> | <u>1,798,747</u> | <u>1,708,579</u> | <u>90,168</u> |
| Excess (deficiency) of revenues over expenditures | | | (155,268) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (143,710) | (143,710) | (119,261) | 24,449 |
| Net other financing sources (uses) | <u>(143,710)</u> | <u>(143,710)</u> | <u>(119,261)</u> | <u>24,449</u> |
| Net change in fund balance (Non-GAAP) | | | (274,529) | |
| Differences between Non-GAAP and Modified GAAP | | | | |
| Change in accrued revenue | | 42,459 | | |
| Change in accrued expenditures | | <u>(113,654)</u> | <u>(71,195)</u> | |
| Net change in fund balance (Modified GAAP) | | | (345,724) | |
| Fund balance – Beginning of year | | | <u>715,449</u> | |
| Fund balance – End of year | | | <u>\$ 369,725</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – USAO HIDTA FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | Actual | Favorable (Unfavorable) Difference |
|--|-------------------------|-------------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Federal grants | \$ 615,358 | \$ 615,358 | \$ 319,420 | \$ (295,938) |
| Total revenues | <u>615,358</u> | <u>615,358</u> | 319,420 | (295,938) |
| Add: Budget cash | <u>141,840</u> | <u>141,840</u> | | |
| | <u>\$ 757,198</u> | <u>\$ 757,198</u> | | |
| Expenditures: | | | | |
| Public safety | | | | |
| Personnel expenditures | 439,532 | 439,532 | 298,267 | 141,265 |
| Operating expenditures | 21,944 | 21,944 | 14,637 | 7,307 |
| Total expenditures | <u>461,476</u> | <u>461,476</u> | 312,904 | 148,572 |
| Excess (deficiency) of revenues Over Expenditures | | | 6,516 | |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | - | - |
| Net Change in Fund Balance (Non-GAAP) | | | 6,516 | |
| Differences Between Non-GAAP and Modified GAAP: | | | | |
| Change in accrued revenue | | 41,809 | | |
| Change in accrued expenditures | | <u>11,121</u> | <u>52,930</u> | |
| Net Change in Fund Balance (Modified GAAP) | | | 59,446 | |
| Fund Balance – Beginning of Year | | | <u>16,199</u> | |
| Fund Balance – End of Year | | | <u>\$ 75,645</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – TOWN HALL PROJECT FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Local taxes | \$ 80,000 | \$ 85,000 | \$ - | \$ (85,000) |
| Miscellaneous revenues | 6,000 | 6,000 | 6,195 | 195 |
| State grants | 720,848 | 720,848 | 879,519 | 158,671 |
| Total revenues | <u>806,848</u> | <u>811,848</u> | <u>885,714</u> | <u>73,866</u> |
| Add: Budget cash | 36,983 | 36,983 | | |
| | <u>\$ 843,831</u> | <u>\$ 848,831</u> | | |
| Expenditures: | | | | |
| General government | - | - | - | - |
| Capital outlay | 1,175,000 | 1,175,000 | 1,118,468 | 56,532 |
| Total expenditures | <u>1,175,000</u> | <u>1,175,000</u> | <u>1,118,468</u> | <u>56,532</u> |
| Excess (deficiency) revenues over expenditures | | | (232,754) | |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 100,000 | (100,000) |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>100,000</u> | <u>(100,000)</u> |
| Net change in fund balance (Non-GAAP) | | | (132,754) | |
| Differences Between Non-GAAP and Modified GAAP | | | | |
| Change in accrued revenue | | 97,456 | | |
| Change in accrued expenditures | | <u>(93,732)</u> | 3,724 | |
| Net change in fund balance (Modified GAAP) | | | (129,030) | |
| Fund balances – Beginning of year | | | <u>291,031</u> | |
| Fund balances – End of year | | | <u>\$ 162,001</u> | |

The accompanying notes are an integral part of these financial statements

PROPRIETARY FUND

STATE OF NEW MEXICO
TOWN OF MESILLA
PROPRIETARY FUND-JOINT UTILITIES
Balance Sheet
June 30,

| | <u>2008</u> | <u>2007</u> |
|----------------------------------|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 140,397 | \$ 104,778 |
| Investments | 160,671 | 259,409 |
| Accounts receivable | 49,981 | 63,123 |
| Other receivable | 1,914 | 1,351 |
| Total current assets | <u>352,963</u> | <u>428,661</u> |
| Non-current assets | | |
| Capital assets | 3,084,283 | 3,049,427 |
| Accumulated depreciation | (1,499,931) | (1,386,009) |
| Total non-current assets | <u>1,584,352</u> | <u>1,663,418</u> |
| Total assets | <u>\$ 1,937,315</u> | <u>\$ 2,092,079</u> |
| Liabilities: | | |
| Current liabilities | | |
| Accounts payable | \$ 33,120 | \$ 44,592 |
| Accrued salaries | 53,612 | 7,414 |
| Accrued compensated absences | 5,723 | 461 |
| Customer security deposits | 26,886 | 23,081 |
| Total liabilities | <u>119,341</u> | <u>75,548</u> |
| Net assets: | | |
| Invested in capital assets | 1,584,352 | 1,663,418 |
| Unrestricted assets (deficit) | 233,622 | 353,113 |
| Net assets – end of year | <u>1,817,974</u> | <u>2,016,531</u> |
| Total liabilities and net assets | <u>\$ 1,937,315</u> | <u>\$ 2,092,079</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
PROPRIETARY FUND-JOINT UTILITIES
Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Year-Ended June 30,

| | <u>2008</u> | <u>2007</u> |
|---|---------------------|---------------------|
| Operating revenues: | | |
| Charges for services | \$ 520,049 | \$ 467,715 |
| Municipal taxes | - | 23,355 |
| Miscellaneous | 20,424 | 17,079 |
| Total operating revenues | <u>540,473</u> | <u>508,149</u> |
| Operating expenses: | | |
| Personnel services | 224,355 | 260,990 |
| Operating expenses | 432,281 | 416,048 |
| Depreciation and amortization | 113,922 | 117,152 |
| Total operating expenses | <u>770,558</u> | <u>794,190</u> |
| Operating income (loss) | (230,085) | (286,041) |
| Non-operating revenues (expenses): | | |
| Interest income | 10,474 | 10,123 |
| State grants | 35,054 | 90,000 |
| Total non-operating revenues (expenses) | <u>45,528</u> | <u>100,123</u> |
| Income (loss) before transfers | (184,557) | (185,918) |
| Transfers in (out) | <u>(14,000)</u> | <u>57,170</u> |
| Change in net assets | (198,557) | (128,748) |
| Total net assets-beginning | <u>2,016,531</u> | <u>2,145,279</u> |
| Total net assets-ending | <u>\$ 1,817,974</u> | <u>\$ 2,016,531</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
PROPRIETARY FUND-JOINT UTILITIES
Statement of Cash Flows
For the Year-Ended June 30,

| | <u>2008</u> | <u>2007</u> |
|--|--------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash received from agencies and customers | \$ 556,857 | \$ 487,702 |
| Cash used for salaries and operating expenses | (616,648) | (660,400) |
| Net cash used for operating activities | <u>(59,791)</u> | <u>(172,698)</u> |
| Cash flows from financing activities: | | |
| State grants | 35,054 | 90,000 |
| Acquisition of capital assets – net | (34,856) | (171,933) |
| Transfer from governmental funds | (14,000) | 57,170 |
| Net cash used for financing activities | <u>(13,802)</u> | <u>(24,763)</u> |
| Cash flows from investing activities: | | |
| Transfer from investment account | 98,738 | (259,409) |
| Interest income | 10,474 | 10,123 |
| Net cash provided by investing activities | <u>109,212</u> | <u>(249,286)</u> |
| Net (decrease) in cash and cash equivalents | 35,619 | (446,747) |
| Cash and cash equivalents – beginning of year | <u>104,778</u> | <u>551,525</u> |
| Cash and cash equivalents – end of year | <u>\$ 140,397</u> | <u>\$ 104,778</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | |
| Operating income (loss) | \$ (230,085) | \$ (286,041) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | |
| Depreciation | 113,922 | 117,152 |
| Changes in assets and liabilities | | |
| Accounts receivable | 12,579 | (20,447) |
| Accounts payable | (11,472) | 11,921 |
| Customer deposits | 3,805 | 3,016 |
| Accrued payroll | 46,198 | 1,240 |
| Accrued compensated absences | 5,262 | 461 |
| Net cash provided by operating activities | <u>\$ (59,791)</u> | <u>\$ (172,698)</u> |

The accompanying notes are an integral part of these financial statements

AGENCY FINANCIAL STATEMENT

**STATE OF NEW MEXICO
TOWN OF MESILLA
AGENCY FUNDS LISTING**
June 30, 2008

Municipal Court Bond Fund

To account for bonds posted for court appearances.

Revolving Loan Fund

To account for loaning for community improvements and development and development and the collections of repayments of such loan proceeds.

STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
June 30,

| | <u>2008</u> | <u>2007</u> |
|-----------------------------|-------------------|-------------------|
| Assets | | |
| Cash | \$ - | \$ 24,536 |
| Investments | 13,685 | 100,000 |
| Accrued interest receivable | - | 890 |
| | <u> </u> | <u> </u> |
| Total assets | <u>\$ 13,685</u> | <u>\$ 125,426</u> |
| Liabilities | | |
| Held for others | <u>\$ 13,685</u> | <u>\$ 125,426</u> |
| | <u> </u> | <u> </u> |
| Total liabilities | <u>\$ 13,685</u> | <u>\$ 125,426</u> |

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENT

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Mesilla, New Mexico (Town) have been prepared in conformity with generally accepted accounting principles as applied to government entities. The significant governmental accounting policies are described below.

A. Financial Reporting Entity

The Town was incorporated in 1861. The Town is a political subdivision of the State of New Mexico, operates under the Trustee-Clerk form of government. The Town provides the following authorized services; public safety, police and fire, highways and streets, water, sanitation, health and welfare, social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB-14. The first criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Town has no component units, and is not a component unit of another governmental agency.

All governmental and business-type activities of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2001, the GASB approved Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement No. 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosures requirements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial Reporting Entity (continued)

In June 2005, the GASB approved Statement No. 40, March 2003, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. Statement No. 40 requires disclosures of investments that have fair values that are highly sensitive to changes in interest rates and disclosures of deposit and investment policies related to the risks.

The Town implemented the provisions of GASB No.'s 34, 37 and 38 effective July 1, 2003. The Town implemented the provisions of GASB No. 40 and 41 effective July 1, 2004. The Town implemented the provisions of GASB No. 42, 43, 44, 45, 46, and 47 effective July 1, 2005.

B. Government-Wide and Fund Financial Statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities and changes in net assets) reports information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity 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 Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

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

Separate financial statements are provided for governmental funds and proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The Town's fiduciary funds (which have been refined narrowed in scope) are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into government-wide statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. *Measurement Focus, Basis of Accounting and Financial Statement Presentation(continued)*

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Government funds are used to account for the Town's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general capital assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Town except for items included in other funds.

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

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Town is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that were not required to be presented as major but were at the discretion of management:

The *Town Hall Capital Project Fund* accounts for the construction of a new municipal complex. Authority for the creation of this fund is by Town resolution.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. *Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)*

The *United States Attorney's Office (USAO) High Intensity Drug Tracking Area (HIDTA) fund* accounts for grant revenues that are restricted for salaries of the U.S. Attorney's General Office. Authority for the creation and maintenance of the fund is 67-16-1 to 67-16-14 NMSA 1978.

Enterprise Fund Types:

These funds are used to account for services to the general public where all or most of the costs including depreciation are to be financed or recovered from users of such services. The Town maintains separate funds for water, sewer and solid waste utility operations. These are reported as the Joint Utility Fund and are considered a major business-type fund.

Additionally, the Town reports the following fiduciary fund types:

The *Municipal Court Bond Fund* to account for bonds posted for court appearances.

The *Revolving Loan Fund* to account for loaning for community improvements and development and development and the collections of repayments of such loan proceeds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and business-type fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and proprietary funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Amounts reported as *program* revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted resources first, and then restricted resources, as they are needed.

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Town does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Town's proprietary fund is charges for utilities. Operating expenses for business-type funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for us, it is the Town's policy to use restricted resources first, and then unrestricted resources, as they are needed.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Town adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement affects the manner in which the Town records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB Statement No 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions. The statement includes the following sections, which were not previously included in the basic financial statements. The governmental fund financial statements continue to be presented as a building block for the new GASB Statement No. 34 statements.

- a. *Management’s Discussion and Analysis* – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Town’s financial activities in the form of “Management’s Discussion and Analysis” (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.
- b. *Government-Wide Financial Statements* – The reporting model includes financial statements prepared using full accrual accounting for all of the Town’s activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets – The statement of net assets is designed to display the financial position of the primary government (government and business-type activities). The Town now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net assets of the Town are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Town’s functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Town has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statements of activities.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments: 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. Investments in the Town’s cash and certificates of deposit are stated at cost, which approximates fair value. State statutes authorize the Town to invest in certificates of deposit, obligations of the state and the U.S. government, and the New Mexico State Treasurer’s investment pool. All other investments are carried at fair market value using quoted market prices. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund balance. Long term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable from available resources.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets including computer software are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets that have been disposed of are recorded as deletions on the government-wide financial statements. Accumulated depreciation is adjusted for all deletions.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. No computer software is developed in-house.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---|--------------|
| Buildings | 30-40 |
| Utility system | 25 |
| Other improvements | 40 |
| Machinery and equipment, including vehicles | 5-10 |

Compensated Absences: Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. Accumulated unused vacation may be carried from one calendar year to another but the amount of annual leave carry over not exceed eighty (80) hours. Accumulated unused vacation is payable upon retirement or termination from employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only if they have matured.

The Town allows 40-hour employees to accumulate unused sick leave to a maximum of ninety days or 720 hours. Hours accumulated above these thresholds are forfeited. Accumulated unused sick leave is not paid upon termination from employment or retirement. Sick leave is only paid upon illness while in the employment of the Town. Accordingly, no provision for accumulated sick leave has been made in the accompanying financial statements.

Long-Term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. The face amount of debt issued is reported as other financing sources.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Net Assets: The government-wide financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in Capital Assets, Net of Related Debt - In the fund financial statements, investment in capital assets are reported net of depreciation and related debt.

Restricted Net Assets – This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted Net Assets – This category reflects net assets of the Town, not restricted for any project or other purpose.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Inter-Fund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. All other inter-fund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets of the Town are prepared prior to June 1 and must be approved by the local Board of Trustees and the New Mexico Department of Finance and Administration. Once the budget has been formally approved, the Board of Trustees and the Department of Finance and Administration must also approve any amendments. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds.

The Town is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the years-ended June 30, 2008 and 2007 is presented.

The following is reconciliations between the Non-GAAP budgetary basis amount and the financial statements on the GASB basis by fund type.

| | <u>June 30, 2008</u> | | | | |
|---|----------------------|----------------------------|------------------------------|----------------------------|-----------------------------|
| | <u>General Fund</u> | <u>USAO HIDTA Fund</u> | <u>Town Hall Project</u> | <u>Non-Major Funds</u> | <u>Proprietary Fund</u> |
| Excess (deficiency) of revenues and other sources (uses) over expenditures (Modified GAAP Basis) | \$ (345,724) | \$ 59,446 | \$ (129,030) | \$ (74,678) | \$ (198,557) |
| Adjustments: | | | | | |
| To revenues for tax accruals, earnings on investments and other deferrals and accruals. | (42,459) | (41,809) | (97,456) | (94,826) | (1,574) |
| Adjustments: | | | | | |
| To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals. | <u>113,654</u> | <u>(11,121)</u> | <u>93,732</u> | <u>85,219</u> | <u>94,029</u> |
| Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis) | <u>\$ (274,529)</u> | <u>\$ 6,516</u> | <u>\$ (132,754)</u> | <u>\$ (84,285)</u> | <u>\$ (106,102)</u> |

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

| | <u>June 30, 2007</u> | | | | |
|---|----------------------|----------------------------|------------------------------|----------------------------|-----------------------------|
| | <u>General Fund</u> | <u>USAO HIDTA Fund</u> | <u>Town Hall Project</u> | <u>Non-Major Funds</u> | <u>Proprietary Fund</u> |
| Excess (deficiency) of revenues and other sources (uses) over expenditures (Modified GAAP Basis) | \$ 22,696 | \$ 47,602 | \$ 117,164 | \$ (196,428) | \$ (128,748) |
| Adjustments: | | | | | |
| To revenues for tax accruals, earnings on investments and other deferrals and accruals. | (14,659) | (39,360) | (56,685) | 122,049 | 18,343 |
| Adjustments: | | | | | |
| To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals. | <u>10,097</u> | <u>1,859</u> | <u>30,092</u> | <u>24,479</u> | <u>(69,662)</u> |
| Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis) | <u>\$ 18,134</u> | <u>\$ 10,101</u> | <u>\$ 90,571</u> | <u>\$ (49,900)</u> | <u>\$ (180,067)</u> |

NOTE 3 CUSTODIAL CREDIT RISK - DEPOSITS

The Town had the following depository accounts. All deposits are carried at cost plus accrued interest. The Town does not have a deposit policy.

| <u>Depository Account</u> | <u>2008</u> | <u>2007</u> |
|--|---------------------|---------------------|
| | <u>Bank Balance</u> | <u>Bank Balance</u> |
| Insured | \$ 100,000 | \$ 100,000 |
| Collateralized: | | |
| Collateral held by pledging bank's trust department not in the Town's name | 289,357 | 720,829 |
| Uninsured and uncollateralized | - | - |
| Total Cash and cash equivalents Government | <u>\$ 389,357</u> | <u>\$ 820,829</u> |

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

NOTE 3 CUSTODIAL CREDIT RISK – DEPOSITS (continued)

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 Town does not have a deposit policy for custodial risk. As of June 30, 2008, \$289,357 of the Town’s \$389,357 and June 30, 2007, \$720,829 of the Town’s balance of \$820,829 was exposed to custodial credit risk as follows:

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| Uninsured and uncollateralized | \$ - | \$ - |
| Uninsured and collateral held by pledging bank’s trust department not in Town’s name | 289,357 | 720,829 |
| Total Cash and cash equivalents, Primary Government | <u>\$ 289,357</u> | <u>\$ 720,829</u> |

NOTE 4 INVESTMENTS

The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978.

The pool does not have unit shares. Per Section 6-10-101F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

The investments are valued at fair value based on quoted market prices as of the valuation date. Investments owned by the Town at June 30, were as follows:

The interest credit rate risk of this investment is as follows:

| | | | |
|--------------------------|------------|------------|------------|
| 2008 New MexicoGrow LGIP | AAAm rated | \$ 539,666 | 24-day WAM |
| 2007 New MexicoGrow LGIP | AAAm rated | \$ 858,353 | 24-day WAM |

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

NOTE 5 RECEIVABLES

Receivables as of June 30, are as follows:

| | <u>2008</u> | | |
|----------------------------|----------------------|---------------------|-------------------|
| | Governmental Fund | Proprietary Fund | Total |
| Accounts receivable | \$ 212 | \$ 49,981 | \$ 50,193 |
| Other receivables | - | 1,914 | 1,914 |
| Taxes receivable | 88,978 | - | 88,978 |
| Interest receivable | - | - | - |
| Reserve Funds receivable | 44,693 | - | 44,693 |
| Due from other funds | 406 | - | 406 |
| Due from other governments | 111,170 | - | 111,170 |
| Net receivables | <u>\$ 245,459</u> | <u>\$ 51,895</u> | <u>\$ 297,354</u> |

| | <u>2007</u> | | |
|----------------------------|----------------------|---------------------|-------------------|
| | Governmental Fund | Proprietary Fund | Total |
| Accounts receivable | \$ - | \$ 63,123 | \$ 63,123 |
| Other receivables | - | 1,351 | 1,351 |
| Taxes receivable | 155,955 | - | 155,955 |
| Interest receivable | 1,373 | - | 1,373 |
| Reserve Funds receivable | 46,580 | - | 46,580 |
| Due from other governments | 101,736 | - | 101,736 |
| Net receivables | <u>\$ 305,644</u> | <u>\$ 64,474</u> | <u>\$ 370,118</u> |

The Town's policy has not provided for uncollectible accounts.

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

NOTE 6 CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the years-ended June 30, 2008 and 2007. Land is not subject to depreciation.

| Governmental Activities: | Balance June 30, 2006 | | | Balance June 30, 2007 | | | Balance June 30, 2008 |
|--|--------------------------|------------------|------------------|--------------------------|---------------------|-------------------|--------------------------|
| | Balance June 30, 2006 | Additions | Deletions | Balance June 30, 2007 | Additions | Deletions | Balance June 30, 2008 |
| Capital assets not being depreciated | | | | | | | |
| Land | \$ 999,500 | \$ - | \$ - | \$ 999,500 | \$ - | \$ - | \$ 999,500 |
| Work in process | 180,386 | 436,494 | - | 616,880 | - | 616,880 | - |
| Total | <u>1,179,886</u> | <u>436,494</u> | <u>-</u> | <u>1,616,380</u> | <u>-</u> | <u>616,880</u> | <u>999,500</u> |
| Other capital assets being depreciated | | | | | | | |
| Buildings | 343,394 | - | - | 343,394 | - | - | 343,394 |
| Other improvements | 2,342,888 | 187,702 | - | 2,530,590 | 1,633,216 | - | 4,163,806 |
| Machinery and equipment | 1,333,038 | 103,661 | 75,238 | 1,361,461 | 46,577 | 57,600 | 1,350,438 |
| Total | <u>4,019,320</u> | <u>291,363</u> | <u>75,238</u> | <u>4,235,445</u> | <u>1,679,793</u> | <u>57,600</u> | <u>5,857,638</u> |
| Accumulated depreciation: | | | | | | | |
| Buildings | 130,291 | 11,221 | - | 141,512 | - | - | 141,512 |
| Other improvements | 37,558 | 67,034 | - | 104,592 | 85,085 | - | 189,677 |
| Machinery and equipment | 807,160 | 102,015 | 63,570 | 845,605 | 96,982 | 4,800 | 937,787 |
| Total | <u>975,009</u> | <u>180,270</u> | <u>63,570</u> | <u>1,091,709</u> | <u>182,067</u> | <u>4,800</u> | <u>1,268,976</u> |
| Net book value | <u>\$ 4,224,197</u> | <u>\$547,587</u> | <u>\$ 11,668</u> | <u>\$ 4,760,116</u> | <u>\$ 1,497,726</u> | <u>\$ 669,680</u> | <u>\$ 5,588,162</u> |

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

NOTE 6 CAPITAL ASSETS (continued)

The Town disposed of obsolete vehicles and equipment during the year-ended June 30, 2007 in the net book value of \$11,668. Depreciation expense for the years-ended June 30, 2008 and 2007 was charged as follows:

| | <u>2008</u> | <u>2007</u> |
|----------------------------|-------------------|-------------------|
| General government | \$ 117,980 | \$ 32,328 |
| Public safety | 49,244 | 64,762 |
| Public works | 14,843 | 83,180 |
| | <u>182,067</u> | <u>180,270</u> |
| Total depreciation expense | <u>\$ 182,067</u> | <u>\$ 180,270</u> |

Business-Type Activities:

| | Balance June 30, 2006 | Additions | Deletions | Balance June 30, 2007 | Additions | Deletions | Balance June 30, 2008 |
|----------------------------------|--------------------------|------------------|-------------|--------------------------|-------------------|-------------|--------------------------|
| Capital assets being depreciated | | | | | | | |
| Utility system | \$ 2,626,353 | \$171,933 | \$ - | \$ 2,798,286 | \$ 34,856 | \$ - | \$ 2,833,142 |
| Machinery and equipment | 251,141 | - | - | 251,141 | - | - | 251,141 |
| Total | <u>2,877,494</u> | <u>171,933</u> | <u>-</u> | <u>3,049,427</u> | <u>34,856</u> | <u>-</u> | <u>3,084,283</u> |
| Accumulated depreciation: | | | | | | | |
| Utility system | 1,145,504 | 90,090 | - | 1,235,594 | 88,052 | - | 1,323,646 |
| Machinery and equipment | 123,353 | 27,062 | - | 150,415 | 25,870 | - | 176,285 |
| Total | <u>1,268,857</u> | <u>117,152</u> | <u>-</u> | <u>1,386,009</u> | <u>113,922</u> | <u>-</u> | <u>1,499,931</u> |
| Net book value | <u>\$ 1,608,637</u> | <u>\$ 54,781</u> | <u>\$ -</u> | <u>\$ 1,663,418</u> | <u>\$(79,066)</u> | <u>\$ -</u> | <u>\$ 1,584,352</u> |

Depreciation expense relating to business-like activities for the years-ended June 30, 2008 and 2007 totaled \$79,065 and \$117,152, respectively.

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

NOTE 7 LONG-TERM DEBT

During the year-ended June 30, 2008 and 2007, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

| Governmental Activities | Balance June 30, | | | Balance June 30, | | | Balance | Due |
|------------------------------------|---------------------|------------------|------------------|---------------------|------------------|------------------|-------------------|--------------------|
| | 2006 | Additions | Decreases | 2007 | Additions | Decreases | June 30, 2008 | Within One Year |
| NMFA Notes Payable: | | | | | | | | |
| Fire Equipment | \$ 10,879 | \$ - | \$ 5,323 | \$ 5,556 | \$ - | \$ 5,556 | \$ - | \$ - |
| Fire Brush Truck | 61,594 | - | 7,112 | 54,482 | - | 7,227 | 47,255 | 7,356 |
| Town Hall Project | 709,716 | - | 15,381 | 694,335 | - | 15,729 | 678,606 | 15,146 |
| Xerox Capital Lease | 15,400 | - | 3,487 | 11,913 | - | 3,487 | 8,426 | 3,487 |
| Compensated absences | 45,435 | 46,020 | 51,593 | 39,862 | 19,590 | 8,850 | 50,602 | 25,301 |
| Totals | \$ 843,024 | \$ 46,020 | \$ 82,896 | \$ 806,148 | \$ 19,590 | \$ 40,849 | \$ 784,889 | \$51,582 |

These debts are paid from the Fire Fund, Town Hall Project Fund and General Fund. . Accrued compensated absences are paid out of various funds in the following percentage: 56.3% from General Fund, 23.9% from NM HIDTA, 13.1% from USAO HIDTA, and 6.7% from ISC HIDTA.

| Business-type Activities: | Balance June 30, | | | Balance June 30, | | | Balance | Due |
|----------------------------------|---------------------|-----------|-----------|---------------------|-----------|-----------|------------------|--------------------|
| | 2006 | Additions | Decreases | 2007 | Additions | Decreases | June 30, 2008 | Within One Year |
| Compensated absences | \$ 1,742 | \$ 8,128 | \$ 9,409 | \$ 461 | \$ 7,026 | \$ 1,764 | \$ 5,723 | \$ 5,723 |

These debts are paid from the Utility Fund.

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

NOTE 7 LONG-TERM DEBT (continued)

Notes Payable – New Mexico Finance Authority

A. NMFA - \$42,783 Loan- Fire Fund

The Town borrowed \$42,783 from the New Mexico Finance Authority. The note matures on May 1, 2008, and accrues interest at rates between 3.15% and 4.30% per annum. The proceeds of the loan were used for fire equipment. The payments of principal and interest are paid from pledged fire protection fund distributions. The note was paid in full in the fiscal year 2007-2008.

B. NMFA - \$74,947 Loan – Fire Fund

On December 19, 2003, the Town borrowed \$74,847 from the New Mexico Finance Authority. The note matures on May 1, 2014, and accrues interest at rates between .62% and 3.11% per annum. The proceeds of the loan were used for the purchase of a fire brush truck. The payments of principal and interest are paid from pledged fire protection fund distributions. The annual requirements to amortize the 2003 loan outstanding as of June 30, 2008 and 2007, including interest payments, are as follows:

| 30, | Principal | Interest | Totals |
|-----------|-----------|----------|-----------|
| 2009 | 7,356 | 1,289 | 8,645 |
| 2010 | 7,556 | 1,088 | 8,645 |
| 2011 | 7,762 | 882 | 8,645 |
| 2012 | 7,974 | 671 | 8,645 |
| 2013-2014 | 16,607 | 683 | 17,289 |
| | \$ 47,255 | \$ 4,613 | \$ 51,868 |

C. NMFA - \$746,187 Loan – Town Hall Project Fund

On November 21, 2003, the Town borrowed \$746,187 from the New Mexico Finance Authority. The note matures on November 1, 2033, and accrues interest at rates between .880% and 4.58% per annum. The proceeds of the loan were used for construction of the Town's municipal complex. The payments of principal and interest are paid from pledged governmental capital outlay gross receipts taxes. The annual requirements to amortize the 2003 loan outstanding as of June 30, 2008 and 2007, including interest payments, are as follows:

| Year Ended June 30, | Principal | Interest | Totals |
|---------------------|------------|------------|--------------|
| 2009 | 15,146 | 30,802 | 45,948 |
| 2010 | 15,834 | 30,114 | 45,948 |
| 2011 | 16,553 | 29,396 | 45,948 |
| 2012 | 17,304 | 28,644 | 45,948 |
| 2013-2033 | 613,769 | 351,148 | 964,917 |
| | \$ 678,606 | \$ 470,104 | \$ 1,148,710 |

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

NOTE 7 LONG-TERM DEBT (continued)

D. Capital Lease – Xerox Copier

On November 16, 2005, the Town entered into a capital lease agreement with Xerox Corporation for a Xerox Workcentre Pro. The contract expires October 16, 2010; however, there is a provision allowing the agency to terminate the agreement at will, or at the end of each fiscal year, without penalty. The Town has no “equitable or moral” duty to continue to make payments under the contract. The contract also contains a non-appropriation clause allowing for termination of the agreement in the event the agency decides not to appropriate funds for each fiscal year. The total value of the lease is \$17,433, to be paid over sixty months at \$290.56 per month. The lease also covers maintenance and supplies. The payments are made out of the General Fund and are budgeted as an administration expense. Current balance on lease agreement is \$8,426.

E. Compensated Absences

A liability for unused vacation for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered.
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the general fund.

NOTE 8 INTER-FUND BALANCES AND TRANSFERS

Amounts due as of June 30, are as follows:

| Receivable Fund | Payable Fund | Purpose | <u>2008</u> Amount | <u>2007</u> Amount |
|------------------|------------------|-----------------------------|-----------------------|-----------------------|
| Court Automation | General Fund | Advance Funds | \$ 7,317 | \$ 406 |
| General Fund | USAO HIDTA Fund | Fund Temporary Cash Overdra | 5,525 | 12,042 |
| General Fund | Court Automation | Fund Temporary Cash Overdra | 5,336 | - |
| General Fund | ISC HIDTA | Fund Temporary Cash Overdra | 8,125 | - |
| General Fund | Teen Center | Fund Temporary Cash Overdra | 21,192 | - |
| | | | <u>\$ 47,495</u> | <u>\$ 12,448</u> |

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

NOTE 8 INTER-FUND BALANCES AND TRANSFERS (continued)

Inter-fund balances represent short-term advances for funds that receive taxes and grants on a reimbursement basis.

Transfers to/from other funds at June 30, consist of the following:

| <u>2008</u> | <u>2007</u> | |
|-------------------|-------------------|--|
| \$ - | \$ 400 | From the General Fund to FEMA Relief to advance funding. |
| - | 400 | From the FEMA Relief to General Fund to repay advance funding. |
| - | 1,480 | From the General Fund to Law Enforcement Fund for operations. |
| 5,000 | 4,700 | From the General Fund to Recreation Fund for operations. |
| 6,911 | 406 | From the General Fund to Court Automation Fund for operations. |
| - | 57,170 | From the Street Improvements Fund to Utilities Fund to supplement operations. |
| - | 1,250 | From the General Fund to Senior Center Project to supplement capital improvements. |
| 14,000 | - | From the Proprietary Fund to the General Fund for operations. |
| 1,051 | - | From the General Fund to the BLMGF Fema Fund for improvements. |
| 72,717 | - | From the General Fund to the Road Fund for operations. |
| 13,500 | - | From the Genral Fund to the Lodgers Tax Fund for operations. |
| 14,090 | - | From the Fire Protection Fund to the General Fund for operations. |
| 73,710 | 65,696 | From the General Fund to COPS to transfer funding. |
| <u>\$ 200,979</u> | <u>\$ 131,502</u> | Total |

Transfers to/from the agency fund to other funds at June 30, consist of the following:

| <u>2008</u> | <u>2007</u> | |
|-------------------|-------------|---|
| <u>\$ 100,000</u> | <u>\$ -</u> | Revolving Loan Fund closed and Cash transferred to Town Hall Fund |

NOTE 9 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

Town of Mesilla has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insured Fund, a public entity risk pool currently operating as a common risk management and insurance program for local government. The Town pays an annual premium to New Mexico Self-Insured Fund for general insurance coverage and all risk of loss is transferred. The premium paid in years ending June 30, 2008 and 2007 is \$56,513 and \$85,600, respectively.

NOTE 10 PERA PENSION PLAN

Plan Description. Substantially all of Town of Mesilla'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 Employee 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, 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. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

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

NOTE 10 PERA PENSION PLAN

Funding Policy. Plan members are required to contribute 7% for municipal employees and 12.35% of gross salaries for law enforcement employees. The Town is required to contribute 7% for general municipal employees, 18.5% for law enforcement plan members, and 21.25% and 12.80% of gross salaries for the Fire Chief. The contribution requirements of plan members and Town of Mesilla are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Town of Mesilla's contributions to PERA for the years ending June 30, 2008, 2007, and 2006 were \$145,408, \$106,592, and \$91,265, respectively, equal to the required contributions for each year.

NOTE 11 POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act, Chapter IV, Article 7C NMSA 1978 provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Town has elected not to participate in the post-employment health insurance plan.

NOTE 12 CONTINGENT LIABILITIES

The Town is being threatened with litigation concerning a subdivision moratorium adopted by the Board of Trustees. The moratorium is of limited duration, and although one property owner has threatened to challenge the moratorium, there has not been a complaint filed. In the event of litigation the Town will vigorously defend its actions and moratorium. The liability of this contingency is not measurable.

Following a hail storm, the Town was declared a disaster area by the Governor of New Mexico and the U. S. Department of Homeland Security, Federal Emergency Management Administration (FEMA). Recovery costs have been estimated by the New Mexico Department of Public Safety, Office of Emergency Management, at \$73,272. FEMA has agreed to pay for \$54,954 (75%) of the estimated costs. The Office of Emergency Management has estimated the State's share at 18%. As of June 30, 2007, the final cost to the State has not been determined. After the State's share is determined, the Town will be responsible for the balance of the recovery costs. The Town's liability insurance did not contribute toward the recovery costs.

NOTE 13 FEDERAL AND STATE GRANTS

In the normal course of operations, the Town receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

NOTE 14 SUBSEQUENT EVENTS

The Town has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal and state agencies constitute future commitments.

NON-MAJOR GOVERNMENTAL FUND TYPES

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
As of and for the Year-Ended June 30, 2007

SPECIAL REVENUE FUNDS

Correction Fees

To account for the collection and expenditures of fees charged on citations for court appearances (NMSA 35-14-11).

Emergency Medical Services

To account for the acquisition of emergency medical equipment financed through a grant from the state of New Mexico (NMSA 24-0A4-6).

Fire Protection

To account for the operation and acquisition of assets for the Fire Department. This fund is financed through state grants (NMSA 59A-53-1).

Law Enforcement

To account for receipts and disbursements of State Funds Chapter 289, Law of 1983. These funds are to enhance the efficiency and effectiveness of the police force (NMSA 29-13-3)

Lodgers' Tax

To account for the operations of promotional activities of the Town of Mesilla. Financing is provided primarily by specific tax levy on area motels (NMSA 14-37-16).

Street Improvement

To account for the receipts, disbursements and transfer of funds received from state shared gasoline taxes. These funds are designated for street and highway maintenance and improvements (NMSA 7-24A-10).

Recreation

To account for the operations and maintenance of recreation facilities. Financing is provided by a cigarette tax levy to the extent that other revenues are not sufficient to provide such services (NMSA 7-12-15 and 16).

Court Automation

To account for fees collected upon conviction from persons convicted of violating any Town ordinance relating to the operation of motor vehicle or any ordinance that may be enforced by the imposition of a jail term (NMSA 35-14-11).

Fiesta

To account for receipts from the rental fees for the promotion and organization of Town Fiestas. The creation and maintenance of a separate fund was established by Town resolution.

FEMA Relief

To account for the receipts, disbursements, and transfer of funds received from federal and state FEMA funds. These funds are designated for repairs from the hail storm.

New Mexico High Intensity Drug Trafficking Area (HIDTA)

To account for the proceeds from the Office of National Drug Control and the expenditures thereof (NMSA 67-16-1 to 67-16-14).

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
As of and for the Year-Ended June 30, 2007

Regional Interagency Drug Task Force (RIDTF) HIDTA

To account for proceeds from the Office of National Drug Control and the expenditures thereof (NMSA 67-16-1 to 67-16-14).

Investigative Support Center (ISC) HIDTA

To account for proceeds from the Office of National Drug Control and the expenditures thereof (NMSA 67-16-1 to 67-16-14).

Alltel

To account for the receipts, which are restricted for use in inspecting the Alltel cellular tower at the corner of Avenida de Mesilla and Union Ave. This fund is required pursuant to Mesilla's cellular Tower Ordinance.

COPS Universal Hiring Grant

To account for federal grant revenues from the Department of Justice and the related public safety wage expenditures. This fund is required by the federal grant contract #2002UMWX0232

CAPITAL PROJECTS FUNDS

CDBG Improvement

To account for various capital improvements funded by federal grants. Authorized by the federal government, Title I of the Housing and Community Development Act of 1974, as amended 10-4-95 and 9-30-96.

Senior Center

To account for State Area Agency on Aging grant revenues and the expenditures thereof for capital improvements to the community center that houses the senior programs. This fund is required by the state grant contract.

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Balance Sheet
June 30, 2008

| | Special Revenue Funds | Capital Projects Funds | Total |
|--------------------------------------|-----------------------------|------------------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 105,694 | \$ 5,397 | \$ 111,091 |
| Accounts receivable | - | - | - |
| Investments | 102,560 | - | 102,560 |
| Due from other governments | - | 21,192 | 21,192 |
| Due from other funds | 7,317 | - | 7,317 |
| Total assets | <u>\$ 215,571</u> | <u>\$ 26,589</u> | <u>\$ 242,160</u> |
| Liabilities and fund balance | | | |
| Liabilities | | | |
| Accounts payable | \$ 32,293 | \$ - | \$ 32,293 |
| Accrued salaries | - | - | - |
| Accrued interest | - | - | - |
| Due to other funds | 13,461 | 21,192 | 34,653 |
| Total liabilities | <u>45,754</u> | <u>21,192</u> | <u>66,946</u> |
| Fund Balances: | | | |
| Reserved for capital projects funds | - | 5,397 | 5,397 |
| Unreserved for special revenue funds | 169,817 | - | 169,817 |
| Total fund balances | <u>169,817</u> | <u>5,397</u> | <u>175,214</u> |
| Total liabilities and fund balances | <u>\$ 215,571</u> | <u>\$ 26,589</u> | <u>\$ 242,160</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Balance Sheet
June 30, 2007

| | Special Revenue Funds | Capital Projects Funds | Total |
|--------------------------------------|-----------------------------|------------------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 215,542 | \$ 7,397 | \$ 222,939 |
| Investments | 102,560 | - | 102,560 |
| Due from other governments | 526 | - | 526 |
| Due from other funds | 406 | - | 406 |
| Total assets | <u>\$ 319,034</u> | <u>\$ 7,397</u> | <u>\$ 326,431</u> |
| Liabilities and fund balance | | | |
| Liabilities | | | |
| Accounts payable | \$ 18,369 | \$ - | \$ 18,369 |
| Accrued salaries | 4,222 | - | 4,222 |
| Accrued interest | 323 | - | 323 |
| Deferred revenue | 53,625 | - | 53,625 |
| Total liabilities | <u>76,539</u> | <u>-</u> | <u>76,539</u> |
| Fund Balances: | | | |
| Reserved for capital projects funds | - | 7,397 | 7,397 |
| Unreserved for special revenue funds | 242,495 | - | 242,495 |
| Total fund balances | <u>242,495</u> | <u>7,397</u> | <u>249,892</u> |
| Total liabilities and fund balances | <u>\$ 319,034</u> | <u>\$ 7,397</u> | <u>\$ 326,431</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2008

| | Special Revenue Funds | Capital Projects Funds | Totals |
|--|-----------------------------|------------------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues: | | | |
| State-shared taxes | \$ 28,306 | \$ - | \$ 28,306 |
| Charges for services | 49,188 | - | 49,188 |
| Interest income | 316 | - | 316 |
| Miscellaneous income | 673 | - | 673 |
| Intergovernmental income | | - | - |
| Federal grant | 674,626 | - | 674,626 |
| State grant | 317,776 | 39,096 | 356,872 |
| Total revenues | <u>1,070,885</u> | <u>39,096</u> | <u>1,109,981</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | - | - | - |
| Public safety | 792,408 | - | 792,408 |
| Public works | 380,847 | - | 380,847 |
| Culture and recreation | 29,751 | - | 29,751 |
| Capital outlay | 85,512 | 41,096 | 126,608 |
| Total expenditures | <u>1,288,518</u> | <u>41,096</u> | <u>1,329,614</u> |
| Excess (deficiency) Revenues | | | |
| Excess (deficiency) revenues over expenditures | (217,633) | (2,000) | (219,633) |
| Other financing sources (uses): | | | |
| Debt service principal | (12,783) | - | (12,783) |
| Debt service interest | (1,061) | - | (1,061) |
| Operating transfers in | 184,889 | - | 184,889 |
| Operating transfers out | (26,090) | - | (26,090) |
| Total other financing sources (uses) | <u>144,955</u> | <u>-</u> | <u>144,955</u> |
| Net change in fund balance | (72,678) | (2,000) | (74,678) |
| Fund balance – Beginning of year | <u>242,495</u> | <u>7,397</u> | <u>249,892</u> |
| Fund balance – End of year | <u>\$ 169,817</u> | <u>\$ 5,397</u> | <u>\$ 175,214</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2007

| | Special Revenue Funds | Capital Projects Funds | Totals |
|--|-----------------------------|------------------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues: | | | |
| State-shared taxes | \$ 43,591 | \$ - | \$ 43,591 |
| Charges for services | 57,832 | - | 57,832 |
| Interest income | 14 | - | 14 |
| Miscellaneous income | 7,420 | - | 7,420 |
| Intergovernmental income | 29,704 | - | 29,704 |
| Federal grant | 479,436 | 230,979 | 710,415 |
| State grant | 132,813 | 129,476 | 262,289 |
| Total revenues | <u>750,810</u> | <u>360,455</u> | <u>1,111,265</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 2,105 | - | 2,105 |
| Public safety | 645,068 | - | 645,068 |
| Public works | 56,591 | - | 56,591 |
| Culture and recreation | 37,955 | - | 37,955 |
| Capital outlay | 202,481 | 366,455 | 568,936 |
| Total expenditures | <u>944,200</u> | <u>366,455</u> | <u>1,310,655</u> |
| Excess (deficiency) Revenues | | | |
| Excess (deficiency) revenues over expenditures | (193,390) | (6,000) | (199,390) |
| Other financing sources (uses): | | | |
| Debt service principal | (12,435) | - | (12,435) |
| Debt service interest | (965) | - | (965) |
| Operating transfers in | 72,682 | 1,250 | 73,932 |
| Operating transfers out | (57,570) | - | (57,570) |
| Total other financing sources (uses) | <u>1,712</u> | <u>1,250</u> | <u>2,962</u> |
| Net change in fund balance | (191,678) | (4,750) | (196,428) |
| Fund balance – Beginning of year | <u>434,173</u> | <u>12,147</u> | <u>446,320</u> |
| Fund balance – End of year | <u>\$ 242,495</u> | <u>\$ 7,397</u> | <u>\$ 249,892</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2008**

| | Correction Fees | Emergency Medical Services | Fire Protection | Law Enforcement | Lodgers' Tax | Street Improvements | Recreation | Subtotals |
|--|-------------------|----------------------------------|-----------------|--------------------|-----------------|------------------------|-----------------|-------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 31,223 | \$ 1,768 | \$ 2,981 | \$ 1,912 | \$ 1,510 | \$ 15,169 | \$ 2,618 | \$ 57,181 |
| Investments | 102,560 | - | - | - | - | - | - | 102,560 |
| Due from other governments | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - |
| Total Assets | \$ 133,783 | \$ 1,768 | \$ 2,981 | \$ 1,912 | \$ 1,510 | \$ 15,169 | \$ 2,618 | \$ 159,741 |
| Liabilities | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 8,971 | \$ 8,215 | \$ - | \$ - | \$ 47 | \$ 17,233 |
| Accrued salary | - | - | - | - | - | - | - | - |
| Accrued interest | - | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - |
| Total Liabilities | - | - | 8,971 | 8,215 | - | - | 47 | 17,233 |
| Fund Balance | | | | | | | | |
| Unreserved for special revenue funds | 133,783 | 1,768 | (5,990) | (6,303) | 1,510 | 15,169 | 2,571 | 142,508 |
| Total Fund Balances | 133,783 | 1,768 | (5,990) | (6,303) | 1,510 | 15,169 | 2,571 | 142,508 |
| Total Liabilities and Fund Balances | \$ 133,783 | \$ 1,768 | \$ 2,981 | \$ 1,912 | \$ 1,510 | \$ 15,169 | \$ 2,618 | \$ 159,741 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2008**

| | Court Automation | Fiesta | FEMA Relief | NM HIDTA | ISC HIDTA | RIDTF HIDTA | Alltell | Subtotals |
|--|---------------------|-----------------|------------------|------------------|-----------------|-----------------|---------------|------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 5,790 | \$ 23,513 | \$ 15,425 | \$ - | \$ 1,160 | \$ 395 | \$ 46,283 |
| Investments | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | - | - | - |
| Due from other funds | 7,317 | - | - | - | - | - | - | 7,317 |
| Total Assets | \$ 7,317 | \$ 5,790 | \$ 23,513 | \$ 15,425 | \$ - | \$ 1,160 | \$ 395 | \$ 53,600 |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 1,981 | \$ - | \$ - | \$ 8,662 | \$ 4,417 | \$ - | \$ - | \$ 15,060 |
| Accrued salary | - | - | - | - | - | - | - | - |
| Accrued interest | - | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - | - |
| Due to other funds | 5,336 | - | - | - | 8,125 | - | - | 13,461 |
| Total Liabilities | 7,317 | - | - | 8,662 | 12,542 | - | - | 28,521 |
| Fund Balance | | | | | | | | |
| Unreserved for special revenue funds | - | 5,790 | 23,513 | 6,763 | (12,542) | 1,160 | 395 | 25,079 |
| Total Fund Balances | - | 5,790 | 23,513 | 6,763 | (12,542) | 1,160 | 395 | 25,079 |
| Total Liabilities and Fund Balances | \$ 7,317 | \$ 5,790 | \$ 23,513 | \$ 15,425 | \$ - | \$ 1,160 | \$ 395 | \$ 53,600 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2008**

| | Cops Universal Hiring | FEMA | Subtotals - page 1 | Subtotals - page 2 | Totals |
|--------------------------------------|--------------------------|-------------|-----------------------|-----------------------|-------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,230 | \$ - | \$ 57,181 | \$ 46,283 | \$ 105,694 |
| Investments | - | - | 102,560 | - | 102,560 |
| Due from other governments | - | - | - | - | - |
| Due from other funds | - | - | - | 7,317 | 7,317 |
| Total Assets | \$ 2,230 | \$ - | \$ 159,741 | \$ 53,600 | \$ 215,571 |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ 17,233 | \$ 15,060 | \$ 32,293 |
| Accrued salary | - | - | - | - | - |
| Accrued interest | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - |
| Due to other funds | - | - | - | 13,461 | 13,461 |
| Total Liabilities | - | - | 17,233 | 28,521 | 45,754 |
| Fund Balance | | | | | |
| Unreserved for special revenue funds | 2,230 | - | 142,508 | 25,079 | 169,817 |
| Total Fund Balances | 2,230 | - | 142,508 | 25,079 | 169,817 |
| Total Liabilities and Fund | \$ 2,230 | \$ - | \$ 159,741 | \$ 53,600 | \$ 215,571 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2007**

| | Correction Fees | Emergency Medical Services | Fire Protection | Law Enforcement | Lodgers' Tax | Street Improvements | Recreation | Subtotals |
|--|-------------------|----------------------------------|-----------------|--------------------|-----------------|------------------------|-----------------|-------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 35,427 | \$ 2,680 | \$ 4,082 | \$ 3 | \$ 2,414 | \$ 67,769 | \$ 1,178 | \$ 113,553 |
| Investments | 102,560 | - | - | - | - | - | - | 102,560 |
| Due from other governments | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - |
| Total Assets | \$ 137,987 | \$ 2,680 | \$ 4,082 | \$ 3 | \$ 2,414 | \$ 67,769 | \$ 1,178 | \$ 216,113 |
| Liabilities | | | | | | | | |
| Accounts Payable | \$ - | \$ 108 | \$ 3,287 | \$ - | \$ - | \$ - | \$ 154 | \$ 3,549 |
| Accrued Salary | - | - | - | - | - | - | - | - |
| Accrued Interest | - | - | 323 | - | - | - | - | 323 |
| Deferred Revenue | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - | - |
| Total Liabilities | - | 108 | 3,610 | - | - | - | 154 | 3,872 |
| Fund Balance | | | | | | | | |
| Unreserved for special revenue funds | 137,987 | 2,572 | 472 | 3 | 2,414 | 67,769 | 1,024 | 212,241 |
| Total Fund Balances | 137,987 | 2,572 | 472 | 3 | 2,414 | 67,769 | 1,024 | 212,241 |
| Total Liabilities and Fund Balances | \$ 137,987 | \$ 2,680 | \$ 4,082 | \$ 3 | \$ 2,414 | \$ 67,769 | \$ 1,178 | \$ 216,113 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2007**

| | Court Automation | Fiesta | FEMA Relief | NM HIDTA | ISC HIDTA | RIDTF HIDTA | Alltell | Subtotals |
|--|---------------------|-----------------|------------------|-----------------|------------------|-----------------|---------------|------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 926 | \$ 5,394 | \$ 53,625 | \$ 5,604 | \$ 29,626 | \$ 1,160 | \$ 395 | \$ 96,730 |
| Investments | - | - | - | - | - | - | - | - |
| Due from other governments | 526 | - | - | - | - | - | - | 526 |
| Due from other funds | 406 | - | - | - | - | - | - | 406 |
| Total Assets | \$ 1,858 | \$ 5,394 | \$ 53,625 | \$ 5,604 | \$ 29,626 | \$ 1,160 | \$ 395 | \$ 97,662 |
| Liabilities | | | | | | | | |
| Accounts Payable | \$ 1,858 | \$ - | \$ - | \$ 1,380 | \$ 11,582 | \$ - | \$ - | \$ 14,820 |
| Accrued Salary | - | - | - | 2,808 | 1,414 | - | - | 4,222 |
| Accrued Interest | - | - | - | - | - | - | - | - |
| Deferred Revenue | - | - | 53,625 | - | - | - | - | 53,625 |
| Due to other funds | - | - | - | - | - | - | - | - |
| Total Liabilities | 1,858 | - | 53,625 | 4,188 | 12,996 | - | - | 72,667 |
| Fund Balance | | | | | | | | |
| Unreserved for special revenue funds | - | 5,394 | - | 1,416 | 16,630 | 1,160 | 395 | 24,995 |
| Total Fund Balances | - | 5,394 | - | 1,416 | 16,630 | 1,160 | 395 | 24,995 |
| Total Liabilities and Fund Balances | \$ 1,858 | \$ 5,394 | \$ 53,625 | \$ 5,604 | \$ 29,626 | \$ 1,160 | \$ 395 | \$ 97,662 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2007**

| | Cops Universal Hiring | FEMA | Subtotals - page 1 | Subtotals - page 2 | Totals |
|---|--------------------------|-----------------|-----------------------|-----------------------|-------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 185 | \$ 5,074 | \$ 113,553 | \$ 96,730 | \$ 215,542 |
| Investments | - | - | 102,560 | - | 102,560 |
| Due from other governments | - | - | - | 526 | 526 |
| Due from other funds | - | - | - | 406 | 406 |
| Total Assets | \$ 185 | \$ 5,074 | \$ 216,113 | \$ 97,662 | \$ 319,034 |
| Liabilities | | | | | |
| Accounts Payable | - | - | 3,549 | 14,820 | 18,369 |
| Accrued Salary | - | - | - | 4,222 | 4,222 |
| Accrued Interest | - | - | 323 | - | 323 |
| Deferred Revenue | - | - | - | 53,625 | 53,625 |
| Due to other funds | - | - | - | - | - |
| Total Liabilities | - | - | 3,872 | 72,667 | 76,539 |
| Fund Balance | | | | | |
| Unreserved for special revenue funds | 185 | 5,074 | 212,241 | 24,995 | 242,495 |
| Total Fund Balances | 185 | 5,074 | 212,241 | 24,995 | 242,495 |
| Total Liabilities and Fund | \$ 185 | \$ 5,074 | \$ 216,113 | \$ 97,662 | \$ 319,034 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Statements of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008**

| | Correction Fees | Emergency Medical Services | Fire Protection | Law Protection | Lodgers' Tax | Street Improvements | Recreation | Subtotals |
|--------------------------------------|--------------------|-------------------------------|--------------------|-------------------|-----------------|------------------------|-----------------|-------------------|
| Revenue | | | | | | | | |
| State - shared taxes | \$ - | \$ - | \$ - | \$ - | \$ 3,880 | \$ 24,397 | \$ 29 | \$ 28,306 |
| Charge for services | 31,370 | - | - | - | - | - | - | 31,370 |
| Interst income | - | - | 316 | - | - | - | - | 316 |
| Miscellaneous income | - | - | 237 | - | - | - | - | 237 |
| Intergovernmental income | - | - | - | - | - | - | - | - |
| Federal grant | - | - | - | - | - | - | - | - |
| State grant | - | 8,403 | 66,958 | 23,600 | - | 215,109 | - | 314,070 |
| Total Revenues | <u>31,370</u> | <u>8,403</u> | <u>67,511</u> | <u>23,600</u> | <u>3,880</u> | <u>239,506</u> | <u>29</u> | <u>374,299</u> |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| General Government | - | - | - | - | - | - | - | - |
| Public safety | 35,574 | 6,524 | 42,738 | 1,020 | - | - | - | 85,856 |
| Public works | - | - | - | - | - | 364,823 | - | 364,823 |
| Culture and recreation | - | - | - | - | 18,284 | - | 3,482 | 21,766 |
| Capital outlay | - | 2,683 | 17,391 | 28,886 | - | - | - | 48,960 |
| Total expenditures | <u>35,574</u> | <u>9,207</u> | <u>60,129</u> | <u>29,906</u> | <u>18,284</u> | <u>364,823</u> | <u>3,482</u> | <u>521,405</u> |
| Excess (deficiency) revenues over | (4,204) | (804) | 7,382 | (6,306) | (14,404) | (125,317) | (3,453) | (147,106) |
| Other financing sources (uses) | | | | | | | | |
| Debt service principal | - | - | (12,783) | - | - | - | - | (12,783) |
| Debt service interest | - | - | (1,061) | - | - | - | - | (1,061) |
| Transfers in | - | - | - | - | 13,500 | 84,717 | 5,000 | 103,217 |
| Transfers out | - | - | - | - | - | (12,000) | - | (12,000) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(13,844)</u> | <u>-</u> | <u>13,500</u> | <u>72,717</u> | <u>5,000</u> | <u>77,373</u> |
| Net change in fund balance | (4,204) | (804) | (6,462) | (6,306) | (904) | (52,600) | 1,547 | (69,733) |
| Fund balance - beginning of year | <u>137,987</u> | <u>2,572</u> | <u>472</u> | <u>3</u> | <u>2,414</u> | <u>67,769</u> | <u>1,024</u> | <u>212,241</u> |
| Fund balance - end of year | <u>\$ 133,783</u> | <u>\$ 1,768</u> | <u>\$ (5,990)</u> | <u>\$ (6,303)</u> | <u>\$ 1,510</u> | <u>\$ 15,169</u> | <u>\$ 2,571</u> | <u>\$ 142,508</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Statements of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008**

| | <u>Court Automation</u> | <u>Fiesta</u> | <u>Fema Relief</u> | <u>NM HIDTA</u> | <u>ISC HIDTA</u> | <u>RIDTF HIDTA</u> | <u>Alltell</u> | <u>Subtotals</u> |
|--|-------------------------|-----------------|--------------------|-----------------|--------------------|--------------------|----------------|------------------|
| Revenue | | | | | | | | |
| State - shared taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charge for services | - | 17,818 | - | - | - | - | - | 17,818 |
| Interst income | - | - | - | - | - | - | - | - |
| Miscellaneous income | - | - | - | 102 | 334 | - | - | 436 |
| Intergovernmental income | - | - | - | - | - | - | - | - |
| Federal grant | - | - | 53,626 | 311,807 | 278,155 | - | - | 643,588 |
| State grant | 3,706 | - | - | - | - | - | - | 3,706 |
| Total Revenues | <u>3,706</u> | <u>17,818</u> | <u>53,626</u> | <u>311,909</u> | <u>278,489</u> | <u>-</u> | <u>-</u> | <u>665,548</u> |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| General Government | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | 290,062 | 307,661 | - | - | 597,723 |
| Public works | - | - | 16,023 | - | - | - | - | 16,023 |
| Culture and recreation | - | 7,987 | - | - | - | - | - | 7,987 |
| Capital outlay | 10,617 | 9,435 | - | 16,500 | - | - | - | 36,552 |
| Total expenditures | <u>10,617</u> | <u>17,422</u> | <u>16,023</u> | <u>306,562</u> | <u>307,661</u> | <u>-</u> | <u>-</u> | <u>658,285</u> |
| Excess (deficiency) revenues over expenditures | (6,911) | 396 | 37,603 | 5,347 | (29,172) | - | - | 7,263 |
| Other financing sources (uses) | | | | | | | | |
| Debt service principal | - | - | - | - | - | - | - | - |
| Debt service interest | - | - | - | - | - | - | - | - |
| Transfers in | 6,911 | - | - | - | - | - | - | 6,911 |
| Transfers out | - | - | (14,090) | - | - | - | - | (14,090) |
| Total other financing sources (uses) | <u>6,911</u> | <u>-</u> | <u>(14,090)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(7,179)</u> |
| Net change in fund balance | - | 396 | 23,513 | 5,347 | (29,172) | - | - | 84 |
| Fund balance - beginning of year | - | 5,394 | - | 1,416 | 16,630 | 1,160 | 395 | 24,995 |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ 5,790</u> | <u>\$ 23,513</u> | <u>\$ 6,763</u> | <u>\$ (12,542)</u> | <u>\$ 1,160</u> | <u>\$ 395</u> | <u>\$ 25,079</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Statements of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008**

| | Cops Universal Hiring | FEMA | Subtotals - page 1 | Subtotals - page 2 | Totals |
|--|-----------------------------|--------------|-----------------------|-----------------------|-------------------|
| Revenue | | | | | |
| State - shared taxes | \$ - | \$ - | \$ 28,306 | \$ - | \$ 28,306 |
| Charge for services | - | - | 31,370 | 17,818 | 49,188 |
| Interest income | - | - | 316 | - | 316 |
| Miscellaneous income | - | - | 237 | 436 | 673 |
| Intergovernmental income | - | - | - | - | - |
| Federal grant | 31,038 | - | - | 643,588 | 674,626 |
| State grant | - | - | 314,070 | 3,706 | 317,776 |
| Total Revenues | 31,038 | - | 374,299 | 665,548 | 1,070,885 |
| Expenditures | | | | | |
| Current | | | | | |
| General Government | - | - | - | - | - |
| Public safety | 102,703 | 6,125 | 85,856 | 597,723 | 792,407 |
| Public works | - | - | 364,823 | 16,023 | 380,846 |
| Culture and recreation | - | - | 21,766 | 7,987 | 29,753 |
| Capital outlay | - | - | 48,960 | 36,552 | 85,512 |
| Total expenditures | 102,703 | 6,125 | 521,405 | 658,285 | 1,288,518 |
| Excess (deficiency) revenues over expenditures | (71,665) | (6,125) | (147,106) | 7,263 | (217,633) |
| Other financing sources (uses) | | | | | |
| Debt service principal | - | - | (12,783) | - | (12,783) |
| Debt service interest | - | - | (1,061) | - | (1,061) |
| Transfers in | 73,710 | 1,051 | 103,217 | 6,911 | 184,889 |
| Transfers out | - | - | (12,000) | (14,090) | (26,090) |
| Total other financing sources (uses) | 73,710 | 1,051 | 77,373 | (7,179) | 144,955 |
| Net change in fund balance | 2,045 | (5,074) | (69,733) | 84 | (72,678) |
| Fund balance - beginning of year | 185 | 5,074 | 212,241 | 24,995 | 242,495 |
| Fund balance - end of year | <u>\$ 2,230</u> | <u>\$ -</u> | <u>\$ 142,508</u> | <u>\$ 25,079</u> | <u>\$ 169,817</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Statements of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007**

| | Correction Fees | Emergency Medical Services | Fire Protection | Law Protection | Lodgers' Tax | Street Improvements | Recreation | Subtotals |
|--------------------------------------|--------------------|-------------------------------|--------------------|-------------------|-----------------|------------------------|-----------------|-------------------|
| Revenue | | | | | | | | |
| State - shared taxes | \$ - | \$ - | \$ 16,252 | \$ - | \$ 3,460 | \$ 23,171 | \$ 708 | \$ 43,591 |
| Charge for services | 42,247 | - | - | - | - | - | - | 42,247 |
| Interst income | - | - | 14 | - | - | - | - | 14 |
| Miscellaneous income | - | - | - | - | - | 600 | - | 600 |
| Intergovernmental income | - | 7,627 | - | - | - | - | - | 7,627 |
| Federal grant | - | - | - | - | - | - | - | - |
| State grant | - | - | - | - | - | 132,813 | - | 132,813 |
| Total Revenues | <u>42,247</u> | <u>7,627</u> | <u>16,266</u> | <u>-</u> | <u>3,460</u> | <u>156,584</u> | <u>708</u> | <u>226,892</u> |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| General Government | - | - | - | - | - | - | - | - |
| Public safety | 40,250 | 7,391 | - | 32,072 | - | - | - | 79,713 |
| Public works | - | - | - | - | - | 55,263 | - | 55,263 |
| Culture and recreation | - | - | - | - | 17,483 | - | 4,687 | 22,170 |
| Debt service principal | - | - | 12,435 | - | - | - | - | 12,435 |
| Debt service interest | - | - | 965 | - | - | - | - | 965 |
| Capital outlay | - | - | 52,437 | - | - | 150,044 | - | 202,481 |
| Total expenditures | <u>40,250</u> | <u>7,391</u> | <u>65,837</u> | <u>32,072</u> | <u>17,483</u> | <u>205,307</u> | <u>4,687</u> | <u>373,027</u> |
| Excess (deficiency) revenues over | 1,997 | 236 | (49,571) | (32,072) | (14,023) | (48,723) | (3,979) | (146,135) |
| Other financing sources (uses) | | | | | | | | |
| Transfers in | - | - | - | 1,480 | - | - | 4,700 | 6,180 |
| Transfers out | - | - | - | - | - | (57,170) | - | (57,170) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,480</u> | <u>-</u> | <u>(57,170)</u> | <u>4,700</u> | <u>(50,990)</u> |
| Net change in fund balance | 1,997 | 236 | (49,571) | (30,592) | (14,023) | (105,893) | 721 | (197,125) |
| Fund balance - beginning of year | <u>135,990</u> | <u>2,336</u> | <u>50,043</u> | <u>30,595</u> | <u>16,437</u> | <u>173,662</u> | <u>303</u> | <u>409,366</u> |
| Fund balance - end of year | <u>\$ 137,987</u> | <u>\$ 2,572</u> | <u>\$ 472</u> | <u>\$ 3</u> | <u>\$ 2,414</u> | <u>\$ 67,769</u> | <u>\$ 1,024</u> | <u>\$ 212,241</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Statements of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007**

| | <u>Court Automation</u> | <u>Fiesta</u> | <u>Fema Relief</u> | <u>NM HIDTA</u> | <u>ISC HIDTA</u> | <u>RIDTF HIDTA</u> | <u>Alltell</u> | <u>Subtotals</u> |
|--|-------------------------|-----------------|--------------------|-----------------|------------------|--------------------|----------------|------------------|
| Revenue | | | | | | | | |
| State - shared taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charge for services | - | 15,585 | - | - | - | - | - | 15,585 |
| Interest income | - | - | - | - | - | - | - | - |
| Miscellaneous income | - | - | - | 310 | 6,510 | - | - | 6,820 |
| Intergovernmental income | 7,077 | - | - | - | - | - | - | 7,077 |
| Federal grant | - | - | 1,328 | 200,734 | 222,900 | 29,400 | - | 454,362 |
| State grant | - | - | - | - | - | - | - | - |
| Total Revenues | <u>7,077</u> | <u>15,585</u> | <u>1,328</u> | <u>201,044</u> | <u>229,410</u> | <u>29,400</u> | <u>-</u> | <u>483,844</u> |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| General Government | - | - | - | - | - | - | 2,105 | 2,105 |
| Public safety | 7,755 | - | - | 211,778 | 235,573 | 3,240 | - | 458,346 |
| Public works | - | - | 1,328 | - | - | - | - | 1,328 |
| Culture and recreation | - | 15,785 | - | - | - | - | - | 15,785 |
| Debt service principal | - | - | - | - | - | - | - | - |
| Debt service interest | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - |
| Total expenditures | <u>7,755</u> | <u>15,785</u> | <u>1,328</u> | <u>211,778</u> | <u>235,573</u> | <u>3,240</u> | <u>2,105</u> | <u>477,564</u> |
| Excess (deficiency) revenues over expenditures | (678) | (200) | - | (10,734) | (6,163) | 26,160 | (2,105) | 6,280 |
| Other financing sources (uses) | | | | | | | | |
| Transfers in | 406 | - | 400 | - | - | - | - | 806 |
| Transfers out | - | - | (400) | - | - | - | - | (400) |
| Total other financing sources (uses) | <u>406</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>406</u> |
| Net change in fund balance | (272) | (200) | - | (10,734) | (6,163) | 26,160 | (2,105) | 6,686 |
| Fund balance - beginning of year | <u>272</u> | <u>5,594</u> | <u>-</u> | <u>12,150</u> | <u>22,793</u> | <u>(25,000)</u> | <u>2,500</u> | <u>18,309</u> |
| Fund balance - end of year | <u>\$ -</u> | <u>\$ 5,394</u> | <u>\$ -</u> | <u>\$ 1,416</u> | <u>\$ 16,630</u> | <u>\$ 1,160</u> | <u>\$ 395</u> | <u>\$ 24,995</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUND TYPES
SPECIAL REVENUE FUNDS
Combining Statements of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007**

| | Cops Universal Hiring | FEMA | Subtotals - page 1 | Subtotals - page 2 | Totals |
|--|-----------------------------|-----------------|-----------------------|-----------------------|-------------------|
| Revenue | | | | | |
| State - shared taxes | \$ - | \$ - | \$ 43,591 | \$ - | \$ 43,591 |
| Charge for services | - | - | 42,247 | 15,585 | 57,832 |
| Interest income | - | - | 14 | - | 14 |
| Miscellaneous income | - | - | 600 | 6,820 | 7,420 |
| Intergovernmental income | - | 15,000 | 7,627 | 7,077 | 29,704 |
| Federal grant | 25,074 | - | - | 454,362 | 479,436 |
| State grant | - | - | 132,813 | - | 132,813 |
| Total Revenues | 25,074 | 15,000 | 226,892 | 483,844 | 750,810 |
| Expenditures | | | | | |
| Current | | | | | |
| General Government | - | - | - | 2,105 | 2,105 |
| Public safety | 95,196 | 11,813 | 79,713 | 458,346 | 645,068 |
| Public works | - | - | 55,263 | 1,328 | 56,591 |
| Culture and recreation | - | - | 22,170 | 15,785 | 37,955 |
| Debt service principal | - | - | 12,435 | - | 12,435 |
| Debt service interest | - | - | 965 | - | 965 |
| Capital outlay | - | - | 202,481 | - | 202,481 |
| Total expenditures | 95,196 | 11,813 | 373,027 | 477,564 | 957,600 |
| Excess (deficiency) revenues over expenditures | (70,122) | 3,187 | (146,135) | 6,280 | (206,790) |
| Other financing sources (uses) | | | | | |
| Transfers in | 65,696 | - | 6,180 | 806 | 72,682 |
| Transfers out | - | - | (57,170) | (400) | (57,570) |
| Total other financing sources (uses) | 65,696 | - | (50,990) | 406 | 15,112 |
| Net change in fund balance | (4,426) | 3,187 | (197,125) | 6,686 | (191,678) |
| Fund balance - beginning of year | 4,611 | 1,887 | 409,366 | 18,309 | 434,173 |
| Fund balance - end of year | <u>\$ 185</u> | <u>\$ 5,074</u> | <u>\$ 212,241</u> | <u>\$ 24,995</u> | <u>\$ 242,495</u> |

The accompanying notes are an integral part of these financial statements

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

| | Budgeted Amounts | | | Favorable (Unfavorable) Difference |
|---|-------------------|-------------------|-------------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Fines & forfeitures | \$ 40,000 | \$ 40,000 | \$ 31,370 | \$ (8,630) |
| Interest income | - | - | - | - |
| Total revenues | <u>40,000</u> | <u>40,000</u> | <u>31,370</u> | <u>(8,630)</u> |
| Add: Budget cash | 137,987 | 137,987 | | |
| | <u>\$ 177,987</u> | <u>\$ 177,987</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 40,000 | 40,000 | 35,574 | 4,426 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>40,000</u> | <u>40,000</u> | <u>35,574</u> | <u>4,426</u> |
| Excess (deficiency) of revenues over expenditures | | | (4,204) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | (4,204) | |
| Differences between Non-GAAP and Modified GAAP | | | | |
| Accrued revenue | | | <u>-</u> | |
| Net change in fund balance (Modified GAAP) | | | (4,204) | |
| Fund balance – Beginning of year | | | <u>137,987</u> | |
| Fund balance – End of year | | | <u>\$ 133,783</u> | |

The accompanying notes are an integral part of these financial statements

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

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|------------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental income | \$ 7,627 | \$ 7,627 | \$ 8,403 | \$ 776 |
| Total revenues | <u>7,627</u> | <u>7,627</u> | <u>8,403</u> | <u>776</u> |
| Add: Budget cash | 2,680 | 2,680 | | |
| | <u>\$ 10,307</u> | <u>\$ 10,307</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 4,200 | 7,656 | 6,632 | 1,024 |
| Capital outlay | 3,427 | 3,427 | 2,683 | 744 |
| Total expenditures | <u>7,627</u> | <u>11,083</u> | <u>9,315</u> | <u>1,768</u> |
| Excess (deficiency) of revenues over expenditures | | | (912) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | (912) | |
| Differences between Non-GAAP and Modified GAAP | | | | |
| Adjust accrued expenditures | | | <u>108</u> | |
| Net change in fund balance (Modified GAAP) | | | (804) | |
| Fund balance – Beginning of year | | | <u>2,572</u> | |
| Fund balance – End of year | | | <u>\$ 1,768</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – FIRE PROTECTION FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|------------------|-------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental income | \$ 53,652 | \$ 53,652 | \$ 53,652 | \$ - |
| Miscellaneous income | - | - | 236 | 236 |
| Total revenues | <u>53,652</u> | <u>53,652</u> | <u>53,888</u> | <u>236</u> |
| Add: Budget cash | 8,348 | 8,348 | | |
| | <u>\$ 62,000</u> | <u>\$ 62,000</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 34,500 | 42,848 | 40,380 | 2,468 |
| Capital outlay | 12,111 | 12,111 | 11,152 | 959 |
| Total expenditures | <u>46,611</u> | <u>54,959</u> | <u>51,532</u> | <u>3,427</u> |
| Excess (deficiency) of revenues over expenditures | | | 2,356 | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | 2,356 | |
| Differences Between Non-GAAP and Modified GAAP | | | | |
| Accrued revenue | | 13,623 | | |
| Accrued expenditures | | <u>(22,441)</u> | <u>(8,818)</u> | |
| Net change in fund balance (Modified GAAP) | | | (6,462) | |
| Fund balance – Beginning of year | | | <u>472</u> | |
| Fund balance – End of year | | | <u>\$ (5,990)</u> | |

The accompanying notes are an integral part of these financial statements

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

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental income | \$ 23,600 | \$ 23,600 | \$ 23,600 | \$ - |
| Total revenues | <u>23,600</u> | <u>23,600</u> | <u>23,600</u> | <u>-</u> |
| Add: Budget cash | <u>3</u> | <u>3</u> | | |
| | <u>\$ 23,603</u> | <u>\$ 23,603</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 5,600 | 5,600 | 987 | 4,613 |
| Capital outlay | 18,000 | 20,000 | 20,704 | (704) |
| Total expenditures | <u>23,600</u> | <u>25,600</u> | <u>21,691</u> | <u>3,909</u> |
| Excess (deficiency) of revenues over expenditures | | | 1,909 | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | 1,909 | |
| Differences Between Non-GAAP and Modified GAAP | | | | |
| Accrued expenditure | | | <u>(8,215)</u> | |
| Net change in fund balance (Modified GAAP) | | | (6,306) | |
| Fund balance – Beginning of year | | | <u>3</u> | |
| Fund balance – End of year | | | <u>\$ (6,303)</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – LODGERS’ TAX FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Favorable (Unfavorable) Difference</u> |
|---|-------------------------|------------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Local taxes | \$ 21,600 | \$ 21,600 | \$ 3,880 | \$ (17,720) |
| Total revenues | <u>21,600</u> | <u>21,600</u> | <u>3,880</u> | <u>(17,720)</u> |
| Add: Budget cash | 3,314 | 3,314 | | |
| | <u>\$ 24,914</u> | <u>\$ 24,914</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 20,700 | 20,700 | 18,284 | 2,416 |
| Total expenditures | <u>20,700</u> | <u>20,700</u> | <u>18,284</u> | <u>2,416</u> |
| Excess (deficiency) of revenues over expenditures | | | (14,404) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 13,500 | 13,500 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>13,500</u> | <u>13,500</u> |
| Net change in fund balance (Non-GAAP) | | | (904) | |
| Differences Between Non-GAAP and Modified GAAP | | | | |
| Accrued revenue | | | <u>-</u> | |
| Net change in fund balance (Modified GAAP) | | | (904) | |
| Fund balance – Beginning of year | | | <u>2,414</u> | |
| Fund balance – End of year | | | <u>\$ 1,510</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – STREET IMPROVEMENT FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|-------------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| State-shared taxes | \$ 21,000 | \$ 21,000 | \$ 24,397 | \$ 3,397 |
| Miscellaneous revenues | 501 | 501 | - | (501) |
| State grants | 192,813 | 192,813 | 215,109 | 22,296 |
| Total revenues | <u>214,314</u> | <u>214,314</u> | <u>239,506</u> | <u>25,192</u> |
| Add: Budget cash | <u>67,769</u> | <u>67,769</u> | | |
| | <u>\$ 282,083</u> | <u>\$ 282,083</u> | | |
| Expenditures: | | | | |
| Operating expenditures | <u>214,314</u> | <u>424,314</u> | <u>364,823</u> | <u>59,491</u> |
| Total expenditures | <u>214,314</u> | <u>424,314</u> | <u>364,823</u> | <u>59,491</u> |
| Excess (deficiency) of revenues over expenditures | | | (125,317) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 84,717 | 84,717 |
| Transfers out | - | - | (12,000) | (12,000) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>72,717</u> | <u>72,717</u> |
| Net change in fund balance (Non-GAAP) | | | (52,600) | |
| Differences between Non-GAAP and Modified GAAP: | | | | |
| Accrued revenue | | - | | |
| Accrued expenditures | | <u>-</u> | <u>-</u> | |
| Net change in fund balance (Modified GAAP) | | | (52,600) | |
| Fund balance – Beginning of year | | | <u>67,769</u> | |
| Fund balance – End of year | | | <u>\$ 15,169</u> | |

The accompanying notes are an integral part of these financial statements

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

| | <u>Budgeted Amounts</u> | | Actual | Favorable (Unfavorable) Difference |
|---|-------------------------|-----------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| State-shared taxes | \$ 600 | \$ 600 | \$ 29 | \$ (571) |
| Total revenues | <u>600</u> | <u>600</u> | <u>29</u> | <u>(571)</u> |
| Add: Budget cash | 1,058 | 1,058 | | |
| | <u>\$ 1,658</u> | <u>\$ 1,658</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 5,720 | 5,720 | 3,588 | 2,132 |
| Total expenditures | <u>5,720</u> | <u>5,720</u> | <u>3,588</u> | <u>2,132</u> |
| Excess (deficiency) of revenues over expenditures | | | (3,559) | |
| Other financing sources (uses): | | | | |
| Transfers in | 5,000 | 5,000 | 5,000 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | 1,441 | |
| Differences Between Non-GAAP and Modified GAAP: | | | | |
| Adjust accrued expenditures | | | <u>106</u> | |
| Net change in fund balance (Modified GAAP) | | | 1,547 | |
| Fund balance – Beginning of year | | | <u>1,024</u> | |
| Fund balance – End of year | | | <u>\$ 2,571</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – COURT AUTOMATION FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|------------------|---------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| State grants | \$ 9,000 | \$ 9,000 | \$ 4,232 | \$ (4,768) |
| Total revenues | <u>9,000</u> | <u>9,000</u> | <u>4,232</u> | <u>(4,768)</u> |
| Add: Budget cash | 3,926 | 3,926 | | |
| | <u>\$ 12,926</u> | <u>\$ 12,926</u> | | |
| Expenditures: | | | | |
| Capital outlay | 6,000 | 11,000 | 10,494 | 506 |
| Total expenditures | <u>6,000</u> | <u>11,000</u> | <u>10,494</u> | <u>506</u> |
| Excess (deficiency) of revenues over expenditures | | | (6,262) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | (6,262) | |
| Differences Between Non-GAAP and Modified GAAP: | | | | |
| Adjust accrued revenue | | (526) | | |
| Adjust accrued expenditures | | (123) | | |
| Adjust transfers | | <u>6,911</u> | <u>6,262</u> | |
| Net change in fund balance (Modified GAAP) | | | - | |
| Fund balance – Beginning of year | | | <u>-</u> | |
| Fund balance – End of year | | | <u>\$ -</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – FIESTA FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | Budgeted Amounts | | | Favorable (Unfavorable) Difference |
|---|------------------|------------------|-----------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Charges for services | \$ 16,200 | \$ 16,200 | \$ 17,818 | \$ 1,618 |
| Miscellaneous income | - | - | - | - |
| Total revenues | <u>16,200</u> | <u>16,200</u> | <u>17,818</u> | <u>1,618</u> |
| Add: Budget cash | 5,395 | 5,395 | | |
| | <u>\$ 21,595</u> | <u>\$ 21,595</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 16,200 | 16,200 | 7,987 | 8,213 |
| Capital outlay | 10,000 | 11,000 | 9,435 | 1,565 |
| Total expenditures | <u>26,200</u> | <u>27,200</u> | <u>17,422</u> | <u>9,778</u> |
| Excess (deficiency) of revenues over expenditures | | | 396 | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | 396 | |
| Differences Between Non-GAAP and Modified GAAP: | | | | |
| Adjust accrued revenue | | | <u>-</u> | |
| Net change in fund balance (Modified GAAP) | | | 396 | |
| Fund balance – Beginning of year | | | <u>5,394</u> | |
| Fund balance – End of year | | | <u>\$ 5,790</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – FEMA RELIEF FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|---------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Federal grants | \$ 37,821 | \$ - | \$ - | \$ - |
| Total revenues | <u>37,821</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Add: Budget cash | - | - | | |
| | <u>\$ 37,821</u> | <u>\$ -</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 37,821 | 53,625 | 16,023 | 37,602 |
| Total expenditures | <u>37,821</u> | <u>53,625</u> | <u>16,023</u> | <u>37,602</u> |
| Excess (deficiency) of revenues over expenditures | | | (16,023) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (14,090) | (14,090) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(14,090)</u> | <u>(14,090)</u> |
| Net change in fund balance (Non-GAAP) | | | (30,113) | |
| Differences Between Non-GAAP and Modified GAAP: | | | | |
| Adjust deferred revenue | | | <u>53,626</u> | |
| Net change in fund balance (Modified GAAP) | | | 23,513 | |
| Fund balance – Beginning of year | | | <u>-</u> | |
| Fund balance – End of year | | | <u>\$ 23,513</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – NM HIDTA FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|-------------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Federal grants | \$ 311,681 | \$ 311,681 | \$ 311,807 | \$ 126 |
| Miscellaneous income | 200 | 200 | 102 | (98) |
| Total revenues | <u>311,881</u> | <u>311,881</u> | <u>311,909</u> | <u>28</u> |
| Add: Budget cash | 106,217 | 106,217 | | |
| | <u>\$ 418,098</u> | <u>\$ 418,098</u> | | |
| Expenditures: | | | | |
| Personnel services | 90,167 | 98,167 | 90,779 | 7,388 |
| Operating expenditures | 120,901 | 235,901 | 152,551 | 83,350 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>211,068</u> | <u>334,068</u> | <u>243,330</u> | <u>90,738</u> |
| Excess (deficiency) of revenues over expenditures | | | 68,579 | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | 68,579 | |
| Differences Between Non-GAAP and Modified GAAP: | | | | |
| Adjust accrued expenditures | | | <u>(63,232)</u> | |
| Net change in fund balance (Modified GAAP) | | | 5,347 | |
| Fund balance – Beginning of year | | | <u>1,416</u> | |
| Fund balance – End of year | | | <u>\$ 6,763</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – ISC HIDTA FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|-------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Federal grant | \$ 280,926 | \$ 280,926 | \$ 278,155 | \$ (2,771) |
| Miscellaneous income | - | - | 334 | 334 |
| Total revenues | <u>280,926</u> | <u>280,926</u> | <u>278,489</u> | <u>(2,437)</u> |
| Add: Budget cash | <u>122,946</u> | <u>122,946</u> | | |
| | <u>\$ 403,872</u> | <u>\$ 403,872</u> | | |
| Expenditures: | | | | |
| Personnel services | 45,966 | 45,966 | 42,800 | 3,166 |
| Operating expenditures | 141,640 | 271,640 | 273,439 | (1,799) |
| Total expenditures | <u>187,606</u> | <u>317,606</u> | <u>316,239</u> | <u>1,367</u> |
| Excess (deficiency) of revenues over expenditures | | | (37,750) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | (37,750) | |
| Differences Between Non-GAAP and Modified GAAP: | | | | |
| Adjust accrued expenditures | | | <u>8,578</u> | |
| Net change in fund balance (Modified GAAP) | | | (29,172) | |
| Fund Balance – Beginning of Year | | | <u>16,630</u> | |
| Fund Balance – End of Year | | | <u>\$ (12,542)</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – RIDTF HIDTA FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|--------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Federal grants | \$ - | \$ - | \$ - | \$ - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Add: Budget cash | 1 | 1 | | |
| | <u>\$ 1</u> | <u>\$ 1</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 1,159 | 1,159 | - | 1,159 |
| Total expenditures | <u>1,159</u> | <u>1,159</u> | <u>-</u> | <u>1,159</u> |
| Excess (deficiency) of revenues over expenditures | | | - | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Modified GAAP) | | | - | |
| Fund balance – Beginning of year | | | <u>1,160</u> | |
| Fund balance – End of year | | | <u>\$ 1,160</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – ALLTEL FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
 For the Year-Ended June 30, 2008

| | Budgeted Amounts | | | Favorable (Unfavorable) Difference |
|---|------------------|-------|--------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Miscellaneous revenues | \$ - | \$ - | \$ - | \$ - |
| Total revenues | - | - | - | - |
| Add: Budget cash | - | - | | |
| | \$ - | \$ - | | |
| Expenditures: | | | | |
| Operating expenditures | - | 395 | - | 395 |
| Total expenditures | - | 395 | - | 395 |
| Excess (deficiency) of revenues over expenditures | | | - | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balance (Modified GAAP) | | | - | |
| Fund balance – Beginning of year | | | 395 | |
| Fund balance – End of year | | | \$ 395 | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – COPS UNIVERSAL HIRING FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Favorable (Unfavorable) Difference</u> |
|---|-------------------------|------------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Federal grants | \$ 31,038 | \$ 31,038 | \$ 31,038 | \$ - |
| Total revenues | <u>31,038</u> | <u>31,038</u> | <u>31,038</u> | <u>-</u> |
| Add: Budget cash | - | - | | |
| | <u>\$ 31,038</u> | <u>\$ 31,038</u> | | |
| Expenditures: | | | | |
| Personnel services | 94,933 | 104,933 | 102,703 | 2,230 |
| Total expenditures | <u>94,933</u> | <u>104,933</u> | <u>102,703</u> | <u>2,230</u> |
| Excess (deficiency) of revenues over expenditures | | | (71,665) | |
| Other financing sources (uses): | | | | |
| Transfers in | 63,710 | 63,710 | 73,710 | 10,000 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>63,710</u> | <u>63,710</u> | <u>73,710</u> | <u>10,000</u> |
| Net change in fund balance (Non-GAAP) | | | 2,045 | |
| Differences between Non-GAAP and Modified GAAP: | | | | |
| Accrued expenditures | | | <u>-</u> | |
| Net change in fund balance (Modified GAAP) | | | 2,045 | |
| Fund balance – Beginning of year | | | <u>185</u> | |
| Fund balance – End of year | | | <u>\$ 2,230</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SPECIAL REVENUE FUND – FEMA FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|---|-------------------------|--------------|---------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental revenue | \$ - | \$ - | \$ - | \$ - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Add: Budget cash | <u>-</u> | <u>-</u> | | |
| | <u>\$ -</u> | <u>\$ -</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 13,365 | 6,125 | 6,125 | - |
| Total expenditures | <u>13,365</u> | <u>6,125</u> | <u>6,125</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | | | (6,125) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 1,051 | 1,051 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>1,051</u> | <u>1,051</u> |
| Net change in fund balance (Modified GAAP) | | | (5,074) | |
| Fund Balance – Beginning of year | | | <u>5,074</u> | |
| Fund Balance - End of year | | | <u>\$ -</u> | |

The accompanying notes are an integral part of these financial statements

CAPITAL PROJECT FUND TYPES

STATE OF NEW MEXICO
TOWN OF MESILLA
CAPITAL PROJECT FUND TYPES
Combining Balance Sheet
June 30, 2008

| | CDBG Improvements | Senior Center | Teen Center | Totals |
|------------------------------------|----------------------|------------------|------------------|------------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ - | \$ 5,397 | \$ - | \$ 5,397 |
| Accounts receivable | - | - | - | - |
| Due from other governments | - | - | 21,192 | 21,192 |
| Total assets | <u>\$ -</u> | <u>\$ 5,397</u> | <u>\$ 21,192</u> | <u>\$ 26,589</u> |
| Liabilities and fund balance: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Due from other funds | - | - | 21,192 | 21,192 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>21,192</u> | <u>21,192</u> |
| Fund balances: | | | | |
| Reserved for capital projects | - | 5,397 | - | 5,397 |
| Total fund balance | <u>-</u> | <u>5,397</u> | <u>-</u> | <u>5,397</u> |
| Total liabilities and fund balance | <u>\$ -</u> | <u>\$ 5,397</u> | <u>\$ 21,192</u> | <u>\$ 26,589</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
CAPITAL PROJECT FUND TYPES
Combining Balance Sheet
June 30, 2007

| | CDBG Improvements | Senior Center | Totals |
|------------------------------------|----------------------|------------------|-----------------|
| Assets: | | | |
| Cash and cash equivalents | \$ - | \$ 7,397 | \$ 7,397 |
| Due from other governments | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ 7,397</u> | <u>\$ 7,397</u> |
| Liabilities and fund balance: | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | |
| Reserved for capital projects | - | 7,397 | 7,397 |
| Total fund balance | <u>-</u> | <u>7,397</u> | <u>7,397</u> |
| Total liabilities and fund balance | <u>\$ -</u> | <u>\$ 7,397</u> | <u>\$ 7,397</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
CAPITAL PROJECT FUND TYPES
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2008

| | CDBG | | | Totals |
|---|--------------|-----------------|---------------|-----------------|
| | Improvements | Senior Center | Teen Center | |
| Revenues: | | | | |
| State grant | \$ - | \$ 14,210 | \$ 24,886 | \$ 39,096 |
| Federal grant | - | - | - | - |
| Interest revenue | - | - | - | - |
| Total revenues | <u>-</u> | <u>14,210</u> | <u>24,886</u> | <u>39,096</u> |
| Expenditures: | | | | |
| Capital outlay | - | 16,210 | 24,886 | 41,096 |
| Total expenditures | <u>-</u> | <u>16,210</u> | <u>24,886</u> | <u>41,096</u> |
| Excess (deficiency) revenues over expenditure | - | (2,000) | - | (2,000) |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | - | (2,000) | - | (2,000) |
| Fund balance – Beginning of year | <u>-</u> | <u>7,397</u> | <u>-</u> | <u>7,397</u> |
| Fund balance – End of year | <u>\$ -</u> | <u>\$ 5,397</u> | <u>\$ -</u> | <u>\$ 5,397</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
CAPITAL PROJECT FUND TYPES
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2007

| | CDBG | | Totals |
|---|----------------|-----------------|-----------------|
| | Improvements | Senior Center | |
| Revenues: | | | |
| State grant | \$ - | \$ 129,476 | \$ 129,476 |
| Federal grant | 230,979 | - | 230,979 |
| Interest revenue | - | - | - |
| Total revenues | <u>230,979</u> | <u>129,476</u> | <u>360,455</u> |
| Expenditures: | | | |
| Capital outlay | 230,979 | 135,476 | 366,455 |
| Total expenditures | <u>230,979</u> | <u>135,476</u> | <u>366,455</u> |
| Excess (deficiency) revenues over expenditure | - | (6,000) | (6,000) |
| Other financing sources (uses): | | | |
| Operating transfers in | - | 1,250 | 1,250 |
| Operating transfers out | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>1,250</u> | <u>1,250</u> |
| Net change in fund balance | - | (4,750) | (4,750) |
| Fund balance – Beginning of year | <u>-</u> | <u>12,147</u> | <u>12,147</u> |
| Fund balance – End of year | <u>\$ -</u> | <u>\$ 7,397</u> | <u>\$ 7,397</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
CAPITAL PROJECT FUND – CDBG IMPROVEMENTS
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Favorable (Unfavorable) Difference</u> |
|---|-------------------------|-------------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Federal grants | \$ 25,000 | \$ 425,000 | \$ - | \$ (425,000) |
| Total revenues | <u>25,000</u> | <u>425,000</u> | <u>-</u> | <u>(425,000)</u> |
| Add: Budget cash | - | - | | |
| | <u>\$ 25,000</u> | <u>\$ 425,000</u> | | |
| Expenditures: | | | | |
| Capital outlay | 25,000 | 425,000 | - | 425,000 |
| Total expenditures | <u>25,000</u> | <u>425,000</u> | <u>-</u> | <u>425,000</u> |
| Excess (deficiency) of revenues over expenditures | | | - | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Modified GAAP) | | | - | |
| Fund balance – Beginning of year | | | <u>-</u> | |
| Fund balance – End of year | | | <u>\$ -</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
CAPITAL PROJECT FUND – SENIOR CENTER
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Favorable (Unfavorable) Difference</u> |
|---|-------------------------|------------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| State grants | \$ 23,636 | \$ 23,636 | \$ 14,210 | \$ (9,426) |
| Total revenues | <u>23,636</u> | <u>23,636</u> | <u>14,210</u> | <u>(9,426)</u> |
| Add: Budget cash | - | - | | |
| | <u>\$ 23,636</u> | <u>\$ 23,636</u> | | |
| Expenditures: | | | | |
| Operating expenditures | 30,760 | 31,033 | 16,210 | 14,823 |
| Total expenditures | <u>30,760</u> | <u>31,033</u> | <u>16,210</u> | <u>14,823</u> |
| Excess (deficiency) of revenues over expenditures | | | (2,000) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | | | (2,000) | |
| Fund balance – Beginning of year | | | <u>7,397</u> | |
| Fund balance – End of year | | | <u>\$ 5,397</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
CAPITAL PROJECT FUND – TEEN CENTER
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Favorable (Unfavorable) Difference</u> |
|---|-------------------------|---------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| State grants | \$ - | \$ - | \$ 3,694 | \$ 3,694 |
| Total revenues | <u>-</u> | <u>-</u> | <u>3,694</u> | <u>3,694</u> |
| Add: Budget cash | <u>-</u> | <u>-</u> | | |
| | <u>\$ -</u> | <u>\$ -</u> | | |
| Expenditures: | | | | |
| Capital outlay | - | 25,000 | 24,886 | 114 |
| Total expenditures | <u>-</u> | <u>25,000</u> | <u>24,886</u> | <u>114</u> |
| Excess (deficiency) of revenues over expenditures | | | (21,192) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance (Non-GAAP) | | | (21,192) | |
| Differences between Non-GAAP and Modified GAAP: | | | | |
| Accrued revenues | | | <u>21,192</u> | |
| Net change in fund balance (Modified GAAP) | | | - | |
| Fund balance – Beginning of year | | | <u>-</u> | |
| Fund balance – End of year | | | <u>\$ -</u> | |

The accompanying notes are an integral part of these financial statements

PROPRIETARY FUND

STATE OF NEW MEXICO
TOWN OF MESILLA
PROPRIETARY FUND – JOINT UTILITY
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | | Favorable (Unfavorable) Difference |
|-----------------------------|-------------------------|-------------------|----------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Sales of services and fees: | | | | |
| Water | \$ 237,000 | \$ 237,000 | \$ 191,017 | \$ (45,983) |
| Wastewater | 173,250 | 173,250 | 156,876 | (16,374) |
| Solid Waste | 136,500 | 136,500 | 158,177 | 21,677 |
| Connections | - | - | - | - |
| Penalties | - | - | 12,209 | 12,209 |
| State-shared taxes | 25,000 | 25,000 | 24,031 | (969) |
| Deposits received | - | - | - | - |
| Miscellaneous revenues | 14,500 | 17,500 | 22,534 | 5,034 |
| State grants | 87,374 | - | 9,109 | 9,109 |
| Interest income | - | - | 10,474 | 10,474 |
| Total revenues | <u>673,624</u> | <u>589,250</u> | <u>584,427</u> | <u>(4,823)</u> |
| Add: Beginning cash | <u>275,240</u> | <u>275,240</u> | | |
| | <u>\$ 948,864</u> | <u>\$ 864,490</u> | | |
| EXPENDITURES: | | | | |
| Water: | | | | |
| Personnel services | 79,337 | 80,337 | 81,122 | (785) |
| Operating expenses | 121,600 | 122,600 | 101,786 | 20,814 |
| Capital outlay | 25,000 | 25,000 | 30,020 | (5,020) |
| | <u>225,937</u> | <u>227,937</u> | <u>212,928</u> | <u>15,009</u> |
| Wastewater: | | | | |
| Personnel services | 33,962 | 33,962 | 16,594 | 17,368 |
| Operating expenses | 165,300 | 165,300 | 153,463 | 11,837 |
| | <u>199,262</u> | <u>199,262</u> | <u>170,057</u> | <u>29,205</u> |
| Solid waste: | | | | |
| Personnel services | 120,455 | 120,455 | 117,030 | 3,425 |
| Operating expenses | 131,300 | 176,700 | 175,737 | 963 |
| Capital outlay | - | - | 777 | (777) |
| | <u>251,755</u> | <u>297,155</u> | <u>293,544</u> | <u>3,611</u> |
| Water improvement: | | | | |
| Capital outlay | 87,373 | - | - | - |
| Water rights acquisitions | - | - | - | - |
| Water rights management | - | - | - | - |
| Water rights development | - | - | - | - |
| | <u>87,373</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>764,327</u> | <u>724,354</u> | <u>676,529</u> | <u>47,825</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
PROPRIETARY FUND – JOINT UTILITY
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Favorable (Unfavorable) Difference</u> |
|---|-------------------------|-----------------|----------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Excess (deficiency) of revenues over expenditures | | | (92,102) | |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 12,000 | 12,000 |
| Transfers out | - | (395) | (26,000) | (25,605) |
| Total other financing sources (uses) | <u>-</u> | <u>(395)</u> | <u>(14,000)</u> | <u>(13,605)</u> |
| Net change in fund balance (Non-GAAP) | | | (106,102) | |
| Difference between Non-GAAP and Modified GAAP | | | | |
| Adjust accrued revenue | | 1,574 | | |
| Depreciation expense | | (113,922) | | |
| Capital outlay | | 34,856 | | |
| Adjust for accrued expenses | | <u>(14,963)</u> | <u>(92,455)</u> | |
| Net change in fund balance (Modified GAAP) | | | (198,557) | |
| Fund balance-Beginning of year | | | <u>2,016,531</u> | |
| Fund balance-End of year | | | <u><u>\$ 1,817,974</u></u> | |

The accompanying notes are an integral part of these financial statements

AGENCY FUNDS

STATE OF NEW MEXICO
TOWN OF MESILLA
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES FOR THE AGENCY FUNDS
For the Years-Ended June 30,

| | Balance 6/30/2006 | Receipts | Disbursements | Balance 6/30/2007 | Receipts | Disbursements | Balance 6/30/2008 |
|------------------------------|----------------------|------------------|------------------|----------------------|------------------|-------------------|----------------------|
| Municipal Court Bonds | | | | | | | |
| Assets: | | | | | | | |
| Cash | \$ 13,590 | \$ 33,001 | \$ 37,066 | \$ 9,525 | \$ - | \$ 9,525 | \$ - |
| Municipal court bonds | - | - | - | - | 13,685 | - | 13,685 |
| Total assets | <u>\$ 13,590</u> | <u>\$ 33,001</u> | <u>\$ 37,066</u> | <u>\$ 9,525</u> | <u>\$ -</u> | <u>\$ 9,525</u> | <u>\$ -</u> |
| Liabilities: | | | | | | | |
| Held for others | \$ 13,590 | \$ 33,001 | \$ 37,066 | \$ 9,525 | \$ 38,038 | \$ 33,878 | \$ 13,685 |
| Total liabilities | <u>\$ 13,590</u> | <u>\$ 33,001</u> | <u>\$ 37,066</u> | <u>\$ 9,525</u> | <u>\$ 38,038</u> | <u>\$ 33,878</u> | <u>\$ 13,685</u> |
| Revolving Loan Fund | | | | | | | |
| Assets: | | | | | | | |
| Cash | \$ 22,338 | \$ - | \$ 7,327 | \$ 15,011 | \$ - | \$ 15,011 | \$ - |
| Investments | 90,000 | 10,000 | - | 100,000 | - | 100,000 | - |
| Accrued interest receivable | 920 | 890 | 920 | 890 | - | 890 | - |
| Total assets | <u>\$ 113,258</u> | <u>\$ 10,890</u> | <u>\$ 8,247</u> | <u>\$ 115,901</u> | <u>\$ -</u> | <u>\$ 115,901</u> | <u>\$ -</u> |
| Liabilities: | | | | | | | |
| Held for others | \$ 113,258 | \$ 10,890 | \$ 8,247 | \$ 115,901 | \$103,803 | \$ 219,704 | \$ - |
| Total liabilities | <u>\$ 113,258</u> | <u>\$ 10,890</u> | <u>\$ 8,247</u> | <u>\$ 115,901</u> | <u>\$103,803</u> | <u>\$ 219,704</u> | <u>\$ -</u> |
| Summary | | | | | | | |
| Assets: | | | | | | | |
| Cash | \$ 35,928 | \$ 33,001 | \$ 44,393 | \$ 24,536 | \$ - | \$ 24,536 | \$ - |
| Investments | 90,000 | 10,000 | - | 100,000 | - | 100,000 | - |
| Accrued Interest Receivable | 920 | 890 | 920 | 890 | - | 890 | - |
| Total Assets | <u>\$ 126,848</u> | <u>\$ 43,891</u> | <u>\$ 45,313</u> | <u>\$ 125,426</u> | <u>\$ -</u> | <u>\$ 125,426</u> | <u>\$ -</u> |
| Liabilities: | | | | | | | |
| Held for Others | \$ 126,848 | \$ 43,891 | \$ 45,313 | \$ 125,426 | \$141,841 | \$ 253,582 | \$ 13,685 |
| Total Liabilities | <u>\$ 126,848</u> | <u>\$ 43,891</u> | <u>\$ 45,313</u> | <u>\$ 125,426</u> | <u>\$141,841</u> | <u>\$ 253,582</u> | <u>\$ 13,685</u> |

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
TOWN OF MESILLA
Schedule of Depositories
June 30, 2008

| First National Bank | Type | Amount Per Bank | Plus Deposit in Transit | Less O/S Checks | Balance Per Books |
|----------------------|------|--------------------|----------------------------|--------------------|----------------------|
| General Fund | CK | \$ 175,151 | \$ 2,341 | \$ 4,009 | \$ 173,483 |
| Clearing Account | CK | 57,696 | 6,531 | 62,963 | 1,264 |
| HIDTA Fund | CK | 3,083 | 105 | - | 3,188 |
| Municipal Court Bond | CK | 13,685 | - | - | 13,685 |
| Joint Utilities Fund | CK | 139,742 | 3,281 | 2,533 | 140,490 |
| Totals | | <u>\$ 389,357</u> | <u>\$ 12,258</u> | <u>\$ 69,505</u> | <u>\$ 332,110</u> |

| | |
|---|-------------------|
| | <u>Total</u> |
| Amount Held in Bank June 30, 2008 | \$ 389,357 |
| Less FDIC Insurance | <u>100,000</u> |
| Uninsured Public Funds | <u>289,357</u> |
| 50% Collateral Requirement (Section 6-10-17 NMSA-1978) | 144,679 |
| Pledged Security | <u>1,047,500</u> |
| Over (Under) Collateral | <u>\$ 902,822</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2008

| Security Description | Fair Market Value | Name and Location Of Safe keeper |
|--|----------------------|---|
| Dulce NM ISD-FSA INSD, CUSIP # 264430FJ3 Maturing 7/01/12 | \$ 365,000 | Federal Home Loan Bank Dallas, Texas |
| MBS FNMA 15-YR Conv 778718, CUSIP # 31404UDX5. Maturing 8/1/12 | 300,000 | Federal Home Loan Bank Dallas, Texas |
| MBS FHLMC 15-YR M30297, CUSIP #31282CKJ5, Maturing 9/01/12 | 382,500 | Federal Home Loan Bank Dallas, Texas |
| | <u>\$ 1,047,500</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF CASH HELD BY STATE TREASURER
June 30, 2008

| <u>NMFA</u> | | |
|----------------------|----|-------------------------|
| 55 TH SUP | CK | \$ 321 |
| 2004B PPRF | CK | <u>17,320</u> |
| | | <u><u>\$ 17,641</u></u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
Schedule of Grants
June 30, 2008

| | <u>State Grant</u> | <u>Federal Grant</u> | <u>Total</u> |
|--|---------------------|----------------------|---------------------|
| NM Department of Finance and Administration, Local Government Division, GF 05-L-G-1438 | \$ 79,348 | \$ - | \$ 79,348 |
| NM Department of Finance and Administration, Local Government Division, GF 06-L-G-408 | 70,000 | - | 70,000 |
| NM Department of Finance and Administration, Local Government Division, GF 05-L-G-298 | 217,800 | - | 217,800 |
| NM Department of Finance and Administration, Local Government Division, GF 06-L-G-1603 | 316,800 | - | 316,800 |
| NM Department of Finance and Administration, Local Government Division, GF 06-L-G-1605 | 100,000 | - | 100,000 |
| NM Department of Finance and Administration, Local Government Division, GF 06-L-G-1606 | 24,886 | - | 24,886 |
| New Mexico Aging and Long-Term Services Department, #2005-169 | 14,210 | - | 14,210 |
| New Mexico Department of Transportation, #SP-1-08(912) | 42,400 | - | 42,400 |
| New Mexico Department of Transportation, #SP-GA-5554(202) | 115,709 | - | 115,709 |
| New Mexico Department of Transportation, #SP-GA-7613(238) | 7,000 | - | 7,000 |
| New Mexico Department of Transportation, #SP-1-07 | 50,000 | - | 50,000 |
| Executive Office of the President, Office of National Drug Control Policy, #I7PSNP575Z | - | 587,805 | 587,805 |
| Executive Office of the President, Office of National Drug Control Policy, #I6PSNP575Z | - | 309,593 | 309,593 |
| Executive Office of the President, Office of National Drug Control Policy, #I5PSNP575Z | - | 41,476 | 41,476 |
| Executive Office of the President, Office of National Drug Control Policy, #I4PSNP575Z | - | 12,318 | 12,318 |
| US Department of Justice, COPS #2002UMWX0232 | - | 31,038 | 31,038 |
| LCPS Grant, FYE 2008 | 28,000 | - | 28,000 |
| Totals | <u>\$ 1,066,153</u> | <u>\$ 982,230</u> | <u>\$ 2,048,383</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF MESILLA
Joint Powers Agreements
June 30, 2008

Inmate Housing

Participants: County of Doña Ana and Town of Mesilla
Responsible Party: County of Doña Ana
Description: This agreement was entered into to provide for the housing of prisoners at Doña Ana County Detention Center
Period: July 1, 2008 to June 30, 2009
Project Costs: Town of Mesilla agrees to pay \$87 per day per prisoner
County Contributions: Undeterminable
Audit Responsibility: County of Doña Ana

Wildfire Management – Town of Mesilla

Participants: New Mexico Energy, Minerals and Natural Resources Department and Town of Mesilla
Responsible Party: New Mexico Energy, Minerals and Natural Resources Department
Description: This agreement is to document the commitment to wildfire suppression, protection responsibilities, interagency cooperation and coordination, reimbursement for use of shared resources on wildfires, mutual wildfire suppression, management assistance, cooperation and use of federal excess property.
Period: Perpetual
Project Costs: Undeterminable
County Contributions: Undeterminable
Audit Responsibility: New Mexico Energy, Minerals and Natural Resources Department

Master Fire Cooperative Agreement – Town of Mesilla

Participants: Bureau of Land Management, Department of Interior and Town of Mesilla
Responsible Party: Bureau of Land Management, Department of Interior
Description: To assist with local initial attack operations of short duration.
Period: Perpetual
Project Costs: Undeterminable
County Contributions: Undeterminable
Audit Responsibility: Bureau of Land Management, Department of Interior

STATE OF NEW MEXICO
TOWN OF MESILLA
Joint Powers Agreements
June 30, 2008

Mesilla Valley Regional Dispatch Authority (MVRDA)

| | |
|-----------------------|---|
| Participants: | Village of Hatch, Dona Aña County (DAC), City of Las Cruces, Town of Mesilla, City of Sunland Park |
| Responsible Party: | DAC |
| Description: | DAC shall continue to provide space, utilities, and janitorial services for MVRDA, consistent with DAC policies and procedures providing space and services for DAC entities. |
| Period: | Perpetual |
| Project Costs: | Undeterminable |
| County Contributions: | Undeterminable |
| Audit Responsibility: | MVRDA |

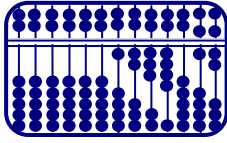
STATE OF NEW MEXICO
TOWN OF MESILLA
Schedule of Expenditures of Federal Awards
June 30, 2008

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Program or Grant Number | Award Amount | Expenditures |
|---|---------------------------|----------------------------|--------------------|-------------------|
| US Department of Justice, COPS | 16.710 | #2002UMWX0232 | 75,000 | 31,038 |
| Executive Office of the President, Office of National Drug Control Policy | 7.999 | #I4PSNP575Z | 619,765 | 12,318 |
| Executive Office of the President, Office of National Drug Control Policy | 7.999 | #I5PSNP575Z | 629,829 | 41,476 |
| Executive Office of the President, Office of National Drug Control Policy | 7.999 | #I6PSNP575Z | 880,002 | 309,593 |
| Executive Office of the President, Office of National Drug Control Policy | 7.999 | #I7PSNP575Z | 850,619 | 587,805 |
| Total | | | <u>\$3,055,215</u> | <u>\$ 982,230</u> |

Note 1. Basis of Presentation

The above Schedule of Expenditures of federal awards includes the federal grant activity of the Town of Mesilla and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

COMPLIANCE SECTION



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

**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***

Hector H. Balderas
New Mexico State Auditor
The Board of Trustees
Town of Mesilla, New Mexico

We have audited the financial statements of the governmental activities, each major fund, business-type activities and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and budgetary comparisons presented as supplemental information of the Town of Mesilla as of and for the year-ended June 30, 2008, and have issued our report thereon dated March 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course or performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiency described as 08-01 thru 08-05 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial will not be prevented or detected by the agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above it is not a material weakness.

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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

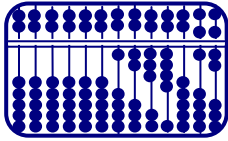
The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, Federal and State Awarding agencies, the Office of the New Mexico State Auditor, the New Mexico State Legislature, and the New Mexico Department of Finance and Administration local governments and is not intended to be and should not be used by anyone other than these specified parties.



Marcus, Fairall, Bristol + Co., L.L.P.
El Paso, Texas

March 11, 2009



MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas
New Mexico State Auditor
The Board of Trustees
Town of Mesilla, New Mexico

Compliance

We have audited the compliance of the Town of Mesilla with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year-ended June 30, 2008. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Mesilla's management. Our responsibility is to express an opinion on the Town of Mesilla's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that could have a direct and material effect on a major federal program occurred. An audit includes the examining, on a test basis, evidence about the Town of Mesilla's compliance with those requirements and performing of such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Mesilla's compliance with those requirements.

In our opinion the Town of Mesilla complied, in all material respects, with the types of compliance requirements that apply to each of its major federal programs for the year-ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of non-compliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 08-06.

Internal Control Over Compliance

The management of the Town of Mesilla's is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Mesilla's internal control over compliance with requirements that could have a direct and material effect on a major federal program, in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Mesilla's internal control over compliance.

A Firm of Certified Public Accountants
6090 Surety Drive, Suite 100 • El Paso, TX 79905 • (915) 775-1040
Facsimile:(915) 775-1849 • marcfair@marcfair.com

Our consideration of internal control over compliance was for the limited purpose of described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-06 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Board of Trustees, management, Federal and State Awarding agencies, the Office of the New Mexico State Auditor, the New Mexico State Legislature, and the New Mexico Department of Finance and Administration local governments and is not intended to be and should not be used by anyone other than these specified parties.



Marcus, Fairall, Bristol + Co., L.L.P.
El Paso, Texas

March 11, 2009

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year-Ended June 30, 2008**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? _____ Yes _____ X No
- Significant deficiency (s) identified that are not considered to be material weaknesses? _____ X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? _____ Yes _____ X No
- Significant deficiency (s) identified that are not considered to be material weakness (es)? _____ X Yes _____ None reported

Type of auditors’ report issued on compliance with major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ X Yes _____ No

Identification of Major Programs:

CDEFA Number
07.999

Name of Federal Program or Cluster
High Intensity Drug Trafficking Area Funding,
Executive Office of the President, Passed through the
Office of National Drug Control Policy

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee _____ Yes _____ X No

STATE OF NEW MEXICO
TOWN OF MESILLA
Findings and Questioned Costs
June 30, 2008

Section II – Findings – Financial Statements

Prior Year Reportable Findings and Questioned Costs – Financial Statement Findings:

Finding 07-01 Allowance for Doubtful Accounts - Repeated

Current Year Reportable Findings and Questioned Costs – Financial statement Findings:

Finding 08-01 Allowance for Doubtful Accounts

Condition

The Town failed to establish an allowance for doubtful accounts in the Joint Utilities Fund.

Criteria

GASB Statement No. 34, ¶100 states Proprietary Fund revenues should be reported net of allowances with the allowance amount disclosed on the financial statements.

Effect

Uncollectible receivable amounts from customers that are not being charged off. There are balances totaling \$11,047 which have been due from customers for over four months.

Cause

The Town personnel did not realize the actual uncollectible balance due until the current fiscal year. The realization occurred after the implementation of new accounting software.

Recommendation

The Town personnel need to establish a policy for determining an allowance for uncollectible receivables.

Response

Management established a policy for Allowance for Doubtful Accounts in the Joint Utilities Fund with the adoption of Resolution 2007-39. However, the policy was implemented manually and was not in the new accounting system. Staff will incorporate the policy in the new accounting system for the upcoming fiscal year.

Finding 08-02 Cash Balance on Trial Balance does not equal Bank Reconciliation

Condition

The Town's bank reconciliation does not balance to the summation of all the cash accounts in the various funds. An adjustment of \$2,991 was required to balance the funds to the reconciliation.

Criteria

GASB concept statement #1 explain, "Financial reporting should assist users in evaluating the operating results of the governmental entity for the year by ...providing information about how it financed its activities and met its cash requirements." When the bank reconciliation does not match the total of all cash in the trial balance, the financial statements are not providing the user with the correct cash information.

Effect

Reconciliations aid management in discovering irregularities in the cash transactions.

Cause

The reconciliations are not reconciled to the pooled cash accounts in the trial balance.

Recommendation

The Town needs to establish procedures to reconcile the bank statements to the pooled cash accounts that are provided in the trial balance.

STATE OF NEW MEXICO
TOWN OF MESILLA
Findings and Questioned Costs
June 30, 2008

Section II – Findings – Financial Statements (continued)

Finding 08-02 Cash Balance on Trial Balance does not equal Bank Reconciliation (continued)

Response

Management will establish and implement procedures to reconcile bank statements to the funds within the pooled cash accounts.

Finding 08-03 Depreciation calculated incorrectly

Condition:

The town provided a book asset detail that did not calculate the correct depreciation for the current period as well as prior periods. The depreciation was overstated by \$27,992. This overstatement was corrected in the current period.

Criteria

GAAP SFFAS #6 states, “Depreciation expense shall be recognized on all general PP&E, except land...” The correct depreciation of assets is required to be in compliance with GAAP so the net value of equipment stated on the financial statements is accurate.

Effect

The Town overstated depreciation expense for the government-wide financial statements.

Cause

The Town’s depreciation program incorrectly calculated the depreciation expenses. This was probably caused by human error when entering the individual assets.

Recommendation

The Town should review all the assets in the program to determine that the assets are imputed correctly and the depreciation going forward will be correct.

Response

Management will review the assets program for accurate entry and depreciation going forward.

Finding 08-04 Audit Report submission to the New Mexico State Auditor

Condition

The required submission date of the audit report for the fiscal year ended June 30, 2008 to the New Mexico State Auditor was December 1, 2008. The June 30, 2008 audited financial statements were submitted April 9, 2009.

Criteria

New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. NMAC 2-2-2-9 requires that the Town submit the audit report by December 1 following the end of each fiscal year at June 30.

Cause

Additional time was needed for the Auditors to receive confirmations from various agencies to support the accuracy of the information reported in the financial statements.

Effect

Delays in the submission of the audit reports affecting the reporting of financial information to other state agencies and local governments.

Recommendation

Insist that the audit field work be started earlier so that the audit report can be submitted on a timely basis.

Response

Management will coordinate with the IPA to begin field work at an earlier time so ensure timely completion.

**STATE OF NEW MEXICO
TOWN OF MESILLA
Findings and Questioned Costs
June 30, 2008**

Section II – Findings – Financial Statements (continued)

Finding 08-05 Failure to Apply GAAP

Condition

The Town did not maintain adequate accounting records in accordance with accounting principles generally accepted in the United States of America and could not provide complete, accurate, and timely information.

Criteria

Key employees or management should be trained in GAAP principles in recording the Town's financial transactions and in preparing its financial statements (Subsection H, 2.2.2.8 NMAC; SAS 112)

Cause

Key employees need the qualifications and training to apply GAAP principles in preparing the Town's financial statements.

Effect

The employees need to be able to apply GAAP principles when recording transactions.

Recommendation

We suggest that management ensure that all employees receive training in applying generally accepted accounting principles when recording daily transactions.

Response

Management will ensure that key employees will receive the appropriate training to implement and apply GAAP principles.

STATE OF NEW MEXICO
TOWN OF MESILLA
Findings and Questioned Costs
June 30, 2008

Section III – Findings – Major Federal Award Program Audit

07.999 High Intensity Drug Trafficking Area Funding; Executive Office of the President passed through the Office of National Drug Control Policy

Finding 08-06 Failure to Submit the Required Data Collection Form

Condition

County failed to file the required data collection form within the within the due date.

Criteria

The recipient of federal funds qualifying for an OMB Circular A-133 audit is required to file the data collection form within 30 days of completion of the audit or nine months from the end of the fiscal year. (OMB Circular A-133, Subpart C, §.320, C)

Cause

Additional time was needed for the Auditors to receive confirmations from various agencies to support the accuracy of the information reported in the financial statements

Effect

Delays in the submission of the audit reports affecting the reporting of financial information to other state agencies and local governments.

Recommendation

Insist that the audit field work be started earlier so that the audit report can be submitted on a timely basis.

Response

Management will coordinate with the IPA to begin field work at an earlier time so ensure timely completion.

STATE OF NEW MEXICO
TOWN OF MESILLA
Exit Conference
June 30, 2008

EXIT CONFERENCE

As exit conference was held on March 11, 2009, with Jack Fairall, CPA, and Mary Auger, CPA of Marcus, Fairall, Bristol & Co., L.L.P. and the following Town officials:

Michael Cadena
Juan Fuentes
Linda Goff

Mayor
Town Clerk
Deputy Treasurer

COMPILATION OF FINANCIAL STATEMENTS

The financial statements presented in this report were compiled by the auditors, Marcus, Fairall, Bristol, + Co., L.L.P. However, the contents of the financial statements remain the responsibility of management.