

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2011 and 2010**

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

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2011  
**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		i-iii
Official Roster		iv
 <b>FINANCIAL SECTION</b>		
Independent Auditors' Report		vi-vii
Management's Discussion and Analysis		viii-xvii
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Assets	A-1, A-2	1-2
Statement of Activities	A-3, A-4	3-4
Fund Financial Statements:		
Balance Sheet – Governmental Funds - 2011	B-1	6
Reconciliation of the Balance Sheet to the Statement of Net Assets - 2011	B-2	7
Balance Sheet – Governmental Funds - 2010	B-3	8
Reconciliation of the Balance Sheet to the Statement of Net Assets - 2010	B-4	9
Revenues, Expenditures and Net Changes in Fund Balances - 2011	B-5	10
Reconciliation of Revenues, Expenditures, Other Financing Sources (Uses), Net Change in Fund Balances, Beginning Fund Balance and Ending Fund Balance to the Statement of Activities - 2011	B-6	11
Reconciliation of Revenues, Expenditures, Other Financing Sources (Uses), Net Change in Fund Balances, Beginning Fund Balance and Ending Fund Balance to the Statement of Activities - 2010	B-7	12
Reconciliation of Revenues, Expenditures and Net Changes in Fund Balances - 2010	B-8	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual		
General Fund	C-1	14
USAO HIDTA Fund	C-2	15
Town Hall Project Fund	C-3	16
Balance Sheet – Proprietary Fund	D-1	18
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund	D-2	19
Statement of Cash Flows – Proprietary Fund	D-3	20
Statement of Fiduciary Assets and Liabilities – Agency Fund	E	23
Notes to the Financial Statements		25-45

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2011  
TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page</u>
<b>SUPPLEMENTARY INFORMATION</b>		
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Non-Major Governmental Fund Types	G-1, G-2	49-50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Fund Types	G-3, G-4	51-52
Combining Balance Sheet – Special Revenue Fund Types	G-5, G-6	53-58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Fund Types	G-7, G-8	59-64
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:		
Correction Fees Fund	G-9	65
Emergency Medical Services Fund	G-10	66
Fire Protection Fund	G-11	67
Law Enforcement Fund	G-12	68
Lodgers’ Tax Fund	G-13	69
Street Improvements Fund	G-14	70
Recreation Fund	G-15	71
Court Automation Fund	G-16	72
Fiesta Fund	G-17	73
FEMA Relief Fund	G-18	74
NM HIDTA Fund	G-19	75
ISC HIDTA Fund	G-20	76
Highway Interdiction HIDTA Fund	G-21	77
Street Improvement SAP Fund	G-22	78
Cops Universal Hiring Fund	G-23	79
Safe Routes to School Fund	G-24	80
Humanities Fund	G-25	81
Combining Balance Sheet – Capital Project Fund Types	H-1, H-2	Mar-84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Fund Types	H-3, H-4	85-86
CDBG Improvements Fund	H-5	87
Senior Center Improvements Fund	H-6	88
ICI Fund	H-7	89
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:		
Proprietary Fund	I	91-92
Combining Statement of Changes in Assets and Liabilities for the Agency Funds	J	94
 <b>SUPPORTING SCHEDULES</b>		
Schedule of Depositories	1	96
Schedule of Collateral Pledged by Depository for Public Funds	2	97
Schedule of Cash Held by State Treasurer	3	98
Schedule of Grants	4	99
Schedule of Joint Powers Agreements	5	100-101
Schedule of Memorandum of Agreements	6	102
Schedule of Expenditures of Federal Awards	7	103

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2011  
**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page</u>
COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards		105-106
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		107-108
Schedule of Findings and Questioned Costs		109-112
Exit Conference		113
Passed Journal Entries		114

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2011  
**OFFICIAL ROSTER**

**Elected Officials**

Nora L. Barraza	Mayor
Jesus M. Caro, Jr.	Mayor Pro-Tem
Carlos Arzabal	Trustee
Linda L. Flores	Trustee
Sam Bernal	Trustee

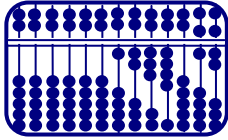
**Department Heads**

Nick Eckert, MPA	Town Clerk-Treasurer
Ashley Echavirria	Recreation/Program Coordinator
Debbie Lujan	Public Works Director
Jeff Gray	Marshal
Kevin Hoban	Fire Chief

**Municipal Court**

Lionel Frieze	Municipal Judge
---------------	-----------------

## **FINANCIAL SECTION**



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

## 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 aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Town of Mesilla, New Mexico, as of and for the years-ended June 30, 2011 and 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's non-major governmental, and the budgetary comparisons for the funds and all non major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years-ended June 30, 2011 and 2010, 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles 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, 2011 and 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, of Town of Mesilla, New Mexico, as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2011, 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.

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.

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.AA, 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., P.L.L.C.  
El Paso, Texas

November 21, 2011

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
June 30, 2011**

**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, 2011. 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 \$7,528,982 (net assets). Of this amount, \$1,136,838 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$122,431 during the fiscal year. This decrease is primarily due to a decrease in federal grant funds received during the year-ended June 30, 2011.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$563,717.

**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, 2011**

**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 24–43 of this report.

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
June 30, 2011**

**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 47-87 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 \$7,528,982 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 \$6,392,144 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.

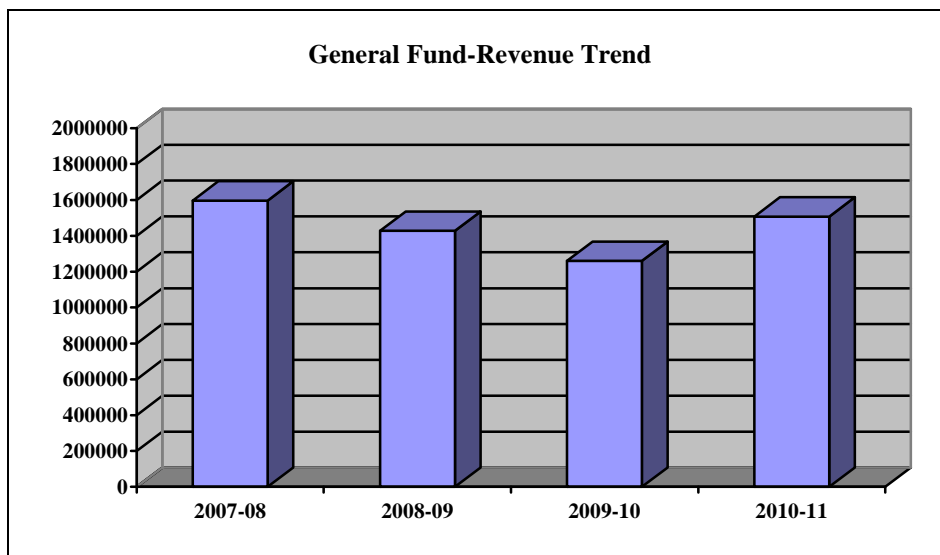
The remaining balance of *unrestricted net assets* \$1,136,838 may be used to meet the government's ongoing obligations to citizens and creditors.

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, decreased by \$122,431 during the current fiscal year. These decreases 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 Governmental-Type Activities revenues increased \$336,937 over the prior fiscal year of 2009-2010, which represents an 11% increase. A key cause of the increase includes an increase in tax collected from the State of New Mexico gross receipt taxes. The revenues were within budget but still lower than last year.



**STATE OF NEW MEXICO  
TOWN OF MESILLA  
June 30, 2011**

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

	Governmental-Type Activities		Business-Type Activities		Totals		Total Percent Change
	2011	2010	2011	2010	2011	2010	2011 - 2010
<b>ASSETS</b>							
Current and other assets	\$ 1,156,949	\$ 1,034,325	\$ 336,148	\$ 320,612	\$ 1,493,097	\$ 1,354,937	10.20%
Capital assets, net of accumulated depreciation	5,885,693	6,088,040	1,291,458	1,410,006	7,177,151	7,498,046	-4.28%
Total assets	<u>\$ 7,042,642</u>	<u>\$ 7,122,365</u>	<u>\$ 1,627,606</u>	<u>\$ 1,730,618</u>	<u>\$ 8,670,248</u>	<u>\$ 8,852,983</u>	-2.06%
<b>LIABILITIES</b>							
Current and other liabilities	\$ 264,558	\$ 219,182	\$ 150,300	\$ 230,844	\$ 414,858	\$ 450,026	-7.81%
Long-term liabilities	679,681	708,272	46,727	43,272	726,408	751,544	-3.34%
Total liabilities	944,239	927,454	197,027	274,116	1,141,266	1,201,570	-5.02%
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	5,142,919	5,356,855	1,249,225	1,365,373	6,392,144	6,722,228	-4.91%
Unrestricted	955,484	838,056	181,354	91,129	1,136,838	929,185	22.35%
Total net assets	<u>6,098,403</u>	<u>6,194,911</u>	<u>1,430,579</u>	<u>1,456,502</u>	<u>7,528,982</u>	<u>7,651,413</u>	-1.60%
Total liabilities and net assets	<u>\$ 7,042,642</u>	<u>\$ 7,122,365</u>	<u>\$ 1,627,606</u>	<u>\$ 1,730,618</u>	<u>\$ 8,670,248</u>	<u>\$ 8,852,983</u>	-2.06%

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
June 30, 2011**

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

	Governmental-Type Activities		Business-Type Activities		Totals		Total Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues							
Program revenues:							
Charges for services	\$ 275,728	\$ 188,313	\$ 698,642	\$ 628,445	\$ 974,370	\$ 816,758	19.30%
Operating grants and contributions	217,230	1,280,383	-	121,082	217,230	1,401,465	-84.50%
Capital grants and contributions	2,137,470	949,816	-	-	2,137,470	949,816	125.04%
General revenues:	-	-	-	-	-	-	
Taxes	1,210,024	1,087,982	-	-	1,210,024	1,087,982	11.22%
Small cities assistance	175,710	147,906	-	-	175,710	147,906	18.80%
Other income	1,197	26,022	-	16,061	1,197	42,083	-97.16%
Total revenues	<u>4,017,359</u>	<u>3,680,422</u>	<u>698,642</u>	<u>765,588</u>	<u>4,716,001</u>	<u>4,446,010</u>	6.07%
Expenses							
General government	1,164,692	756,426	-	-	1,164,692	756,426	53.97%
Public safety	2,021,635	1,821,577	-	-	2,021,635	1,821,577	10.98%
Public works	601,996	67,854	-	-	601,996	67,854	787.19%
Health and welfare	61,013	10,546	-	-	61,013	10,546	
Culture and recreation	250,627	207,744	-	-	250,627	207,744	20.64%
Proprietary expenses	-	-	738,469	912,408	738,469	912,408	-19.06%
Total expenses	<u>4,099,963</u>	<u>2,864,147</u>	<u>738,469</u>	<u>912,408</u>	<u>4,838,432</u>	<u>3,776,555</u>	28.12%
Change in net assets before transfers	(82,604)	816,275	(39,827)	(146,820)	(122,431)	669,455	-118.29%
Transfers	(13,904)	-	13,904	-	-	-	
Change in net assets	<u>(96,508)</u>	<u>816,275</u>	<u>(25,923)</u>	<u>(146,820)</u>	<u>(122,431)</u>	<u>669,455</u>	-118.29%
Net assets - beginning	<u>6,194,911</u>	<u>5,378,636</u>	<u>1,456,502</u>	<u>1,603,322</u>	<u>7,651,413</u>	<u>6,981,958</u>	9.59%
Net assets - ending	<u>\$ 6,098,403</u>	<u>\$ 6,194,911</u>	<u>\$ 1,430,579</u>	<u>\$ 1,456,502</u>	<u>\$ 7,528,982</u>	<u>\$ 7,651,413</u>	-1.60%

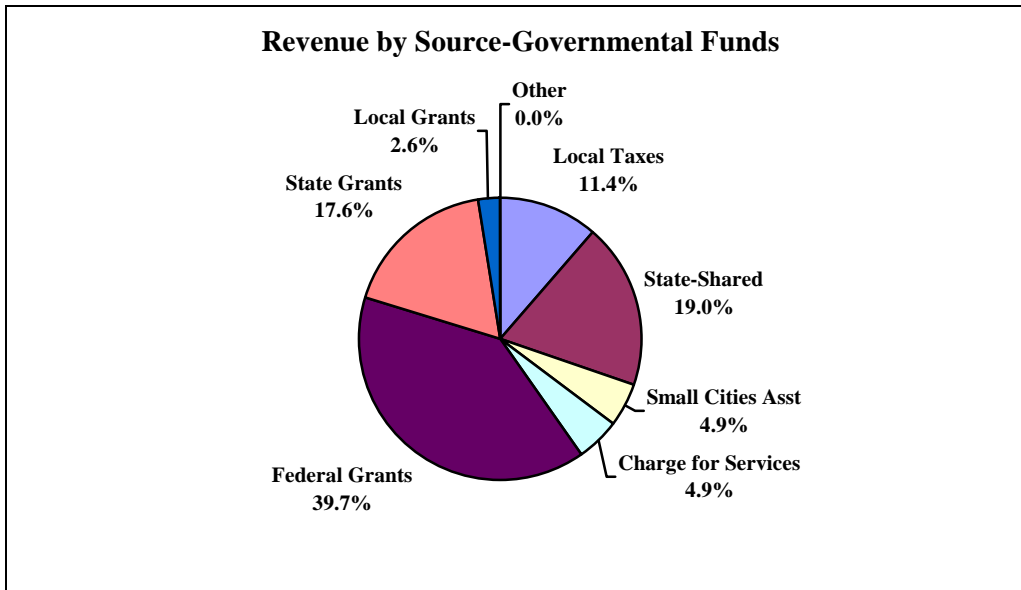
**STATE OF NEW MEXICO  
TOWN OF MESILLA  
June 30, 2011**

**Management's Discussion and Analysis**

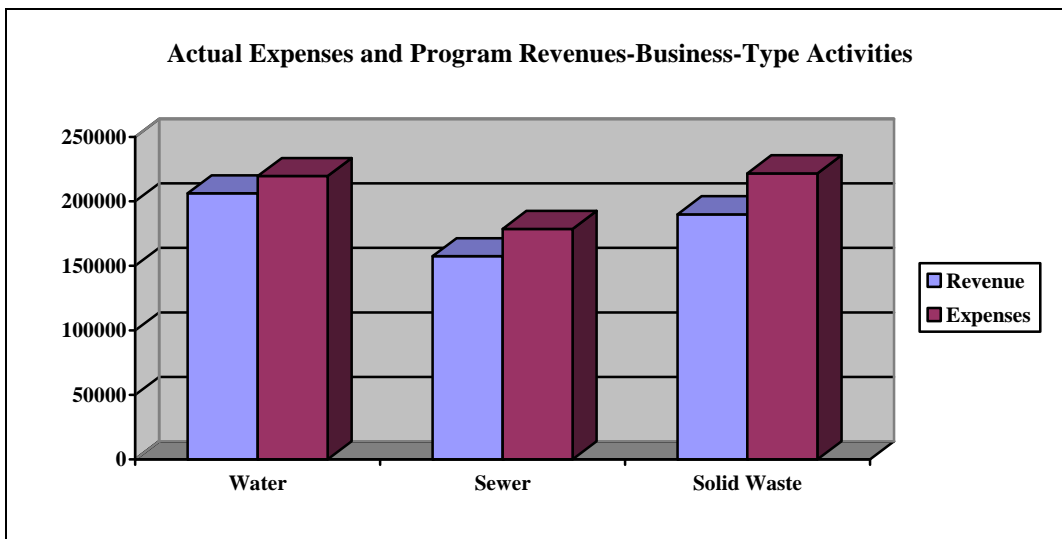
**Governmental Activities (continued)**

Program revenues for governmental activities include charges for services as well as operating and capital grants and contributions. The program revenues increased 3.22% 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 2010-2011, Local and State Taxes made up 30.4% of the total government funds revenues compared to 30.6% of the prior year's revenues.



**Business-Type Activities.** Total revenues recorded in the business-type activities increased by 8% above the prior year. The most significant influence on this was an increase in charge for service. There was an increase in the ending cash balance due to a decrease in expenditures. Expenditures were too much for the amount of revenue for year. The following chart demonstrates the comparison of actual expenses and program revenues for business-type activities.



**STATE OF NEW MEXICO  
TOWN OF MESILLA  
June 30, 2011**

**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* which consist of the General Fund, USAO HIDTA Fund, Town Hall Fund, and all Non-Major 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 \$1,136,838 an increase of \$254,502 in comparison with the prior year. The increase is primarily due to an increase of in government fund revenues. The ending fund balances consist of an *unreserved fund balance* in the amount of \$258,639 which is available for spending at the government's discretion.

Revenues for governmental functions overall totaled \$4,057,543 at the fiscal year-ended June 30, 2011, which represents an increase of \$377,121 from the fiscal year-ended June 30, 2010. Expenditures for governmental functions totaled \$3,798,884. This was an increase of approximately \$344,899 from the fiscal year-ended June 30, 2010. In the fiscal year-ended June 30, 2011, revenue for governmental functions exceeded expenses by approximately \$258,659 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 \$563,717.

The fund balance of Town of Mesilla's General Fund increased \$273,437 during the current fiscal year, due to the reduction of General government expenditures. Before inter-fund transfers revenue exceeded expenditures by \$315,313.

**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 \$181,354. The total decrease in net assets for the proprietary funds was \$25,923. 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 2011, the cash balance of the General Fund had increased by \$147,134. The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund.

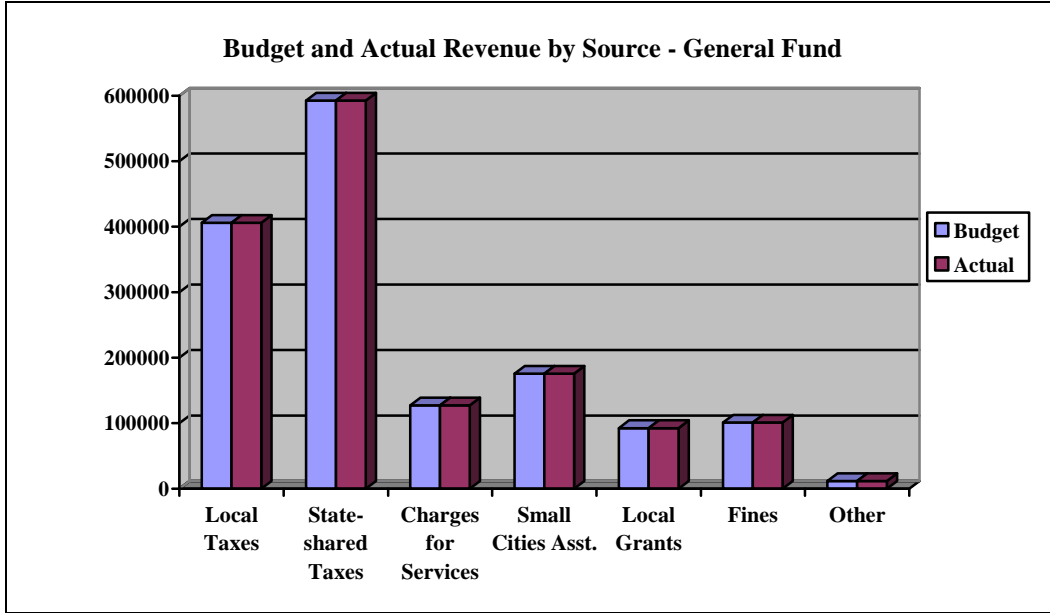


**STATE OF NEW MEXICO  
TOWN OF MESILLA  
June 30, 2011**

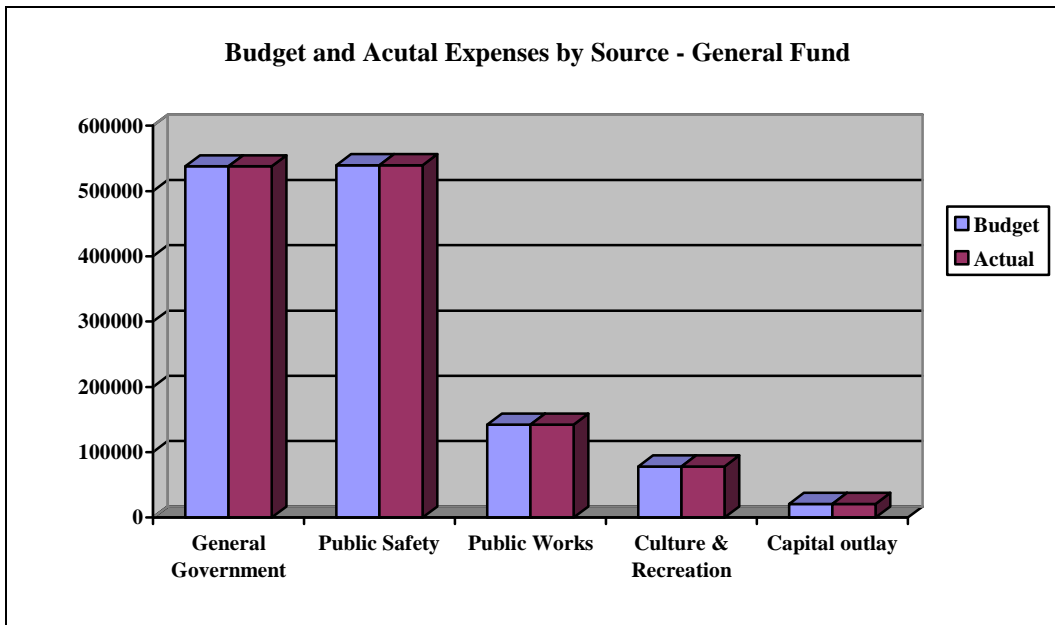
**Management's Discussion and Analysis**

**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, 2011**

**Management's Discussion and Analysis**

**Budgetary Highlights (continued)**

*General Fund Budgetary Highlights (continued).*

**Capital Asset and Debt Administration**

**Capital Assets.** Town of Mesilla's capital assets for its governmental and business-type activities as of June 30, 2011 amount to \$7,177,151 (net of accumulated depreciation). Capital assets include land improvements, buildings, machinery, equipment and infrastructure.

**Capital Assets, Net of Depreciation  
June 30, 2011**

	Government Activities	Business-Type Activities	Totals
Land and Construction in Process	\$1,756,637	\$ -	\$ 1,756,637
Buildings	151,962	-	151,962
Utility Systems and Facilities Improvements	-	1,212,795	1,212,795
Machinery and Equipment	3,683,366	-	3,683,366
	293,728	78,663	372,391
Capital Assets, Net of Accumulated Depreciation	\$5,885,693	\$ 1,291,458	\$ 7,177,151

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 \$6,392,144. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

The Town's outstanding loans increased \$41,545 through lease agreements. 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, 2011**

**Management's Discussion and Analysis**

**Capital Asset and Debt Administration (continued)**

	Government Activities	Business- Type Activities
Net Value of Capital Assets	<u>\$ 5,885,693</u>	<u>\$ 1,291,458</u>
Long-Term Debt Principal Balance:		
Fire Brush Truck Loan	24,618	-
Town Hall Project Loan	628,693	-
Xerox Capital Lease	-	-
Vehicles	38,728	-
Asphalt Zipper Note	50,735	33,303
NMFA Note payable	-	8,930
Total Debt Principal	<u>742,774</u>	<u>42,233</u>
Total Investment in Capital Assets		
Net of Related Debt	<u>\$ 5,142,919</u>	<u>\$ 1,249,225</u>

**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, 2011

	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 618,395	\$ 216,119	\$ 834,514
Investments	335,312	-	335,312
Receivables		-	
Accounts	88,931	74,367	163,298
Taxes	-	45,662	45,662
Due from other governments	55,280	-	55,280
Intergovernmental	59,031	-	59,031
Capital assets:			
Land and work in process	999,500	-	999,500
Other capital assets, net of depreciation	4,886,193	1,291,458	6,177,651
<b>Total assets</b>	<b>7,042,642</b>	<b>1,627,606</b>	<b>8,670,248</b>
<b>Liabilities</b>			
Accounts payable	-	96,774	96,774
Accrued salaries	157	-	157
Customer deposits	-	32,754	32,754
Due to other governments	101,308	-	101,308
Deferred Revenue	100,000	-	100,000
Long-term liabilities			
Compensated absences due in one year	25,367	12,633	38,000
Notes payable due in one year	37,726	8,139	45,865
Compensated absences due in more than one year	25,367	12,633	38,000
Notes payable due in more than one year	654,314	34,094	688,408
<b>Total liabilities</b>	<b>944,239</b>	<b>197,027</b>	<b>1,141,266</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	5,142,919	1,249,225	6,392,144
Unrestricted	955,484	181,354	1,136,838
<b>Total net assets</b>	<b>\$ 6,098,403</b>	<b>\$1,430,579</b>	<b>\$ 7,528,982</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Statement of Net Assets**  
June 30, 2010

	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 491,771	\$ 112,855	\$ 604,626
Investments	342,217	146,340	488,557
Receivables			
Accounts	-	59,757	59,757
Taxes	85,567	1,660	87,227
Reserve funds receivable	46,267	-	46,267
Intergovernmental	68,503	-	68,503
Capital assets:			
Land and work in process	1,756,637	-	1,756,637
Other capital assets, net of depreciation	4,331,403	1,410,006	5,741,409
<b>Total assets</b>	<b>7,122,365</b>	<b>1,730,618</b>	<b>8,852,983</b>
<b>Liabilities</b>			
Accounts payable	21,737	56,841	78,578
Accrued salaries	35,697	112,917	148,614
Customer deposits	-	27,384	27,384
Due to other governments	10	-	10
Deferred Revenue	100,000	-	100,000
Long-term liabilities			
Compensated absences due in one year	19,413	16,198	35,611
Notes payable due in one year	42,325	8,149	50,474
Compensated absences due in more than one year	19,412	-	19,412
Notes payable due in more than one year	688,860	36,484	725,344
Capital lease premium	-	16,143	16,143
<b>Total liabilities</b>	<b>927,454</b>	<b>274,116</b>	<b>1,201,570</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	5,356,855	1,365,373	6,722,228
Unrestricted	838,056	91,129	929,185
<b>Total net assets</b>	<b>\$ 6,194,911</b>	<b>\$1,456,502</b>	<b>\$ 7,651,413</b>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Statement of Activities**  
 June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes In Net Assets			
	Expenses	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	\$ 1,360,407	\$ 174,626	\$ -	\$ 92,580	\$ (1,093,201)	\$ -	\$ (1,093,201)
Public safety	2,021,635	101,102	-	2,044,890	124,357	-	124,357
Public works	601,996	-	344,025	-	(257,971)	-	(257,971)
Capital outlay	159,021	-	-	-	(159,021)	-	(159,021)
Culture and recreation	91,606	-	-	-	(91,606)	-	(91,606)
Total governmental	<u>4,234,665</u>	<u>275,728</u>	<u>344,025</u>	<u>2,137,470</u>	<u>(1,477,442)</u>	<u>-</u>	<u>(1,477,442)</u>
Business-Type Activities							
Utilities	738,469	698,642	-	-	-	(39,827)	(39,827)
Total business-type activities	<u>738,469</u>	<u>698,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,827)</u>	<u>(39,827)</u>
Total Primary Government					<u>(1,477,442)</u>	<u>(39,827)</u>	<u>(1,517,269)</u>
General Revenues							
Taxes							
Franchise taxes					48,950	-	48,950
Gross receipts taxes-local effort					239,605	-	239,605
Property taxes-Net of estimated refunds and estimated uncollectable amounts					117,025	-	117,025
State share taxes					677,649	-	677,649
State Shared Assistance							
Small cities assistance					175,710	-	175,710
Interest					1,197	-	1,197
Principle					84,928	-	84,928
Miscellaneous					40,184	-	40,184
Transfers					(4,314)	13,904	9,590
Total General Revenue and Transfers					<u>1,380,934</u>	<u>13,904</u>	<u>1,394,838</u>
Changes in Net Assets					(96,508)	(25,923)	(122,431)
Net Assets, Beginning of Year					<u>6,194,911</u>	<u>1,456,502</u>	<u>7,651,413</u>
Net Assets, End of Year					<u>\$ 6,098,403</u>	<u>\$ 1,430,579</u>	<u>\$ 7,528,982</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Statement of Activities**  
 June 30, 2010

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	\$ 756,400	\$ 136,913	\$ -	\$ 79,990	\$ (539,497)	\$ -	\$ (539,497)
Public safety	1,821,577	38,112	1,280,383	16,911	(486,171)	-	(486,171)
Public works	67,854	-	-	852,915	785,061	-	785,061
Health and welfare	10,546	-	-	-	(10,546)	-	(10,546)
Cuture and recreation	207,744	13,288	-	-	(194,456)	-	(194,456)
Total governmental	<u>2,864,121</u>	<u>188,313</u>	<u>1,280,383</u>	<u>949,816</u>	<u>(445,609)</u>	<u>-</u>	<u>(445,609)</u>
Business-Type Activies							
Utilities	912,408	628,445	121,082	-	-	(162,881)	(162,881)
Total business-type activities	<u>912,408</u>	<u>628,445</u>	<u>121,082</u>	<u>-</u>	<u>-</u>	<u>(162,881)</u>	<u>(162,881)</u>
Total Primary Governemnt					<u>(445,609)</u>	<u>(162,881)</u>	<u>(608,490)</u>
General Revenues							
Taxes							
Franchise taxes					65,106	-	65,106
Gross receipts taxes-local effort					326,965	-	326,965
Property taxes-Net of estimated refunds and estimated uncollectable amounts					56,824	-	56,824
Gross receipts taxes-municipal infrastructure					38,481	-	38,481
State share taxes					600,606	-	600,606
State Shared Assistance							
Small cities assistance					147,906	-	147,906
Interest					(2,765)	381	(2,384)
Miscellaneous					25,178	15,680	40,858
Tranfers					3,583	-	3,583
Total General Revenue and Transfers					<u>1,261,884</u>	<u>16,061</u>	<u>1,277,945</u>
Changes in Net Assets					816,275	(146,820)	669,455
Net Assets, Beginning of Year					<u>5,378,636</u>	<u>1,603,322</u>	<u>6,981,958</u>
Net Assets, End of Year					<u>\$ 6,194,911</u>	<u>\$ 1,456,502</u>	<u>\$ 7,651,413</u>

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, 2011**

	USAO				
	General Fund	HIDTA Fund	Town Hall Fund	Total Non- Major Funds	Total Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 231,456	\$ -	\$ 43,041	\$ 336,563	\$ 611,060
Investments	100,849	-	189,159	52,639	342,647
Taxes receivable	104,227	-	-	-	104,227
Reserve funds receivable	-	-	88,931	-	88,931
Due from other fund	547	58,484	-	-	59,031
Due from other governments	126,795	-	-	-	126,795
<b>Total assets</b>	<b>\$ 563,874</b>	<b>\$ 58,484</b>	<b>\$ 321,131</b>	<b>\$ 389,202</b>	<b>\$ 1,332,691</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	157	-	-	-	157
Due to other government	-	16,380	-	-	16,380
Deferred revenue	-	-	-	100,000	100,000
<b>Total liabilities</b>	<b>157</b>	<b>16,380</b>	<b>-</b>	<b>100,000</b>	<b>116,537</b>
<b>Fund balances:</b>					
Restricted	-	-	-	289,202	289,202
Committed	-	(16,380)	-	-	(16,380)
Assigned	-	-	321,131	-	321,131
Unassigned	563,717	58,484	-	-	622,201
<b>Total fund balances</b>	<b>563,717</b>	<b>42,104</b>	<b>321,131</b>	<b>289,202</b>	<b>1,216,154</b>
<b>Total liabilities and fund balances</b>	<b>\$ 563,874</b>	<b>\$ 58,484</b>	<b>\$ 321,131</b>	<b>\$ 389,202</b>	<b>\$ 1,332,691</b>

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, 2011**

**Total fund balances-governmental funds** \$ 1,216,154

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	\$ 7,835,648	
Accumulated depreciation	(1,949,953)	
		5,885,695

Short and 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.

Short and long-term liabilities at year-end consist of:

Fire Brush Truck	(24,619)	
Vehicles	(38,728)	
Town Hall Project	(628,693)	
To other governments	(260,670)	
Compensated absences	(50,736)	
		(1,003,446)

Net assets for government activities		\$ 6,098,403
--------------------------------------	--	--------------

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2010**

Assets	USAO		Town Hall Fund	Total Non- Major Funds	Total Funds
	General Fund	HIDTA Fund			
Cash and cash equivalents	\$ 84,322	\$ 2,019	\$ 36,186	\$ 369,244	\$ 491,771
Investments	100,621	-	188,957	52,639	342,217
Taxes receivable	72,534	-	10,957	2,076	85,567
Reserve funds receivable	-	-	46,267	-	46,267
Interest receivable	-	-	-	-	-
Due from other fund	73,512	-	-	-	73,512
Due from other governments	-	68,503	-	-	68,503
<b>Total assets</b>	<b>\$ 330,989</b>	<b>\$ 70,522</b>	<b>\$ 282,367</b>	<b>\$ 423,959</b>	<b>\$1,107,837</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 16,461	\$ -	\$ -	\$ 5,276	\$ 21,737
Accrued salaries	24,238	10,019	-	1,440	35,697
Due to other fund	-	-	-	73,512	73,512
Due to other government	10	-	-	-	10
Deferred revenue	-	-	-	100,000	100,000
<b>Total liabilities</b>	<b>40,709</b>	<b>10,019</b>	<b>-</b>	<b>180,228</b>	<b>230,956</b>
<b>Fund balances:</b>					
Restricted	-	-	-	243,731	243,731
Committed	-	60,503	-	-	60,503
Assigned	-	-	282,367	-	282,367
Unassigned	290,280	-	-	-	290,280
<b>Total fund balances</b>	<b>290,280</b>	<b>60,503</b>	<b>282,367</b>	<b>243,731</b>	<b>876,881</b>
<b>Total liabilities and fund balances</b>	<b>\$ 330,989</b>	<b>\$ 70,522</b>	<b>\$ 282,367</b>	<b>\$ 423,959</b>	<b>\$1,107,837</b>

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, 2010**

**Total fund balances-governmental funds** \$ 876,881

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	\$ 7,762,121	
Accumulated depreciation	(1,674,081)	
		6,088,040

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	(32,349)	
Vehicles	(51,535)	
Town Hall Project	(645,849)	
Xerox Capital Lease	(1,452)	
Compensated absences	(38,825)	
		(770,010)

Net assets for government activities		\$ 6,194,911
--------------------------------------	--	--------------

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
GOVERNMENTAL FUNDS  
Revenues, Expenditures and  
Changes in Fund Balances  
For the Year-Ended June 30, 2011**

	General Fund	USAO HIDTA Fund	Town Hall Fund	Total Non- Major Funds	Total Governmental Funds
<b>Revenues:</b>					
Local taxes	\$ 405,580	\$ -	\$ -	\$ -	\$ 405,580
State-shared taxes	592,526	-	73,562	11,561	677,649
Licenses and permits	-	-	-	-	-
Charges for services	127,654	-	-	46,972	174,626
Fines and forfeitures	101,102	-	-	-	101,102
Small cities assistance	175,710	-	-	-	175,710
Intergovernmental	126,795	-	-	217,230	344,025
Federal grants	-	439,328	-	1,484,452	1,923,780
State grants	-	-	-	121,110	121,110
Local grants	92,580	-	-	-	92,580
Interest income	995	-	202	-	1,197
Miscellaneous income	11,059	-	-	29,125	40,184
Total revenues	<u>1,634,001</u>	<u>439,328</u>	<u>73,764</u>	<u>1,910,450</u>	<u>4,057,543</u>
<b>Expenditures</b>					
Current:					
General government	537,948	-	-	435,663	973,611
Public safety	539,530	457,727	-	980,663	1,977,920
Public works	142,134	-	-	454,592	596,726
Culture and recreation	78,172	-	-	13,434	91,606
Capital outlay	20,904	-	-	138,117	159,021
Total expenditures	<u>1,318,688</u>	<u>457,727</u>	<u>-</u>	<u>2,022,469</u>	<u>3,798,884</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	315,313	(18,399)	73,764	(112,019)	258,659
<b>Other financing sources (uses)</b>					
Debt service					
Principal	-	-	-	84,928	84,928
Transfers in	-	-	-	251,321	251,321
Transfers out	(41,876)	-	(35,000)	(178,759)	(255,635)
Total other financing sources (uses)	<u>(41,876)</u>	<u>-</u>	<u>(35,000)</u>	<u>157,490</u>	<u>80,614</u>
Net change in fund balances	273,437	(18,399)	38,764	45,471	339,273
Fund balance:					
Balances beginning of year	<u>290,280</u>	<u>60,503</u>	<u>282,367</u>	<u>243,731</u>	<u>876,881</u>
Balances end of year	<u>\$ 563,717</u>	<u>\$ 42,104</u>	<u>\$ 321,131</u>	<u>\$ 289,202</u>	<u>\$ 1,216,154</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, 2011

<b>Total net change in fund balances-governmental funds</b>		<b>\$ 339,273</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Principal payment on bonds and capital leases		(174,214)
Change in compensated absences		
Current year additions	\$ (55,708)	
Current year deletions	<u>43,954</u>	
		(11,754)
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.		
Depreciation expense	<u>\$ (249,813)</u>	
		<u>(249,813)</u>
Change in net assets of governmental activities		<u><u>\$ (96,508)</u></u>

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, 2010**

	General Fund	USAO HIDTA Fund	Town Hall Fund	Total Non- Major Funds	Total Governmental Funds
<b>Revenues:</b>					
Local taxes	\$ 487,375	\$ -	\$ -	\$ -	\$ 487,375
State-shared taxes	405,257	-	175,150	20,200	600,607
Licenses and permits	52,939	-	-	-	52,939
Charges for services	83,974	-	-	21,828	105,802
Fines and forfeitures	29,572	-	-	-	29,572
Small cities assistance	147,906	-	-	-	147,906
Intergovernmental	-	-	-	105,860	105,860
Federal grants	-	395,309	-	1,294,200	1,689,509
State grants	-	-	40,489	348,644	389,133
Local grants	33,208	-	-	-	33,208
Interest income	692	-	152	-	844
Miscellaneous income	19,465	-	-	18,202	37,667
Total revenues	<u>1,260,388</u>	<u>395,309</u>	<u>215,791</u>	<u>1,808,934</u>	<u>3,680,422</u>
<b>Expenditures</b>					
Current:					
General government	497,915	-	46,214	19,824	563,953
Public safety	519,422	398,581	-	873,199	1,791,202
Public works	57,487	-	-	4,530	62,017
Culture and recreation	182,748	-	-	24,232	206,980
Capital outlay	-	-	-	829,833	829,833
Total expenditures	<u>1,257,572</u>	<u>398,581</u>	<u>46,214</u>	<u>1,751,618</u>	<u>3,453,985</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	2,816	(3,272)	169,577	57,316	226,437
<b>Other financing sources (uses)</b>					
Debt service					
Principal	(3,487)	-	(16,616)	(7,537)	(27,640)
Interfund loan for leased vehicles	51,539	-	-	-	51,539
Interest	(96)	-	(30,069)	(4,601)	(34,766)
Transfers in	49,078	-	-	39,405	88,483
Transfers out	(35,822)	-	-	(49,078)	(84,900)
Total other financing sources (uses)	<u>61,212</u>	<u>-</u>	<u>(46,685)</u>	<u>(21,811)</u>	<u>(7,284)</u>
Net change in fund balances	64,028	(3,272)	122,892	35,505	219,153
Fund balance:					
Balances beginning of year	<u>226,252</u>	<u>63,775</u>	<u>159,475</u>	<u>208,226</u>	<u>657,728</u>
Balances end of year	<u>\$ 290,280</u>	<u>\$ 60,503</u>	<u>\$ 282,367</u>	<u>\$ 243,731</u>	<u>\$ 876,881</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, 2010

<b>Total net change in fund balances-governmental funds</b>		\$ 219,153
Amounts reported for governmental activities in the statement of activities are different because:		
Principal payment on bonds and capital leases		27,640
Interfund Loan for leased vehicles		(51,539)
Change in compensated absences		
Current year additions	\$ (11,989)	
Current year deletions	26,839	
		<u>14,850</u>
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	\$ 829,833	
Depreciation expense	(223,662)	
		<u>606,171</u>
Change in net assets of governmental activities		<u>\$ 816,275</u>

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 (Modified Accrual Basis)**  
**For the Year-Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local taxes	\$ 405,580	\$ 405,580	\$ 405,580	\$ -
State-shared taxes	592,526	592,526	592,526	-
Local grants	92,580	92,580	92,580	-
Licenses & permits	-	-	-	-
Charges for services	127,654	127,654	127,654	-
Fines and forfeits	101,102	101,102	101,102	-
Interest	995	995	995	-
Intergovernmental revenues	126,795	126,795	126,795	-
Miscellaneous revenues	11,059	11,059	11,059	-
Small cities assistance	175,710	175,710	175,710	-
Total revenues	<u>1,634,001</u>	<u>1,634,001</u>	<u>1,634,001</u>	<u>-</u>
Add: Budget cash	-	-		
	<u>\$1,634,001</u>	<u>\$1,634,001</u>		
Expenditures:				
General government	493,437	493,437	537,948	(44,511)
Public safety	518,858	518,858	539,530	(20,672)
Public works	135,057	135,057	142,134	(7,077)
Culture and recreation	86,780	86,780	78,172	8,608
Capital outlay	20,904	20,904	20,904	-
Total expenditures	<u>1,255,036</u>	<u>1,255,036</u>	<u>1,318,688</u>	<u>(63,652)</u>
Excess (deficiency) of revenues over expenditures			315,313	
Other financing sources (uses):				
Transfers out	-	-	(41,876)	(41,876)
Interfund loan for leased vehicles	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>(41,876)</u>	<u>(41,876)</u>
Net other financing sources (uses)				
Net change in fund balance (Non-GAAP)			273,437	
Differences between Non-GAAP and Modified GAAP				
Principal			-	
Interest			-	
Net change in fund balance (Modified GAAP)			273,437	
Fund balance – Beginning of year			<u>290,280</u>	
Fund balance – End of year			<u>\$ 563,717</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$1,234,778	\$1,234,778	\$ 439,328	\$ (795,450)
Total revenues	<u>1,234,778</u>	<u>1,234,778</u>	<u>439,328</u>	<u>(795,450)</u>
Add: Budget cash	<u>(15,056)</u>	<u>(15,056)</u>		
	<u><u>\$1,219,722</u></u>	<u><u>\$1,219,722</u></u>		
Expenditures:				
Public safety				
Personnel expenditures	461,476	461,476	362,414	99,062
Operating expenditures	-	-	95,313	(95,313)
Total expenditures	<u>461,476</u>	<u>461,476</u>	<u>457,727</u>	<u>3,749</u>
Excess (deficiency) of revenues Over Expenditures			(18,399)	
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)			(18,399)	
Differences Between Non-GAAP and Modified GAAP:				
Change in accrued revenue		-		
Change in accrued expenditures		-	-	
Net Change in Fund Balance (Modified GAAP)			(18,399)	
Fund Balance – Beginning of Year			<u>60,503</u>	
Fund Balance – End of Year			<u><u>\$ 42,104</u></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, 2011**

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local taxes	\$ 61,000	\$ 61,000	\$ 73,563	\$ 12,563
Miscellaneous revenues	-	-	201	201
State grants	-	-	-	-
Total revenues	<u>61,000</u>	<u>61,000</u>	<u>73,764</u>	<u>12,764</u>
Add: Budget cash	<u>193,437</u>	<u>193,437</u>		
	<u>\$ 254,437</u>	<u>\$ 254,437</u>		
Expenditures:				
General government	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) revenues over expenditures			73,764	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(35,000)	(35,000)	(35,000)	-
Total other financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			38,764	
Differences Between Non-GAAP and Modified GAAP				
Change in accrued revenue		-		
Change in accrued expenditures		-		
Principal loan payment		<u>-</u>	<u>-</u>	
Net change in fund balance (Modified GAAP)			38,764	
Fund balances – Beginning of year			<u>282,367</u>	
Fund balances – End of year			<u>\$ 321,131</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,

Assets	<u>2011</u>	<u>2010</u>
Current assets		
Cash	\$ 216,119	\$ 112,855
Investments	45,662	146,340
Accounts receivable	74,367	59,757
Other receivable	-	1,660
Total current assets	<u>336,148</u>	<u>320,612</u>
Non-current assets		
Capital assets	3,160,234	3,160,234
Accumulated depreciation	(1,868,776)	(1,750,228)
Total non-current assets	<u>1,291,458</u>	<u>1,410,006</u>
Total assets	<u>\$ 1,627,606</u>	<u>\$ 1,730,618</u>
Liabilities:		
Current liabilities		
Accounts payable	\$ 89,614	\$ 56,841
Accrued salaries	7,160	112,917
Accrued compensated absences	25,266	16,198
Current portion of long-term debt	8,139	17,504
Customer security deposits	32,754	27,384
Total current liabilities	<u>162,933</u>	<u>230,844</u>
Non-current liabilities		
Note payable	34,094	27,129
Lease premium	-	16,143
Total non-current assets	<u>34,094</u>	<u>43,272</u>
Total liabilities	<u>197,027</u>	<u>274,116</u>
Net assets:		
Invested in capital assets	1,249,225	1,358,662
Unrestricted assets (deficit)	181,354	97,840
Net assets – end of year	<u>1,430,579</u>	<u>1,456,502</u>
Total liabilities and net assets	<u>\$ 1,627,606</u>	<u>\$ 1,730,618</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>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 565,103	\$ 628,445
Municipal taxes	20,017	121,082
Miscellaneous	113,522	15,680
Total operating revenues	<u>698,642</u>	<u>765,207</u>
Operating expenses:		
Personnel services	101,490	216,763
Operating expenses	515,857	563,232
Depreciation and amortization	118,548	122,532
Total operating expenses	<u>735,895</u>	<u>902,527</u>
Operating income (loss)	(37,253)	(137,320)
Non-operating revenues (expenses):		
Interest income	-	381
Interest expense	(2,574)	(9,881)
Total non-operating revenues (expenses)	<u>(2,574)</u>	<u>(9,500)</u>
Income (loss) before transfers	(39,827)	(146,820)
Transfers in (out)	<u>13,904</u>	<u>-</u>
Change in net assets	(25,923)	(146,820)
Total net assets-beginning	<u>1,456,502</u>	<u>1,603,322</u>
Total net assets-ending	<u>\$ 1,430,579</u>	<u>\$ 1,456,502</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>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from agencies and customers	\$ 634,054	\$ 703,790
Cash used for salaries and operating expenses	(600,191)	(635,812)
Net cash used for operating activities	<u>33,863</u>	<u>67,978</u>
Cash flows from financing activities:		
Acquisition of capital assets – net	-	-
Net cash used for financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities		
Transfer from investment account	64,588	(40,092)
Proceeds from notes payable	5,826	9,343
Proceeds from lease payable net of premium	16,143	(5,382)
Principal payments of long term instruments	(17,156)	(17,504)
Interest payments of long term instruments	-	(9,881)
Interest income	-	381
Net cash provided by investing activities	<u>69,401</u>	<u>(63,135)</u>
Net (decrease) in cash and cash equivalents	103,264	4,843
Cash and cash equivalents – beginning of year	<u>112,855</u>	<u>108,012</u>
Cash and cash equivalents – end of year	<u>\$ 216,119</u>	<u>\$ 112,855</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (37,253)	\$ (137,320)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation & amortization	118,548	122,532
Changes in assets and liabilities		
Accounts receivable	(16,270)	566
Accounts payable	72,687	42,734
Customer deposits	-	1,751
Accrued payroll	(112,917)	28,153
Accrued compensated absences	9,068	9,562
Net cash provided by operating activities	<u>\$ 33,863</u>	<u>\$ 67,978</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, 2011

Municipal Court Bond Fund

To account for bonds posted for court appearances.

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

	<u>2011</u>	<u>2010</u>
Assets		
Cash	\$ 500	\$ 4,595
Town of Mesilla court bond	<u>2,512</u>	<u>500</u>
Total assets	<u>\$ 3,012</u>	<u>\$ 5,095</u>
Liabilities		
Held for others	<u>\$ 3,012</u>	<u>\$ 5,095</u>
Total liabilities	<u>\$ 3,012</u>	<u>\$ 5,095</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, 2011

**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 1959. 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.

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.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*B. Government-Wide and Fund Financial Statements*

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 and collected by the county, which includes the amount to be received in one year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

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.

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.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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 restricted resources first, and then unrestricted 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.

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.



**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*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.

**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.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

**Net Assets:** The government-wide financial statements utilize a net assets presentation. Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. 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. Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

Non spendable-The non spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter fund loans.

Restricted- Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandates payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed- The committed fund balance classification includes amounts that can be used only for the specific purpose imposed by formal action of Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned- Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a official delegated that authority by the Town Charter or ordinance.

**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.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**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.

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, 2010 and 2009 is presented.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

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, 2011</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 over expenditures (Modified GAAP Basis)	\$ 315,313	\$ (18,399)	\$ 73,764	\$ (112,019)	\$ 92,625
Adjustments:					
To revenues for tax accruals, earnings on investments and other deferrals and accruals.	-	-	-	84,928	(118,548)
Adjustments:					
To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals.	(41,876)	-	(35,000)	72,562	-
Excess (deficiency) of revenues over expenditures (Budget Basis)	<u>\$ 273,437</u>	<u>\$ (18,399)</u>	<u>\$ 38,764</u>	<u>\$ 45,471</u>	<u>\$ (25,923)</u>

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
Notes to Financial Statements  
June 30, 2011**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

	<u>June 30, 2010</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 over expenditures (Modified GAAP Basis)	\$ (18,341)	\$ (3,272)	\$ 122,892	\$ 108,201	\$ (146,820)
Adjustments:					
To revenues for tax accruals, earnings on investments and other deferrals and accruals.	-	-	(116,238)	41,280	-
Adjustments:					
To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals.	(96)	233	52,410	(14,566)	132,032
Excess (deficiency) of revenues over expenditures (Budget Basis)	<u>\$ (18,437)</u>	<u>\$ (3,039)</u>	<u>\$ 59,064</u>	<u>\$ 134,915</u>	<u>\$ (14,788)</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>2011</u>	<u>2010</u>
	<u>Bank Balance</u>	<u>Bank Balance</u>
Insured	\$ 250,000	\$ 250,000
Collateralized:		
Collateral held by pledging bank's trust department not in the Town's name	656,708	387,904
Uninsured and uncollateralized	-	-
Total Cash and cash equivalents Government	<u>\$ 906,708</u>	<u>\$ 637,904</u>

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**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, 2011, \$656,708 of the Town’s \$906,708 and June 30, 2010, \$387,904 of the Town’s balance of \$637,904 was exposed to custodial credit risk as follows:

	<u>2011</u>	<u>2010</u>
Uninsured and uncollateralized	\$ -	\$ -
Uninsured and collateral held by pledging bank’s trust department not in Town’s name	656,708	387,904
Total Cash and cash equivalents, Primary Government	<u>\$ 656,708</u>	<u>\$ 387,904</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 and investment strategy is outlined on New MexiGROW LGIP website <http://www.stonm.org/NewMexiGROWLGIP/MonthlyInvestmentReports>

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 5 RECEIVABLES**

Receivables as of June 30, are as follows:

	<u>2011</u>		
	Governmental Fund	Proprietary Fund	Total
Accounts receivable	\$ -	\$ 74,367	\$ 74,367
Franchise taxes	4,690	-	4,690
Gross receipts taxes	23,972	-	23,972
Property taxes	11,465	-	11,465
State share taxes	64,100	-	64,100
Taxes receivable	-	45,662	45,662
Reserve Funds receivable	88,931	-	88,931
Due from other governments	59,031	-	59,031
Net receivables	<u>\$ 252,189</u>	<u>\$ 120,029</u>	<u>\$ 372,218</u>

	<u>2010</u>		
	Governmental Fund	Proprietary Fund	Total
Accounts receivable	\$ -	\$ 59,757	\$ 59,757
Franchise taxes	3,851	-	3,851
Gross receipts taxes	19,680	-	19,680
Property taxes	9,412	-	9,412
state share taxes	52,624	-	52,624
Taxes receivable	-	1,660	1,660
Reserve Funds receivable	46,267	-	46,267
Due from other governments	68,503	-	68,503
Net receivables	<u>\$ 200,337</u>	<u>\$ 61,417</u>	<u>\$ 176,187</u>

The Town's has an established policy where bad debt is written off and an allowance for all account over 90 days.



**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 6 CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the years-ended June 30, 2011 and 2010. Land is not subject to depreciation.

<b>Governmental Activities:</b>	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated							
Land	\$ 999,500	\$ -	\$ -	\$ 999,500	\$ -	\$ -	\$ 999,500
Work in process	59,224	757,135	59,222	757,137	-	-	757,137
Total	<u>1,058,724</u>	<u>757,135</u>	<u>59,222</u>	<u>1,756,637</u>	<u>-</u>	<u>-</u>	<u>1,756,637</u>
Other capital assets being depreciated							
Buildings	343,394	-	-	343,394	-	4,667	338,727
Other improvements	4,230,108	59,222	-	4,289,330	-	54,616	4,234,714
Machinery and equipment	1,309,568	72,696	-	1,382,264	123,303	-	1,505,567
Total	<u>5,883,070</u>	<u>131,918</u>	<u>-</u>	<u>6,014,988</u>	<u>123,303</u>	<u>59,283</u>	<u>6,079,008</u>
Accumulated depreciation:							
Buildings	152,774	22,731	-	175,505	11,261	-	186,766
Other improvements	314,057	112,911	-	426,968	124,380	-	551,348
Machinery and equipment	993,092	114,079	9,504	1,097,667	114,172	-	1,211,839
Total	<u>1,459,923</u>	<u>249,721</u>	<u>9,504</u>	<u>1,700,140</u>	<u>249,813</u>	<u>-</u>	<u>1,949,953</u>
Net book value	<u>\$ 5,481,871</u>	<u>\$ 639,332</u>	<u>\$ 49,718</u>	<u>\$ 6,071,485</u>	<u>\$ (126,510)</u>	<u>\$ 59,283</u>	<u>\$ 5,885,692</u>

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 6 CAPITAL ASSETS (continued)**

Depreciation expense for the years-ended June 30, was charged as follows:

	<u>2011</u>	<u>2010</u>
General government	\$ 191,238	\$ 165,087
Public safety	53,305	53,305
Public works	<u>5,270</u>	<u>5,270</u>
Total depreciation expense	<u>\$ 249,813</u>	<u>\$ 223,662</u>

**Business-Type Activities:**

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets being depreciated							
Utility system	\$ 2,833,142	\$ -	\$ -	\$ 2,833,142	\$ -	\$ -	\$ 2,833,142
Machinery and equipment	327,092	-	-	327,092	-	-	327,092
Total	<u>3,160,234</u>	<u>-</u>	<u>-</u>	<u>3,160,234</u>	<u>-</u>	<u>-</u>	<u>3,160,234</u>
Accumulated depreciation:							
Utility system	1,421,491	99,428	-	1,520,919	99,428	-	1,620,347
Machinery and equipment	206,205	23,104	-	229,309	19,120	-	248,429
Total	<u>1,627,696</u>	<u>122,532</u>	<u>-</u>	<u>1,750,228</u>	<u>118,548</u>	<u>-</u>	<u>1,868,776</u>
Net book value	<u>\$ 1,532,538</u>	<u>\$(122,532)</u>	<u>\$ -</u>	<u>\$ 1,410,006</u>	<u>\$ (118,548)</u>	<u>\$ -</u>	<u>\$ 1,291,458</u>

Depreciation expense relating to business-like activities for the years-ended June 30, 2011 and 2010 totaled \$118,548 and \$122,532, respectively.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 7 LONG-TERM DEBT**

During the year-ended June 30, 2011 and 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

<b>Governmental Activities</b>	Balance			Balance			Balance	Due
	June 30, 2009	Additions	Decreases	June 30, 2010	Additions	Decreases	June 30, 2011	Within One Year
<b>NMFA Notes Payable:</b>								
Fire Brush Truck	\$ 39,886	\$ -	\$ 7,537	\$ 32,349	\$ -	\$ 7,730	\$ 24,619	\$ 7,763
Town Hall Project	662,465	-	16,616	645,849	-	17,156	628,693	17,156
Xerox Capital Lease	4,939	-	3,487	1,452	-	1,452	-	-
Vehicles Capital Loan	-	72,696	21,161	51,535	-	12,807	38,728	12,806
Compensated absences	53,673	11,989	26,837	38,825	55,708	43,797	50,736	25,368
<b>Totals</b>	<b>\$ 760,963</b>	<b>\$ 84,685</b>	<b>\$ 75,638</b>	<b>\$ 770,010</b>	<b>\$ 55,708</b>	<b>\$ 82,942</b>	<b>\$ 742,776</b>	<b>\$63,093</b>

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: 53.2% from General Fund, 28.0% from NM HIDTA, 11.9% from USAO HIDTA, and 6.9% from ISC HIDTA.

<b>Business-type Activities:</b>	Balance			Balance			Balance	Due
	June 30, 2009	Additions	Decreases	June 30, 2010	Additions	Decreases	June 30, 2011	Within One Year
NMFA Note Payable	\$ 9,956	\$ -	\$ 524	\$ 9,432	\$ -	\$ 502	\$ 8,930	\$ 502
Asphalt Zipper Loan	42,838	-	7,637	35,201	-	1,898	33,303	\$ 7,637
Compensated absences	6,636	16,198	6,636	16,198	15,704	6,636	25,266	\$ 12,633
<b>Totals</b>	<b>\$ 59,430</b>	<b>\$ 16,198</b>	<b>\$ 14,797</b>	<b>\$ 60,831</b>	<b>\$ 15,704</b>	<b>\$ 9,036</b>	<b>\$ 67,499</b>	<b>\$ 20,772</b>

These debts are paid from the Utility Fund.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 7 LONG-TERM DEBT (continued)**

*Notes Payable – New Mexico Finance Authority*

A. *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, 2011, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Totals
2012	6,654	671	7,325
2013	8,192	453	8,645
2014	8,420	229	8,649
	\$ 23,266	\$ 1,353	\$ 24,619

B. *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, 2011, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Totals
2012	16,797	28,595	45,392
2013	18,141	27,807	45,948
2014	18,964	26,984	45,948
2015-2033	574,791	321,591	896,382
	\$ 628,693	\$ 404,977	\$ 1,033,670

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 7 LONG-TERM DEBT (continued)**

*C. NMFA - \$10,186 Loan – Water Line Extension Project*

On December 19, 2008, the Town borrowed \$10,186 from the New Mexico Finance Authority. The note matures on June 1, 2028, and carries a 0% interest rate; however, a .25% administrative fee is assessed with each payment. The proceeds of the loan are to be used for the water line extension project. The funds have yet to be received and are still held at the New Mexico Finance Authority. The payments of principal and the administrative fees are paid from pledged proprietary capital outlay funds. The annual requirements to amortize the 2008 loan outstanding as of June 30, 2011, including interest payments, are as follows:

Year Ended June 30,	Principal	Interest	Totals
2012	527	-	527
2013	516	-	516
2014	517	-	517
2015-2033	7,370	-	7,370
	\$ 8,930	\$ -	\$ 8,930

*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 \$1,452.

*E. Capital Lease – Asphalt Zipper*

On January 31, 2008, the Town entered into a capital lease agreement with Baystone Financial Group for an Asphalt Zipper. The lease contains the option to purchase agreement. The fair value of the assets at the start of the lease is \$75,950. The present value of minimum lease payments is \$49,044, to be paid over five years due annually in arrears, with an interest rate of 4.950%. The payments of \$17,518 are made out of the proprietary fund and are budgeted as an administration expense. Current balance on the lease agreement is \$25,802. Minimum lease payments are \$87,592. The schedule of principal and imputed interest is as follows:

Year Ended June 30,	Reduction in Lease Obligation	Interest	Totals
2012	4,834	5,951	10,785
2013	14,235	8,283	22,518
	\$ 19,069	\$ 14,234	\$ 33,303

The remaining premium of \$26,906 is amortized over the life of the lease.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**NOTE 7 LONG-TERM DEBT (continued)**

*F. Loan- Vehicles*

On September 11, 2009, the Town entered into a note payable with Baystone Financial Group for three vehicles to be used by the Marshals. The lease contains the option to purchase agreement. The fair value of the assets at the start of the lease is \$82,200. The present value of minimum lease payments is \$82,550, to be paid over five years due semiannually, with no implied interest rate. \$16,510 payment were made in 2011 of that \$14,490 was principle and \$2,020 was interest. The schedule of principal and imputed interest is as follows:

Year Ended June 30,	Reduction in Lease Obligation	Interest	Totals
2012	11,946	2,020	13,966
2013	15,357	1,154	16,511
2014	8,015	236	8,251
	<u>\$ 35,318</u>	<u>\$ 3,410</u>	<u>\$ 38,728</u>

*G. 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>2011</u> Amount	<u>2010</u> Amount
General Fund	Cops Universal	Fund Temporary Cash Overdraft	\$ -	\$ -
General Fund	Safe Routes to School	Fund Temporary Cash Overdraft	-	-
General Fund	Law Enforcement	Fund Temporary Cash Overdraft	-	72,696
General Fund	ISC HIDTA	Fund Temporary Cash Overdraft	-	816
			<u>\$ -</u>	<u>\$ 73,512</u>

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:

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

<u>2011</u>	<u>2010</u>	
\$ -	\$ 3,583	From the HIDTA Fund to ISC Fund for operations.
6,274	-	From the General Fund to Fire Fund for operations.
-	(822)	From the Proprietary Fund to the General Fund for operations.
-	822	From the General Fund to the EMS fund.
-	(14,078)	From the FEMA Relief fund to General Fund.
-	14,078	From the Genral Fund to the Lodgers Tax Fund for operations.
-	35,000	From the Fire Protection Fund to the General Fund for operations.
35,000	(35,000)	From the Town hall to NM HIDTA to transfer funding.
(35,000)	-	From the Town Hall to NM HIDTA
(41,731)	-	From the General fund to special revenue funds
833	-	From the General Fund to Safet Route to School to transfer funding.
866	-	From the General Fund to Fiesta Fund to transfer funding.
13,758	-	From the General Fund to the Solid Waste.
20,000	-	From the General Fund to CDBG Fund
<u>\$ -</u>	<u>\$ 3,583</u>	Total

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**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, 2011 and 2010 is \$32,554 and \$23,221 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. The report is also available on PERA’s website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy.* Plan members are required to contribute 7% 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 in State statute 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, 2011, 2010, 2009, and were \$112,048, \$100,988, \$139,902, and 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 LEGAL COMPLIANCE WITH BUDGET**

The following funds had actual total expenditures over budgeted expenditures.

Fund	Category	Budget Amount	Actual Amount	Over Expended	Reason
Corrections Fees	Total expenditures	24,000	31,456	7,456	Actual verses budget expenditures not adequately monitored
Fire	Total expenditures	79,230	87,950	8,720	Actual verses budget expenditures not adequately monitored
Recreation fund	Total expenditures	1,500	3,876	2,376	Actual verses budget expenditures not adequately monitored
FEMA fund	Total expenditures	-	766	766	Actual verses budget expenditures not adequately monitored
ISC HIDTA FUND	Total expenditures	329,313	766	(328,547)	Actual verses budget expenditures not adequately monitored
Cops universal	Total expenditures	85,389	85,853	464	Actual verses budget expenditures not adequately monitored



**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2011

**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.

**NOTE 15 GASB 54-FUND BALANCE**

The Town of Mesilla's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

The following fund balance changes for 2011.

Fund balances:	General Fund	USAO HIDTA	Town Hall fund	Major Special Revenue Fund	Major Capital Project funds	Total
<b>Restricted for:</b>						
Senior Center	\$ -	\$ -	\$ -	\$ -	\$ 6,338	\$ 6,338
ICI Fund	-	-	-	-	12,037	12,037
Corrections fees	-	-	-	126,071	-	126,071
EMS	-	-	-	469	-	469
Law Enforcement	-	-	-	1,694	-	1,694
Lodgers Tax	-	-	-	3,229	-	3,229
Recreation	-	-	-	2,417	-	2,417
Court Automation	-	-	-	(925)	-	(925)
NM HIDTA	-	-	-	48,672	-	48,672
ISC HIDTA	-	-	-	(5,460)	-	(5,460)
Street Improvement	-	-	-	28,193	-	28,193
Cops Universal	-	-	-	54,085	-	54,085
Humanities	-	-	-	345	-	345
<b>Committed to:</b>						
USAO HIDTA	-	(16,380)	-	-	-	(16,380)
<b>Assigned to:</b>						
Town Hall fund	-	-	232,200	-	-	232,200
<b>Unassigned:</b>	332,695	-	-	-	-	332,695
<b>Total Fund Balance</b>	<u>\$ 332,695</u>	<u>\$ (16,380)</u>	<u>\$ 232,200</u>	<u>\$ 258,790</u>	<u>\$ 18,375</u>	<u>\$ 825,680</u>

**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, 2011

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).

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**NON-MAJOR GOVERNMENTAL FUND TYPES**  
As of and for the Year-Ended June 30, 2011

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).

Highway Interdiction HIDTA

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

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.

Street Improvement SAP Road

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).

Safe Routes to School

To account for state grant revenue and expenditures from the Safe Routes to School program. The creation and maintenance of a separate fund was established by Town resolution.

Humanities

To account for revenues and expenditures from the grant from the New Mexico Statehood Steering committee. The creation and maintenance of a separate fund was established by Town resolution.

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, 2011

	Special Revenue Funds	Capital Projects Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 318,188	\$ 18,375	\$ 336,563
Investments	52,639	-	52,639
Tax receivable	-	-	-
<b>Total assets</b>	<b><u>\$ 370,827</u></b>	<b><u>\$ 18,375</u></b>	<b><u>\$ 389,202</u></b>
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries	-	-	-
Due to other fund	-	-	-
Deferred revenue	100,000	-	100,000
<b>Total liabilities</b>	<b><u>100,000</u></b>	<b><u>-</u></b>	<b><u>100,000</u></b>
<b>Fund Balances:</b>			
Reserved for capital projects funds	-	18,375	18,375
Unreserved for special revenue funds	270,827	-	270,827
<b>Total fund balances</b>	<b><u>270,827</u></b>	<b><u>18,375</u></b>	<b><u>289,202</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 370,827</u></b>	<b><u>\$ 18,375</u></b>	<b><u>\$ 389,202</u></b>

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, 2010

	Special Revenue Funds	Capital Projects Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 366,847	\$ 2,397	\$ 369,244
Investments	52,639	-	52,639
Tax receivable	2,076	-	2,076
<b>Total assets</b>	<b><u>\$ 421,562</u></b>	<b><u>\$ 2,397</u></b>	<b><u>\$ 423,959</u></b>
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 5,276	\$ -	\$ 5,276
Accrued salaries	1,440	-	1,440
Due to other fund	73,512	-	73,512
Deferred revenue	100,000	-	100,000
<b>Total liabilities</b>	<b><u>180,228</u></b>	<b><u>-</u></b>	<b><u>180,228</u></b>
<b>Fund Balances:</b>			
Reserved for capital projects funds	-	2,397	2,397
Unreserved for special revenue funds	241,334	-	241,334
<b>Total fund balances</b>	<b><u>241,334</u></b>	<b><u>2,397</u></b>	<b><u>243,731</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 421,562</u></b>	<b><u>\$ 2,397</u></b>	<b><u>\$ 423,959</u></b>

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, 2011

	Special Revenue Funds	Capital Projects Funds	Totals
<b>Revenues:</b>			
State-shared taxes	\$ 11,561	\$ -	\$ 11,561
Charges for services	46,972	-	46,972
Interest income	-	-	-
Miscellaneous income	29,125	-	29,125
Intergovernmental	217,230	-	217,230
Federal grant	1,084,452	400,000	1,484,452
State grant	23,000	98,110	121,110
<b>Total revenues</b>	<b>1,412,340</b>	<b>498,110</b>	<b>1,910,450</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	10,663	425,000	435,663
Public safety	980,663	-	980,663
Public works	454,592	-	454,592
Culture and recreation	13,434	-	13,434
Capital outlay	48,948	89,169	138,117
<b>Total expenditures</b>	<b>1,508,300</b>	<b>514,169</b>	<b>2,022,469</b>
Excess (deficiency) Revenues			
Excess (deficiency) revenues over expenditures	(95,960)	(16,059)	(112,019)
<b>Other financing sources (uses):</b>			
Debt service principal	72,891	12,037	84,928
Operating transfers in	231,321	20,000	251,321
Operating transfers out	(178,759)	-	(178,759)
<b>Total other financing sources (uses)</b>	<b>125,453</b>	<b>32,037</b>	<b>157,490</b>
Net change in fund balance	29,493	15,978	45,471
Fund balance – Beginning of year	241,334	2,397	243,731
Fund balance – End of year	<b>\$ 270,827</b>	<b>\$ 18,375</b>	<b>\$ 289,202</b>

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, 2010

	Special Revenue Funds	Capital Projects Funds	Totals
<b>Revenues:</b>			
State-shared taxes	\$ 20,200	\$ -	\$ 20,200
Charges for services	21,828	-	21,828
Interest income	-	-	-
Miscellaneous income	18,202	-	18,202
Intergovernmental	105,860	-	105,860
Federal grant	1,294,200	-	1,294,200
State grant	348,644	-	348,644
<b>Total revenues</b>	<b>1,808,934</b>	<b>-</b>	<b>1,808,934</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	19,824	-	19,824
Public safety	873,199	-	873,199
Public works	4,530	-	4,530
Culture and recreation	24,232	-	24,232
Capital outlay	829,833	-	829,833
<b>Total expenditures</b>	<b>1,751,618</b>	<b>-</b>	<b>1,751,618</b>
Excess (deficiency) Revenues			
Excess (deficiency) revenues over expenditures	57,316	-	57,316
<b>Other financing sources (uses):</b>			
Debt service principal	(7,537)	-	(7,537)
Debt service interest	(4,601)	-	(4,601)
Operating transfers in	39,405	-	39,405
Operating transfers out	(49,078)	-	(49,078)
<b>Total other financing sources (uses)</b>	<b>(21,811)</b>	<b>-</b>	<b>(21,811)</b>
Net change in fund balance	35,505	-	35,505
Fund balance – Beginning of year	205,829	2,397	208,226
Fund balance – End of year	<b>\$ 241,334</b>	<b>\$ 2,397</b>	<b>\$ 243,731</b>

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, 2011**

	Correction Fees	Emergency Medical Services	Fire Protection	Law Enforcement	Lodgers' Tax	Street Improvements	Recreation	Subtotals
<b>Assets</b>								
Cash and cash equivalents	\$ 73,432	\$ 469	\$ -	\$ 1,694	\$ 3,229	\$ -	\$ 2,417	\$ 81,241
Investments	52,639	-	-	-	-	-	-	52,639
Tax receivable	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 126,071</b>	<b>\$ 469</b>	<b>\$ -</b>	<b>\$ 1,694</b>	<b>\$ 3,229</b>	<b>\$ -</b>	<b>\$ 2,417</b>	<b>\$ 133,880</b>
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salary	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>								
Unreserved for special revenue funds	126,071	469	-	1,694	3,229	-	2,417	133,880
<b>Total Fund Balances</b>	<b>126,071</b>	<b>469</b>	<b>-</b>	<b>1,694</b>	<b>3,229</b>	<b>-</b>	<b>2,417</b>	<b>133,880</b>
<b>Total Liabilities and Fund</b>	<b>\$ 126,071</b>	<b>\$ 469</b>	<b>\$ -</b>	<b>\$ 1,694</b>	<b>\$ 3,229</b>	<b>\$ -</b>	<b>\$ 2,417</b>	<b>\$ 133,880</b>

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, 2011**

	Court Automation	Fiesta	FEMA Relief	NM HIDTA	ISC HIDTA	ARRA STREET IMP	STREET IMP. SAP RD	Subtotals
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 54,324	\$ -	\$ -	\$ 28,193	\$ 82,517
Investments	-	-	-	-	-	-	-	-
Tax receivable	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,324</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,193</b>	<b>\$ 82,517</b>
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salary	-	-	-	-	-	-	-	-
Due to other fund	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>								
Unreserved for special revenue	-	-	-	54,324	-	-	28,193	82,517
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,324</b>	<b>-</b>	<b>-</b>	<b>28,193</b>	<b>82,517</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,324</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,193</b>	<b>\$ 82,517</b>

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, 2011**

	Cops Universal Hiring	Safe Routes to School	Humanities	Subtotals - page 1	Subtotals - page 2	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 54,085	\$ 100,000	\$ 345	\$ 81,241	\$ 82,517	\$ 318,188
Investments	-	-	-	52,639	-	52,639
Tax receivable	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 54,085</b>	<b>\$ 100,000</b>	<b>\$ 345</b>	<b>\$ 133,880</b>	<b>\$ 82,517</b>	<b>\$ 370,827</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salary	-	-	-	-	-	-
Due to other fund	-	-	-	-	-	-
Deferred revenue	-	100,000	-	-	-	100,000
<b>Total Liabilities</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>Fund Balance</b>						
Reserved for capital projects funds	-	-	-	-	-	-
Unreserved for special revenue funds	54,085	-	345	133,880	82,517	270,827
<b>Total Fund Balances</b>	<b>54,085</b>	<b>-</b>	<b>345</b>	<b>133,880</b>	<b>82,517</b>	<b>270,827</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 54,085</b>	<b>\$ 100,000</b>	<b>\$ 345</b>	<b>\$ 133,880</b>	<b>\$ 82,517</b>	<b>\$ 370,827</b>

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, 2010**

	Correction Fees	Emergency Medical Services	Fire Protection	Law Enforcement	Lodgers' Tax	Street Improvements	Recreation	Subtotals
<b>Assets</b>								
Cash and cash equivalents	\$ 70,417	\$ -	\$ 8,527	\$ 10,204	\$ 3,229	\$ 94,071	\$ 3,786	\$ 190,234
Investments	52,639	-	-	-	-	-	-	52,639
Tax receivable	-	-	-	-	-	2,076	-	2,076
<b>Total Assets</b>	<b>\$ 123,056</b>	<b>\$ -</b>	<b>\$ 8,527</b>	<b>\$ 10,204</b>	<b>\$ 3,229</b>	<b>\$ 96,147</b>	<b>\$ 3,786</b>	<b>\$ 244,949</b>
<b>Liabilities</b>								
Accounts payable	\$ 390	\$ 1,096	\$ 3,101	\$ -	\$ -	\$ -	\$ 689	\$ 5,276
Accrued salary	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	72,696	-	-	-	72,696
<b>Total Liabilities</b>	<b>390</b>	<b>1,096</b>	<b>3,101</b>	<b>72,696</b>	<b>-</b>	<b>-</b>	<b>689</b>	<b>77,972</b>
<b>Fund Balance</b>								
Unreserved for special revenue funds	122,666	(1,096)	5,426	(62,492)	3,229	96,147	3,097	166,977
<b>Total Fund Balances</b>	<b>122,666</b>	<b>(1,096)</b>	<b>5,426</b>	<b>(62,492)</b>	<b>3,229</b>	<b>96,147</b>	<b>3,097</b>	<b>166,977</b>
<b>Total Liabilities and Fund</b>	<b>\$ 123,056</b>	<b>\$ -</b>	<b>\$ 8,527</b>	<b>\$ 10,204</b>	<b>\$ 3,229</b>	<b>\$ 96,147</b>	<b>\$ 3,786</b>	<b>\$ 244,949</b>

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, 2010**

	Court Automation	Fiesta	FEMA Relief	NM HIDTA	ISC HIDTA	ARRA STREET IMP	STREET IMP. SAP RD	Subtotals
<b>Assets</b>								
Cash and cash equivalents	\$ 206	\$ 2,195	\$ -	\$ 2,198	\$ -	\$ -	\$ 42,526	\$ 47,125
Investments	-	-	-	-	-	-	-	-
Tax receivable	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 206</b>	<b>\$ 2,195</b>	<b>\$ -</b>	<b>\$ 2,198</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,526</b>	<b>\$ 47,125</b>
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salary	-	-	-	1,440	-	-	-	1,440
Due to other fund	-	-	-	-	816	-	-	816
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,440</b>	<b>816</b>	<b>-</b>	<b>-</b>	<b>2,256</b>
<b>Fund Balance</b>								
Unreserved for special revenue	206	2,195	-	758	(816)	-	42,526	44,869
<b>Total Fund Balances</b>	<b>206</b>	<b>2,195</b>	<b>-</b>	<b>758</b>	<b>(816)</b>	<b>-</b>	<b>42,526</b>	<b>44,869</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 206</b>	<b>\$ 2,195</b>	<b>\$ -</b>	<b>\$ 2,198</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,526</b>	<b>\$ 47,125</b>

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, 2010**

	Cops Universal Hiring	Safe Routes to School	Humanities	Subtotals - page 1	Subtotals - page 2	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 31,435	\$ 97,708	\$ 345	\$ 190,234	\$ 47,125	\$ 366,847
Investments	-	-	-	52,639	-	52,639
Tax receivable	-	-	-	2,076	-	2,076
<b>Total Assets</b>	<b>\$ 31,435</b>	<b>\$ 97,708</b>	<b>\$ 345</b>	<b>\$ 244,949</b>	<b>\$ 47,125</b>	<b>\$ 421,562</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 5,276	\$ -	\$ 5,276
Accrued salary	-	-	-	-	1,440	1,440
Due to other fund	-	-	-	72,696	816	73,512
Deferred revenue	-	100,000	-	-	-	100,000
<b>Total Liabilities</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>77,972</b>	<b>2,256</b>	<b>180,228</b>
<b>Fund Balance</b>						
Reserved for capital projects funds	-	-	-	-	-	-
Unreserved for special revenue funds	31,435	(2,292)	345	166,977	44,869	241,334
<b>Total Fund Balances</b>	<b>31,435</b>	<b>(2,292)</b>	<b>345</b>	<b>166,977</b>	<b>44,869</b>	<b>241,334</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 31,435</b>	<b>\$ 97,708</b>	<b>\$ 345</b>	<b>\$ 244,949</b>	<b>\$ 47,125</b>	<b>\$ 421,562</b>

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, 2011**

	Correction Fees	Emergency Medical Services	Fire Protection	Law Protection	Lodgers' Tax	Street Improvements	Recreation	Subtotals
<b>Revenue</b>								
State - shared taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,844	\$ -	\$ -	\$ 1,844
Charge for services	34,471	-	-	-	-	-	-	34,471
Interest income	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	2,429	1,540	-	-	2,508	6,477
Intergovernmental income	-	7,695	70,730	-	-	-	-	78,425
Federal grant	-	-	-	-	-	-	-	-
State grant	-	-	-	23,000	-	-	-	23,000
<b>Total Revenues</b>	<b>34,471</b>	<b>7,695</b>	<b>73,159</b>	<b>24,540</b>	<b>1,844</b>	<b>-</b>	<b>2,508</b>	<b>144,217</b>
<b>Expenditures</b>								
Current								
General Government	-	-	-	-	-	-	-	-
Public safety	31,456	7,226	77,442	7,925	-	-	-	124,049
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	3,876	3,876
Capital outlay	-	-	10,507	25,125	-	-	-	35,632
<b>Total expenditures</b>	<b>31,456</b>	<b>7,226</b>	<b>87,949</b>	<b>33,050</b>	<b>-</b>	<b>-</b>	<b>3,876</b>	<b>163,557</b>
Excess (deficiency) revenues over	3,015	469	(14,790)	(8,510)	1,844	-	(1,368)	(19,340)
<b>Other financing sources (uses)</b>								
Debt service principal	72,891	-	-	-	-	-	-	72,891
Debt service interest	-	-	-	-	-	-	-	-
Transfers in	-	1,096	9,364	72,696	-	-	688	83,844
Transfers out	(72,501)	-	-	-	(1,844)	(96,147)	-	(170,492)
<b>Total other financing sources (uses)</b>	<b>390</b>	<b>1,096</b>	<b>9,364</b>	<b>72,696</b>	<b>(1,844)</b>	<b>(96,147)</b>	<b>688</b>	<b>(13,757)</b>
Net change in fund balance	3,405	1,565	(5,426)	64,186	-	(96,147)	(680)	(33,097)
Fund balance - beginning of year	122,666	(1,096)	5,426	(62,492)	3,229	96,147	3,097	166,977
Fund balance - end of year	\$ 126,071	\$ 469	\$ -	\$ 1,694	\$ 3,229	\$ -	\$ 2,417	\$ 133,880

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, 2011**

	Court Automation	Fiesta	Fema Relief	NM HIDTA	HWY Int. HIDTA	ISC HIDTA	STREET IMP SAP RD.	Subtotals
<b>Revenue</b>								
State - shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,717	\$ 9,717
Charge for services	-	12,501	-	-	-	-	-	12,501
Interest income	-	-	-	-	-	-	-	-
Miscellaneous income	3,385	2,796	-	51	-	-	-	6,232
Intergovernmental income	-	-	-	-	-	-	138,805	138,805
Federal grant	-	-	-	327,507	-	455,837	196,899	980,243
State grant	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>3,385</b>	<b>15,297</b>	<b>-</b>	<b>327,558</b>	<b>-</b>	<b>455,837</b>	<b>345,421</b>	<b>1,147,498</b>
<b>Expenditures</b>								
<b>Current</b>								
General Government	-	-	-	-	-	-	-	-
Public safety	-	-	-	300,725	9,590	460,446	-	770,761
Public works	-	-	766	-	-	-	453,826	454,592
Culture and recreation	-	9,558	-	-	-	-	-	9,558
Capital outlay	4,516	8,800	-	-	-	-	-	13,316
<b>Total expenditures</b>	<b>4,516</b>	<b>18,358</b>	<b>766</b>	<b>300,725</b>	<b>9,590</b>	<b>460,446</b>	<b>453,826</b>	<b>1,248,227</b>
Excess (deficiency) revenues over expenditures	(1,131)	(3,061)	(766)	26,833	(9,590)	(4,609)	(108,405)	(100,729)
<b>Other financing sources (uses)</b>								
Debt service principal	-	-	-	-	-	-	-	-
Debt service interest	-	-	-	-	-	-	-	-
Transfers in	925	866	766	35,000	9,590	5,425	94,072	146,644
Transfers out	-	-	-	(8,267)	-	-	-	(8,267)
<b>Total other financing sources (uses)</b>	<b>925</b>	<b>866</b>	<b>766</b>	<b>26,733</b>	<b>9,590</b>	<b>5,425</b>	<b>94,072</b>	<b>138,377</b>
Net change in fund balance	(206)	(2,195)	-	53,566	-	816	(14,333)	37,648
Fund balance - beginning of year	206	2,195	-	758	-	(816)	42,526	44,869
Fund balance - end of year	\$ -	\$ -	\$ -	\$ 54,324	\$ -	\$ -	\$ 28,193	\$ 82,517

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, 2011**

	Cops Universal Hiring	Safe Routes to School	Humanities	Subtotals - page 1	Subtotals - page 2	Totals
<b>Revenue</b>						
State - shared taxes	\$ -	\$ -	\$ -	\$ 1,844	\$ 9,717	\$ 11,561
Charge for services	-	-	-	34,471	12,501	46,972
Interest income	-	-	-	-	-	-
Miscellaneous income	4,294	12,122	-	6,477	6,232	29,125
Intergovernmental income	-	-	-	78,425	138,805	217,230
Federal grant	104,209	-	-	-	980,243	1,084,452
State grant	-	-	-	23,000	-	23,000
<b>Total Revenues</b>	<b>108,503</b>	<b>12,122</b>	<b>-</b>	<b>144,217</b>	<b>1,147,498</b>	<b>1,412,340</b>
<b>Expenditures</b>						
<b>Current</b>						
General Government	-	10,663	-	-	-	10,663
Public safety	85,853	-	-	124,049	761,171	971,073
Public works	-	-	-	-	464,182	464,182
Culture and recreation	-	-	-	3,876	9,558	13,434
Capital outlay	-	-	-	35,632	13,316	48,948
<b>Total expenditures</b>	<b>85,853</b>	<b>10,663</b>	<b>-</b>	<b>163,557</b>	<b>1,248,227</b>	<b>1,508,300</b>
Excess (deficiency) revenues over expenditures	22,650	1,459	-	(19,340)	(100,729)	(95,960)
<b>Other financing sources (uses)</b>						
Debt service principal	-	-	-	72,891	-	72,891
Debt service interest	-	-	-	-	-	-
Transfers in	-	833	-	83,844	146,644	231,321
Transfers out	-	-	-	(170,492)	(8,267)	(178,759)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>833</b>	<b>-</b>	<b>(13,757)</b>	<b>138,377</b>	<b>125,453</b>
Net change in fund balance	22,650	2,292	-	(33,097)	37,648	29,493
Fund balance - beginning of year	31,435	(2,292)	345	166,977	44,869	241,334
Fund balance - end of year	<b>\$ 54,085</b>	<b>\$ -</b>	<b>\$ 345</b>	<b>\$ 133,880</b>	<b>\$ 82,517</b>	<b>\$ 270,827</b>

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, 2010**

	Correction Fees	Emergency Medical Services	Fire Protection	Law Protection	Lodgers' Tax	Street Improvements	Recreation	Subtotals
Revenue								
State - shared taxes	\$ -	\$ -	\$ -	\$ -	\$ 7,858	\$ 12,342	\$ -	\$ 20,200
Charge for services	8,540	-	-	-	-	-	-	8,540
Interest income	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	2,838	11,663	-	-	2,582	17,083
Intergovernmental income	-	7,400	81,549	-	-	-	-	88,949
Federal grant	-	-	-	-	-	-	-	-
State grant	-	-	-	33,500	-	53,250	-	86,750
Total Revenues	<u>8,540</u>	<u>7,400</u>	<u>84,387</u>	<u>45,163</u>	<u>7,858</u>	<u>65,592</u>	<u>2,582</u>	<u>221,522</u>
Expenditures								
Current								
General Government	-	-	-	-	-	-	-	-
Public safety	16,773	10,546	74,993	34,751	-	-	-	137,063
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	5,799	-	1,733	7,532
Capital outlay	-	-	-	72,696	-	-	-	72,696
Total expenditures	<u>16,773</u>	<u>10,546</u>	<u>74,993</u>	<u>107,447</u>	<u>5,799</u>	<u>-</u>	<u>1,733</u>	<u>217,291</u>
Excess (deficiency) revenues over	(8,233)	(3,146)	9,394	(62,284)	2,059	65,592	849	4,231
Other financing sources (uses)								
Debt service principal	-	-	(7,537)	-	-	-	-	(7,537)
Debt service interest	-	-	(1,088)	(3,513)	-	-	-	(4,601)
Transfers in	-	822	-	-	-	-	-	822
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>822</u>	<u>(8,625)</u>	<u>(3,513)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,316)</u>
Net change in fund balance	(8,233)	(2,324)	769	(65,797)	2,059	65,592	849	(7,085)
Fund balance - beginning of year	<u>130,899</u>	<u>1,228</u>	<u>4,657</u>	<u>3,305</u>	<u>1,170</u>	<u>30,555</u>	<u>2,248</u>	<u>174,062</u>
Fund balance - end of year	<u>\$ 122,666</u>	<u>\$ (1,096)</u>	<u>\$ 5,426</u>	<u>\$ (62,492)</u>	<u>\$ 3,229</u>	<u>\$ 96,147</u>	<u>\$ 3,097</u>	<u>\$ 166,977</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, 2010**

	<u>Court Automation</u>	<u>Fiesta</u>	<u>Fema Relief</u>	<u>NM HIDTA</u>	<u>ISC HIDTA</u>	<u>STREET IMP. ARRA</u>	<u>STREET IMP SAP RD.</u>	<u>Subtotals</u>
Revenue								
State - shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	13,288	-	-	-	-	-	13,288
Interest income	-	-	-	-	-	-	-	-
Miscellaneous income	-	225	-	68	-	-	-	293
Intergovernmental income	16,911	-	-	-	-	-	-	16,911
Federal grant	-	-	6,293	308,887	403,482	537,771	-	1,256,433
State grant	-	-	-	-	-	-	261,894	261,894
<b>Total Revenues</b>	<b>16,911</b>	<b>13,513</b>	<b>6,293</b>	<b>308,955</b>	<b>403,482</b>	<b>537,771</b>	<b>261,894</b>	<b>1,548,819</b>
Expenditures								
Current								
General Government	17,017	-	-	-	-	-	-	17,017
Public safety	-	-	-	323,638	406,962	-	-	730,600
Public works	-	-	4,530	-	-	-	-	4,530
Culture and recreation	-	16,700	-	-	-	-	-	16,700
Capital outlay	-	-	-	-	-	537,771	219,368	757,139
<b>Total expenditures</b>	<b>17,017</b>	<b>16,700</b>	<b>4,530</b>	<b>323,638</b>	<b>406,962</b>	<b>537,771</b>	<b>219,368</b>	<b>1,525,986</b>
Excess (deficiency) revenues over expenditures	(106)	(3,187)	1,763	(14,683)	(3,480)	-	42,526	22,833
Other financing sources (uses)								
Debt service principal	-	-	-	-	-	-	-	-
Debt service interest	-	-	-	-	-	-	-	-
Transfers in	-	-	-	35,000	3,583	-	-	38,583
Transfers out	-	-	(14,078)	(35,000)	-	-	-	(49,078)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(14,078)</b>	<b>-</b>	<b>3,583</b>	<b>-</b>	<b>-</b>	<b>(10,495)</b>
Net change in fund balance	(106)	(3,187)	(12,315)	(14,683)	103	-	42,526	12,338
Fund balance - beginning of year	312	5,382	12,315	15,441	(919)	-	-	32,531
Fund balance - end of year	\$ 206	\$ 2,195	\$ -	\$ 758	\$ (816)	\$ -	\$ 42,526	\$ 44,869

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, 2010**

	Cops			Subtotals -	Subtotals -	Totals
	Universal Hiring	Safe Routes to School	Humanities	page 1	page 2	
Revenue						
State - shared taxes	\$ -	\$ -	\$ -	\$ 20,200	\$ -	\$ 20,200
Charge for services	-	-	-	8,540	13,288	21,828
Interest income	-	-	-	-	-	-
Miscellaneous income	-	826	-	17,083	293	18,202
Intergovernmental income	-	-	-	88,949	16,911	105,860
Federal grant	37,767	-	-	-	1,256,433	1,294,200
State grant	-	-	-	86,750	261,894	348,644
Total Revenues	<u>37,767</u>	<u>826</u>	<u>-</u>	<u>221,522</u>	<u>1,548,819</u>	<u>1,808,934</u>
Expenditures						
Current						
General Government	-	2,755	50	-	17,019	19,824
Public safety	5,536	-	-	137,063	730,600	873,199
Public works	-	-	-	-	4,530	4,530
Culture and recreation	-	-	-	7,532	16,700	24,232
Capital outlay	-	-	-	72,696	757,137	829,833
Total expenditures	<u>5,536</u>	<u>2,755</u>	<u>50</u>	<u>217,291</u>	<u>1,525,986</u>	<u>1,751,618</u>
Excess (deficiency) revenues over expenditures	32,231	(1,929)	(50)	4,231	22,833	57,316
Other financing sources (uses)						
Debt service principal	-	-	-	(7,537)	-	(7,537)
Debt service interest	-	-	-	(4,601)	-	(4,601)
Transfers in	-	-	-	822	38,583	39,405
Transfers out	-	-	-	-	(49,078)	(49,078)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,316)</u>	<u>(10,495)</u>	<u>(21,811)</u>
Net change in fund balance	32,231	(1,929)	(50)	(7,085)	12,338	35,505
Fund balance - beginning of year	(796)	(363)	395	174,062	32,531	205,829
Fund balance - end of year	<u>\$ 31,435</u>	<u>\$ (2,292)</u>	<u>\$ 345</u>	<u>\$ 166,977</u>	<u>\$ 44,869</u>	<u>\$ 241,334</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, 2011

	Budgeted Amounts			Favorable (Unfavorable) Difference
	Original	Final	Actual	
Revenues:				
Fines & Forfeits	\$ 9,700	\$ 9,700	\$ 34,471	\$ 24,771
Interest income	-	-	-	-
Total revenues	<u>9,700</u>	<u>9,700</u>	<u>34,471</u>	<u>24,771</u>
Add: Budget cash	123,056	123,056		
	<u>\$ 132,756</u>	<u>\$ 132,756</u>		
Expenditures:				
Operating expenditures	24,000	24,000	31,456	(7,456)
Capital outlay	-	-	-	-
Total expenditures	<u>24,000</u>	<u>24,000</u>	<u>31,456</u>	<u>(7,456)</u>
Excess (deficiency) of revenues over expenditures			3,015	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(72,501)	(72,501)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(72,501)</u>	<u>(72,501)</u>
Net change in fund balance (Non-GAAP)			(69,486)	
Differences between Non-GAAP and Modified GAAP				
Accrued expense			<u>72,891</u>	
Net change in fund balance (Modified GAAP)			3,405	
Fund balance – Beginning of year			<u>122,666</u>	
Fund balance – End of year			<u>\$ 126,071</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State Allotment	\$ 7,806	\$ 7,806	\$ 7,695	\$ (111)
Total revenues	<u>7,806</u>	<u>7,806</u>	<u>7,695</u>	<u>(111)</u>
Add: Budget cash	-	-		
	<u>\$ 7,806</u>	<u>\$ 7,806</u>		
Expenditures:				
Operating expenditures	5,200	5,200	7,226	(2,026)
Capital outlay	2,606	2,606	-	2,606
Total expenditures	<u>7,806</u>	<u>7,806</u>	<u>7,226</u>	<u>580</u>
Excess (deficiency) of revenues over expenditures			469	
Other financing sources (uses):				
Transfers in	-	-	1,096	1,096
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,096</u>	<u>1,096</u>
Net change in fund balance (Non-GAAP)			1,565	
Differences between Non-GAAP and Modified GAAP				
Adjust accrued expenditures			<u>-</u>	
Net change in fund balance (Modified GAAP)			1,565	
Fund balance – Beginning of year			<u>(1,096)</u>	
Fund balance – End of year			<u>\$ 469</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, 2011

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Allotment Grant	\$ 70,730	\$ 70,730	\$ 70,730	\$ -
Miscellaneous income	-	-	2,429	2,429
Total revenues	<u>70,730</u>	<u>70,730</u>	<u>73,159</u>	<u>2,429</u>
Add: Budget cash	8,517	8,517		
	<u>\$ 79,247</u>	<u>\$ 79,247</u>		
Expenditures:				
Operating expenditures	61,000	61,000	77,443	(16,443)
Capital outlay	18,230	18,230	10,507	7,723
Total expenditures	<u>79,230</u>	<u>79,230</u>	<u>87,950</u>	<u>(8,720)</u>
Excess (deficiency) of revenues over expenditures			(14,791)	
Other financing sources (uses):				
Transfers in	-	-	9,365	9,365
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,365</u>	<u>9,365</u>
Net change in fund balance (Non-GAAP)			(5,426)	
Differences Between Non-GAAP and Modified GAAP				
Debt service principal		-		
Debt service interest		-		
Accrued expenditures		-	-	
Net change in fund balance (Modified GAAP)			(5,426)	
Fund balance – Beginning of year			<u>5,426</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 – 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, 2011

	<u>Budgeted Amounts</u>			Favorable (Unfavorable ) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State grant	\$ 23,000	\$ 23,000	\$ 23,000	\$ -
Miscellaneous income	-	-	1,540	1,540
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>24,540</u>	<u>1,540</u>
Add: Budget cash	10,204	10,204		
	<u>\$ 33,204</u>	<u>\$ 33,204</u>		
Expenditures:				
Operating expenditures	6,500	6,500	7,925	(1,425)
Capital outlay	26,700	26,700	25,125	1,575
Total expenditures	<u>33,200</u>	<u>33,200</u>	<u>33,050</u>	<u>150</u>
Excess (deficiency) of revenues over expenditures			(8,510)	
Other financing sources (uses):				
Principle	-	-	-	-
Interest	-	-	-	-
Transfers in	-	-	72,696	72,696
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>72,696</u>	<u>72,696</u>
Net change in fund balance (Non-GAAP)			64,186	
Differences Between Non-GAAP and Modified GAAP				
Accrued expenditure				
Net change in fund balance (Modified GAAP)			64,186	
Fund balance – Beginning of year			<u>(62,492)</u>	
Fund balance – End of year			<u>\$ 1,694</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, 2011

	Budgeted Amounts		Actual	Favorable (Unfavorable ) Difference
	Original	Final		
Revenues:				
Local taxes	2,500	2,500	1,844	(656)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>1,844</u>	<u>(656)</u>
Add: Budget cash	3,229	3,229		
	<u>\$ 5,729</u>	<u>\$ 5,729</u>		
Expenditures:				
Operating expenditures	2,500	2,500	-	2,500
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Excess (deficiency) of revenues over expenditures			1,844	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(1,844)	(1,844)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,844)</u>	<u>(1,844)</u>
Net change in fund balance (Non-GAAP)			-	
Differences Between Non-GAAP and Modified GAAP				
Accrued revenue			<u>-</u>	
Net change in fund balance (Modified GAAP)			-	
Fund balance – Beginning of year			<u>3,229</u>	
Fund balance – End of year			<u>\$ 3,229</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, 2011

	<u>Budgeted Amounts</u>		Actual	Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>		
Revenues:				
State-shared taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenues	-	-	-	-
State grants	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: Budget cash	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
Expenditures:				
Operating expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures			-	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(96,147)	(96,147)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(96,147)</u>	<u>(96,147)</u>
Net change in fund balance (Non-GAAP)			(96,147)	
Differences between Non-GAAP and Modified GAAP:				
Accrued revenue		-		
Accrued expenditures		<u>-</u>	<u>-</u>	
Net change in fund balance (Modified GAAP)			(96,147)	
Fund balance – Beginning of year			<u>96,147</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 – 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, 2011

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State-shared taxes	\$ -	\$ -	\$ 56	\$ 56
Donations	1,200	1,200	2,452	1,252
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>2,508</u>	<u>1,308</u>
Add: Budget cash	3,786	3,786		
	<u>\$ 4,986</u>	<u>\$ 4,986</u>		
Expenditures:				
Operating expenditures	1,500	1,500	3,876	(2,376)
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>3,876</u>	<u>(2,376)</u>
Excess (deficiency) of revenues over expenditures			(1,368)	
Other financing sources (uses):				
Transfers in	-	-	688	688
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>688</u>	<u>688</u>
Net change in fund balance (Non-GAAP)			(680)	
Differences Between Non-GAAP and Modified GAAP:				
Adjust accrued expenditures			<u>-</u>	
Net change in fund balance (Modified GAAP)			(680)	
Fund balance – Beginning of year			<u>3,097</u>	
Fund balance – End of year			<u>\$ 2,417</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Court automation grant	\$ 5,000	\$ 5,000	\$ 3,385	\$ (1,615)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>3,385</u>	<u>(1,615)</u>
Add: Budget cash	206	206		
	<u>\$ 5,206</u>	<u>\$ 5,206</u>		
Expenditures:				
Operating expenditures	-	-	-	-
Capital outlay	5,000	5,000	4,516	484
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>4,516</u>	<u>484</u>
Excess (deficiency) of revenues over expenditures			(1,131)	
Other financing sources (uses):				
Transfers in	-	-	925	925
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>925</u>	<u>925</u>
Net change in fund balance (Non-GAAP)			(206)	
Differences Between Non-GAAP and Modified GAAP:				
Adjust accrued revenue		-		
Adjust accrued expenditures		-		
Adjust transfers		-	-	
Net change in fund balance (Modified GAAP)			(206)	
Fund balance – Beginning of year			<u>206</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, 2011

	Budgeted Amounts			Favorable (Unfavorable) Difference
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 19,000	\$ 19,000	\$ 12,501	\$ (6,499)
Miscellaneous income	-	-	2,796	2,796
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>15,297</u>	<u>(3,703)</u>
Add: Budget cash	2,195	2,195		
	<u>\$ 21,195</u>	<u>\$ 21,195</u>		
Expenditures:				
Operating expenditures	-	-	9,558	(9,558)
Capital outlay	-	20,300	8,800	11,500
Total expenditures	<u>-</u>	<u>20,300</u>	<u>18,358</u>	<u>1,942</u>
Excess (deficiency) of revenues over expenditures			(3,061)	
Other financing sources (uses):				
Transfers in	-	-	866	866
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>866</u>	<u>866</u>
Net change in fund balance (Non-GAAP)			(2,195)	
Differences Between Non-GAAP and Modified GAAP:				
Adjust accrued revenue			<u>-</u>	
Net change in fund balance (Modified GAAP)			(2,195)	
Fund balance – Beginning of year			<u>2,195</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 – 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, 2010

	Budgeted Amounts		Actual	Favorable (Unfavorable ) Difference
	Original	Final		
Revenues:				
Federal grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Add: Budget cash	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
Expenditures:				
Operating expenditures	-	-	766	(766)
Total expenditures	-	-	766	(766)
Excess (deficiency) of revenues over expenditures			(766)	
Other financing sources (uses):				
Transfers in	-	-	766	766
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	766	766
Net change in fund balance (Non-GAAP)			-	
Differences Between Non-GAAP and Modified GAAP:				
Adjust deferred revenue			-	
Net change in fund balance (Modified GAAP)			-	
Fund balance – Beginning of year			-	
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 – 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, 2011

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal grants	\$ 388,483	\$ 388,483	\$ 327,507	\$ (60,976)
Miscellaneous income	-	-	50	50
Total revenues	<u>388,483</u>	<u>388,483</u>	<u>327,557</u>	<u>(60,926)</u>
Add: Budget cash	<u>(15,085)</u>	<u>(15,085)</u>		
	<u><u>\$ 373,398</u></u>	<u><u>\$ 373,398</u></u>		
Expenditures:				
Personnel services	-	-	103,750	(103,750)
Operating expenditures	322,983	322,983	196,974	126,009
Capital outlay	-	-	-	-
Total expenditures	<u>322,983</u>	<u>322,983</u>	<u>300,724</u>	<u>22,259</u>
Excess (deficiency) of revenues over expenditures			26,833	
Other financing sources (uses):				
Transfers in	35,000	35,000	35,000	-
Transfers out	-	-	(8,267)	(8,267)
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>26,733</u>	<u>(8,267)</u>
Net change in fund balance (Non-GAAP)			53,566	
Differences Between Non-GAAP and Modified GAAP:				
Adjust accrued revenue		-		
Adjust accrued expenditures		-	-	
Net change in fund balance (Modified GAAP)			53,566	
Fund balance – Beginning of year			<u>758</u>	
Fund balance – End of year			<u><u>\$ 54,324</u></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, 2011

	Budgeted Amounts			Favorable (Unfavorable) Difference
	Original	Final	Actual	
Revenues:				
Federal grant	\$ 390,100	\$ 390,100	\$ 455,837	\$ 65,737
Miscellaneous income	-	-	-	-
Total revenues	<u>390,100</u>	<u>390,100</u>	<u>455,837</u>	<u>65,737</u>
Add: Budget cash	(18,851)	(18,851)		
	<u>\$ 371,249</u>	<u>\$ 371,249</u>		
Expenditures:				
Personnel services	-	-	50,792	(50,792)
Operating expenditures	329,313	329,313	409,654	(80,341)
Total expenditures	<u>329,313</u>	<u>329,313</u>	<u>460,446</u>	<u>(131,133)</u>
Excess (deficiency) of revenues over expenditures			(4,609)	
Other financing sources (uses):				
Transfers in	-	-	5,425	5,425
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,425</u>	<u>5,425</u>
Net change in fund balance (Non-GAAP)			816	
Differences Between Non-GAAP and Modified GAAP:				
Adjust accrued expenditures			<u>-</u>	
Net change in fund balance (Modified GAAP)			816	
Fund Balance – Beginning of Year			<u>(816)</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 – HWY INTERDICTION 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, 2011

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal grant	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: Budget cash	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
Expenditures:				
Personnel services	-	-	-	-
Operating expenditures	-	-	9,590	(9,590)
Total expenditures	<u>-</u>	<u>-</u>	<u>9,590</u>	<u>(9,590)</u>
Excess (deficiency) of revenues over expenditures			(9,590)	
Other financing sources (uses):				
Transfers in	-	-	9,590	9,590
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,590</u>	<u>9,590</u>
Net change in fund balance (Non-GAAP)			-	
Differences Between Non-GAAP and Modified GAAP:				
Adjust accrued expenditures			<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**  
**SPECIAL REVENUE FUND – STREET IMPROVEMENT SAP RD.**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2011

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Grant	\$ 185,006	\$ 185,006	\$ 196,899	\$ 11,893
Intergovernmental Income			138,805	
State tax	12,000	12,000	9,717	(2,283)
Total revenues	<u>197,006</u>	<u>197,006</u>	<u>345,421</u>	<u>9,610</u>
Add: Budget cash	136,600	136,600		
	<u>\$ 333,606</u>	<u>\$ 333,606</u>		
Expenditures:				
Operating expenditures	295,045	295,045	453,826	(158,781)
Total expenditures	<u>295,045</u>	<u>295,045</u>	<u>453,826</u>	<u>(158,781)</u>
Excess (deficiency) of revenues over expenditures			(108,405)	
Other financing sources (uses):				
Transfers in	-	-	94,072	(94,072)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>94,072</u>	<u>(94,072)</u>
Net change in fund balance (Modified GAAP)			(14,333)	
Fund balance – Beginning of year			<u>42,526</u>	
Fund balance – End of year			<u>\$ 28,193</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SPECIAL REVENUE FUND – COPS UNIVERSAL HIRING**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2011

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal grant	\$ 128,000	\$ 128,000	\$ 104,209	\$ (23,791)
Miscellaneous income	-	-	4,294	4,294
Total revenues	<u>128,000</u>	<u>128,000</u>	<u>108,503</u>	<u>(19,497)</u>
Add: Budget cash	31,435	31,435		
	<u>\$ 159,435</u>	<u>\$ 159,435</u>		
Expenditures:				
Personnel Expense	50,389	50,389	65,535	(15,146)
Operating expenditures	35,000	35,000	20,318	14,682
Total expenditures	<u>85,389</u>	<u>85,389</u>	<u>85,853</u>	<u>(464)</u>
Excess (deficiency) of revenues over expenditures			22,650	
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)			22,650	
Fund balance – Beginning of year			<u>31,435</u>	
Fund balance – End of year			<u>\$ 54,085</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SPECIAL REVENUE FUND – SAFE ROUTES TO SCHOOL**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2011

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Donations	\$ 12,000	\$ 12,000	\$ 12,122	\$ 122
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>12,122</u>	<u>122</u>
Add: Budget cash	(2,292)	(2,292)		
	<u>\$ 9,708</u>	<u>\$ 9,708</u>		
Expenditures:				
Personnel expenditures	7,700	7,700	6,604	1,096
Operating expenditures	2,000	2,000	4,059	(2,059)
Total expenditures	<u>9,700</u>	<u>9,700</u>	<u>10,663</u>	<u>(963)</u>
Excess (deficiency) of revenues over expenditures			1,459	
Other financing sources (uses):				
Transfers in	-	-	833	(833)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>833</u>	<u>(833)</u>
Net change in fund balance (Modified GAAP)			2,292	
Fund balance – Beginning of year			<u>(2,292)</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 – HUMANITIES FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State grant	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: Budget cash	344	344		
	<u>\$ 344</u>	<u>\$ 344</u>		
Expenditures:				
Operating expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>345</u>	
Fund balance – End of year			<u>\$ 345</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, 2011

	ICI fund	CDBG Improvements	Senior Center	Totals
<b>Assets:</b>				
Cash and cash equivalents	\$ 12,037	\$ -	\$ 6,338	\$ 18,375
Certificate of deposit	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 12,037</b>	<b>\$ -</b>	<b>\$ 6,338</b>	<b>\$ 18,375</b>
<b>Liabilities and fund balance:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>				
Reserved for capital projects	12,037	-	6,338	18,375
<b>Total fund balance</b>	<b>12,037</b>	<b>-</b>	<b>6,338</b>	<b>18,375</b>
<b>Total liabilities and fund balance</b>	<b>\$ 12,037</b>	<b>\$ -</b>	<b>\$ 6,338</b>	<b>\$ 18,375</b>

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, 2010

	<u>CDBG</u> <u>Improvements</u>	<u>Senior</u> <u>Center</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ -	\$ 2,397	\$ 2,397
Accounts receivable	-	-	-
Due from other governments	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 2,397</u>	<u>\$ 2,397</u>
Liabilities and fund balance:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due from other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Reserved for capital projects	-	2,397	2,397
Total fund balance	<u>-</u>	<u>2,397</u>	<u>2,397</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 2,397</u>	<u>\$ 2,397</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, 2011

	CDBG		Totals
	Improvements	Senior Center	
Revenues:			
State grant	\$ 89,169	\$ 8,941	\$ 98,110
Federal grant	400,000	-	400,000
Municipal Gross Receipt Taxes	-	-	-
Interest revenue	-	-	-
Total revenues	<u>489,169</u>	<u>8,941</u>	<u>498,110</u>
Expenditures:			
Capital Outlay	89,169	-	89,169
General government	420,000	5,000	425,000
Total expenditures	<u>509,169</u>	<u>5,000</u>	<u>514,169</u>
Excess (deficiency) revenues over expendit	(20,000)	3,941	(16,059)
Other financing sources (uses):			
Operating transfers in	20,000	-	20,000
Debt service principle	12,037	-	12,037
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>32,037</u>	<u>-</u>	<u>32,037</u>
Net change in fund balance	12,037	3,941	15,978
Fund balance – Beginning of year	<u>-</u>	<u>2,397</u>	<u>2,397</u>
Fund balance – End of year	<u>\$ 12,037</u>	<u>\$ 6,338</u>	<u>\$ 18,375</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, 2010

	CDBG		Totals
	Improvements	Senior Center	
Revenues:			
State grant	\$ 425,000	\$ -	\$ 425,000
Federal grant	-	-	-
State shared taxes		-	-
Interest revenue	-	-	-
Total revenues	<u>425,000</u>	<u>-</u>	<u>425,000</u>
Expenditures:			
Capital outlay	445,000	-	445,000
General government	-	-	-
Total expenditures	<u>445,000</u>	<u>-</u>	<u>445,000</u>
Excess (deficiency) revenues over expendit	(20,000)	-	(20,000)
Other financing sources (uses):			
Operating transfers in	20,000	-	20,000
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net change in fund balance	-	-	-
Fund balance – Beginning of year	<u>-</u>	<u>2,397</u>	<u>2,397</u>
Fund balance – End of year	<u>\$ -</u>	<u>\$ 2,397</u>	<u>\$ 2,397</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, 2011

	Budgeted Amounts			Favorable (Unfavorable) Difference
	Original	Final	Actual	
Revenues:				
Federal grants	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Total revenues	400,000	400,000	400,000	-
Add: Budget cash	-	-		
	\$ 400,000	\$ 400,000		
Expenditures:				
Operating expenditures	420,000	420,000	420,000	-
Capital outlay	-	-	-	-
Total expenditures	420,000	420,000	420,000	-
Excess (deficiency) of revenues over expenditures			(20,000)	
Other financing sources (uses):				
Transfers in	20,000	20,000	20,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	20,000	20,000	20,000	-
Net change in fund balance (Modified GAAP)			-	
Fund balance – Beginning of year			-	
Fund balance – End of year			\$ -	

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State grants	\$ 9,500	\$ 9,500	\$ 8,941	\$ (559)
Total revenues	<u>9,500</u>	<u>9,500</u>	<u>8,941</u>	<u>(559)</u>
Add: Budget cash	<u>2,397</u>	<u>2,397</u>		
	<u>\$ 11,897</u>	<u>\$ 11,897</u>		
Expenditures:				
Operating expenditures	<u>24,897</u>	<u>21,897</u>	<u>5,000</u>	<u>16,897</u>
Total expenditures	<u>24,897</u>	<u>21,897</u>	<u>5,000</u>	<u>16,897</u>
Excess (deficiency) of revenues over expenditures			3,941	
Other financing sources (uses):				
Transfers in	-	10,000	-	(10,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balance			3,941	
Fund balance – Beginning of year			<u>2,397</u>	
Fund balance – End of year			<u>\$ 6,338</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**CAPITAL PROJECT FUND – ICI FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State Grant	\$ 436,097	\$ 436,097	\$ 89,169	\$ (346,928)
Interest Revenue	-	-	-	-
Total revenues	<u>436,097</u>	<u>436,097</u>	<u>89,169</u>	<u>-</u>
Add: Budget cash	<u>12,037</u>	<u>12,037</u>		
	<u>\$ 448,134</u>	<u>\$ 448,134</u>		
Expenditures:				
Operating expenditures-Capital Outlay	<u>442,097</u>	<u>442,097</u>	<u>89,169</u>	<u>352,928</u>
Total expenditures	<u>442,097</u>	<u>442,097</u>	<u>89,169</u>	<u>352,928</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			-	
Fund balance – Beginning of year			<u>12,037</u>	
Fund balance – End of year			<u>\$ 12,037</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, 2011

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Sales of services and fees:				
Water	\$ 191,000	\$ 191,000	\$ 206,220	\$ 15,220
Wastewater	152,000	152,000	157,461	5,461
Solid Waste	190,000	190,000	190,035	35
Connections	3,000	3,000	4,023	1,023
Penalties	7,232	7,232	7,364	132
State-shared taxes	17,800	17,800	20,017	2,217
Deposits received	-	-	-	-
Miscellaneous revenues	98,500	98,500	99,086	586
Fees	14,000	14,000	14,006	6
Interest income	500	500	430	(70)
Total revenues	<u>674,032</u>	<u>674,032</u>	<u>698,642</u>	<u>24,610</u>
Add: Beginning cash	<u>146,576</u>	<u>146,576</u>		
	<u>\$ 820,608</u>	<u>\$ 820,608</u>		
EXPENDITURES:				
Water:				
Personnel services	61,935	61,935	64,828	(2,893)
Operating expenses	<u>142,656</u>	<u>142,656</u>	<u>154,775</u>	<u>(12,119)</u>
	204,591	204,591	219,603	(15,012)
Wastewater:				
Personnel services	-	-	1,876	(1,876)
Operating expenses	154,000	154,000	174,105	(20,105)
Capital outlay	<u>-</u>	<u>-</u>	<u>2,574</u>	<u>(2,574)</u>
	154,000	154,000	178,555	(24,555)
Solid waste:				
Personnel services	25,164	25,164	34,786	(9,622)
Operating expenses	182,841	182,841	186,977	(4,136)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	208,005	208,005	221,763	(13,758)
Water improvement:				
Capital outlay	-	-	-	-
Water rights acquisitions	-	-	-	-
Water rights management	-	-	-	-
Water rights development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>566,596</u>	<u>566,596</u>	<u>619,921</u>	<u>(53,325)</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, 2011

	<u>Budgeted Amounts</u>		Actual	Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures			78,721	
Other financing sources (uses):				
Transfers in	-	-	13,904	13,904
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>13,904</u>	<u>13,904</u>
Net change in fund balance (Non-GAAP)			92,625	
Difference between GAAP and Non-GAAP				
Adjust accrued revenue		-		
Depreciation expense		(118,548)		
Amortization		-		
Adjust for accrued expenses		<u>-</u>	<u>(118,548)</u>	
Net change in fund balance (Modified GAAP)			(25,923)	
Fund balance-Beginning of year			<u>1,456,502</u>	
Fund balance-End of year			<u>\$ 1,430,579</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 6/30/2009	Receipts	Disbursemen t	Balance 6/30/2010	Receipts	Disbursements	Balance 6/30/2011
Municipal Court Bonds							
Assets:							
Cash	\$ 3,620	\$ 975	\$ -	\$ 4,595	\$ 10,426	\$ 12,509	\$ 2,512
Due for general fund	-	500	-	500	-	-	500
Total assets	<u>\$ 3,620</u>	<u>\$ 1,475</u>	<u>\$ -</u>	<u>\$ 5,095</u>	<u>\$ 10,426</u>	<u>\$ 12,509</u>	<u>\$ 3,012</u>
Liabilities:							
Held for others	\$ 3,620	\$ 1,475	\$ -	\$ 5,095	\$ 10,127	\$ 12,210	\$ 3,012
Total liabilities	<u>\$ 3,620</u>	<u>\$ 1,475</u>	<u>\$ -</u>	<u>\$ 5,095</u>	<u>\$ 10,127</u>	<u>\$ 12,210</u>	<u>\$ 3,012</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, 2011

First National Bank	Type	Amount Per Bank	Plus Deposit in Transit	Less O/S Checks	Balance Per Books
General Fund	CK	\$ 544,147	\$ 34,493	\$ 27,531	\$ 551,109
Clearing Account	CK	108,365	-	59,190	49,175
HIDTA Fund	CK	17,496	-	-	17,496
Joint Utilities Fund	CK	234,188	3,745	23,711	214,222
Total government wide		904,196	38,238	110,432	832,002
Municipal Court Bond	CK	2,512	-	-	2,512
Total Cash		<u>\$ 906,708</u>	<u>\$ 38,238</u>	<u>\$ 110,432</u>	<u>\$ 834,514</u>

	<u>Total</u>
Amount Held in Bank June 30, 2010	\$ 906,708
Less FDIC Insurance	250,000
Uninsured Public Funds	<u>656,708</u>
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	328,354
Pledged Security	<u>633,716</u>
Over (Under) Collateral	<u>\$ 305,362</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, 2011

Security Description	Fair Market Value	Name and Location Of Safe keeper
Dulce NM ISD-FSA INSD, CUSIP # 264430FJ3 Maturing 7/01/12	\$ 387,480	Federal Home Loan Bank Dallas, Texas
MBS FNMA 15-YR Conv 778718, CUSIP # 31404UDX5. Maturing 8/1/1	100,369	Federal Home Loan Bank Dallas, Texas
MBS FHLMC 15-YR M30297, CUSIP #31282CKJ5, Maturing 9/01/18	232,525	Federal Home Loan Bank Dallas, Texas
	<u>\$ 720,374</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, 2011

NMFA		
Mesilla 2	CK	\$ 46,194
New Mexico State Treasurer		\$ 100,849
New Mexico State Treasurer		\$ 52,560
New Mexico State Treasurer		\$ 89,159
New Mexico State Treasurer		\$ 40,173
New Mexico State Treasurer		\$ 6,377
		\$ 335,312

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Schedule of Grants**  
June 30, 2011

	Local Grant	State Grant	Federal Grants		Total
			HIDTA Grants	Other Grants	
NM Department of Finance and Administration, Local Government Division, SAP 07-5215 PSB	\$ -		\$ -	\$ -	\$ -
05 CDBG Communication Center	-	-	-	400,000	400,000
ICI Fund Water Trust Grant 09		89,169	-	-	89,169
Executive Office of the President, Office of National Drug Control Policy, #I5PSNP575Z	-	-	15,358	-	15,358
Executive Office of the President, Office of National Drug Control Policy, #I6PSNP575Z	-	-	244	-	244
Executive Office of the President, Office of National Drug Control Policy, #I9PSNP575Z	-	-	68,434	-	68,434
Executive Office of the President, Office of National Drug Control Policy, #G10SN0012A	-	-	243,471	-	243,471
Executive Office of the President, Office of National Drug Control Policy, #I9PSNP575Z (ISC)	-	-	98,307	-	98,307
Executive Office of the President, Office of National Drug Control Policy, #G10SN0012A (ISC)	-	-	357,530	-	357,530
Executive Office of the President, Office of National Drug Control Policy, #G10SN0012A (USAO)	-	-	247,555	-	247,555
Executive Office of the President, Office of National Drug Control Policy, #I8SN0012A (USAO)	-	-	8,483	-	8,483
Executive Office of the President, Office of National Drug Control Policy, #I9SN0012A (USAO)	-	-	183,290	-	183,290
Firefighter's State Allotment, FYE 2011	-	70,730	-	-	70,730
EMS's State Allotment, FYE 2011	-	7,695	-	-	7,695
Law Enforcement's State Allotment, FYE 2011	-	23,000	-	-	23,000
Court Automation Grant	-	3,385	-	-	3,385
Road fund 08 SAP Road Improvements	-	138,805	-	-	138,805
Stimulus Grant Road fund	-	-	-	196,899	196,899
GWDAC Cop's universal-DAC	-	-	-	25,000	25,000
GWDAC National Parks Service	-	-	-	79,209	79,209
Totals	\$ -	\$ 332,784	\$ 1,222,672	\$ 701,108	\$ 2,256,564

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
Joint Powers Agreements  
June 30, 2011**

**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, 2011

**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

**New Mexico Taxation and Revenue Department (TDR)**

Participants: Town of Mesilla and NM Taxation and Revenue Department

Responsible Party: Town of Mesilla

Description: TRD shall provide the Town with the forms and information necessary for the Town to register those businesses operating within the Town for gross receipts tax reporting purposes.

Period: Perpetual

Project Costs: Undeterminable

County Contributions: Undeterminable

Audit Responsibility: Town of Mesilla

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Memorandum of Agreement**  
June 30, 2011

**Dona Ana Office of the Flood Commissioner**

Participants:	Town of Mesilla and NM Taxation and Dona Ana Office of the Flood Commissioner
Responsible Party:	Dona Ana Office of the Flood Commissioner
Description:	The Town shall continue to apply its policies and procedures for zoning ordinances and any other applicable land use regulations. All enforcement of regulations, drainage requirements and zoning ordinances remain with the Town. Dona ana Flood Commission shall act as the Town's flood plain administration agent by reviewing and recommending cases within the limits of the Town's jurisdiction.
Period:	Perpetual
Project Costs:	Undeterminable
County Contributions:	Undeterminable
Audit Responsibility:	Town of Mesilla

**United States Attorney's Office**

Participants:	Town of Mesilla and United States Attorney's Office
Responsible Party:	Town of Mesilla
Description:	The Town contracts with the US Attorney's Office for the employment of several employees. The employees are paid by the Town of Mesilla from HIDTA funds.
Period:	Renewing yearly
Project Costs:	Salary, benefits and any cost share to the Town.
County Contributions:	None
Audit Responsibility:	Town of Mesilla

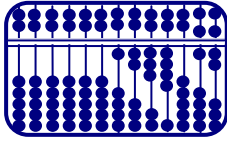
**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Schedule of Expenditures of Federal Awards**  
June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Grant Number	Award Amount HIDTA	Award Amount other	Expenditures
Executive Office of the President, Office of National Drug Control Policy (New Mexico)	95.001	#I5PSNP575Z NM	327,507	-	327,507
Executive Office of the President, Office of National Drug Control Policy (ISC)	95.001	#I6PSNP575Z ISC	455,837	-	455,837
Executive Office of the President, Office of National Drug Control Policy (USAO)	95.001	I7PSNP575Z USAO	439,328	-	439,328
Stimulus Grant Road Fund	20.205	SP-1-10(913)	-	196,899	196,899
GWDAC Cop's Grant		#H4506090059	-	104,209	104,209
<b>Total</b>			<u>\$1,222,672</u>	<u>\$ 301,108</u>	<u>\$ 1,523,780</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 (see Note C). There were no funds expended in the form of non-cash assistance for the grants during the year. There was no insurance enforced during the year for the federal award projects. 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., P.L.L.C.

**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, the business-type activities, each major fund, budgetary comparison statement for general fund, major special revenue fund, and the combining and individual funds, and related budgetary comparisons and the aggregate remaining fund information of Town of Mesilla, New Mexico, as of and for the year ended June 30, 2011, which collectively comprise the Town of Mesilla, New Mexico's basic financial statements and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered Town of Mesilla, New Mexico'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 Town of Mesilla, New Mexico's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Mesilla, New Mexico's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

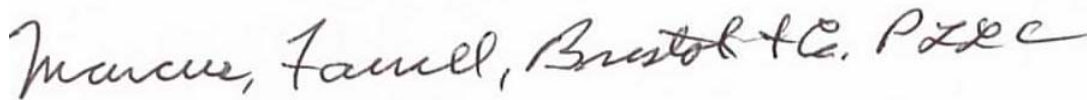
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did identify deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined in findings 08-05 and 09-01.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether Town of Mesilla, New Mexico's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

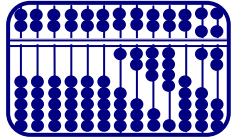
The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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

November 21, 2011



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 Town of Mesilla, New Mexico's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of Town of Mesilla, New Mexico's major federal programs for the year ended June 30, 2011. Town of Mesilla, New Mexico'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 Town of Mesilla, New Mexico's management. Our responsibility is to express an opinion on Town of Mesilla, New Mexico'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 referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Mesilla, New Mexico's compliance with those requirements and performing 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 of Town of Mesilla, New Mexico's compliance with those requirements.

In our opinion, Town of Mesilla, New Mexico, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-05 and 09-01.

Internal Control Over Compliance

Management of Town of Mesilla, New Mexico, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Town of Mesilla, New Mexico's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over


compliance in accordance with OMB Circular A-133, 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 Town of Mesilla, New Mexico's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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

November 21, 2011



**STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
June 30, 2011**

**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:

<u>CDFA Number</u>	<u>Name of Federal Program or Cluster</u>
95.001	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 \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
June 30, 2011

**Section II – Findings – Financial Statements**

Prior Year Reportable Findings and Responses – Financial Statement Findings:

Finding 08-01 Allowance for Doubtful Accounts – Resolved

Finding 08-05 Failure to Apply GAAP – Repeated

Finding 09-01 Legal Compliance with Budget- Repeated

Finding 10-2 Report Filing-Resolved

Finding 10-3 Capitalization of a Lease-Resolved

Current Year Reportable Findings and Responses – Financial statement Findings:

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, which is considered a significant deficiency.

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

We are in the process of hiring additional employees to assist us in the accounting department in order to follow GAAP more closely.

Finding 09-01 Legal Compliance with Budget

Condition

The Town's authorized budget expenditures within several funds were exceeded by actual expenditures. The Town violated state statutes by exceeding the authorized budget within several funds.

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
June 30, 2011**

**Section II – Findings – Financial Statements continued**

Fund	Category	Budget Amount	Actual Amount	Over Expended	Reason
Corrections Fees	Total expenditures	24,000	31,456	7,456	Actual verses budget expenditures not adequately monitored
Fire	Total expenditures	79,230	87,950	8,720	Actual verses budget expenditures not adequately monitored
Recreation fund	Total expenditures	1,500	3,876	2,376	Actual verses budget expenditures not adequately monitored
FEMA fund	Total expenditures	-	766	766	Actual verses budget expenditures not adequately monitored
ISC HIDTA FUND	Total expenditures	329,313	766	(328,547)	Actual verses budget expenditures not adequately monitored
Cops universal	Total expenditures	85,389	85,853	464	Actual verses budget expenditures not adequately monitored

Criteria

Section 6-6-6 of the New Mexico State Statues restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. County officials and governing authorities have the obligation to follow applicable state statutes.

Effect

Non-compliance with New Mexico State Statues could subject officials and employees to penalties and fines required by state statutes.

Cause

Management failed to monitor the expenses and compare them to the budget.

Recommendation

We suggest that management closely monitor expenditures and budget limitations to ensure compliance with budget restrictions

Response

Management will monitor expenditures and budget to ensure compliance.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
June 30, 2011

**Section III – Findings – Major Federal Award Program Audit in Accordance with OMB Circular A-133**

Prior Year Reportable Findings and Questioned Costs – Major Federal Award Program:

Finding 10-1 Recovery Act Funds-Resolved

Current Year Reportable Findings and Questioned Costs – Major Federal Award Program:

None to report

**EXIT CONFERENCE**

An exit conference was held on November 21, 2011, with Jack Fairall, CPA and Andres Sanchez, CPA of Marcus, Fairall, Bristol & Co., P.L.L.C. and the following Town officials:

Nora L. Barraza  
Nick Eckert, MPA

Mayor  
Town Clerk

**COMPILATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report were compiled by the auditors, Marcus, Fairall, Bristol, + Co., P.L.L.C. However, the contents of the financial statements remain the responsibility of management. The individuals responsible for the accounting and reporting function possess the skills and knowledge to apply generally accepted accounting principles in recording the agency's financial transactions or preparing its financial statements.

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Passed Journal Entries**  
June 30, 2010

There are no passed journal entries.