

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEARS-ENDED JUNE 30, 2012 and 2011**

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  
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**STATE OF NEW MEXICO  
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**OFFICIAL ROSTER**

**Elected Officials**

Nora L. Barraza

Carlos Arzabal

Jesus M. Caro, Jr.

Linda L. Flores

Sam Bernal

Mayor

Mayor Pro-Tem

Trustee

Trustee

Trustee

**Department Heads**

Nick Eckert, MPA

Debbie Lujan

Jeff Gray

Kevin Hoban

Town Clerk-Treasurer

Public Works Director

Marshal

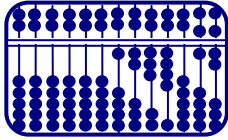
Fire Chief

**Municipal Court**

Lionel Frietze

Municipal Judge

## **FINANCIAL SECTION**



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

## Independent Auditor's Report

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

To the Mayor and Board of Trustees

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, 2012 and 2011, 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, 2012 and 2011, 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, 2012 and 2011, 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, 2012 and 2011, 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 February 13, 2013, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages viii through xvii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marcus, Fairall, Bristol + Co., PLLC

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

February 13, 2013  
June 30, 2011, Restated February 13, 2013 (Note 16)

## STATE OF NEW MEXICO

### TOWN OF MESILLA

June 30, 2012

#### 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, 2012. 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 \$8,393,449 (net assets). Of this amount, \$1,216,832 (*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 \$80,360 during the fiscal year. This decrease is primarily due to a decrease in federal grant funds received during the year-ended June 30, 2012.

At the close of the current fiscal year, unassigned fund balance of the general fund was \$569,991.

#### 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, 2012

**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-four 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 21 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 24–45 of this report.

STATE OF NEW MEXICO

TOWN OF MESILLA

June 30, 2012

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 49-90 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 \$8,393,449 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 \$7,176,617 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.

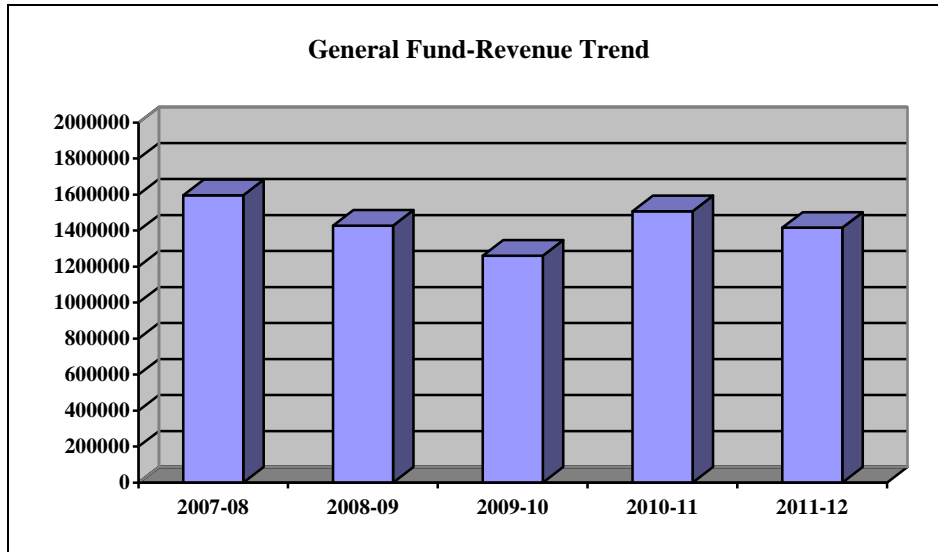
The remaining balance of *unrestricted net assets* \$1,216,832 may be used to meet the government’s ongoing obligations to citizens and creditors.

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 \$80,360 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 decreased \$942,357 over the prior fiscal year of 2010-2011, which represents a 24% decrease. A key cause of the increase includes a decrease 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, 2012

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

	Governmental-Type Activities		Business-Type Activities		Totals		Total Percent Change
	2012	2011	2012	2011	2012	2011	2012 - 2011
<b>Assets:</b>							
Current and other assets	\$ 1,240,547	\$ 1,332,691	\$ 374,251	\$ 336,148	\$ 1,614,798	\$ 1,668,839	-3.24%
Capital assets, net of accumulated depreciation	6,493,360	6,480,681	1,367,657	1,380,627	7,861,017	7,861,308	0.00%
<b>Total assets</b>	<b>\$ 7,733,907</b>	<b>\$ 7,813,372</b>	<b>\$ 1,741,908</b>	<b>\$ 1,716,775</b>	<b>\$ 9,475,815</b>	<b>\$ 9,530,147</b>	<b>-0.57%</b>
<b>Liabilities:</b>							
Current and other liabilities	\$ 224,624	\$ 116,537	\$ 221,806	\$ 162,933	\$ 446,430	\$ 279,470	59.74%
Long-term liabilities	626,030	742,774	9,906	34,094	635,936	776,868	-18.14%
<b>Total liabilities</b>	<b>850,654</b>	<b>859,311</b>	<b>231,712</b>	<b>197,027</b>	<b>1,082,366</b>	<b>1,056,338</b>	<b>2.46%</b>
<b>Net assets:</b>							
Invested in capital assets, net of related debt	5,834,223	5,789,643	1,342,394	1,338,394	7,176,617	7,128,037	0.68%
Unrestricted	1,049,030	1,164,418	167,802	181,354	1,216,832	1,345,772	-9.58%
<b>Total net assets</b>	<b>6,883,253</b>	<b>6,954,061</b>	<b>1,510,196</b>	<b>1,519,748</b>	<b>8,393,449</b>	<b>8,473,809</b>	<b>-0.95%</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,733,907</b>	<b>\$ 7,813,372</b>	<b>\$ 1,741,908</b>	<b>\$ 1,716,775</b>	<b>\$ 9,475,815</b>	<b>\$ 9,530,147</b>	<b>-0.57%</b>

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
June 30, 2012

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

	Governmental-Type Activities		Business-Type Activities		Totals		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011-2012
Revenues							
Program revenues:							
Charges for services	\$ 373,305	\$ 275,728	\$ 615,305	\$ 698,642	\$ 988,610	\$ 974,370	1.46%
Operating grants and contributions	1,113,170	217,230	-	-	1,113,170	217,230	412.44%
Capital grants and contributions	315,932	2,137,470	-	-	315,932	2,137,470	-85.22%
General revenues:							
Taxes	1,047,171	1,210,024	-	-	1,047,171	1,210,024	-13.46%
Small cities assistance	135,383	175,710	-	-	135,383	175,710	-22.95%
Other income	90,041	1,197	493	-	90,534	1,197	7463.41%
Total revenues	<u>3,075,002</u>	<u>4,017,359</u>	<u>615,798</u>	<u>698,642</u>	<u>3,690,800</u>	<u>4,716,001</u>	-21.74%
Expenses							
General government	896,303	1,164,692	-	-	896,303	1,164,692	-23.04%
Public safety	1,876,167	2,021,635	-	-	1,876,167	2,021,635	-7.20%
Public works	166,002	601,996	-	-	166,002	601,996	-72.42%
Health and welfare	-	61,013	-	-	-	61,013	
Culture and recreation	178,303	250,627	-	-	178,303	250,627	-28.86%
Proprietary expenses	-	-	728,916	738,469	728,916	738,469	-1.29%
Total expenses	<u>3,116,775</u>	<u>4,099,963</u>	<u>728,916</u>	<u>738,469</u>	<u>3,845,691</u>	<u>4,838,432</u>	-20.52%
Change in net assets before transfers	(41,773)	(82,604)	(113,118)	(39,827)	(154,891)	(122,431)	26.51%
Transfers	(7,986)	(13,904)	82,517	13,904	74,531	-	
Prior period adjustment	(21,049)	-	21,049	-	-	-	
Change in net assets	<u>(70,808)</u>	<u>(96,508)</u>	<u>(9,552)</u>	<u>(25,923)</u>	<u>(80,360)</u>	<u>(122,431)</u>	-34.36%
Change in net assets, beginning of year - prior period adjustment							
Net assets - beginning	6,954,061	6,194,911	1,519,748	1,456,502	8,473,809	7,651,413	10.75%
Additions of capital assets	-	855,658	-	89,169	-	944,827	
Adjusted net assets, beginning balance	<u>6,954,061</u>	<u>7,050,569</u>	<u>1,519,748</u>	<u>1,545,671</u>	<u>8,473,809</u>	<u>8,596,240</u>	
Net assets - ending	<u>\$ 6,883,253</u>	<u>\$ 6,954,061</u>	<u>\$ 1,510,196</u>	<u>\$ 1,519,748</u>	<u>\$ 8,393,449</u>	<u>\$ 8,473,809</u>	-0.95%

STATE OF NEW MEXICO

TOWN OF MESILLA

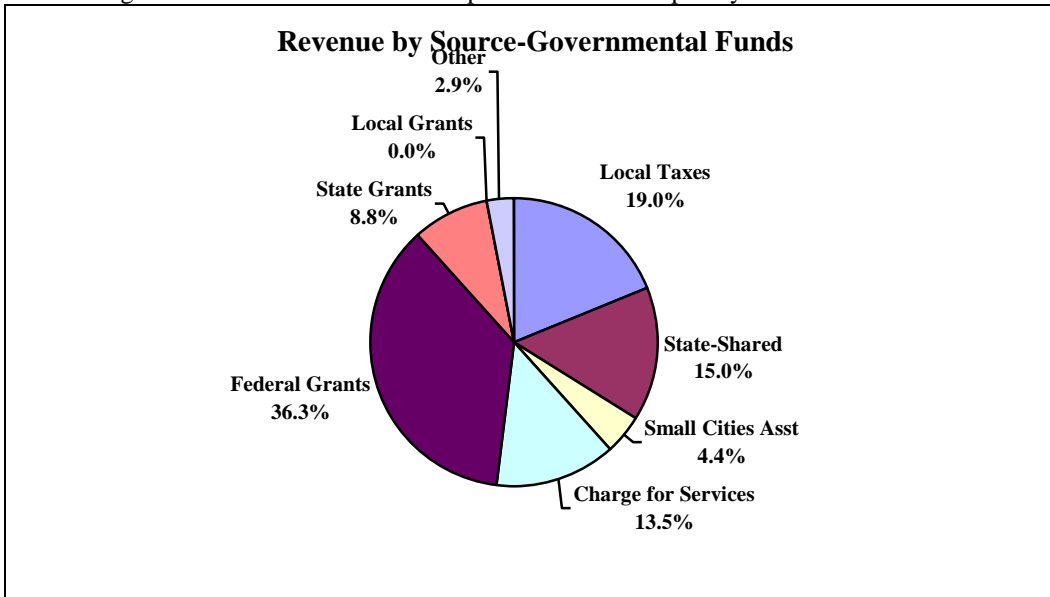
June 30, 2012

Management's Discussion and Analysis

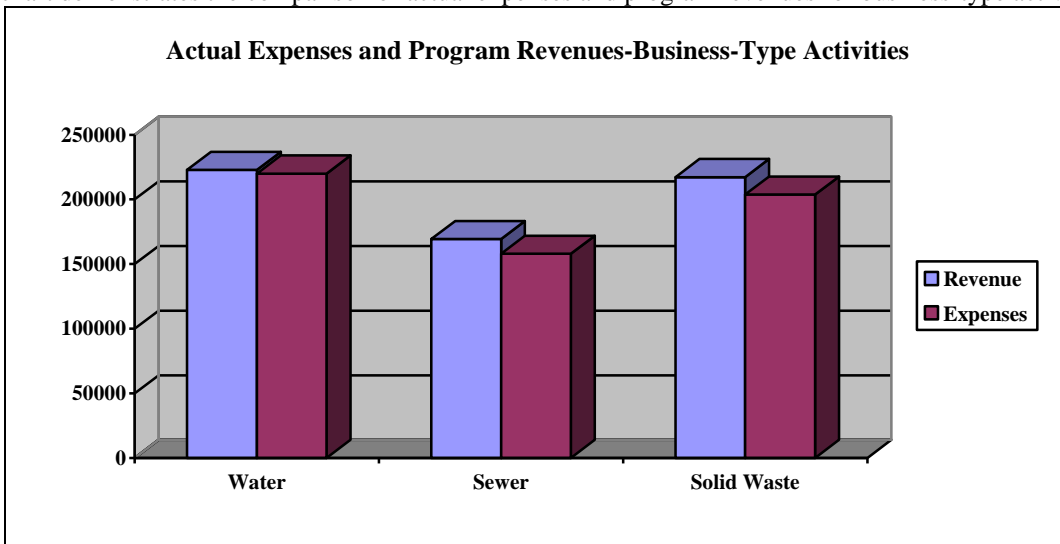
Governmental Activities (continued)

Program revenues for governmental activities include charges for services as well as operating and capital grants and contributions. The program revenues decreased 32% over the prior year. The largest decrease was from capital grants and contributions.

General revenues, consisting mostly of taxes, are not directly associated with any government function. The chart provided on page 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 2012-2011, Local and State taxes made up 30.4% of the total government funds revenues compared to 3% of the prior year's revenues.



**Business-Type Activities.** Total revenues recorded in the business-type activities decreased by 12% 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, 2012

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 \$1,049,030 an decrease of \$167,124 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 \$569,991 which is available for spending at the government's discretion.

Revenues for governmental functions overall totaled \$3,024,549 at the fiscal year-ended June 30, 2012, which represents a decrease of \$1,032,994 from the fiscal year-ended June 30, 2011. Expenditures for governmental functions totaled \$3,116,775. This was a decrease of approximately \$682,109 from the fiscal year-ended June 30, 2011. In the fiscal year-ended June 30, 2012, expenses for governmental functions exceeded revenues by approximately \$92,226 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 \$569,991.

The fund balance of Town of Mesilla's general fund increased \$6,274 during the current fiscal year, due to the reduction of general government expenditures. Before inter-fund transfers expenses exceeded revenues by \$44,587.

**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 \$(167,802). The total decrease in net assets for the proprietary funds was \$9,552. 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 2012, the cash balance of the general fund had increased by \$199,345. 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

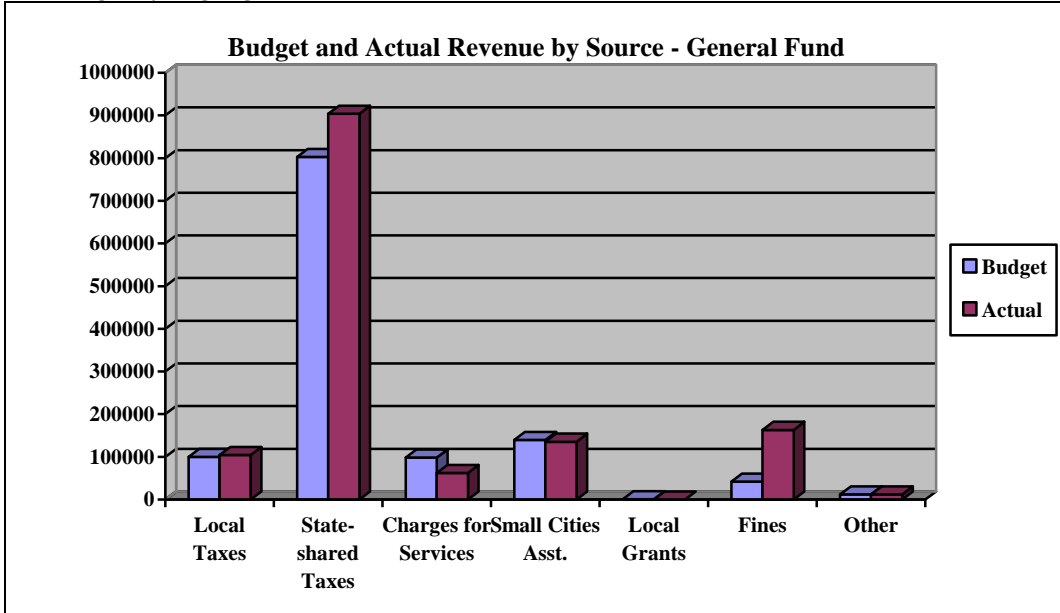
TOWN OF MESILLA

June 30, 2012

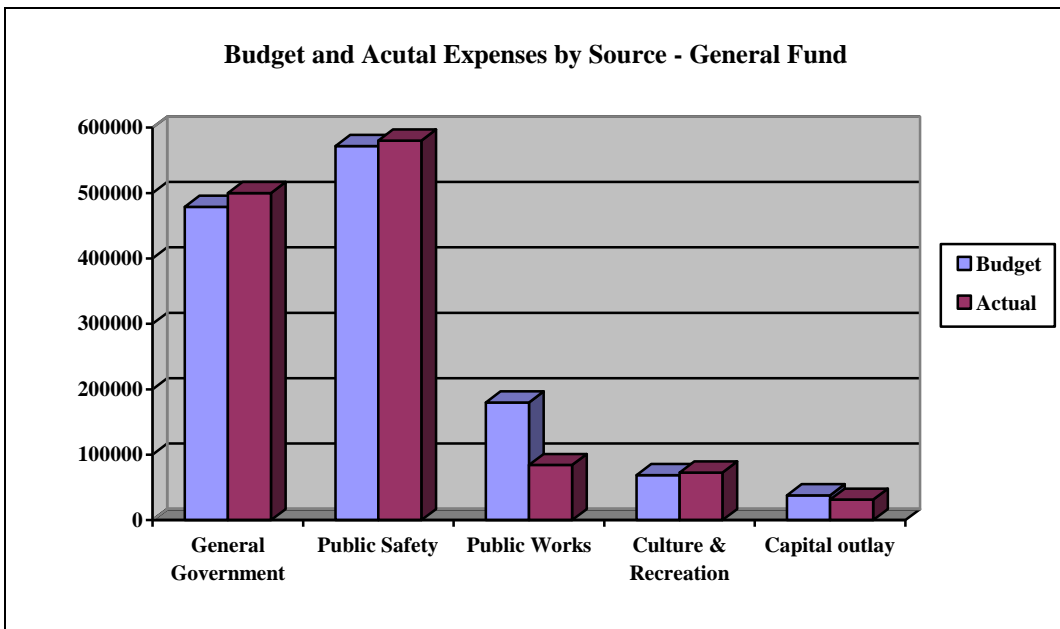
Management's Discussion and Analysis

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, 2012

**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, 2012 amount to \$7,861,017 (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	\$1,399,500	\$ 89,169	\$ 1,488,669
Buildings	130,700	-	130,700
Utility systems and facilities	-	1,218,945	1,218,945
Improvements	4,742,712	-	4,742,712
Machinery and equipment	220,448	59,543	279,991
Capital assets, net of accumulated depreciation	<u>\$6,493,360</u>	<u>\$ 1,367,657</u>	<u>\$ 7,861,017</u>

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 \$7,861,017. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, and all applicable debt service.

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, 2012

Management's Discussion and Analysis

Capital Asset and Debt Administration (continued)

	Governmental Activities	Business-Type Activities
Net value of capital assets	\$ 6,493,360	\$ 1,367,657
Long-term debt principal balance:		
Fire Brush Truck loan	16,889	-
Town Hall Project loan	610,938	-
Xerox Capital lease	-	-
Vehicles	31,310	-
Asphalt Zipper note	-	16,848
NMFA note payable	-	8,415
Total debt principal	<u>659,137</u>	<u>25,263</u>
Total investment in capital assets		
Net of related debt	<u>\$ 5,834,223</u>	<u>\$ 1,342,394</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, 2012

	Governmental Activities	Business-Type Activities	Totals
<b>Assets:</b>			
Cash and cash equivalents	\$ 717,674	\$ 275,295	\$ 992,969
Investments	340,425	45,242	385,667
Receivables	-	53,441	53,441
Accounts	-	-	-
Taxes	-	-	-
Due from other governments	88,621	-	88,621
Intergovernmental	93,827	-	93,827
Other	-	273	273
<b>Capital assets:</b>			
Land and work in process	1,399,500	89,160	1,488,660
Other capital assets, net of depreciation	5,093,860	1,278,497	6,372,357
<b>Total assets</b>	<b>7,733,907</b>	<b>1,741,908</b>	<b>9,475,815</b>
<b>Liabilities:</b>			
Accounts payable	1,701	165,023	166,724
Accrued salaries	22,148	3,076	25,224
Customer deposits	-	33,206	33,206
Due to other governments	-	-	-
Deferred revenue	100,000	-	100,000
Long-term liabilities	-	-	-
Compensated absences due in one year	67,668	5,144	72,812
Notes payable due in one year	33,107	17,364	50,471
Notes payable due in more than one year	626,030	7,899	633,929
<b>Total liabilities</b>	<b>850,654</b>	<b>231,712</b>	<b>1,082,366</b>
<b>Net Assets:</b>			
Investment in capital assets, net of related debt	5,834,223	1,342,394	7,176,617
Unrestricted	1,049,030	167,802	1,216,832
<b>Total net assets</b>	<b>\$ 6,883,253</b>	<b>\$ 1,510,196</b>	<b>\$ 8,393,449</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, 2011

	Governmental Activities	Business-Type Activities	Totals
<b>Assets:</b>			
Cash and cash equivalents	\$ 611,060	\$ 216,119	\$ 827,179
Investments	342,647	45,662	388,309
Receivables		-	
Accounts	88,931	74,367	163,298
State and local taxes	104,227	-	104,227
Due from other governments	126,795	-	126,795
Intergovernmental	59,031	-	59,031
Capital assets:			
Land and work in process	999,500	-	999,500
Other capital assets, net of depreciation	5,481,181	1,380,627	6,861,808
Total assets	<u>7,813,372</u>	<u>1,716,775</u>	<u>9,530,147</u>
<b>Liabilities:</b>			
Accounts payable	-	89,614	89,614
Accrued salaries	157	7,160	7,317
Customer deposits	-	32,754	32,754
Due to other governments	16,380	-	16,380
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
Total liabilities	<u>859,311</u>	<u>197,027</u>	<u>1,056,338</u>
<b>Net Assets:</b>			
Investment in capital assets, net of related debt	5,789,643	1,338,394	7,128,037
Unrestricted	1,164,418	181,354	1,345,772
Total net assets	<u>\$ 6,954,061</u>	<u>\$1,519,748</u>	<u>\$ 8,473,809</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Statement of Activities**  
 June 30, 2012

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Assets		
		Charges for	Operating Grants and	Capital Grants and	Primary Government		
		Services	Contributions	Contributions	Governmental	Business-Type	Total
				Activities	Activities		
Primary government							
Governmental activities							
General government	\$ 1,026,731	\$ 244,847	\$ -	\$ 315,932	(465,952)	\$ -	\$ (465,952)
Public safety	1,876,167	163,119	1,183,977	-	(529,071)	-	(529,071)
Public works	166,002	-	-	-	(166,002)	-	(166,002)
Cuture and recreation	178,303	-	-	-	(178,303)	-	(178,303)
Total governmental	<u>3,247,203</u>	<u>407,966</u>	<u>1,183,977</u>	<u>315,932</u>	<u>(1,339,328)</u>	<u>-</u>	<u>(1,339,328)</u>
Business-type activities							
Utilities	728,916	615,305	-	-	-	(113,611)	(113,611)
Total business-type activities	<u>728,916</u>	<u>615,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,611)</u>	<u>(113,611)</u>
Total primary government					<u>(1,339,328)</u>	<u>(113,611)</u>	<u>(1,452,939)</u>
General revenues							
Taxes							
Franchise taxes					78,016	-	78,016
Gross receipts taxes-local effort					419,082	-	419,082
Property taxes-net of estimated refunds and estimated uncollectable amounts					55,096	-	55,096
Gross receipts taxes-municipal infrastructure					41,368	-	41,368
State share taxes					461,595	-	461,595
State shared assistance							
Small cities assistance					135,383	-	135,383
Interest					16,974	493	17,467
Miscellaneous					90,041	-	90,041
Transfers					(7,986)	82,517	74,531
Total general revenue and transfers					<u>1,289,569</u>	<u>83,010</u>	<u>1,372,579</u>
Changes in net assets					(49,759)	(30,601)	(80,360)
Net assets, beginning of year					6,954,061	1,519,748	8,473,809
Prior period adjustment					(21,049)	21,049	-
Net assets, end of year					<u>\$ 6,883,253</u>	<u>\$ 1,510,196</u>	<u>\$ 8,393,449</u>

The accompanying notes are an integral part of these financial statements

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

Functions/programs	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
					Governmental 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	4,234,665	275,728	344,025	2,137,470	(1,477,442)	-	(1,477,442)
Business-type activities							
Utilities	738,469	698,642	-	-	-	(39,827)	(39,827)
Total business-type activities	738,469	698,642	-	-	-	(39,827)	(39,827)
Total primary government					(1,477,442)	(39,827)	(1,517,269)
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					1,380,934	13,904	1,394,838
Changes in net assets					(96,508)	(25,923)	(122,431)
Net assets, beginning of year					6,194,911	1,456,502	7,651,413
Prior period adjustment					855,658	89,169	944,827
Net assets, end of year					\$ 6,954,061	\$ 1,519,748	\$ 8,473,809

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, 2012**

Assets:	General Fund	USAO HIDTA Fund	Town Hall Fund	Total Non- Major Funds	Total Funds
Cash and cash equivalents	\$ 430,801	\$ (48,756)	\$ 122,409	\$ 213,220	\$ 717,674
Investments	100,887	-	187,149	52,389	340,425
Taxes receivable	88,621	-	-	-	88,621
Reserve funds receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Due from other fund	-	-	-	-	-
Due from other governments	-	76,242	-	17,585	93,827
Total assets	<u>\$ 620,309</u>	<u>\$ 27,486</u>	<u>\$ 309,558</u>	<u>\$ 283,194</u>	<u>\$ 1,240,547</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,701	\$ 1,701
Accrued salaries	11,712	6,236	-	4,200	22,148
Compensated absences	37,951	18,704	-	11,013	67,668
Due to other fund	655	-	-	(655)	-
Due to other government	-	-	-	-	-
Deferred revenue	-	-	-	100,000	100,000
Total liabilities	<u>50,318</u>	<u>24,940</u>	<u>-</u>	<u>116,259</u>	<u>191,517</u>
Fund balances:					
Restricted	-	-	-	166,935	166,935
Committed	-	-	-	-	-
Assigned	-	2,546	309,558	-	312,104
Unassigned	569,991	-	-	-	569,991
Total fund balances	<u>569,991</u>	<u>2,546</u>	<u>309,558</u>	<u>166,935</u>	<u>1,049,030</u>
Total liabilities and fund balances	<u>\$ 620,309</u>	<u>\$ 27,486</u>	<u>\$ 309,558</u>	<u>\$ 283,194</u>	<u>\$ 1,240,547</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Reconciliation of Balance Sheet to**  
**Statement of Net Assets**  
For the Year-Ended June 30, 2012

<b>Total fund balances-governmental funds</b>		<b>\$ 1,049,030</b>
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	\$ 8,749,883	
Accumulated depreciation	<u>(2,256,523)</u>	6,493,360
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	(16,889)	
Vehicles	(31,310)	
Town Hall project	<u>(610,938)</u>	<u>(659,137)</u>
Net assets for government activities		<u><u>\$ 6,883,253</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**GOVERNMENTAL FUNDS**  
**Balance Sheet**  
June 30, 2011

Assets:	General Fund	USAO	Town Hall Fund	Total Non- Major Funds	Total Funds
		HIDTA Fund			
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	-	58,484	321,131	-	379,615
Unassigned	563,717	-	-	-	563,717
<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	\$ 8,429,634	
Accumulated depreciation	(1,949,953)	
		6,479,681

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	(23,617)	
Vehicles	(38,728)	
Town Hall project	(628,693)	
Compensated absences	(50,736)	
		(741,774)

Net assets for government activities		\$ 6,954,061
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**STATE OF NEW MEXICO  
TOWN OF MESILLA  
GOVERNMENTAL FUNDS  
Revenues, Expenditures and  
Changes in Fund Balances**  
For the Year-Ended June 30, 2012

	General Fund	USAO HIDTA Fund	Town Hall Fund	Total Non- Major Funds	Total Governmental Funds
<b>Revenues:</b>					
Local taxes	\$ 104,280	\$ -	\$ -	\$ -	\$ 104,280
State-shared taxes	904,012	-	35,101	126,671	1,065,784
Licenses and permits	39,318	-	-	-	39,318
Charges for services	62,526	-	-	15,513	78,039
Fines and forfeitures	163,119	-	-	-	163,119
Small cities assistance	135,383	-	-	-	135,383
Intergovernmental	-	-	-	16,680	16,680
Federal grants	-	424,121	-	303,452	727,573
State grants	(194)	-	-	601,876	601,682
State investment	-	-	-	-	-
Local grants	989	-	-	-	989
Interest income	1,456	-	205	84,907	86,568
Miscellaneous income	5,134	-	-	-	5,134
Total revenues	<u>1,416,023</u>	<u>424,121</u>	<u>35,306</u>	<u>1,149,099</u>	<u>3,024,549</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	526,649	-	214	21,127	547,990
Public safety	580,214	480,059	-	816,394	1,876,667
Public works	159,844	-	-	6,158	166,002
Culture and recreation	72,848	-	-	105,455	178,303
Capital outlay	31,881	-	-	315,932	347,813
Total expenditures	<u>1,371,436</u>	<u>480,059</u>	<u>214</u>	<u>1,265,066</u>	<u>3,116,775</u>
Excess (deficiency) of revenues over (under) expenditures	44,587	(55,938)	35,092	(115,967)	(92,226)
<b>Other financing sources (uses):</b>					
<b>Debt service</b>					
Principal	(7,418)	-	(17,755)	(7,730)	(32,903)
Interest	-	-	(28,910)	(571)	(29,481)
Transfers in	-	-	-	2,000	2,000
Transfers out	(9,846)	-	-	-	(9,846)
Total other financing sources (uses):	<u>(17,264)</u>	<u>-</u>	<u>(46,665)</u>	<u>(6,301)</u>	<u>(70,230)</u>
Net change in fund balances	27,323	(55,938)	(11,573)	(122,268)	(162,456)
Prior period adjustment	(21,049)	-	-	-	(21,049)
Change in net assets	<u>6,274</u>	<u>(55,938)</u>	<u>(11,573)</u>	<u>(122,268)</u>	<u>(183,505)</u>
Balances beginning of year	<u>563,717</u>	<u>58,484</u>	<u>321,131</u>	<u>289,203</u>	<u>1,232,535</u>
Balances end of year	<u>\$ 569,991</u>	<u>\$ 2,546</u>	<u>\$ 309,558</u>	<u>\$ 166,935</u>	<u>\$ 1,049,030</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, 2012

**Total net change in fund balances-governmental funds**

Amounts reported for governmental activities in the statement of activities are different because:	\$ (162,456)
Due from other governments	16,380
Principal payment on bonds and capital leases	32,903
Change in compensated absences	49,735
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives as depreciation expenses:	
Capital outlay	320,249
Depreciation expense	<u>(306,570)</u>
	<u>13,679</u>
Change in net assets of governmental activities	<u><u>\$ (49,759)</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, 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
<b>Total revenues</b>	<b>1,634,001</b>	<b>439,328</b>	<b>73,764</b>	<b>1,910,450</b>	<b>4,057,543</b>
<b>Expenditures:</b>					
<b>Current:</b>					
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
<b>Total expenditures</b>	<b>1,318,688</b>	<b>457,727</b>	<b>-</b>	<b>2,022,469</b>	<b>3,798,884</b>
Excess (deficiency) of revenues over (under) expenditures	315,313	(18,399)	73,764	(112,019)	258,659
<b>Other financing sources (uses):</b>					
<b>Debt service</b>					
Principal	-	-	-	84,928	84,928
Transfers in	-	-	-	251,321	251,321
Transfers out	(41,876)	-	(35,000)	(178,759)	(255,635)
<b>Total other financing sources (uses)</b>	<b>(41,876)</b>	<b>-</b>	<b>(35,000)</b>	<b>157,490</b>	<b>80,614</b>
Net change in fund balances	273,437	(18,399)	38,764	45,471	339,273
<b>Fund balance:</b>					
Balances beginning of year	290,280	60,503	282,367	243,731	876,881
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	43,954	
	<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.		
Capital outlay	\$ -	
Depreciation expense	(249,813)	
	<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**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local taxes	\$ 100,000	\$ 100,000	\$ 104,280	\$ 4,280
State-shared taxes	803,040	803,040	904,012	100,972
Local grants	-	-	989	989
Licenses and permits	41,360	41,360	39,318	(2,042)
Charges for services	98,300	98,300	62,526	(35,774)
Fines and forfeits	42,000	42,000	163,119	121,119
Interest	800	800	1,456	656
Intergovernmental revenues	-	-	-	-
Miscellaneous revenues	1,000	1,000	4,940	3,940
Small cities assistance	138,324	138,324	135,383	(2,941)
Total revenues	<u>1,224,824</u>	<u>1,224,824</u>	<u>1,416,023</u>	<u>191,199</u>
Add: budget cash	-	-		
	<u>\$ 1,224,824</u>	<u>\$ 1,224,824</u>		
Expenditures:				
General government	474,013	474,013	526,649	(52,636)
Public safety	571,826	571,826	580,214	(8,388)
Public works	179,843	179,843	159,844	19,999
Culture and recreation	68,669	68,669	72,848	(4,179)
Capital outlay	37,962	37,962	31,881	6,081
Total expenditures	<u>1,332,313</u>	<u>1,332,313</u>	<u>1,371,436</u>	<u>(39,123)</u>
Excess (deficiency) of revenues over expenditures			44,587	
Other financing sources (uses):				
Transfers out	-	-	(9,846)	(9,846)
Interfund loan for leased vehicles	-	-	-	-
Differences between Non-GAAP and Modified-GAAP				
Principal	-	-	(7,418)	(7,418)
Interest	-	-	(21,049)	(21,049)
	<u>-</u>	<u>-</u>	<u>(38,313)</u>	<u>(38,313)</u>
Total other financing sources (uses):				
Net other financing sources (uses)				
Net change in fund balance (Non-GAAP)			6,274	
Net change in fund balance (Non-GAAP)				
Fund balance – beginning of year			<u>563,717</u>	
Fund balance – end of year			<u>\$ 569,991</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, 2012

	Budgeted Amounts		Actual	Favorable (Unfavorable) Difference
	Original	Final		
Revenues:				
Federal grants	\$ 473,704	\$ 473,704	\$ 424,121	\$ (49,583)
Total revenues	473,704	473,704	424,121	(49,583)
 Add: budget cash	 2,346	 2,346		
	\$ 476,050	\$ 476,050		
 Expenditures:				
Public safety				
Personnel expenditures	473,704	473,704	480,059	(6,355)
Operating expenditures	-	-	-	-
Total expenditures	473,704	473,704	480,059	(6,355)
 Excess (deficiency) of revenues over expenditures			 (55,938)	
 Other financing sources (uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance (non-GAAP)			 (55,938)	
 Fund balance – beginning of year			 58,484	
 Fund balance – end of year			 \$ 2,546	

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local taxes	\$ -	\$ 61,000	\$ 35,101	\$ (25,899)
Miscellaneous revenues	-	-	-	-
State grants	-	50	205	155
Interest	-	61,050	35,306	(25,744)
Total revenues	<u>293,220</u>	<u>293,220</u>		
Add: budget cash	<u>\$ 293,220</u>	<u>\$ 354,270</u>		
Expenditures:				
General government	-	-	214	(214)
Capital outlay	-	-	214	(214)
Total expenditures				
			35,092	
Excess (deficiency) revenues over expenditures				
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Debt service principal	-	-	17,755	(17,755)
Debt service interest	-	-	28,910	(28,910)
	<u>-</u>	<u>-</u>	<u>46,665</u>	<u>(46,665)</u>
Net change in fund balance (Non-GAAP)			(11,573)	
Fund balances – beginning of year			<u>321,131</u>	
Fund balances – end of year			<u>\$ 309,558</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:	2012	2011
Current assets		
Cash	\$ 275,295	\$ 216,119
Investments	45,242	45,662
Accounts receivable	53,441	74,367
Other receivable	273	-
Total current assets	374,251	336,148
Non-current assets:		
Capital assets	3,354,981	3,249,403
Accumulated depreciation	1,987,324	(1,868,776)
Total non-current assets	1,367,657	1,380,627
Total assets	\$ 1,741,908	\$ 1,716,775
Liabilities:		
Current liabilities		
Accounts payable	\$ 165,023	\$ 89,614
Accrued salaries	3,076	7,160
Accrued compensated absences	5,144	25,266
Current portion of long-term debt	17,364	8,139
Customer security deposits	33,206	32,754
Total current liabilities	223,813	162,933
Non-current liabilities		
Note payable	7,899	34,094
Total non-current assets	7,899	34,094
Total liabilities	231,712	197,027
Net assets:		
Invested in capital assets, net of related debt and unrestricted assets	1,342,394	1,338,394
Unrestricted assets (deficit)	167,802	181,354
Net assets – end of year	1,510,196	1,519,748
Total liabilities and net assets	\$ 1,741,908	\$ 1,716,775

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>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 609,570	\$ 565,103
Municipal taxes	-	20,017
Miscellaneous	5,735	113,522
Total operating revenues	<u>615,305</u>	<u>698,642</u>
Operating expenses:		
Personnel services	127,220	101,490
Operating expenses	482,909	515,857
Depreciation and amortization	118,787	118,548
Total operating expenses	<u>728,916</u>	<u>735,895</u>
Operating income (loss)	(113,611)	(37,253)
Non-operating revenues (expenses):		
Interest income	493	-
Interest expense	-	-
Prior period adjustment	21,049	(2,574)
Total non-operating revenues (expenses)	<u>21,542</u>	<u>(2,574)</u>
Income (loss) before transfers	(92,069)	(39,827)
Transfers in (out)	<u>82,517</u>	<u>13,904</u>
Change in net assets	(9,552)	(25,923)
Total net assets-beginning	<u>1,519,748</u>	<u>1,545,671</u>
Total net assets-ending	<u>\$ 1,510,196</u>	<u>\$ 1,519,748</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,

	2012	2011
Cash flows from operating activities:		
Cash received from agencies and customers	\$ 556,529	\$ 634,054
Cash used for salaries and operating expenses	480,456	(600,191)
Net cash used for operating activities	76,073	33,863
Cash flows from financing activities:		
Acquisition of capital assets – net	-	-
Net cash used for financing activities	-	-
Cash flows from investing activities:		
Transfer from investment account	(420)	64,588
Proceeds from notes payable	-	5,826
Proceeds from lease payable - net of premium	-	16,143
Principal payments of long-term instruments	(16,970)	(17,156)
Interest income	493	-
Net cash provided by investing activities	(16,897)	69,401
Net increase (decrease) in cash and cash equivalents	59,176	103,264
Cash and cash equivalents – beginning of year	216,119	112,855
Cash and cash equivalents – end of year	\$ 275,295	\$ 216,119
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (113,611)	\$ (37,253)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization	118,787	118,548
Changes in assets and liabilities		
Increase (decrease) accounts receivable	(20,926)	(16,270)
Increase (decrease) in other receivables	273	-
Increase (decrease) accounts payable	75,409	72,687
Increase (decrease) accrued payroll	(4,084)	(112,917)
Increase (decrease) accrued compensated absences	20,122	9,068
Increase (decrease) customer deposits	103	-
Net cash provided by operating activities	\$ 76,073	\$ 33,863

The accompanying notes are an integral part of these financial statements



**AGENCY FINANCIAL STATEMENT**

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

	<u>2012</u>	<u>2011</u>
<b>Assets:</b>		
Cash	\$ 500	\$ 500
Town of Mesilla court bond	<u>2,512</u>	<u>2,512</u>
 Total assets	 <u>\$ 3,012</u>	 <u>\$ 3,012</u>
<b>Liabilities:</b>		
Held for others	<u>\$ 3,012</u>	<u>\$ 3,012</u>
 Total liabilities	 <u>\$ 3,012</u>	 <u>\$ 3,012</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, 2012

**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.

*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, 2012

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

*B. Government-Wide and Fund Financial Statements (continued)*

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, 2012

**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 Statement 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.

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*.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2012

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

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

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.

*Statement of Net Assets* – The statement of net assets is designed to display the financial position of the primary government (government-type 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.

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

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

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

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2012

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

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

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

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

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

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

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

**Compensated Absences:** Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on their 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 160 hours. Accumulated unused vacation is payable upon retirement or termination from employment. All vacation pay is accrued when incurred in the government and proprietary fund financial statements.

The Town allows 40-hour employees to accumulate unused sick leave to a maximum of 90 days or 720 hours. Hours accumulated above these thresholds are forfeited. Accumulated unused sick leave is not paid upon termination from employment or retirement. Sick leave is only paid upon illness while in the employment of the Town. Accordingly, no provision for accumulated sick leave has been made in the accompanying financial statements.

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



**STATE OF NEW MEXICO**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Net Assets:** The government-wide financial statements utilize a net assets presentation. Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any 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:

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.

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

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

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 an official delegated that authority by the Town Charter or ordinance.

- E. 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.

- F. 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, 2012 and 2011 is presented.

**STATE OF NEW MEXICO  
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**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

	<u>June 30, 2012</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)	\$ 44,587	\$ -	\$ 35,092	\$ (115,967)	\$ 88,186
Adjustments:					
To revenues for tax accruals, earnings on investments and other deferrals and accruals.	-	-	-	(7,934)	-
Adjustments:					
To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals.	<u>(38,313)</u>	<u>-</u>	<u>46,665</u>	<u>1,633</u>	<u>(97,738)</u>
Excess (deficiency) of revenues over expenditures (budget basis)	<u>\$ 6,274</u>	<u>\$ -</u>	<u>\$ 11,573</u>	<u>\$ (122,268)</u>	<u>\$ (9,552)</u>

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.	<u>(41,876)</u>	<u>-</u>	<u>(35,000)</u>	<u>72,562</u>	<u>-</u>
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**  
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**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>2012</u>	<u>2011</u>
	<u>Bank Balance</u>	<u>Bank Balance</u>
Insured	\$ 350,000	\$ 250,000
Collateralized:		
Collateral held by pledging bank's trust department not in the Town's name	950,510	656,708
Uninsured and uncollateralized	-	-
Total cash and cash equivalents government	<u>\$ 1,300,510</u>	<u>\$ 906,708</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial risk. As of June 30, 2011, \$63,316 of the Town's \$1,300,510 and June 30, 2011, \$656,708 of the Town's balance of \$906,708 was exposed to custodial credit risk as follows:

	<u>2011</u>
Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging bank's trust department not in Town's name	950,510
Total cash and cash equivalents, primary government	<u>\$ 950,510</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 the investment strategy is outlined on New MexiGROW LGIP website <http://www.stonm.org/NewMexiGROWLGIP/MonthlyInvestmentReports>.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
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**NOTE 5 RECEIVABLES**

Receivables as of June 30, are as follows:

	<u>2012</u>		Total
	Governmental Fund	Proprietary Fund	
Accounts receivable	\$ -	\$ 53,401	\$ 53,401
Franchise taxes	11,570	-	11,570
Gross receipts taxes	35,447	-	35,447
Property taxes	1,328	-	1,328
State share taxes	40,276	-	40,276
Due from other governments	93,827	273	94,100
Net receivables	<u>\$ 182,448</u>	<u>\$ 53,674</u>	<u>\$ 236,122</u>

	<u>2011</u>		Total
	Governmental Fund	Proprietary Fund	
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>

The Town has an established policy where bad debt is written-off and an allowance for all account over ninety (90) days.

**STATE OF NEW MEXICO**  
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**NOTE 6 CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the years-ended June 30, 2012 and 2011. Land is not subject to depreciation.

<b>Governmental Activities:</b>	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated							
Land	\$ 999,500	\$ -	\$ -	\$ 999,500	\$ 400,000	\$ -	\$ 1,399,500
Work in process	757,137	-	757,137	-	-	-	-
Total	<u>1,756,637</u>	<u>-</u>	<u>757,137</u>	<u>999,500</u>	<u>400,000</u>	<u>-</u>	<u>1,399,500</u>
Other capital assets being depreciated							
Buildings	343,394	400,000	4,667	738,727	-	400,000	338,727
Other improvements	4,289,330	951,126	54,616	5,185,840	262,411	-	5,448,251
Machinery and equipment	1,382,264	123,303	-	1,505,567	57,838	-	1,563,405
Total	<u>6,014,988</u>	<u>1,474,429</u>	<u>59,283</u>	<u>7,430,134</u>	<u>320,249</u>	<u>400,000</u>	<u>7,350,383</u>
Accumulated depreciation:							
Buildings	(175,505)	(11,261)	-	(186,766)	(21,261)	-	(208,027)
Other improvements	(426,968)	(124,380)	-	(551,348)	(154,191)	-	(705,539)
Machinery and equipment	(1,097,667)	(114,172)	-	(1,211,839)	(131,118)	-	(1,342,957)
Total	<u>(1,700,140)</u>	<u>(249,813)</u>	<u>-</u>	<u>(1,949,953)</u>	<u>(306,570)</u>	<u>-</u>	<u>(2,256,523)</u>
Net book value	<u>\$ 6,071,485</u>	<u>\$ 1,224,516</u>	<u>\$ 816,420</u>	<u>\$ 6,479,681</u>	<u>\$ 413,679</u>	<u>\$ 400,000</u>	<u>\$ 6,493,360</u>

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
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**NOTE 6 CAPITAL ASSETS (continued)**

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

	2012	2011
General government	\$ 233,147	\$ 191,238
Public safety	68,471	53,305
Public works	4,952	5,270
Total depreciation expense	\$ 306,570	\$ 249,813

**Business-Type Activities:**

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets being depreciated							
Work in process	\$ -	\$ 89,169	\$ -	\$ 89,169	\$ -	\$ -	89,169
Utility system	2,833,142	-	-	2,833,142	105,578	-	2,938,720
Machinery and equipment	327,092	-	-	327,092	-	-	327,092
Total	3,160,234	89,169	-	3,249,403	105,578	-	3,354,981
Accumulated depreciation:							
Utility system	(1,421,491)	(99,428)	-	(1,620,347)	(99,428)	-	(1,719,775)
Machinery and equipment	(206,205)	(19,120)	-	(248,429)	(19,120)	-	(267,549)
Total	(1,627,696)	(118,548)	-	(1,868,776)	(118,548)	-	(1,987,324)
Net book value	\$ 1,532,538	\$ 29,379	\$ -	\$ 1,380,627	\$ 224,126	\$ -	\$ 1,367,657

Depreciation expense relating to business-like activities for the years-ended June 30, 2012 and 2011 totaled \$118,348 and \$118,548, respectively.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
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**NOTE 7 LONG-TERM DEBT**

During the year-ended June 30, 2012 and 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

<b>Governmental Activities</b>	Balance			Balance			Balance	Due Within One Year
	June 30, 2010	Additions	Decreases	June 30, 2011	Additions	Decreases	June 30, 2012	
NMFA notes payable:								
Fire Brush Truck	\$ 32,349	\$ -	\$ 7,730	\$ 24,619	\$ -	\$ 7,730	\$ 16,889	\$ 7,954
Town Hall project	645,849	-	17,156	628,693	-	17,755	610,938	17,755
Vehicles capital loan	51,535	-	12,807	38,728	-	7,418	31,315	7,418
Compensated absences	38,825	55,708	43,797	50,736	67,668	50,736	67,668	67,668
<b>Totals</b>	<b>\$ 768,558</b>	<b>\$ 55,708</b>	<b>\$ 81,490</b>	<b>\$ 742,776</b>	<b>\$ 67,668</b>	<b>\$ 83,639</b>	<b>\$ 726,810</b>	<b>\$ 100,795</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, 2010	Additions	Decreases	June 30, 2011	Additions	Decreases	June 30, 2012	Within One Year
NMFA note payable	\$ 9,432	\$ -	\$ 502	\$ 8,930	\$ -	\$ 515	\$ 8,415	\$ 516
Asphalt Zipper loan	35,201	-	1,898	33,303	-	16,465	16,848	16,848
Compensated absences	16,198	15,704	6,636	25,266	5,144	25,266	5,144	5,144
<b>Totals</b>	<b>\$ 60,831</b>	<b>\$ 15,704</b>	<b>\$ 9,036</b>	<b>\$ 67,499</b>	<b>\$ 5,144</b>	<b>\$ 42,246</b>	<b>\$ 30,407</b>	<b>\$ 22,508</b>

These debts are paid from the Utility Fund.



**STATE OF NEW MEXICO  
TOWN OF MESILLA  
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**NOTE 7 LONG-TERM DEBT (continued)**

*Notes Payable – New Mexico Finance Authority*

*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
2013	\$ 7,787.00	\$ 453.00	\$ 8,240.00
2014	8,420	229	8,649
	\$ 16,207	\$ 682	\$ 16,889

*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
2013	\$ 18,141.00	\$ 27,807.00	\$ 45,948.00
2014	18,964	26,984	45,948
2015-2033	573,833	321,591	895,424
	\$ 610,938	\$ 376,382	\$ 987,320

**STATE OF NEW MEXICO**  
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**Notes to Financial Statements**  
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**NOTE 7 LONG-TERM DEBT (continued)**

*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
2013	\$ 516	\$ -	\$ 516
2014	517	-	517
2015-2033	7,382	-	7,382
	\$ 8,415	\$ -	\$ 8,415

*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
2013	\$ 16,848	\$ 8,283	\$ 25,131

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

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

*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
2013	\$ 15,357	\$ 1,154	\$ 16,511	
2014	15,958	236	16,194	
	<u>\$ 31,315</u>	<u>\$ 1,390</u>	<u>\$ 32,705</u>	

*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**

2012	2011	
\$ 82,517	\$ -	From the General Fund to Proprietary Fund for operations.
-	6,274	From the General Fund to Fire Fund for operations.
-	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 Safe 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.
(9,846)	20,000	From the General Fund to CDBG Fund
<u>\$ 72,671</u>	<u>\$ -</u>	Total

**STATE OF NEW MEXICO**  
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**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, 2012 and 2011 is \$29,630 and \$32,554 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, 2012, 2011, 2010, and were \$135,268, \$112,048, \$100,988, 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.

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**Notes to Financial Statements**  
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**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	\$ 53,278	\$ 29,278	Actual verses budget expenditures not adequately monitored
EMS	Total expenditures	\$ 7,200	\$ 7,420	\$ 220	Actual verses budget expenditures not adequately monitored
Fiesta Fund	Total expenditures	\$ 10,700	\$ 17,511	\$ 6,811	Actual verses budget expenditures not adequately monitored
Law Enforcement Fund	Total expenditures	\$ 23,000	\$ 34,849	\$ 11,849	Actual verses budget expenditures not adequately monitored
Court Automation Fund	Total expenditures	\$ 5,000	\$ 6,773	\$ 1,773	Actual verses budget expenditures not adequately monitored
Hwy Interdiction Fund	Total expenditures	\$ 9,590	\$ 17,585	\$ 7,995	Actual verses budget expenditures not adequately monitored
General Fund	Total expenditures	\$ 1,332,313	\$ 1,371,436	\$ 39,123	Actual verses budget expenditures not adequately monitored
USAO HIDTA Fund	Total expenditures	\$ 473,704	\$ 480,059	\$ 6,355	Actual verses budget expenditures not adequately monitored
Town Hall Project	Total expenditures	\$ -	\$ 214	\$ 214	Actual verses budget expenditures not adequately monitored
Fire Fund Grant	Total expenditures	\$ -	\$ 34,515	\$ 34,515	Actual verses budget expenditures not adequately monitored
Street Improvement Fund	Total expenditures	\$ -	\$ 69,452	\$ 69,452	Actual verses budget expenditures not adequately monitored
Proprietary Fund	Total expenditures	\$ 582,653	\$ 610,129	\$ 27,476	Actual verses budget expenditures not adequately monitored
CDWI Grant	Total expenditures	\$ -	\$ 25,250	\$ 25,250	Actual verses budget expenditures not adequately monitored

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Notes to Financial Statements**  
June 30, 2012

**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.

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
Notes to Financial Statements  
June 30, 2012**

**NOTE 15 GASB 54-FUND BALANCE (continued)**

The following fund balance changes for 2011.

Fund Balances:	General Fund	USAO HIDTA	Town Hall Fund	Major Special Revenue	Major Capital Project Funds	Total
<b>Restricted for:</b>						
CDWI Grant	\$ -	\$ -	\$ -	\$ -	\$ (5,332)	\$ (5,332)
Senior Center	-	-	-	-	6,338	6,338
CDBG Community Center	-	-	-	-	(1,817)	(1,817)
ICI Fund	-	-	-	-	12,038	12,038
Corrections Fees Fund	-	-	-	144,544	-	144,544
EMS Fund	-	-	-	554	-	554
Fire Protection Fund	-	-	-	11,489	-	11,489
Fire Fund Grant	-	-	-	12,221	-	12,221
Law Enforcement	-	-	-	448	-	448
Lodgers' Tax	-	-	-	9,466	-	9,466
Recreation Fund	-	-	-	2,495	-	2,495
Community Center	-	-	-	(1,817)	-	(1,817)
Court Automation	-	-	-	(2,165)	-	(2,165)
GWDA Grant	-	-	-	(50)	-	(50)
NM HIDTA Fund	-	-	-	28,376	-	28,376
ISC HIDTA Fund	-	-	-	(8,216)	-	(8,216)
Hwy Interdiction Fund	-	-	-	(9,590)	-	(9,590)
Street Improvement Fund	-	-	-	3,764	-	3,764
Fiesta Fund	-	-	-	914	-	914
Cops Universal Fund	-	-	-	(2,438)	-	(2,438)
Stone Garden Fund	-	-	-	(41,762)	-	(41,762)
Humanities Fund	-	-	-	345	-	345
School Resource Officer Fund	-	-	-	7,130	-	7,130
<b>Committed to:</b>						
USAO HIDTA	-	2,546	-	-	-	2,546
<b>Assigned to:</b>						
Town Hall fund	-	-	309,558	-	-	309,558
<b>Unassigned:</b>	569,991	-	-	-	-	569,991
Total fund balance	<u>\$569,991</u>	<u>\$ 2,546</u>	<u>\$ 309,558</u>	<u>\$ 155,708</u>	<u>\$ 11,227</u>	<u>\$1,049,030</u>

**NOTE 16 RESTATEMENT OF JUNE 30, 2011 ANNUAL REPORT**

Capital assets that were constructed within capital grants in the amount of \$945,827 were not reported as capital assets for the year-ending June 30, 2011.

**NOTE 17 PROPERTY TAXES**

Property taxes are assessed and collected by Doña Ana County New Mexico. The property tax calendar is for a one year period. The assessed value is \$59,204, which will result in assessed taxes of \$68,546 at the rate of 2.22500%. Collections for 2011-2012 were \$61,188. The remaining balance due at June 30, 2012 is \$3,365. The balance is not expected to be received within one year is \$341. The delinquent roll amount to \$1,341.00 at June 30, 2012. It is estimated that is uncollectable. The lien dates scheduled due and collection dates are the same as Doña Ana County.

**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, 2012

**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.

GWDA

To account for the receipt of federal funds for labor and expenses paid for project.

New Mexico High Intensity Drug Trafficking Area (HIDTA)

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

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**NON-MAJOR GOVERNMENTAL FUND TYPES**  
As of and for the Year-Ended June 30, 2012

**SPECIAL REVENUE FUNDS (continued)**

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.

ICI Fund

To account for state funds for capital outlay expenditures. The creation and maintenance of a separate fund was established.

CDWI Fund

To account for salaries and expenditures for the law enforcement department of the Town.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**NON-MAJOR GOVERNMENTAL FUND TYPES**  
**Combining Balance Sheet**  
June 30, 2012

	Special Revenue Funds	Capital Projects Funds	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 202,067	\$ 11,153	\$ 213,220
Investments	52,389	-	52,389
Tax receivable			
Due from other governments	17,585	-	17,585
<b>Total assets</b>	<b>\$ 272,041</b>	<b>\$ 11,153</b>	<b>\$ 283,194</b>
<b>Liabilities and fund balance:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,701	\$ -	\$ 1,701
Accrued salaries	4,274	(74)	4,200
Accrued compensated absences	11,013	-	11,013
Due to other fund	(655)	-	(655)
Deferred revenue	100,000	-	100,000
<b>Total liabilities</b>	<b>116,333</b>	<b>(74)</b>	<b>116,259</b>
<b>Fund balances:</b>			
Reserved for capital projects funds	-	-	-
Unreserved for special revenue funds	155,708	11,227	166,935
<b>Total fund balances</b>	<b>155,708</b>	<b>11,227</b>	<b>166,935</b>
<b>Total liabilities and fund balances</b>	<b>\$ 272,041</b>	<b>\$ 11,153</b>	<b>\$ 283,194</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, 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>\$ 370,827</b>	<b>\$ 18,375</b>	<b>\$ 389,202</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>100,000</b>	<b>-</b>	<b>100,000</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>270,827</b>	<b>18,375</b>	<b>289,202</b>
<b>Total liabilities and fund balances</b>	<b>\$ 370,827</b>	<b>\$ 18,375</b>	<b>\$ 389,202</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, 2012

	Special Revenue Funds	Capital Projects Funds	Totals
Revenues:			
State-shared taxes	\$ 126,671	\$ -	\$ 126,671
Charges for services	-	15,513	15,513
Interest income	84,907	-	84,907
Miscellaneous income	16,680	-	16,680
Intergovernmental	601,876	-	601,876
Federal grant	193,468	109,984	303,452
State grant	-	-	-
Total revenues	<u>1,023,602</u>	<u>125,497</u>	<u>1,149,099</u>
Expenditures:			
Current:			
General government	1,817	19,310	21,127
Public safety	816,394	-	816,394
Public works	6,158	-	6,158
Culture and recreation	105,455	-	105,455
Capital outlay	202,596	113,336	315,932
Total expenditures	<u>1,132,420</u>	<u>132,646</u>	<u>1,265,066</u>
Excess (deficiency) revenues over expenditures	(108,818)	(7,149)	(115,967)
Other financing sources (uses):			
Debt service principal	(7,934)	-	(7,934)
Debt service interest	(367)	-	(367)
Operating transfers in	2,000	-	2,000
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>(6,301)</u>	<u>-</u>	<u>(6,301)</u>
Net change in fund balance	(115,119)	(7,149)	(122,268)
Fund balance – beginning of year	<u>270,827</u>	<u>18,376</u>	<u>289,203</u>
Fund balance – end of year	<u>\$ 155,708</u>	<u>\$ 11,227</u>	<u>\$ 166,935</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**NON-MAJOR GOVERNMENTAL FUND TYPES**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
For the Year-Ended June 30, 2011

	Special Revenue Funds	Capital Projects Funds	Totals
Revenues:			
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
Total revenues	<u>1,412,340</u>	<u>498,110</u>	<u>1,910,450</u>
Expenditures:			
Current:			
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
Total expenditures	<u>1,508,300</u>	<u>514,169</u>	<u>2,022,469</u>
Excess (deficiency) revenues			
Excess (deficiency) revenues over expenditures	(95,960)	(16,059)	(112,019)
Other financing sources (uses):			
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)
Total other financing sources (uses)	<u>125,453</u>	<u>32,037</u>	<u>157,490</u>
Net change in fund balance	29,493	15,978	45,471
Fund balance – beginning of year	<u>241,334</u>	<u>2,397</u>	<u>243,731</u>
Fund balance – end of year	<u>\$ 270,827</u>	<u>\$ 18,375</u>	<u>\$ 289,202</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
NON-MAJOR GOVERNMENTAL FUND TYPES  
SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2012**

	<u>Correction Fees</u>	<u>Emergency Medical Services</u>	<u>Fire Protection</u>	<u>Fire Fund Grant</u>	<u>Law Enforcement</u>	<u>Lodgers' Tax</u>	<u>Street Improvements</u>	<u>Recreation</u>	<u>Subtotals</u>
<b>Assets:</b>									
Cash and cash equivalents	\$ 92,155	\$ 554	\$ 11,489	\$ 12,221	\$ 448	\$ 9,466	\$ 3,764	\$ 2,495	\$ 132,592
Investments	52,389	-	-	-	-	-	-	-	52,389
<b>Total assets</b>	<b>\$ 144,544</b>	<b>\$ 554</b>	<b>\$ 11,489</b>	<b>\$ 12,221</b>	<b>\$ 448</b>	<b>\$ 9,466</b>	<b>\$ 3,764</b>	<b>\$ 2,495</b>	<b>\$ 184,981</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>-</b>
<b>Fund balance:</b>									
Unreserved for special revenue funds	144,544	554	11,489	12,221	448	9,466	3,764	2,495	184,981
<b>Total fund balances</b>	<b>144,544</b>	<b>554</b>	<b>11,489</b>	<b>12,221</b>	<b>448</b>	<b>9,466</b>	<b>3,764</b>	<b>2,495</b>	<b>184,981</b>
<b>Total liabilities and fund balances</b>	<b>\$ 144,544</b>	<b>\$ 554</b>	<b>\$ 11,489</b>	<b>\$ 12,221</b>	<b>\$ 448</b>	<b>\$ 9,466</b>	<b>\$ 3,764</b>	<b>\$ 2,495</b>	<b>\$ 184,981</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, 2012**

	Community Center	Court Automation	Fiesta	GWDAC Grant	NM HIDTA	ISC HIDTA	Hwy Interdiction HITDA	Stone Garden	Subtotals
<b>Assets:</b>									
Cash and cash equivalents	\$ (1,817)	\$ (2,165)	\$ 914	\$ 850	\$ 40,435	\$ (7,776)	\$ (27,175)	\$ (41,762)	\$ (38,496)
Investments	-	-	-	-	-	-	-	-	-
Tax receivable	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	17,585	-	17,585
<b>Total assets</b>	<b>\$ (1,817)</b>	<b>\$ (2,165)</b>	<b>\$ 914</b>	<b>\$ 850</b>	<b>\$ 40,435</b>	<b>\$ (7,776)</b>	<b>\$ (9,590)</b>	<b>\$ (41,762)</b>	<b>\$ (20,911)</b>
<b>Liabilities:</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,701	\$ -	\$ -	\$ -	\$ 1,701
Accrued salary	-	-	-	900	-	440	-	-	1,340
Accrued compensated absences	-	-	-	-	11,013	-	-	-	11,013
Due to other fund	-	-	-	-	(655)	-	-	-	(655)
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>900</b>	<b>12,059</b>	<b>440</b>	<b>-</b>	<b>-</b>	<b>13,399</b>
<b>Fund balance:</b>									
Unreserved for special revenue funds	(1,817)	(2,165)	914	(50)	28,376	(8,216)	(9,590)	(41,762)	(34,310)
<b>Total fund balances</b>	<b>(1,817)</b>	<b>(2,165)</b>	<b>914</b>	<b>(50)</b>	<b>28,376</b>	<b>(8,216)</b>	<b>(9,590)</b>	<b>(41,762)</b>	<b>(34,310)</b>
<b>Total liabilities and fund balances</b>	<b>\$ (1,817)</b>	<b>\$ (2,165)</b>	<b>\$ 914</b>	<b>\$ 850</b>	<b>\$ 40,435</b>	<b>\$ (7,776)</b>	<b>\$ (9,590)</b>	<b>\$ (41,762)</b>	<b>\$ (20,911)</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, 2012

	School Resource Officer	Cops Universal Hiring	Safe Routes to School	Humanities	Subtotals - Page 1	Subtotals - Page 2	Totals
<b>Assets:</b>							
Cash and cash equivalents	\$ 7,204	\$ 422	\$ 100,000	\$ 345	\$ 132,592	\$ (38,496)	\$ 202,067
Investments	-	-	-	-	52,389	-	52,389
Tax receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	17,585	17,585
<b>Total assets</b>	<b>\$ 7,204</b>	<b>\$ 422</b>	<b>\$ 100,000</b>	<b>\$ 345</b>	<b>\$ 184,981</b>	<b>\$ (20,911)</b>	<b>\$ 272,041</b>
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,701	\$ 1,701
Accrued salary	74	2,860	-	-	-	1,340	4,274
Accrued compensated absence	-	-	-	-	-	11,013	11,013
Due to other fund	-	-	-	-	-	(655)	(655)
Deferred revenue	-	-	100,000	-	-	-	100,000
<b>Total liabilities</b>	<b>74</b>	<b>2,860</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>13,399</b>	<b>116,333</b>
<b>Fund balance:</b>							
Reserved for capital projects funds	-	-	-	-	-	-	-
Unreserved for special revenue funds	7,130	(2,438)	-	345	184,981	(34,310)	155,708
<b>Total fund balances</b>	<b>7,130</b>	<b>(2,438)</b>	<b>-</b>	<b>345</b>	<b>184,981</b>	<b>(34,310)</b>	<b>155,708</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,204</b>	<b>\$ 422</b>	<b>\$ 100,000</b>	<b>\$ 345</b>	<b>\$ 184,981</b>	<b>\$ (20,911)</b>	<b>\$ 272,041</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, 2012**

	Correction Fees	Emergency Medical Services	Fire Protection	Fire Fund Grant	Law Enforcement	Lodgers' Tax	Street Improvements	Recreation	Subtotals
<b>Revenues:</b>									
State - shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	71,751	-	-	-	-	-	-	-	71,751
Interest income	-	-	-	-	-	-	-	6,236	6,236
Miscellaneous income	-	-	-	38,880	10,603	-	-	-	49,483
Lodgers' tax	-	-	-	7,856	-	6,237	-	-	14,093
Intergovernmental income	-	7,505	-	-	-	-	-	-	7,505
Federal grant	-	-	-	-	-	-	-	-	-
State grant	-	-	77,445	-	23,000	-	45,023	-	145,468
<b>Total Revenues</b>	<b>71,751</b>	<b>7,505</b>	<b>77,445</b>	<b>46,736</b>	<b>33,603</b>	<b>6,237</b>	<b>45,023</b>	<b>6,236</b>	<b>294,536</b>
<b>Expenditures:</b>									
<b>Current</b>									
General government	-	-	-	-	-	-	-	-	-
Public safety	53,278	6,524	57,655	6,177	18,319	-	-	-	141,953
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	6,158	6,158
Capital outlay	-	896	-	28,338	16,530	-	69,452	-	115,216
<b>Total expenditures</b>	<b>53,278</b>	<b>7,420</b>	<b>57,655</b>	<b>34,515</b>	<b>34,849</b>	<b>-</b>	<b>69,452</b>	<b>6,158</b>	<b>263,327</b>
Excess (deficiency) revenues over	18,473	85	19,790	12,221	(1,246)	6,237	(24,429)	78	31,209
<b>Other financing sources (uses):</b>									
Debt service principal	-	-	(7,934)	-	-	-	-	-	(7,934)
Debt service interest	-	-	(367)	-	-	-	-	-	(367)
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(8,301)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,301)</b>
Net change in fund balance	18,473	85	11,489	12,221	(1,246)	6,237	(24,429)	78	22,908
Fund balance - beginning of year	126,071	469	-	-	1,694	3,229	28,193	2,417	162,073
Fund balance - end of year	\$ 144,544	\$ 554	\$ 11,489	\$ 12,221	\$ 448	\$ 9,466	\$ 3,764	\$ 2,495	\$ 184,981

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, 2012

	Community Center	Court Automation	Fiesta	GWDA Grant	NM HIDTA	ISC HIDTA	Hwy Interdiction HITDA	Stone Garden	Subtotals
Revenues:									
State - shared taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	16,075	-	-	-	-	38,845	54,920
Interest income	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	2,350	19,309	24	-	-	-	21,683
Intergovernmental income	-	4,608	-	-	-	-	-	-	4,608
Federal grant	-	-	-	12,500	266,556	289,350	7,995	-	576,401
State grant	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>4,608</b>	<b>18,425</b>	<b>31,809</b>	<b>266,580</b>	<b>289,350</b>	<b>7,995</b>	<b>38,845</b>	<b>657,612</b>
Expenditures:									
Current									
General government	1,817	-	-	-	-	-	-	-	1,817
Public safety	-	-	-	-	292,528	297,566	17,585	-	607,679
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	17,511	87,944	-	-	-	-	105,455
Capital outlay	-	6,773	-	-	-	-	-	80,607	87,380
<b>Total expenditures</b>	<b>1,817</b>	<b>6,773</b>	<b>17,511</b>	<b>87,944</b>	<b>292,528</b>	<b>297,566</b>	<b>17,585</b>	<b>80,607</b>	<b>802,331</b>
Excess (deficiency) revenues over expenditures	(1,817)	(2,165)	914	(56,135)	(25,948)	(8,216)	(9,590)	(41,762)	(144,719)
Other financing sources (uses):									
Debt service principal	-	-	-	-	-	-	-	-	-
Debt service interest	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	2,000	-	-	-	-	2,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>
Net change in fund balance	(1,817)	(2,165)	914	(54,135)	(25,948)	(8,216)	(9,590)	(41,762)	(142,719)
Fund balance - beginning of year	-	-	-	54,085	54,324	-	-	-	108,409
<b>Fund balance - end of year</b>	<b>\$ (1,817)</b>	<b>\$ (2,165)</b>	<b>\$ 914</b>	<b>\$ (50)</b>	<b>\$ 28,376</b>	<b>\$ (8,216)</b>	<b>\$ (9,590)</b>	<b>\$ (41,762)</b>	<b>\$ (34,310)</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, 2012

	School Resource Officer	Cops Universal Hiring	Safe Routes to School	Humanities	Subtotals - Page 1	Subtotals - Page 2	Totals
Revenues:							
State - shared taxes	\$ -	\$ -	\$ -	\$ -	\$ 71,751	\$ 54,920	\$ 126,671
Charge for services	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	63,224	21,683	84,907
Intergovernmental income	-	5,835	-	-	6,237	4,608	16,680
Federal grant	-	17,619	-	-	7,856	576,401	601,876
State grant	48,000	-	-	-	145,468	-	193,468
<b>Total Revenues</b>	<b>48,000</b>	<b>23,454</b>	<b>-</b>	<b>-</b>	<b>294,536</b>	<b>657,612</b>	<b>1,023,602</b>
Expenditures:							
Current							
General government	-	-	-	-	-	1,817	1,817
Public safety	40,870	25,892	-	-	141,953	607,679	816,394
Public works	-	-	-	-	6,158	-	6,158
Culture and recreation	-	-	-	-	-	105,455	105,455
Capital outlay	-	-	-	-	115,216	87,380	202,596
<b>Total expenditures</b>	<b>40,870</b>	<b>25,892</b>	<b>-</b>	<b>-</b>	<b>263,327</b>	<b>802,331</b>	<b>1,132,420</b>
Excess (deficiency) revenues over expenditures	7,130	(2,438)	-	-	31,209	(144,719)	(108,818)
Other financing sources (uses)							
Debt service principal	-	-	-	-	(7,934)	-	(7,934)
Debt service interest	-	-	-	-	(367)	-	(367)
Transfers in	-	-	-	-	-	2,000	2,000
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,301)</b>	<b>2,000</b>	<b>(6,301)</b>
Net change in fund balance	7,130	(2,438)	-	-	22,908	(142,719)	(115,119)
Fund balance - beginning of year	-	-	-	345	162,073	108,409	270,827
Fund balance - end of year	<u>\$ 7,130</u>	<u>\$ (2,438)</u>	<u>\$ -</u>	<u>\$ 345</u>	<u>\$ 184,981</u>	<u>\$ (34,310)</u>	<u>\$ 155,708</u>

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**NON-MAJOR GOVERNMENTAL FUND TYPES**  
**SPECIAL REVENUE FUNDS**  
**Combining Balance Sheet**  
June 30, 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 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
Revenues:								
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>
Expenditures:								
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)
Other financing sources (uses):								
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

	<u>Court Automation</u>	<u>Fiesta</u>	<u>Fema Relief</u>	<u>NM HIDTA</u>	<u>HWY Int. HIDTA</u>	<u>ISC HIDTA</u>	<u>Street IMP SAP RD.</u>	<u>Subtotals</u>
Revenue:								
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>
Expenditures:								
Current								
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)
Other financing sources (uses):								
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	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	\$ 54,085	\$ -	\$ 345	\$ 133,880	\$ 82,517	\$ 270,827

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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Fines and forfeits	\$ 10,285	\$ 10,285	\$ 71,751	\$ 61,466
Interest income	-	-	-	-
Total revenues	<u>10,285</u>	<u>10,285</u>	<u>71,751</u>	<u>61,466</u>
Add: budget cash	<u>122,666</u>	<u>122,666</u>		
	<u>\$ 132,951</u>	<u>\$ 132,951</u>		
Expenditures:				
Operating expenditures	24,000	24,000	53,278	(29,278)
Capital outlay	-	-	-	-
Total expenditures	<u>24,000</u>	<u>24,000</u>	<u>53,278</u>	<u>(29,278)</u>
Excess (deficiency) of revenues over expenditures			18,473	
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)			18,473	
Fund balance –beginning of year			<u>126,071</u>	
Fund balance – end of year			<u>\$ 144,544</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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State allotment	\$ 7,200	\$ 7,200	\$ 7,505	\$ 305
Total revenues	<u>7,200</u>	<u>7,200</u>	<u>7,505</u>	<u>305</u>
Add: budget cash	469	469		
	<u>\$ 6,731</u>	<u>\$ 6,731</u>		
Expenditures:				
Operating expenditures	5,300	5,300	6,524	(1,224)
Capital outlay	1,900	1,900	896	1,004
Total expenditures	<u>7,200</u>	<u>7,200</u>	<u>7,420</u>	<u>(220)</u>
Excess (deficiency) of revenues over expenditures			85	
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)			85	
Fund balance – beginning of year			<u>469</u>	
Fund balance – end of year			<u>\$ 554</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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State allotment grant	\$ 61,667	\$ 61,667	\$ 77,445	\$ 15,778
Miscellaneous income	-	-	-	-
Total revenues	<u>61,667</u>	<u>61,667</u>	<u>77,445</u>	<u>15,778</u>
Expenditures:				
Operating expenditures	57,400	57,400	57,655	(255)
Capital outlay	4,267	4,267	-	4,267
Total expenditures	<u>61,667</u>	<u>61,667</u>	<u>57,655</u>	<u>4,012</u>
Excess (deficiency) of revenues over expenditures			19,790	
Other financing sources (uses):				
Transfers in	-	-	8,301	8,301
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,301</u>	<u>8,301</u>
Net change in fund balance (Non-GAAP)			11,489	
Fund balance – beginning of year			<u>-</u>	
Fund balance –end of year			<u>\$ 11,489</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SPECIAL REVENUE FUND – FIRE FUND GRANT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental income	\$ -	\$ -	\$ 7,856	\$ 7,856
Miscellaneous income	-	-	38,880	38,880
Total revenues	<u>-</u>	<u>-</u>	<u>46,736</u>	<u>46,736</u>
Add: budget cash	344	344		
	<u>\$ 344</u>	<u>\$ 344</u>		
Expenditures:				
Operating expenditures	-	-	6,177	(6,177)
Capital outlay	-	-	28,338	(28,338)
Total expenditures	<u>-</u>	<u>-</u>	<u>34,515</u>	<u>(34,515)</u>
Excess (deficiency) of revenues over expenditures			12,221	
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)			12,221	
Fund balance - beginning of year			<u>-</u>	
Fund balance - end of year			<u>\$ 12,221</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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable ) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State grant	\$ 23,000	\$ 23,000	\$ 10,603	\$ (12,397)
Miscellaneous income	-	-	23,000	23,000
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>33,603</u>	<u>10,603</u>
Add: budget cash	1,694	1,694		
	<u>\$ 24,694</u>	<u>\$ 24,694</u>		
Expenditures:				
Operating expenditures	6,490	6,490	18,319	(11,829)
Capital outlay	16,510	16,510	16,530	(20)
Total expenditures	<u>23,000</u>	<u>23,000</u>	<u>34,849</u>	<u>(11,849)</u>
Excess (deficiency) of revenues over expenditures			(1,246)	
Other financing sources (uses):				
Principle	-	-	-	-
Interest	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			(1,246)	
Fund balance – beginning of year			<u>1,694</u>	
Fund balance –end of year			<u>\$ 448</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable ) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local taxes	3,000	3,000	6,237	3,237
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>6,237</u>	<u>3,237</u>
Add: budget cash	5,074	5,074		
	<u>\$ 8,074</u>	<u>\$ 8,074</u>		
Expenditures:				
Operating expenditures	3,000	3,000	-	3,000
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Excess (deficiency) of revenues over expenditures			6,237	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			6,237	
Fund balance – beginning of year			<u>3,231</u>	
Fund balance – end of year			<u>\$ 9,468</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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State-shared taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenues	-	-	-	-
State grants	-	-	45,023	45,023
Total revenues	<u>-</u>	<u>-</u>	<u>45,023</u>	<u>45,023</u>
Add: budget cash	<u>-</u>	<u>-</u>		
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		
Expenditures:				
Operating expenditures	-	-	-	-
Capital outlay	-	-	69,452	(69,452)
Total expenditures	<u>-</u>	<u>-</u>	<u>69,452</u>	<u>(69,452)</u>
Excess (deficiency) of revenues over expenditures			(24,429)	
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)			(24,429)	
Fund balance – beginning of year			<u>28,193</u>	
Fund balance – end of year			<u><u>\$ 3,764</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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State-shared taxes	\$ -	\$ -	\$ -	\$ -
Donations	6,000	6,000	6,236	236
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>6,236</u>	<u>236</u>
Add: budget cash	<u>2,417</u>	<u>2,417</u>		
	<u>\$ 8,417</u>	<u>\$ 8,417</u>		
Expenditures:				
Operating expenditures	<u>7,080</u>	<u>7,080</u>	<u>6,158</u>	<u>922</u>
Total expenditures	<u>7,080</u>	<u>7,080</u>	<u>6,158</u>	<u>922</u>
Excess (deficiency) of revenues over expenditures			78	
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)			78	
Differences between Non-GAAP and Modified GAAP:				
Fund balance – beginning of year			<u>2,417</u>	
Fund balance –end of year			<u>\$ 2,495</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SPECIAL REVENUE FUND – COMMUNITY CENTER FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State grant	\$ 26,482	\$ 26,482	\$ -	\$ (26,482)
Total revenues	<u>26,482</u>	<u>26,482</u>	<u>-</u>	<u>(26,482)</u>
Expenditures:				
Operating expenditures	<u>26,482</u>	<u>26,482</u>	<u>1,817</u>	<u>24,665</u>
Total expenditures	<u>26,482</u>	<u>26,482</u>	<u>1,817</u>	<u>24,665</u>
Excess (deficiency) of revenues over expenditures			(1,817)	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			(1,817)	
Fund balance – beginning of year			<u>-</u>	
Fund balance – end of year			<u><u>\$ (1,817)</u></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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Court Automation Grant	\$ 5,925	\$ 5,925	\$ 4,608	\$ (1,317)
Total revenues	<u>5,925</u>	<u>5,925</u>	<u>4,608</u>	<u>(1,317)</u>
Add: budget cash	925	925		
	<u>\$ 6,850</u>	<u>\$ 6,850</u>		
Expenditures:				
Operating expenditures	-	-	-	-
Capital outlay	5,000	5,000	6,773	(1,773)
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>6,773</u>	<u>(1,773)</u>
Excess (deficiency) of revenues over expenditures			(2,165)	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			(2,165)	
Fund balance – beginning of year			<u>-</u>	
Fund balance – end of year			<u>\$ (2,165)</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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 20,300	\$ 20,300	\$ 16,075	\$ (4,225)
Miscellaneous income	-	-	2,350	2,350
Total revenues	<u>20,300</u>	<u>20,300</u>	<u>18,425</u>	<u>(1,875)</u>
Expenditures:				
Operating expenditures	-	-	-	-
Capital outlay	10,700	10,700	17,511	(6,811)
Total expenditures	<u>10,700</u>	<u>10,700</u>	<u>17,511</u>	<u>(6,811)</u>
Excess (deficiency) of revenues over expenditures			914	
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)			914	
Fund balance – beginning of year			<u>-</u>	
Fund balance – end of year			<u>\$ 914</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SPECIAL REVENUE FUND – GWDAC GRANT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable ) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$ 117,133	\$ 117,133	\$ 12,500	\$ (104,633)
Miscellaneous income	-	-	19,309	19,309
Total revenues	<u>117,133</u>	<u>117,133</u>	<u>31,809</u>	<u>(85,324)</u>
Add: budget cash	<u>54,025</u>	<u>54,025</u>		
	<u>\$ 171,158</u>	<u>\$ 171,158</u>		
Expenditures:				
Operating expenditures	<u>93,500</u>	<u>93,500</u>	<u>87,944</u>	<u>5,556</u>
Total expenditures	<u>93,500</u>	<u>93,500</u>	<u>87,944</u>	<u>5,556</u>
Excess (deficiency) of revenues over expenditures			(56,135)	
Other financing sources (uses):				
Transfers in	-	-	2,000	2,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Net change in fund balance (Non-GAAP)			(54,135)	
Fund balance – beginning of year			<u>54,085</u>	
Fund balance – end of year			<u>\$ (50)</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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal grants	\$ 327,557	\$ 327,557	\$ 266,556	\$ (61,001)
Miscellaneous income	-	-	24	24
Total revenues	<u>327,557</u>	<u>327,557</u>	<u>266,580</u>	<u>(60,977)</u>
Add: budget cash	54,324	54,324		
	<u>\$ 381,881</u>	<u>\$ 381,881</u>		
Expenditures:				
Personnel services	103,751	103,751	118,873	(15,122)
Operating expenditures	196,974	196,974	173,655	23,319
Capital outlay	-	-	-	-
Total expenditures	<u>300,725</u>	<u>300,725</u>	<u>292,528</u>	<u>8,197</u>
Excess (deficiency) of revenues over expenditures			(25,948)	
Other financing sources (uses):				
Transfers in	35,000	35,000	-	(35,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Net change in fund balance (Non-GAAP)			(25,948)	
Fund balance – beginning of year			<u>54,324</u>	
Fund balance – end of year			<u>\$ 28,376</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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal grant	\$ 350,000	\$ 350,000	\$ 289,350	\$ (60,650)
Miscellaneous income	-	-	-	-
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>289,350</u>	<u>(60,650)</u>
Expenditures:				
Personnel services	51,374	51,374	80,677	(29,303)
Operating expenditures	271,792	271,792	216,889	54,903
Total expenditures	<u>323,166</u>	<u>323,166</u>	<u>297,566</u>	<u>25,600</u>
Excess (deficiency) of revenues over expenditures			(8,216)	
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)			(8,216)	
Fund Balance – beginning of year			<u>-</u>	
Fund Balance – end of year			<u>\$ (8,216)</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, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal grant	\$ -	\$ -	\$ 7,995	\$ 7,995
Miscellaneous income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>7,995</u>	<u>7,995</u>
Add: budget cash	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
Expenditures:				
Personnel services	-	-	-	-
Operating expenditures	9,590	9,590	17,585	(7,995)
Total expenditures	<u>9,590</u>	<u>9,590</u>	<u>17,585</u>	<u>(7,995)</u>
Excess (deficiency) of revenues over expenditures			(9,590)	
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)			(9,590)	
Fund balance –beginning of year			<u>-</u>	
Fund balance – end of year			<u>\$ (9,590)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SPECIAL REVENUE FUND – STONE GARDEN FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental income	\$ 175,334	\$ 175,334	\$ 38,845	\$ (136,489)
State tax	-	-	-	-
Total revenues	<u>175,334</u>	<u>175,334</u>	<u>38,845</u>	<u>(136,489)</u>
Expenditures:				
Operating expenditures	166,823	166,823	80,607	86,216
Capital outlay	-	-	-	-
Total expenditures	<u>166,823</u>	<u>166,823</u>	<u>80,607</u>	<u>86,216</u>
Excess (deficiency) of revenues over expenditures			(41,762)	
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)			(41,762)	
Fund balance – beginning of year			<u>-</u>	
Fund balance – end of year			<u>\$ (41,762)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SPECIAL REVENUE FUND – SCHOOL RESOURCE OFFICER FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State grant	\$ 48,000	\$ 48,000	\$ 48,000	\$ -
Total revenues	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
Expenditures:				
Operating expenditures	48,000	48,000	40,870	7,130
Total expenditures	<u>48,000</u>	<u>48,000</u>	<u>40,870</u>	<u>7,130</u>
Excess (deficiency) of revenues over expenditures			7,130	
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)			7,130	
Fund balance - beginning of year			<u>-</u>	
Fund balance - end of year			<u>\$ 7,130</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 FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal grant	\$ -	\$ -	\$ 5,835	\$ 5,835
Miscellaneous income	-	-	17,619	17,619
Total revenues	<u>-</u>	<u>-</u>	<u>23,454</u>	<u>23,454</u>
Expenditures:				
Personnel Expense	50,389	50,389	16,276	16,276
Operating expenditures	35,000	35,000	9,616	9,616
Total expenditures	<u>85,389</u>	<u>85,389</u>	<u>25,892</u>	<u>25,892</u>
Excess (deficiency) of revenues over expenditures			(2,438)	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			(2,438)	
Fund balance – beginning of year			<u>-</u>	
Fund balance – end of year			<u>\$ (2,438)</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 FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
 For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Donations	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Add: budget cash	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
Expenditures:				
Personnel 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 (Non-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 – 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Operating expenditures	-	-	-	-
Total expenditures				
Excess (deficiency) of revenues over expenditures			-	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance (Non-GAAP)			-	
Fund balance - beginning of year			<u>345</u>	
Fund balance - end of year			<u><u>\$ 345</u></u>	

The accompanying notes are an integral part of these financial statements

## **CAPITAL PROJECT FUND TYPES**

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**CAPITAL PROJECT FUND TYPES**  
**Combining Balance Sheet**  
June 30, 2012

	CDWI Grant	ICI Fund	CDBG Community Center	Senior Center	Totals
<b>Assets:</b>					
Cash and cash equivalents	\$ (5,406)	\$ 12,038	\$ (1,817)	\$ 6,338	\$ 11,153
Certificate of deposit	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b>\$ (5,406)</b>	<b>\$ 12,038</b>	<b>\$ (1,817)</b>	<b>\$ 6,338</b>	<b>\$ 11,153</b>
<b>Liabilities and fund balance:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
PARA payable	(74)	-	-	-	(74)
Due from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>(74)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(74)</b>
<b>Fund balances:</b>					
Reserved for capital projects	(5,332)	12,038	(1,817)	6,338	11,227
<b>Total fund balance</b>	<b>(5,332)</b>	<b>12,038</b>	<b>(1,817)</b>	<b>6,338</b>	<b>11,227</b>
<b>Total liabilities and fund balance</b>	<b>\$ (5,406)</b>	<b>\$ 12,038</b>	<b>\$ (1,817)</b>	<b>\$ 6,338</b>	<b>\$ 11,153</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, 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 Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
For the Year-Ended June 30, 2012

	<u>CDWI Grant</u>	<u>CI Fund</u>	<u>Improvement s</u>	<u>Senior Center</u>	<u>Totals</u>
<b>Revenues:</b>					
State grant	\$ 19,918	\$ 90,066	\$ -	\$ -	\$ 109,984
Federal grant	-	-	-	-	-
Municipal gross receipt taxes	-	-	-	-	-
Water Trust Grant	-	15,513	-	-	15,513
Interest revenue	-	-	-	-	-
Total revenues	<u>19,918</u>	<u>105,579</u>	<u>-</u>	<u>-</u>	<u>125,497</u>
<b>Expenditures:</b>					
Capital outlay	7,757	105,579	-	-	113,336
General government	17,493	-	1,817	-	19,310
Total expenditures	<u>25,250</u>	<u>105,579</u>	<u>1,817</u>	<u>-</u>	<u>132,646</u>
Excess (deficiency) revenues over expenditur	(5,332)	-	(1,817)	-	(7,149)
<b>Other financing sources (uses):</b>					
Operating transfers in	-	-	-	-	-
Debt service principle	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(5,332)	-	(1,817)	-	(7,149)
Fund balance – beginning of year	<u>-</u>	<u>12,038</u>	<u>-</u>	<u>6,338</u>	<u>18,376</u>
Fund balance – end of year	<u>\$ (5,332)</u>	<u>\$ 12,038</u>	<u>\$ (1,817)</u>	<u>\$ 6,338</u>	<u>\$ 11,227</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 expenditures	(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 – 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State grant	\$ 22,037	\$ 436,097	\$ 105,579	\$ (330,518)
Interest revenue	-	-	-	-
Total revenues	<u>22,037</u>	<u>436,097</u>	<u>105,579</u>	<u>-</u>
Add: budget cash	<u>12,037</u>	<u>12,037</u>		
	<u>\$ 34,074</u>	<u>\$ 448,134</u>		
Expenditures:				
Operating expenditures-capital outlay	<u>442,097</u>	<u>442,097</u>	<u>105,579</u>	<u>336,518</u>
Total expenditures	<u>442,097</u>	<u>442,097</u>	<u>105,579</u>	<u>336,518</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 (Non-GAAP)			-	
Fund balance – beginning of year			<u>12,038</u>	
Fund balance – end of year			<u>\$ 12,038</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, 2012

	<u>Budgeted Amounts</u>		Actual	Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$ 204,243	\$ 400,000	\$ -	\$ (400,000)
Total revenues	<u>204,243</u>	<u>400,000</u>	-	<u>(400,000)</u>
Add: budget cash	-	-		
	<u>\$ 204,243</u>	<u>\$ 400,000</u>		
Expenditures:				
Operating expenditures	420,000	420,000	1,817	418,183
Capital outlay	-	-	-	-
Total expenditures	<u>420,000</u>	<u>420,000</u>	<u>1,817</u>	<u>418,183</u>
Excess (deficiency) of revenues over expenditures			(1,817)	
Other financing sources (uses):				
Transfers in	20,000	20,000	-	(20,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balance (Non-GAAP)			(1,817)	
Fund balance – beginning of year			<u>-</u>	
Fund balance – end of year			<u>\$ (1,817)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**CAPITAL PROJECT FUND – SENIOR CENTER**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	Budgeted Amounts		Actual	Favorable (Unfavorable) Difference
	Original	Final		
Revenues:				
State grants	\$ 6,838	\$ 9,500	\$ -	\$ (9,500)
Total revenues	6,838	9,500	-	(9,500)
Add: budget cash	2,397	2,397		
	\$ 9,235	\$ 11,897		
Expenditures:				
Operating expenditures	24,897	21,897	-	21,897
Total expenditures	24,897	21,897	-	21,897
Excess (deficiency) of revenues over expenditures			-	
Other financing sources (uses):				
Transfers in	-	10,000	-	(10,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	10,000	-	(10,000)
Net change in fund balance (Non-GAAP)			-	
Fund balance – beginning of year			6,338	
Fund balance – end of year			\$ 6,338	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SPECIAL REVENUE FUND – CDWI GRANT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Difference</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State grants	\$ -	\$ -	\$ 19,918	\$ 19,918
Total revenues	<u>-</u>	<u>-</u>	<u>19,918</u>	<u>19,918</u>
Add: budget cash	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>\$ -</u>		
Expenditures:				
General government	-	-	17,493	(17,493)
Capital outlay	-	-	7,757	(7,757)
Total expenditures	<u>-</u>	<u>-</u>	<u>25,250</u>	<u>(25,250)</u>
Net change in fund balance (Non-GAAP)			(5,332)	
Fund balance – beginning of year			<u>-</u>	
Fund balance – end of year			<u>\$ (5,332)</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 (Modified GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Sales of services and fees:				
Water	\$ 200,000	\$ 200,000	\$ 222,040	\$ 22,040
Wastewater	152,000	152,000	157,973	5,973
Solid waste	190,000	190,000	207,776	17,776
Connections	3,600	3,600	1,800	(1,800)
Penalties	6,700	6,700	5,501	(1,199)
State-shared taxes	20,000	20,000	-	(20,000)
Miscellaneous revenues	100	100	5,735	5,635
Fees	14,550	14,550	14,480	(70)
Interest income	-	-	493	493
Total revenues	<u>586,950</u>	<u>586,950</u>	<u>615,798</u>	<u>28,848</u>
Add: beginning cash	216,119	-		
	<u>\$ 803,069</u>	<u>\$ 586,950</u>		
Expenditures:				
Water:				
Personnel services	\$ 70,260	\$ 70,260	\$ 76,477	\$ (6,217)
Operating expenses	144,406	144,406	146,386	(1,980)
	<u>214,666</u>	<u>214,666</u>	<u>222,863</u>	<u>(8,197)</u>
Wastewater:				
Personnel services	30,000	30,000	27,096	2,904
Operating expenses	124,000	124,000	142,888	(18,888)
	<u>154,000</u>	<u>154,000</u>	<u>169,984</u>	<u>(15,984)</u>
Solid waste:				
Personnel services	26,146	26,146	23,647	2,499
Operating expenses	187,841	187,841	193,635	(5,794)
Capital outlay	-	-	-	-
	<u>213,987</u>	<u>213,987</u>	<u>217,282</u>	<u>(3,295)</u>
Water improvement:				
Capital outlay	-	-	-	-
Water rights acquisitions	-	-	-	-
Water rights management	-	-	-	-
Water rights development	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 582,653</u>	<u>\$ 582,653</u>	<u>\$ 610,129</u>	<u>\$ (27,476)</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 (Modified GAAP Basis) and Actual (Cash Basis)**  
For the Year-Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual	Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) revenues over expenditures			\$ 5,669	
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	82,517	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>82,517</u>	<u>-</u>
Net change in fund balance (Non-GAAP)			88,186	
Difference between GAAP and Non-GAAP				
Adjust accrued revenue				
Depreciation expense		(118,787)		
Amortization		-		
Adjust for accrued expenses		<u>21,049</u>	<u>(97,738)</u>	
Net change in fund balance (Modified GAAP)			(9,552)	
Fund balance – beginning of year			<u>1,519,748</u>	
Fund balance – end of year			<u><u>\$ 1,510,196</u></u>	

The accompanying notes are an integral part of these financial statements

## **AGENCY FUNDS**

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
AGENCY FUNDS LISTING  
June 30, 2012**

Municipal Court Bond Fund

To account for bonds posted for court appearances.

**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 6/30/2011	Receipts	Disbursements	Balance 6/30/2012
Municipal court bonds				
Assets:				
Cash	\$ 2,512	\$ 5,967	\$ 5,967	\$ 2,512
Due for general fund	500	-	-	500
Total assets	<u>\$ 3,012</u>	<u>\$ 5,967</u>	<u>\$ 5,967</u>	<u>\$ 3,012</u>
Liabilities:				
Refunds payable	\$ -	\$ -	\$ -	\$ -
Held for others	3,012	-	-	3,012
Total liabilities	<u>\$ 3,012</u>	<u>\$ -</u>	<u>\$ -</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, 2012

First National Bank	Type	Amount Per Bank	Plus Deposit in Transit	Less O/S Checks	Balance Per Books
General fund	CK	\$ 836,200	\$ 6,237	\$ 79,882	\$ 762,555
Clearing account	CK	79,650	185,409	264,475	584
HIDTA Fund	CK	5,084	-	41,345	(36,261)
Joint Utilities Fund	CK	377,064	182	103,321	273,925
Total government-wide		1,297,998	191,828	489,023	1,000,803
Municipal court bond	CK	2,512	-	-	2,512
Total cash		<u>\$ 1,300,510</u>	<u>\$ 191,828</u>	<u>\$ 489,023</u>	<u>\$ 1,003,315</u>

	Total
Amount held in bank June 30, 2012	<u>\$ 1,300,510</u>
Less FDIC insurance	<u>350,000</u>
Uninsured public funds	<u>950,510</u>
50% collateral requirement (Section 6-10-17 NMSA-1978)	475,255
Pledged security	<u>844,663</u>
Over (under) collateral	<u>\$ 369,408</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, 2012

Cuspid	Description		Pool/Type Coupon	Moody S&P	Original Face Pledged Percent	Pledged			
	Maturity	Prerefund				Original Face	Par	Book Value	Market Value
778544CP9	Roswell NM			Aa2	\$ 325,000.00				
	8/1/2018		3.55	N/A	100.00%	\$ 325,000.00	\$ 325,000.00	\$ 325,000.00	\$ 352,264.25
781338HS0	Ruidoso NM								
	Municipal School District			Aa1	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 210,533.49	\$ 210,606.00
	8/1/2022		2.50	N/A	100.00%				
781346DQ1	Roswell NM								
	Supplement			A1	\$ 275,000.00	\$ 275,000.00	\$ 275,000.00	\$ 287,869.79	\$ 281,792.50
	6/1/2027		3.50	N/A	100.00%				
Town of Mesilla						\$ 800,000.00	\$ 800,000.00	\$ 823,403.28	\$ 844,662.75

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SCHEDULE OF GRANT EXPENDITURES**  
June 30, 2012

	Prior Year Expenditures	Grants	HTDA Grants	Other	Total	Balance
Executive Office of the President, Office of National Control Policy (N.M.)	\$ 189,981	\$ -	\$ 292,528	\$ -	\$ 292,528	\$ 49,554
Executive Office of the President, Office of National Control Policy (N.M.) (ISC)	313,908	-	297,566	-	297,566	124,170
Executive Office of the President, Office of National Control Policy (ISC) (USAO)	167,367	-	480,059	-	480,059	104,822
Executive Office of the President, Office of National Control Policy (N.M.)	-	-	17,585	-	17,585	-
GDWAC	-	-	-	12,500	12,500	-
Executive Office of the President, Office of National Control Policy (N.M.)	-	-	-	17,619	17,619	-
Cop's Universal Hiring Fund SAP 08	-	105,579	-	-	105,579	-
CDWI Grant - DAC	-	19,918	-	-	19,918	-
Fire Fund State Allotment	-	57,655	-	-	57,655	-
Law Enforcement Fund State Allotment	-	23,000	-	-	23,000	-
Street Improvement Fund NM DOT Calle Del Sur	-	45,023	-	-	45,023	-
School Resource Officer State Allotment	-	40,870	-	-	40,870	-
Totals	\$ 671,256	\$ 292,045	\$ 1,087,738	\$ 30,119	\$ 1,409,902	\$ 278,546

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Joint Powers Agreements**  
June 30, 2012

**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, 2012

**Mesilla Valley Regional Dispatch Authority (MVRDA)**

Participants: Village of Hatch, Doña Ana 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 Agreements**  
June 30, 2012

**Doña Ana Office of the Flood Commissioner**

Participants: Town of Mesilla and NM Taxation and Doña Ana Office of the Flood Commissioner

Responsible party: Doña 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. Doña 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

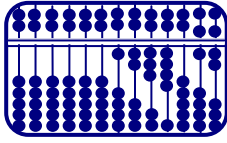
**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Schedule of Expenditures of Federal Awards**  
June 30, 2012

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	\$ 532,063	\$ -	\$ 292,528
Executive Office of the President, Office of National Drug Control Policy (ISC)	95.001	#I6PSNP575Z ISC	735,636	-	297,566
Executive Office of the President, Office of National Drug Control Policy (USAO)	95.001	I7PSNP575Z USAO	752,198	-	480,059
GWDAC		#H4506090059	-	12,500	12,500
Executive Office of the President, Office of National Drug Control Policy (New Mexico)	95001		-	19,999	17,585
Hwy Interdiction Fund					
Cops Universal Hiring Fund	95001		-	17,619	17,619
			<u>\$2,019,897</u>	<u>\$ 50,118</u>	<u>\$ 1,117,857</u>
Total			<u>\$2,019,897</u>	<u>\$ 50,118</u>	<u>\$ 1,117,857</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, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds and the combining and individual funds and related budgetary comparison presented as supplemental information of the Town of Mesilla as of and for the year-ended June 30, 2012, and have issued our report thereon dated February 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control over Financial Reporting***

Management of Town of Mesilla is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Mesilla'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Mesilla'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 not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as defined in Findings 08-05, 09-01, 12-02 and 12-03. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Town of Mesilla's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described schedule of findings and questioned costs 12-01.

The Town of Mesilla'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's response and, accordingly, we express no opinion on it.

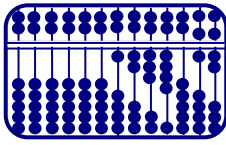
This report is intended solely for the information and use of management, Town of Mesilla, others within the entity, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by other than these specified parties.



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

February 13, 2013





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, 2012. 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, 2012. 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 item 12-04.

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., PLLC

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

February 13, 2013

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
June 30, 2012**

**Section I – Summary of Auditors’ Results**

***Financial Statements***

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified?	_____ Yes	<u>  X  </u> No
Significant deficiency (s) identified that are not considered to be material weaknesses?	<u>  X  </u> Yes	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No

***Federal Awards***

Internal control over major programs:

Material weakness (es) identified?	_____ Yes	<u>  X  </u> No
Significant deficiency (s) identified that are not considered to be material weakness (es)?	<u>  X  </u> 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?	<u>  X  </u> Yes	_____ No
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Identification of major programs:

<u>C DFA number</u> 95.001	<u>Name of Federal Program or Cluster</u> High Intensity Drug Trafficking Area Funding, Executive Office of the President, Passed through the Office of National Drug Control Policy
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Dollar threshold used to distinguish between Type A and Type B programs	\$ <u>  300,000  </u>
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Auditee qualified as low-risk auditee	<u>  X  </u> Yes	_____ No
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**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
June 30, 2012

**Section II – Findings – Financial Statements**

Prior Year Reportable Findings and Responses – Financial Statement Findings:

Finding 08-05 Failure to Apply GAAP – Repeated  
Finding 09-01 Legal Compliance with Budget- Repeated

Current Year Reportable Findings and Responses – Financial Statement Findings:

Finding 08-05 Failure to Apply GAAP – Significant Deficiency

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 – Significant Deficiency

Condition

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

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
June 30, 2012**

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

Finding 09-01 Legal Compliance with Budget (continued) – Significant Deficiency

Fund	Category	Budget Amount	Actual Amount	Over Expended	Reason
Corrections Fees	Total expenditures	\$ 24,000	\$ 53,278	\$ 29,278	Actual verses budget expenditures not adequately
EMS	Total expenditures	\$ 7,200	\$ 7,420	\$ 220	Actual verses budget expenditures not adequately
Fiesta Fund	Total expenditures	\$ 10,700	\$ 17,511	\$ 6,811	Actual verses budget expenditures not adequately
Law Enforcement Fund	Total expenditures	\$ 23,000	\$ 34,849	\$ 11,849	Actual verses budget expenditures not adequately
Court Automation Fund	Total expenditures	\$ 5,000	\$ 6,773	\$ 1,773	Actual verses budget expenditures not adequately
Hwy Interdiction Fund	Total expenditures	\$ 9,590	\$ 17,585	\$ 7,995	Actual verses budget expenditures not adequately
General Fund	Total expenditures	\$ 1,332,313	\$ 1,371,436	\$ 39,123	Actual verses budget expenditures not adequately
USAO HIDTA Fund	Total expenditures	\$ 473,704	\$ 480,059	\$ 6,355	Actual verses budget expenditures not adequately
Town Hall Project	Total expenditures	\$ -	\$ 214	\$ 214	Actual verses budget expenditures not adequately
Fire Fund Grant	Total expenditures	\$ -	\$ 34,515	\$ 34,515	Actual verses budget expenditures not adequately
Street Improvement Fund	Total expenditures	\$ -	\$ 69,452	\$ 69,452	Actual verses budget expenditures not adequately
Proprietary Fund	Total expenditures	\$ 582,653	\$ 610,129	\$ 27,476	Actual verses budget expenditures not adequately
CDWI Grant	Total expenditures	\$ -	\$ 25,250	\$ 25,250	Actual verses budget expenditures not adequately

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.

Cause

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

Effect

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

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, 2012

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

Finding 12-01 Annual Inventory of Capital Assets – Significant Deficiency

Condition

The Town did not take an inventory of capital assets.

Criteria

New Mexico State Section 12-6-10 NMSA 1978 requires and annual inventory be taken of capital assets to insure that the accounting and control of capital assets is maintained. In addition, 2.20.1 NAC requires that capital assets are accounted for.

Cause

An annual inventory was not requested by management.

Effect

The property and equipment detail records is not accurate. Additions and deposits were not properly reported. GAAP requires the accountability to prevent misstatement of the financial statements.

Recommendation

Management conducts an annual inventory of the capital assets and tracks it to the detail records and depreciation schedule to insure disposals and additions are accounted for properly.

Response

We will take an annual inventory of capital assets as required by the State of New Mexico.

Finding 12-02 Capitalization of Capital Assets from Grants – Significant Deficiency

Condition

The Town did not capitalize the capital assets purchased with money from various grants in the amount of \$320,249.

Criteria

GASB Statement No. 34 requires all capital assets that are purchased, be capitalized and depreciated over their useful lives.

Cause

Key employees were unaware that capital assets were purchased with money from the various grants

Effect

The capital asset accounts were misstated by the amount of \$320,249.

Recommendation

We recommend that management be required to obtain adequate training in accounting principles for capital assets in accordance with GASB Statement No. 34 and generally accepted accounting principles.

Response

A system will be developed to record the cost of capital assets that fund from grants that are provided to construct them. These assets will be added to our detailed listing at the time of completion.

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
June 30, 2012

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

Finding 12-03 Audit Report Submission to the New Mexico State Auditor – Significant Deficiency

Condition

The required submission date of the audit report for the fiscal year-ending June 30, 2012, audited financial statements were submitted February 14, 2013.

Criteria

New Mexico State Statutes 12-6-12 requires the State Auditor to promulgate reasonable regulations necessary to carry out the duties of the Office NMAC 2.2.2.9 requires the Town to submit the audit report by December 1st following the end of the year at June 30.

Cause

Additional time was required to determine that the capital assets for the prior year and the current year were properly accounted for. In addition, additional time was required to determine that the cash management was being conducted in accordance with the requirement of the Compliance Supplement of OMB Circular A-133. Auditor had an extended medical problem.

Effect

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

Recommendation

Verify the capital assets and the timing of the billing and receiving cash from the HITDA grants are made on a timely basis.

Response

We will work with our accountants in the future to insure that all annual financial statements are filed on a timely basis.

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

Finding 12-04 Timely Deposit of Federal Award Proceeds – Significant Deficiency

Condition

Procedures for reimbursing cash advances for HITDA Grants, CFDA 95.0001 Federal Award Number 16PSHP5752Z , Federal Grant or Executive Office of the President National Drug Control were not established by the Town to follow-up on the amount of time after the request was submitted to be funded.

Criteria

The control supplement of Circular OMB A-133 requires procedures be established for cash management of the funds from the award.

Cause

The Town was making cash outlays that were not being funded by the grants on a timely basis. There were no written procedures in place that set forth the time limit for funding and who is responsible to administer the procedure.

Effect

The Town financed \$93,827 from Town funds to make the cash advances which were not funded on a timely basis.

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
June 30, 2012

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

Finding 12-04 Timely Deposit of Federal Award Proceeds (continued) – Significant Deficiency

Recommendation

A written policy be established to establish procedure to monitor the cash management activities for all grants.

Response

We are in the process of setting time frames for HITDA to pay us so we will be more current.



**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**EXIT CONFERENCE**  
June 30, 2012

**EXIT CONFERENCE**

An exit conference was held on February 13, 2013, with Jack Fairall, 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 Town of Mesilla's financial transactions or preparing its financial statements is Nick Eckert.

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TOWN OF MESILLA**  
**Passed Journal Entries**  
June 30, 2012

There are no passed journal entries.