

STATE OF NEW MEXICO

TOWN OF MESILLA

FINANCIAL STATEMENTS

FOR THE YEAR-ENDED JUNE 30, 2013



INTRODUCTORY SECTION

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TOWN OF MESILLA
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**STATE OF NEW MEXICO
TOWN OF MESILLA
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Elected Officials</u>	<u>Title</u>
Nora L. Barraza	Mayor
Sam Bernal	Mayor Pro-Tem
Carlos Arzabal	Trustee
Jesus M. Caro, Jr.	Trustee
Linda L. Flores	Trustee
<u>Department Heads</u>	
Nick Eckert, MPA	Town Clerk-Treasurer
Debbie Lujan	Public Works Director
Jeff Gray	Marshal
Kevin Hoban	Fire Chief
<u>Municipal Court</u>	
Lionel Frietze	Municipal Judge

FINANCIAL SECTION



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

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Town of Mesilla, New Mexico, as of and for the year-ended June 30, 2013, and the related notes to the financial statements 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 funds, and the budgetary comparisons for the major capital project funds and all non major funds presented as supplementary information as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year-ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town, as of June 30, 2013, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the major capital project funds and all nonmajor funds for the year then-ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the Town's financial statements, and the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other schedules required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

November 25, 2013

**STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF NET POSITION
As of June 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 953,931	357,755	1,311,686
Investments	242,722	45,312	288,034
Receivables			
Accounts receivable	-	75,785	75,785
Taxes receivable	199,968	5,347	205,315
Due from other governments	<u>111,468</u>	<u>-</u>	<u>111,468</u>
Total current assets	1,508,089	484,199	1,992,288
Non-current assets:			
Debt issuance costs, net of amortization (\$126)	2,268	-	2,268
Capital assets	10,086,132	3,371,242	13,457,374
Less: Accumulated depreciation	<u>(2,535,106)</u>	<u>(2,082,816)</u>	<u>(4,617,922)</u>
Total non-current assets	<u>7,553,294</u>	<u>1,288,426</u>	<u>8,841,720</u>
Total assets	\$ <u>9,061,383</u>	<u>1,772,625</u>	<u>10,834,008</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 26,407	32,829	59,236
Accrued payroll liabilities	29,574	4,865	34,439
Customer deposits	-	34,321	34,321
Current portion of compensated absences	31,856	5,537	37,393
Current portion of long-term debt	<u>75,306</u>	<u>19,806</u>	<u>95,112</u>
Total current liabilities	163,143	97,358	260,501
Non-current liabilities			
Compensated absences	7,964	1,384	9,348
Notes payable	<u>849,373</u>	<u>7,382</u>	<u>856,755</u>
Total non-current liabilities	<u>857,337</u>	<u>8,766</u>	<u>866,103</u>
Total liabilities	1,020,480	106,124	1,126,604
Net position			
Net Investment in Capital Assets	6,628,615	1,261,238	7,889,853
Unrestricted Net Position	<u>1,412,288</u>	<u>405,263</u>	<u>1,817,551</u>
Total net position	<u>8,040,903</u>	<u>1,666,501</u>	<u>9,707,404</u>
Total liabilities and net position	\$ <u>9,061,383</u>	<u>1,772,625</u>	<u>10,834,008</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

<u>Functions/programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes In Net Primary Government</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities							
General government	\$ 883,911	57,767	171,073	-	(655,071)	-	(655,071)
Public safety	1,138,055	-	1,384,996	-	246,941	-	246,941
Public works	435,126	-	-	987,089	551,963	-	551,963
Culture and recreation	601,111	45,853	-	-	(555,258)	-	(555,258)
Interest expense	30,187	-	-	-	(30,187)	-	(30,187)
Total governmental activities	<u>3,088,390</u>	<u>103,620</u>	<u>1,556,069</u>	<u>987,089</u>	<u>(441,612)</u>	<u>-</u>	<u>(441,612)</u>
Business-type activities:							
Utilities							
Water	298,225	249,084	-	-	-	(49,141)	(49,141)
Solid Waste	192,670	207,858	-	-	-	15,188	15,188
Wastewater	169,693	173,619	-	-	-	3,926	3,926
Water rights activities	47	89	-	-	-	42	42
Total business-type activities	<u>\$ 660,635</u>	<u>630,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,985)</u>	<u>(29,985)</u>
Total primary government					<u>(441,612)</u>	<u>(29,985)</u>	<u>(471,597)</u>
General revenues:							
Taxes							
Property taxes levied for general purposes					\$ 94,387	-	94,387
Gross receipts taxes					901,100	19,886	920,986
Other taxes and fees					118,889	-	118,889
Licenses and permits					20,930	-	20,930
Fines, forfeitures, and penalties					171,032	-	171,032
Interest income					1,478	416	1,894
Miscellaneous income					101,868	20,358	122,226
Transfers					-	-	-
Total general revenue and transfers					<u>1,409,684</u>	<u>40,660</u>	<u>1,450,344</u>
Changes in net assets					968,072	10,675	978,747
Beginning net position					6,883,253	1,510,196	8,393,449
Restatement					189,578	145,630	335,208
Beginning net position, as restated					<u>7,072,831</u>	<u>1,655,826</u>	<u>8,728,657</u>
Net position, end of year					<u>\$ 8,040,903</u>	<u>1,666,501</u>	<u>9,707,404</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2013

	Major Funds						Total Non-Major Funds	Total Funds
	General Fund	Spec Revenue		Cap Projects				
		USAO HIDTA Fund	Hwy Interdiction HITDA	Town Hall Fund	CDBG Community Center			
Assets:								
Cash and cash equivalents	\$ 295,708	-	-	370,466	6,886	280,871	953,931	
Investments	101,044	-	-	89,289	-	52,389	242,722	
Receivables								
Taxes receivable	181,940	-	-	13,603	-	4,424	199,967	
Due from other funds	117,110	-	-	-	-	-	117,110	
Due from other governments	-	87,660	17,585	-	-	6,223	111,468	
Total assets	<u>\$ 695,802</u>	<u>87,660</u>	<u>17,585</u>	<u>473,358</u>	<u>6,886</u>	<u>343,907</u>	<u>1,625,198</u>	
Liabilities and fund balances:								
Liabilities:								
Accounts payable	\$ -	18,167	-	-	-	8,240	26,407	
Accrued payroll liabilities	13,790	7,887	-	-	-	7,898	29,575	
Due to other fund	-	57,626	30,122	-	-	29,362	117,110	
Deferred revenue	<u>13,198</u>	-	-	-	-	-	<u>13,198</u>	
Total liabilities	<u>26,988</u>	<u>83,680</u>	<u>30,122</u>	<u>-</u>	<u>-</u>	<u>45,500</u>	<u>186,290</u>	
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	
Restricted	-	3,980	-	473,358	6,886	170,698	654,922	
Committed	-	-	-	-	-	158,662	158,662	
Assigned	-	-	-	-	-	-	-	
Unassigned	<u>668,814</u>	-	<u>(12,537)</u>	-	-	<u>(30,953)</u>	<u>625,324</u>	
Total fund balances	<u>668,814</u>	<u>3,980</u>	<u>(12,537)</u>	<u>473,358</u>	<u>6,886</u>	<u>298,407</u>	<u>1,438,908</u>	
Total liabilities and fund balances	<u>\$ 695,802</u>	<u>87,660</u>	<u>17,585</u>	<u>473,358</u>	<u>6,886</u>	<u>343,907</u>	<u>1,625,198</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF NET POSITION
As of June 30, 2013

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

Total fund balance - Governmental funds	\$	1,438,908
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		7,553,294
Delinquent property tax not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the statement of activities.		13,198
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:		
Current compensated absences	\$	(31,856)
Noncurrent compensated absences		(7,964)
Current notes payable		(75,306)
Noncurrent notes payable	\$	<u>(849,373)</u>
		(964,499)
Rounding		<u>2</u>
Net position for governmental activities	\$	<u><u>8,040,903</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	Major Funds						Total Non-Major Funds	Total Funds
	General Fund	Spec Revenue		Cap Projects				
		USAO HIDTA Fund	Hwy Interdiction HITDA	Town Hall Fund	CDBG Community Center			
Revenues:								
Taxes								
Property	\$ 81,189	-	-	-	-	-	81,189	
Gross receipts	821,557	-	-	119,316	-	-	940,873	
Other	71,999	-	-	-	-	9,625	81,624	
Licenses and permits	20,930	-	-	-	-	-	20,930	
Charges for services	86,774	-	-	-	-	16,847	103,621	
Fines and forfeitures	118,625	-	-	-	-	49,899	168,524	
Intergovernmental revenue								
Federal grants	-	409,897	-	-	400,000	779,804	1,589,701	
State grants	171,074	-	-	-	41,330	747,591	959,995	
Other grants	-	-	-	-	-	-	-	
Interest income	1,061	-	-	-	-	109	1,170	
Miscellaneous income	24,575	-	-	308	-	69,945	94,828	
Total revenues	<u>1,397,784</u>	<u>409,897</u>	<u>-</u>	<u>119,624</u>	<u>441,330</u>	<u>1,673,820</u>	<u>4,042,455</u>	
Expenditures:								
Current:								
General government	551,331	-	-	-	-	-	551,331	
Public safety	555,256	427,167	2,947	-	-	954,501	1,939,871	
Public works	134,716	-	-	-	-	400,113	534,829	
Culture and recreation	112,865	-	-	-	482,627	5,619	601,111	
Health and welfare	-	-	-	-	-	-	-	
Capital outlay	-	-	-	-	-	488,946	488,946	
Debt service								
Principal	-	-	-	18,399	-	34,422	52,821	
Interest	-	-	-	28,031	-	2,155	30,186	
Total expenditures	<u>1,354,168</u>	<u>427,167</u>	<u>2,947</u>	<u>46,430</u>	<u>482,627</u>	<u>1,885,756</u>	<u>4,199,095</u>	
Excess (deficiency) of revenues over (under) expenditures	43,616	(17,270)	(2,947)	73,194	(41,297)	(211,936)	(156,640)	
Other financing sources (uses):								
Proceeds from debt issuance	-	-	-	-	-	319,171	319,171	
Transfers in	-	-	-	-	50,000	2,084	52,084	
Transfers out	(50,000)	-	-	-	-	(2,084)	(52,084)	
Total other financing sources (uses):	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>319,171</u>	<u>319,171</u>	
Net change in fund balances	(6,384)	(17,270)	(2,947)	73,194	8,703	107,235	162,531	
Beginning fund balance	569,991	2,546	(9,590)	309,558	(1,817)	180,159	1,050,847	
Restatement	105,207	18,704	-	90,606	-	11,013	225,530	
Beginning fund balance, as restated	<u>675,198</u>	<u>21,250</u>	<u>(9,590)</u>	<u>400,164</u>	<u>(1,817)</u>	<u>191,172</u>	<u>1,276,377</u>	
Ending fund balance	<u>\$ 668,814</u>	<u>3,980</u>	<u>(12,537)</u>	<u>473,358</u>	<u>6,886</u>	<u>298,407</u>	<u>1,438,908</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
TOWN OF MESILLA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
As of June 30, 2013**

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

Total net change in fund balances-governmental funds	\$	162,531
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimates useful lives and reported as depreciation expense.</p>		
Capital expenditures recorded as capital outlay or other expenses		1,306,350
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.</p>		
		(278,583)
<p>The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Amortization of debt issuance costs		(126)
Increase/(decrease) in noncurrent and current compensated absences		27,848
Issuance of long-term debt		(319,171)
Payment of debt issuance costs		2,394
Principal payments on long-term debt		53,631
<p>Other reclassifications are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting to show the revenue earned from the current year's tax levy.</p>		
		<u>13,198</u>
Change in net position of governmental activities	\$	<u><u>968,072</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 BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 72,000	72,000	61,507	(10,493)
Gross receipts	835,000	835,000	817,622	(17,378)
Other	79,200	79,200	82,750	3,550
Licenses and permits	44,300	44,300	20,930	(23,370)
Charges for services	35,000	35,000	86,774	51,774
Fines and forfeitures	85,000	85,000	118,625	33,625
Intergovernmental revenue				
State grants	150,000	150,000	171,074	21,074
Interest income	800	800	1,061	261
Miscellaneous income	89,000	91,508	24,575	(66,933)
Total revenues	1,390,300	1,392,808	1,384,918	(7,890)
Expenditures:				
Current:				
General government	583,412	583,412	551,142	32,270
Public safety	561,541	569,727	555,287	14,440
Public works	152,664	152,664	133,230	19,434
Culture and recreation	88,531	88,531	112,430	(23,899)
Total expenditures	1,386,148	1,394,334	1,352,089	42,245
Excess (deficiency) of revenues over (under) expenditures	4,152	(1,526)	32,829	(50,135)
Other financing sources (uses):				
Transfers in	-	2,508	-	(2,508)
Transfers out	(55,985)	(55,985)	(50,000)	(5,985)
Total other financing sources (uses):	(55,985)	(53,477)	(50,000)	(8,493)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(51,833)	(55,003)	(17,171)	(58,628)
Budgeted cash carryover	51,833	55,003		
Net change in fund balance	\$ -	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (17,171)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			12,866	
Adjustments to expenditures for accrued wages and expenditures			(2,079)	
Net change in fund balance (GAAP)			\$ (6,384)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
USAO HIDTA FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 470,000	470,000	398,479	(71,521)
Total revenues	470,000	470,000	398,479	(71,521)
Expenditures:				
Current:				
Public safety	473,362	473,362	407,350	66,012
Total expenditures	473,362	473,362	407,350	66,012
Excess (deficiency) of revenues over (under) expenditures	(3,362)	(3,362)	(8,871)	(137,533)
Other financing sources (uses):				
Total other financing sources (uses):	\$ -	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,362)	(3,362)	(8,871)	(137,533)
Budgeted cash carryover	3,362	3,362		
Net change in fund balance	-	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (8,871)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			11,418	
Adjustments to expenditures for accrued wages and expenditures			(19,817)	
Net change in fund balance (GAAP)			\$ (17,270)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
HIGHWAY INTERDICTION HIDTA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	-	2,947	(2,947)
Total expenditures	<u>-</u>	<u>-</u>	<u>2,947</u>	<u>(2,947)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(2,947)	(2,947)
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>(2,947)</u>	<u>(2,947)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (2,947)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (2,947)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2013**

		<u>2013</u>
Assets:		
Cash and cash equivalents	\$	357,755
Investments		45,312
Receivables		
Accounts receivable		75,785
Taxes receivable		5,347
Total current assets		<u>484,199</u>
 Non-current assets:		
Capital assets		3,371,242
Less: Accumulated depreciation		<u>(2,082,816)</u>
Total non-current assets		<u>1,288,426</u>
 Total assets	 \$	 <u><u>1,772,625</u></u>
 Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$	32,829
Accrued payroll liabilities		4,865
Customer deposits		34,321
Current portion of compensated absences		5,537
Current portion of long-term debt		<u>19,806</u>
Total current liabilities		97,358
 Non-current liabilities		
Compensated absences		1,384
Notes payable		<u>7,382</u>
Total non-current liabilities		<u>8,766</u>
 Total liabilities		 106,124
 Net position		
Net Investment in Capital Assets		1,261,238
Unrestricted Net Position		<u>405,263</u>
Total net position		<u>1,666,501</u>
 Total liabilities and net position	 \$	 <u><u>1,772,625</u></u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

	2013
Operating revenues:	
Charges for services	
Water	\$ 249,084
Solid Waste	207,858
Wastewater	173,619
Water rights activities	89
Total operating revenues	630,650
Operating expenses:	
Personnel services	145,013
Operating expenses	419,388
Depreciation and amortization	95,492
Total operating expenses	659,893
Operating income (loss)	(29,243)
Non-operating revenues (expenses):	
Gain/(loss) on disposal of capital assets	-
Grant revenues	-
Gross receipts and other taxes	19,886
Miscellaneous	20,358
Interest income	416
Interest expense	(742)
Total non-operating revenues (expenses)	39,918
Income (loss) before transfers	10,675
Transfers in (out)	-
Change in net position	10,675
Net position, beginning of year	1,510,196
Restatement	145,630
Beginning net position, as restated	1,655,826
Net position, end of year	\$ 1,666,501

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013**

	2013
Cash flows from operating activities:	
Receipts from customers and users	\$ 603,232
Payments to suppliers and employees	(384,886)
Payments to employees	(141,447)
Net cash provided (used) for operating activities	76,899
Cash flows from noncapital financing activities:	
Tax receipts	19,886
Miscellaneous income	20,358
Net cash provided (used) for noncapital financing activities	40,244
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(16,259)
Proceeds from sale of capital assets	-
Principal paid on long-term debt	(18,028)
Interest paid on long-term debt	(742)
Net cash provided (used) for capital and related financing activities.	(35,029)
Cash flows from investing activities:	
Purchase of investments	(70)
Interest and dividends	416
Net cash provided (used) for investing activities.	346
Net increase (decrease) in cash and cash equivalents	82,460
Cash and cash equivalents – beginning of year	275,295
Cash and cash equivalents – end of year	\$ 357,755
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (29,243)
Adjustments	
Depreciation and amortization	95,492
Bad debt expense	2,959
Changes in assets and liabilities:	
Receivables	(27,418)
Accounts payable	30,428
Accrued expenses and other liabilities	1,789
Deposits	1,115
Compensated absences	1,777
Net cash provided by operating activities	\$ 76,899

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
As of June 30, 2013

		<u>2013</u>
Assets:		
Cash	\$	<u>7,711</u>
Total assets	\$	<u><u>7,711</u></u>
Liabilities:		
Refunds payable	\$	608
Held for others		<u>7,103</u>
Total liabilities	\$	<u><u>7,711</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's most significant accounting policies are described below.

A. Reporting Entity

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

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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. Basis of Accounting/Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Town's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town 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*

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements.

The Town reports the general fund as a major governmental 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.

In addition, the Town reports the following other major funds:

Special Revenue Fund – 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.

Special Revenue Fund – The *Highway Interdiction HIDTA* accounts for proceeds from the Office of National Drug Control and the expenditures, thereof (NMSA 67-16-1 to 67-16-14).

Capital Project Fund – 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.

Capital Project Fund – The *CDBG – Community Center Project Fund* accounts for the renovation of the Town’s Community Center. Authority for the creation of this fund is by Town resolution and the federal government, Title I of the Housing and Community Development Act of 1974, as amended 10-4-95 and 9-30-96.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The Town’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. The Town's lone proprietary fund is the Joint Utility Fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues, such as charges for services, in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues, such as subsidies/grants and investment earnings, are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The Town's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above. The Town's sole Agency Fund is the *Municipal Court Bond Fund* used to account for bonds posted for court appearances.

STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

C. Assets, Liabilities and Equity

Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Town pools idle cash from all funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in pooled cash and investments are considered to be cash equivalents for the purposes of the statement of cash flows, except for certificates of deposit or other investments that have original maturities of more than 90 days.

Investments

The Town's investments are regulated by state law as well as by guidelines and rules promulgated by the State Investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Investments in a U.S. Treasury Fund and repurchase agreements are valued at the last reported sales price at current exchange rates. Additional cash, investment information, and fair values are presented in Note 2.

The Town also participates in the State Treasurer Local Government Investment Pool. State law and regulations regulate this pool. Investment in the pool is reported at carrying amount, which reasonably estimates fair value.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

Property taxes attach as an unsubordinated enforceable lien on property as of January 1 of the assessment year. Current year taxes are levied within five days of the rate setting order received from New Mexico Department of Finance and Administration (7-38-32 thru 7-38-36). Tax bills are mailed by November 1, unless the Doña Ana County Assessor obtains a formal extension of time from the New Mexico Property Tax Division. Taxpayers have the option to pay in two equal installments due by the close of business November 10th and April 10th. Penalty and interest will be accrued after the delinquency due dates of December 10th and May 10th. In the event of a formal extension, the respective dates are correspondingly extended.

Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased. The Town current does not hold any items in inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 included as part of the governmental capital assets reported in the government wide statements. Information technology equipment including software is being capitalized and included in machinery and equipment in accordance with NMAC 2.20.1.9 C (5). 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the Town during the current fiscal year was \$0. 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>Asset Type</u>	<u>Years</u>
Land	Perpetuity
Construction in progress	Perpetuity
Buildings	30 - 40
Other improvements	40
Utility system	25
Machinery and equipment	5 - 10

Deferred Revenue

There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

The property taxes receivable are an aggregate of uncollected amounts assessed for the current fiscal year, as well as delinquent balances carried forward from the nine preceding fiscal years. While some of the delinquent outstanding balances will eventually be eliminated through corrections, litigation, and other property tax administrative procedures, the majority of the balances will ultimately be realized through delinquent payment or tax sales. The aggregate amount of this ultimate realization is generally difficult to ascertain at any point in time. Thus, taxes not collected within sixty days official year end are carried in the liability section of the balance sheet as deferred revenue on the fund basis financial statements

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 can 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-wide and proprietary fund financial statements. A liability for compensated absences is not be reported

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

in the governmental fund balance sheet unless it was actually due and payable at year end for payments due to retired or terminated employees.

The Town allows full-time 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 financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Governmental Fund Financial Statements. In accordance with GASBS No. 54, the Town classifies fund balances in the governmental funds as follows:

Nonspendable Fund Balance includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal/contractual requirements. Examples are Prepaid Expenses and Inventory.

Spendable Fund Balance includes Restricted, Committed, Assigned, and Unassigned designations:

Restricted includes fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed includes fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

and Resolutions) at the highest level of decision making authority (Board of Trustees). These commitments can only be overturned by a like action.

Assigned includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the Board of Trustees, Mayor, or Town Clerk/Treasurer for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the Board of Trustees at any public meeting.

Unassigned includes residual positive fund balances within the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

See the Schedule of Fund Balances on page 79 for additional information about fund balances.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in the General Fund, it is the Town's policy to use unassigned resources first, then assigned, and then committed as needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any other governmental fund, it is the Town's policy to use committed resources first, then assigned, and then unassigned as needed.

The Town does not have a formal minimum fund balance requirement.

Net Position

Government-wide and Proprietary Fund Financial Statements. The Town classifies net position in the government-wide and proprietary fund financial statements as follows:

Net Investment in Capital Assets includes the Town's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Town Council has the authority to revisit or alter this designation.

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

D. Inter-Fund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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 available financial resources.

E. Income Taxes

As a local government entity, the Town is not subject to federal or state income taxes.

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

The Town adopts budgets for each individual fund (governmental and proprietary).

In late winter or early spring, the Town prepares a budget calendar, thus starting the budgetary process for the upcoming June 1 fiscal year. Budget request forms are distributed to Town departments with a specified completion date. Legally mandated advance notices are formally published for grant availability and other purposes once budget hearings have been scheduled. The budget hearings are then held with all Town department heads. Generally, in late May or early June, a budget meeting is held for tentative approval of the completed budget by the Board of Trustees. After tentative approval at the Town level, the budget is submitted to the New Mexico Department of Finance and Administration (DFA) for approval of a temporary operational budget beginning June 1.

Immediately after July 1, when ending cash balances for the preceding fiscal year have been accurately ascertained, a final hearing is convened for finalization of the budget, and it is resubmitted to DFA for formal approval. None of the above budgetary processes are legally required to occur at any specified time; however DFA requires that the time frame be such that they (DFA) render their final budget approval no later than September 1 of the budget year in question.

STATE OF NEW MEXICO
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During the course of the fiscal year, the Town prepares monthly budget reports. Under New Mexico State law, each year's budget appropriation legally lapses at year-end.

Budgetary Compliance – Budgetary control is required to be maintained at the individual fund level.

Actual fund revenues may be either over or under the budgeted amounts; however, the variance is required to be reasonable, particularly in the case of over-budgeted revenues. Major over-budgeted revenues require a budget amendment as soon as the extent of the shortage is reasonably ascertainable.

Budget Amendments – Budget increases and decreases can only be accomplished by Board of Trustee resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis – State law prescribes that the Town's budget be prepared on the basis of cash receipts and cash expenditures. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenditures with a cash basis budget as amended.

The accompanying Statements of Revenue, 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 accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2013 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's cash balances consist of demand deposits, interest bearing savings accounts. The majority of Town's cash and investments are pooled. All interest income is accounted for in the related funds. The Town does not have a deposit policy. The Town's cash and cash equivalents are listed on pages 80 of this report.

**STATE OF NEW MEXICO
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The following is a summary of the Town's cash and cash equivalents balances by fund type as of June 30, 2013:

Fund Type	Amount
Cash and equivalents	
Governmental funds	\$ 953,931
Business-type activities	357,755
Fiduciary funds	7,711
Total cash and cash equivalents	\$ 1,319,397

Custodial Credit Risk Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Town funds may not be returned. The Town does not have a deposit policy for custodial risk

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

Based on the above, the Town is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to 50% of the public money in each account. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico. The Town's Schedule of Collateral is presented on pages 81 of this report.

As of June 30, 2013, the Town's bank balances of \$1,558,136 were exposed to custodial credit risk as follows:

Insured through federal depository insurance	\$ 250,000
Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the Town's name.	1,308,136
Uninsured and uncollateralized	-
Total uninsured deposits	\$ 1,558,136

NOTE 4 – INVESTMENTS

A summary of the Town's investments by fund type as of June 30, 2013 is as follows:

Fund Type	Amount
Governmental funds	\$ 242,722
Business-type activities	45,312
Fiduciary funds	-
Total investments	\$ 288,034

**STATE OF NEW MEXICO
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FOR THE YEAR ENDED JUNE 30, 2013**

The Town's investments consisted of the following as of June 30, 2013:

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Credit Risk- Rating</u>	<u>WAM (R)</u>	<u>WAM (F)</u>
NM LGIP Fund	\$ 288,034	288,034	AAAm	59 days	90 days
	\$ 288,034	288,034			

The State Treasurer is authorized to invest in 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>.

NOTE 5 – RECEIVABLES

Receivables as of June 30, 2013 are as follows:

Governmental Activities	General Fund	USAO HIDTA Fund	HWY Inter Fund	Town Hall Fund	CDBG Comm Center	Nonmajor Funds	Total Receivables
Accounts	\$ -	-	-	-	-	-	-
Taxes:							
Property	34,208	-	-	-	-	-	34,208
State	147,732	-	-	13,603	-	4,425	165,760
Other intergovernmental	-	87,660	17,585	-	-	6,223	111,468
Subtotal	181,940	87,660	17,585	13,603	-	10,648	311,436
Less: Allowance for uncollectibles	-	-	-	-	-	-	-
Net Receivables	\$ 181,940	87,660	17,585	13,603	-	10,648	311,436

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NOTES TO THE FINANCIAL STATEMENTS
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Business-type Activities	Joint Utility Fund
Accounts	\$ 75,785
Taxes:	
Property	-
State	5,347
Other intergovernmental	-
Subtotal	<u>81,132</u>
Less: Allowance for uncollectibles	-
Net Receivables	<u>\$ 81,132</u>

The Town has an established policy where an allowance for doubtful accounts is established for all receivable items outstanding over ninety (90) days.

In accordance with GASB No. 33, the property tax revenues totaling \$13,198 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements.

NOTE 6 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows. Land and construction in progress are not subject to depreciation.

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balance 06/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance 06/30/13</u>
Non-depreciable capital assets:					
Land	\$ 1,399,500	-	-	-	1,399,500
Construction in progress	-	120,691	-	-	120,691
Total non-depreciable capital assets	<u>1,399,500</u>	<u>120,691</u>	<u>-</u>	<u>-</u>	<u>1,520,191</u>
Capital assets being depreciated:					
Buildings	338,727	-	-	-	338,727
Other improvements	5,448,250	877,205	-	-	6,325,455
Machinery and equipment	1,563,405	308,454	-	29,900	1,901,759
Total capital assets being depreciated	<u>7,350,382</u>	<u>1,185,659</u>	<u>-</u>	<u>29,900</u>	<u>8,565,941</u>
Less accumulated depreciation for:					
Buildings	(208,026)	(11,259)	-	-	(219,285)
Other improvements	(705,539)	(158,996)	-	-	(864,535)
Machinery and equipment	(1,342,957)	(108,329)	-	-	(1,451,286)
Total accumulated depreciation	<u>(2,256,522)</u>	<u>(278,584)</u>	<u>-</u>	<u>-</u>	<u>(2,535,106)</u>
Total capital assets being depreciated	<u>5,093,860</u>	<u>907,075</u>	<u>-</u>	<u>29,900</u>	<u>6,030,835</u>
Total capital assets, net of depreciation	<u>\$ 6,493,360</u>	<u>1,027,766</u>	<u>-</u>	<u>29,900</u>	<u>7,551,026</u>

**STATE OF NEW MEXICO
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<u>BUSINESS-TYPE ACTIVITIES</u>	<u>Balance 06/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance 06/30/13</u>
Non-depreciable capital assets:					
Construction in progress	\$ 89,169	-	-	105,579	194,748
Total non-depreciable capital assets	<u>89,169</u>	<u>-</u>	<u>-</u>	<u>105,579</u>	<u>194,748</u>
Capital assets being depreciated:					
Utility system	2,938,722	-	-	(105,579)	2,833,143
Machinery and equipment	<u>327,092</u>	<u>16,259</u>	<u>-</u>	<u>-</u>	<u>343,351</u>
Total capital assets being depreciated	3,265,814	16,259	-	(105,579)	3,176,494
Less accumulated depreciation for:					
Utility system	(1,719,775)	(77,595)	-	-	(1,797,370)
Machinery and equipment	<u>(267,549)</u>	<u>(17,897)</u>	<u>-</u>	<u>-</u>	<u>(285,446)</u>
Total accumulated depreciation	<u>(1,987,324)</u>	<u>(95,492)</u>	<u>-</u>	<u>-</u>	<u>(2,082,816)</u>
Total capital assets being depreciated	<u>1,278,490</u>	<u>(79,233)</u>	<u>-</u>	<u>(105,579)</u>	<u>1,093,678</u>
Total capital assets, net of depreciation	<u>\$ 1,367,659</u>	<u>(79,233)</u>	<u>-</u>	<u>-</u>	<u>1,288,426</u>

Depreciation expense for the year ended June 30, 2013 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 182,207
Public safety	75,389
Public works	<u>20,988</u>
Total governmental activities	\$ 278,584
Business type activities	<u>\$ 95,492</u>

NOTE 7 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2013, was as follows:

	<u>Balance June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>	<u>Amount due within one year</u>
Governmental funds debt					
Compensated absences	\$ 67,668	14,003	(41,851)	39,820	31,856
Notes payable	627,603	319,171	(37,904)	908,870	59,497
Capital lease payable	<u>30,726</u>	<u>-</u>	<u>(14,917)</u>	<u>15,809</u>	<u>15,809</u>
Total governmental activities	<u>\$ 725,997</u>	<u>333,174</u>	<u>(94,672)</u>	<u>964,499</u>	<u>107,162</u>
Business-type funds debt					
Compensated absences	\$ 5,144	9,994	(8,217)	6,921	5,537
Notes payable	28,813	-	(1,625)	27,188	1,629
Capital lease payable	<u>16,848</u>	<u>-</u>	<u>(16,848)</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 50,805</u>	<u>9,994</u>	<u>(26,690)</u>	<u>34,109</u>	<u>7,166</u>

**STATE OF NEW MEXICO
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Long-term liabilities are liquidated from the general fund and special revenue funds. Business-type long-term liabilities are liquidated from the Joint Utility Fund. No short-term debt was incurred during fiscal year 2013.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2013 are as follows.

Governmental activities

Capital Leases

On September 11, 2009, the Town entered into a capital lease agreement with Baystone Financial Group for three vehicles to be used by the Marshals. The lease agreement contains a purchase option. The lease agreement is secured by the vehicles. The fair value of the assets at the start of the lease is \$82,200. The terms of the lease call for annual payments of \$16,510 (including principal and interest) to be made over a period of 5 years.

The future payments required on the capital lease agreement are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ <u>15,809</u>	<u>702</u>	<u>16,511</u>
Total	\$ <u><u>15,809</u></u>	<u><u>702</u></u>	<u><u>16,511</u></u>

Leased vehicles under capital leases in capital assets at June 30, 2013, include the following:

Vehicles	\$ 72,696
Less: Accumulated depreciation	<u>(64,132)</u>
Total	<u><u>8,564</u></u>

The amortization of leased vehicles under capital assets if included with depreciation expense.

Notes payable

NMFA – Brush Truck

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 future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ <u>8,465</u>	<u>284</u>	<u>8,749</u>
Total	\$ <u><u>8,465</u></u>	<u><u>284</u></u>	<u><u>8,749</u></u>

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TOWN OF MESILLA
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FOR THE YEAR ENDED JUNE 30, 2013**

NMFA – Town Hall Project

On November 21, 2003, the Town borrowed \$746,187 from the New Mexico Finance Authority. The note matures on May 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 future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 19,089	27,343	46,432
2015	19,824	26,610	46,434
2016	20,607	25,829	46,436
2017	21,441	24,996	46,437
2018	22,331	24,109	46,440
2019-2023	127,215	105,024	232,239
2024-2028	159,816	72,503	232,319
2029-2033	<u>202,216</u>	<u>30,211</u>	<u>232,427</u>
Total	<u>\$ 592,539</u>	<u>336,625</u>	<u>929,164</u>

NMFA – Fire Pumper Truck

On January 4, 2013, the Town borrowed \$319,171 from the New Mexico Finance Authority. The note matures on May 1, 2022, and accrues interest at rates between .380% and 2.15% per annum. The proceeds of the loan were for the purchase of a fire pumper truck. The payments of principal and interest are paid from pledged governmental capital outlay gross receipts taxes. The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 31,943	5,098	37,041
2015	33,292	3,748	37,040
2016	33,492	3,548	37,040
2017	33,757	3,284	37,041
2018	34,078	2,963	37,041
2019-2023	<u>141,304</u>	<u>6,857</u>	<u>148,161</u>
Total	<u>\$ 307,866</u>	<u>25,498</u>	<u>333,364</u>

The aggregated future payments required on the NMFA notes payable are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 59,497	32,725	92,222
2015	53,116	30,358	83,474
2016	54,099	29,377	83,476
2017	55,198	28,280	83,478
2018	56,409	27,072	83,481
2019-2023	268,519	111,881	380,400
2024-2028	159,816	72,503	232,319
2029-2033	<u>202,216</u>	<u>30,211</u>	<u>232,427</u>
Total	<u>\$ 908,870</u>	<u>362,407</u>	<u>1,271,277</u>

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Business-type activities

Capital Lease

On January 31, 2008, the Town entered into a capital lease agreement with Baystone Financial Group for an Asphalt Zipper. The lease agreement contains a purchase option. The lease agreement is secured by the Zipper. The fair value of the assets at the start of the lease is \$75,950. The terms of the lease call for annual payments of \$17,518 (including principal and interest) to be made over a period of 5 years. As of June 30, 2013 the lease was paid in full.

Notes payable

NMFA – WTB 122

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 payments of principal and the administrative fees are paid from pledged proprietary capital outlay funds. The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 517	20	537
2015	519	18	537
2016	520	17	537
2017	521	16	537
2018	523	15	538
2019-2023	2,633	53	2,686
2024-2028	2,666	20	2,686
Total	<u>\$ 7,899</u>	<u>159</u>	<u>8,058</u>

NMFA – WTB 159

On May 14, 2010, the Town borrowed \$22,609 from the New Mexico Finance Authority. The note matures on June 1, 2030, 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 payments of principal and the administrative fees are paid from pledged proprietary capital outlay funds. The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,112	48	1,160
2015	1,115	45	1,160
2016	1,118	43	1,161
2017	1,121	40	1,161
2018	1,123	37	1,160
2019-2023	5,659	143	5,802
2024-2028	5,730	72	5,802
2029-2033	2,311	9	2,320
Total	<u>\$ 19,289</u>	<u>437</u>	<u>19,726</u>

**STATE OF NEW MEXICO
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NOTES TO THE FINANCIAL STATEMENTS
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The aggregated future payments required on the NMFA notes payable are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,629	68	1,697
2015	1,634	63	1,697
2016	1,638	60	1,698
2017	1,642	56	1,698
2018	1,646	52	1,698
2019-2023	8,292	196	8,488
2024-2028	8,396	92	8,488
2029-2033	2,311	9	2,320
Total	<u>\$ 27,188</u>	<u>596</u>	<u>27,784</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

The Town recorded interfund transfers to reflect activity occurring between funds. Transfers and payments within the Town are substantially for the purpose of subsidizing operating functions and funding various projects within the Town. All transfers made during the year were considered routine and were consistent with the general characteristics of the Town’s transfer policy.

The composition of interfund transfers during the year ended June 30, 2013 was as follows:

Transfers Out	Transfers In		
	<u>CDBG</u>	<u>Non-Major Govern- mental</u>	<u>Total</u>
General	\$ 50,000	-	50,000
Non-Major Governmental	-	2,084	2,084
Total	<u>\$ 50,000</u>	<u>2,084</u>	<u>52,084</u>

The Town recorded interfund receivables/payables to reflect temporary loans between funds. The purpose of the loans was to cover cash shortages until grant reimbursements or other funding measures could be obtained. All interfund balances are expected to be repaid within one year. Interfund balances as of June 30, 2013, are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General Fund	USAO HIDTA Fund - Major fund	\$ 57,626
General Fund	Hwy Interdiction Fund	30,122
	Nonmajor Special Revenue Funds	
General Fund	Court Automation	3,434
General Fund	ISC HIDTA	8,542
General Fund	Stonegarden	5,039
General Fund	YCC Fund	<u>12,347</u>
		<u>\$ 117,110</u>

**STATE OF NEW MEXICO
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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-Insurers Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. 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 for the year ended June 30, 2013 was \$96,554.

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.

Funding Policy. Plan members are required to contribute 9.15% of gross salaries for municipal employees and 18.5% of gross salaries for law enforcement employees. 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, 2013, 2012, 2011, and were \$138,478, 135,268, and \$112,048 respectively, which equal the amount of the required contributions for each fiscal 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.

**STATE OF NEW MEXICO
TOWN OF MESILLA
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FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 12 – OPERATING LEASES

The Town has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

<u>Fiscal Year</u>	<u>Ending June 30,</u>	<u>Amount</u>
2014	\$	4,858
2015		4,756
2016		3,567
2017		-
2018		-
Total	\$	<u>13,181</u>

Rental payments charged to current operations for the year ended June 30, 2013 totaled \$6,267.

NOTE 14 – FUND DEFICITS AND NON-COMPLIANCE

Deficit Fund Balances

The following funds incurred a deficit fund balance at June 30, 2013:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Highway interdiction fund - HIDTA	Special Revenue Fund	\$ (12,537)
Stonegarden fund	Special Revenue Fund	18,501
Youth conservation corps fund	Special Revenue Fund	(15,610)

Management intends to transfer sufficient funds from General Fund to cover any deficits.

Legal Compliance with Budget

The Town was not in compliance with Section 6-6-6 of the New Mexico State Statues regarding legal compliance with approved budgets.

**STATE OF NEW MEXICO
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The following funds had actual total expenditures that exceeded approved budgeted amounts for the year ended June 30, 2013.

<u>Fund</u>	<u>Category</u>	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Over Expended</u>
Fire protection fund	Expenditures	\$ 61,667	76,056	(14,389)
Law enforcement fund	Expenditures	23,922	24,370	(448)
Lodgers' tax fund	Expenditures	3,500	4,499	(999)
NM HIDTA fund	Expenditures	196,727	348,866	(152,139)
Hwy interdiction fund	Expenditures	-	2,947	(2,947)
HIDTA seizures fund	Expenditures	-	107	(107)
School resource officer	Expenditures	50,326	54,085	(3,759)
Youth conservation corps fund	Expenditures	26,037	40,602	(14,565)
CDBG community center	Expenditures	450,000	482,627	(32,627)
CDWI grant	Expenditures	\$ 1,999	5,460	(3,461)

NOTE 15 – CONTINGENCIES

The Town participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the grantor agencies.

Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds of the overall financial position of the Town.

The Town is party to various legal proceedings, which are the unavoidable results of governmental operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's legal counsel that resolution of these matters will not have a material effect on the financial condition of the Town.

NOTE 16 – COMMITMENTS

Commitments for engineering and construction projects relating to construction or major repairs in progress aggregated approximately \$1,188,806 as of June 30, 2013. The estimated total cost of the projects is \$281,778 and as of the year ended June 30, 2013, the percentage of completion of the existing projects varies. These projects will be paid in future periods as work is performed. Payment will be made with proceeds remaining from debt issuances, operating revenues, and future grants to be received.

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 17 – RESTATEMENTS OF BEGINNING FUND BALANCES/NET POSITION

<u>Fund</u>	<u>Purpose/Reason</u>	<u>Amount</u>
Governmental funds		
Major funds		
General fund	Prior year compensated absences were overstated	\$ 37,952
	Prior year taxes receivable were understated	<u>67,255</u>
		105,207
USAO HIDTA fund	Prior year compensated absences were overstated	18,704
Town hall fund	Prior year taxes receivable were understated	12,170
	Prior year cash balances were understated	<u>78,436</u>
		90,606
Nonmajor funds		
NM HIDTA fund	Prior year compensated absences were overstated	<u>11,013</u>
Total governmental funds		<u>225,530</u>
Government-wide statements	Applicable adjustments from above	157,861
	Prior year capital assets were understated	29,900
	Fund duplicated in prior year report	<u>1,817</u>
Total governmental activities		\$ <u>189,578</u>
Business-type activities		
Proprietary funds		
Joint utility fund	Prior year taxes receivable were understated	\$ 3,320
	Prior year long-term debt was understated	<u>(20,312)</u>
Subtotal proprietary funds		<u>(16,992)</u>
Total business-type activities		\$ <u>(16,992)</u>

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

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).

Fire Fund - 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 Fund – 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.

GWDAC – 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).

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).

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

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

Stonegarden – To account for federal grant revenues from the Department of Justice and the related expenditures. This fund is required by the federal grant.

School Resource Officer Grant – To account for state grant revenue and expenditures from the Department of Public Safety program. The creation and maintenance of a separate fund was established by Town resolution.

Youth Conservation Corps – To account for state grant revenue and expenditures from the Youth Conservation Corps program. The creation and maintenance of a separate fund was established by Town resolution.

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 PROJECT FUNDS

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

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

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

STATE OF NEW MEXICO
TOWN OF MESILLA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2013

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 262,496	18,375	280,871
Investments	52,389	-	52,389
Receivables			
Taxes receivable	4,424	-	4,424
Due from other governments	<u>6,223</u>	<u>-</u>	<u>6,223</u>
Total assets	<u>\$ 325,532</u>	<u>18,375</u>	<u>343,907</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 8,240	-	8,240
Accrued payroll liabilities	7,898	-	7,898
Due to other fund	<u>29,362</u>	<u>-</u>	<u>29,362</u>
Total liabilities	45,500	-	45,500
Fund balances:			
Nonspendable	-	-	-
Restricted	152,323	18,375	170,698
Committed	158,662	-	158,662
Assigned	-	-	-
Unassigned	<u>(30,953)</u>	<u>-</u>	<u>(30,953)</u>
Total fund balances	<u>280,032</u>	<u>18,375</u>	<u>298,407</u>
Total liabilities and fund balances	<u>\$ 325,532</u>	<u>18,375</u>	<u>343,907</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
TOWN OF MESILLA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Totals</u>
Revenues:			
Taxes			
Property	\$ -	-	-
Gross receipts	-	-	-
Other	9,625	-	9,625
Licenses and permits	-	-	-
Charges for services	16,847	-	16,847
Fines and forfeitures	49,899	-	49,899
Intergovernmental revenue	-	-	-
Federal grants	779,804	-	779,804
State grants	617,762	129,829	747,591
Other grants	-	-	-
Interest income	109	-	109
Miscellaneous income	69,945	-	69,945
Total revenues	<u>1,543,991</u>	<u>129,829</u>	<u>1,673,820</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	954,501	-	954,501
Public works	394,578	5,535	400,113
Culture and recreation	5,619	-	5,619
Health and welfare	-	-	-
Capital outlay	367,984	120,962	488,946
Debt service			
Principal	34,422	-	34,422
Interest	2,155	-	2,155
Total expenditures	<u>1,759,259</u>	<u>126,497</u>	<u>1,885,756</u>
Excess (deficiency) of revenues over (under) expenditures	(215,268)	3,332	(211,936)
Other financing sources (uses):			
Proceeds from debt issuance	319,171	-	319,171
Transfers in	85	1,999	2,084
Transfers out	(2,084)	-	(2,084)
Total other financing sources (uses):	<u>317,172</u>	<u>1,999</u>	<u>319,171</u>
Net change in fund balances	101,904	5,331	107,235
Beginning fund balance	167,115	13,044	180,159
Restatement	11,013	-	11,013
Beginning fund balance, as restated	<u>178,128</u>	<u>13,044</u>	<u>191,172</u>
Ending fund balance	<u>\$ 280,032</u>	<u>18,375</u>	<u>298,407</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2013

	<u>Correction</u> <u>Fees</u>	<u>Emergency</u> <u>Medical</u> <u>Services</u>	<u>Fire</u> <u>Protection</u>	<u>Fire Fund</u> <u>Grant</u>	<u>Law</u> <u>Enforcement</u>	<u>Lodgers'</u> <u>Tax</u>	<u>Street</u> <u>Improvements</u>	<u>Recreation</u>
Assets:								
Cash and cash equivalents	\$ 99,955	1,813	36,153	-	-	8,732	30,142	3,373
Investments	52,389	-	-	-	-	-	-	-
Receivables								
Accounts receivable	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	834	-
Total assets	<u>\$ 152,344</u>	<u>1,813</u>	<u>36,153</u>	<u>-</u>	<u>-</u>	<u>8,732</u>	<u>30,976</u>	<u>3,373</u>
Liabilities and fund balances:								
Liabilities:								
Accounts payable	\$ -	-	-	-	-	-	-	-
Accrued payroll liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-	-	-	-	-	-
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	1,813	36,153	-	-	8,732	30,976	-
Committed	152,344	-	-	-	-	-	-	3,373
Assigned	-	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>152,344</u>	<u>1,813</u>	<u>36,153</u>	<u>-</u>	<u>-</u>	<u>8,732</u>	<u>30,976</u>	<u>3,373</u>
Total liabilities and fund balances	<u>\$ 152,344</u>	<u>1,813</u>	<u>36,153</u>	<u>-</u>	<u>-</u>	<u>8,732</u>	<u>30,976</u>	<u>3,373</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2013

	<u>Court Automation</u>	<u>Fiesta</u>	<u>GWDAC Grant</u>	<u>NM HIDTA</u>	<u>ISC HIDTA</u>	<u>HIDTA Seizures</u>	<u>Stone Garden</u>
Assets:							
Cash and cash equivalents	\$ -	2,789	8,744	58,667	-	11,748	-
Investments	-	-	-	-	-	-	-
Receivables							
Accounts receivable	-	-	-	-	-	-	-
Taxes receivable	3,590	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	<u>\$ 3,590</u>	<u>2,789</u>	<u>8,744</u>	<u>58,667</u>	<u>-</u>	<u>11,748</u>	<u>-</u>
Liabilities and fund balances:							
Liabilities:							
Accounts payable	\$ -	-	-	8,240	-	-	-
Accrued payroll liabilities	-	-	1,019	1,819	926	-	-
Due to other fund	<u>3,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,542</u>	<u>-</u>	<u>5,039</u>
Total liabilities	3,434	-	1,019	10,059	9,468	-	5,039
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	7,725	48,608	-	11,748	-
Committed	156	2,789	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,468)</u>	<u>-</u>	<u>(5,039)</u>
Total fund balances	156	2,789	7,725	48,608	(9,468)	11,748	(5,039)
Total liabilities and fund balances	<u>\$ 3,590</u>	<u>2,789</u>	<u>8,744</u>	<u>58,667</u>	<u>-</u>	<u>11,748</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2013

	School Resource Officer	Youth Conservation Corps	Safe Routes to School	Humanities	Totals
Assets:					
Cash and cash equivalents	\$ 35	-	-	345	262,496
Investments	-	-	-	-	52,389
Receivables					-
Accounts receivable	-	-	-	-	-
Taxes receivable	-	-	-	-	4,424
Due from other governments	-	-	6,223	-	6,223
Total assets	<u>\$ 35</u>	<u>-</u>	<u>6,223</u>	<u>345</u>	<u>325,532</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ -	-	-	-	8,240
Accrued payroll liabilities	871	3,263	-	-	7,898
Due to other fund	-	12,347	-	-	29,362
Total liabilities	<u>871</u>	<u>15,610</u>	<u>-</u>	<u>-</u>	<u>45,500</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	6,223	345	152,323
Committed	-	-	-	-	158,662
Assigned	-	-	-	-	-
Unassigned	(836)	(15,610)	-	-	(30,953)
Total fund balances	<u>(836)</u>	<u>(15,610)</u>	<u>6,223</u>	<u>345</u>	<u>280,032</u>
Total liabilities and fund balances	<u>\$ 35</u>	<u>-</u>	<u>6,223</u>	<u>345</u>	<u>325,532</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
As of June 30, 2013

	CDWI Grant	ICI Fund	Senior Center	Totals
Assets:				
Cash and cash equivalents	\$ -	12,037	6,338	18,375
Total assets	<u>\$ -</u>	<u>12,037</u>	<u>6,338</u>	<u>18,375</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	12,037	6,338	18,375
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>12,037</u>	<u>6,338</u>	<u>18,375</u>
Total liabilities and fund balances	<u>\$ -</u>	<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
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013

	<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>
Revenues:								
Taxes								
Other	\$ -	-	-	-	-	3,765	5,860	-
Fines and forfeitures	49,662	-	-	-	237	-	-	-
Intergovernmental revenue								
Federal grants	-	-	-	-	-	-	-	-
State grants	-	7,418	87,856	-	23,600	-	415,930	-
Interest income	-	-	106	-	-	-	-	-
Miscellaneous income	-	-	963	6,375	-	-	-	1,998
Total revenues	<u>49,662</u>	<u>7,418</u>	<u>88,925</u>	<u>6,375</u>	<u>23,837</u>	<u>3,765</u>	<u>421,790</u>	<u>1,998</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	41,862	4,904	65,612	-	7,860	-	-	-
Public works	-	-	-	-	-	-	394,578	-
Culture and recreation	-	-	-	-	-	4,499	-	1,120
Capital outlay	-	1,255	297,753	18,596	-	-	-	-
Debt service								
Principal	-	-	19,505	-	14,917	-	-	-
Interest	-	-	562	-	1,593	-	-	-
Total expenditures	<u>41,862</u>	<u>6,159</u>	<u>383,432</u>	<u>18,596</u>	<u>24,370</u>	<u>4,499</u>	<u>394,578</u>	<u>1,120</u>
Excess (deficiency) of revenues over (under) expenditures	7,800	1,259	(294,507)	(12,221)	(533)	(734)	27,212	878
Other financing sources (uses):								
Proceeds from debt issuance	-	-	319,171	-	-	-	-	-
Transfers in	-	-	-	-	85	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>319,171</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,800	1,259	24,664	(12,221)	(448)	(734)	27,212	878
Beginning fund balance	144,544	554	11,489	12,221	448	9,466	3,764	2,495
Restatement	-	-	-	-	-	-	-	-
Beginning fund balance, as restated	<u>144,544</u>	<u>554</u>	<u>11,489</u>	<u>12,221</u>	<u>448</u>	<u>9,466</u>	<u>3,764</u>	<u>2,495</u>
Ending fund balance	<u>\$ 152,344</u>	<u>1,813</u>	<u>36,153</u>	<u>-</u>	<u>-</u>	<u>8,732</u>	<u>30,976</u>	<u>3,373</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013**

	<u>Court Automation</u>	<u>Fiesta</u>	<u>GWDA Grant</u>	<u>NM HIDTA</u>	<u>ISC HIDTA</u>	<u>HIDTA Seizures</u>	<u>Stonegarden</u>
Revenues:							
Charges for services	\$ -	16,847	-	-	-	-	-
Intergovernmental revenue							
Federal grants	-	-	22,685	366,417	284,840	-	105,862
State grants	6,538	-	-	-	-	-	-
Interest income	-	-	-	-	-	3	-
Miscellaneous income	-	1,144	40,952	25	-	11,852	-
Total revenues	<u>6,538</u>	<u>17,991</u>	<u>63,637</u>	<u>366,442</u>	<u>284,840</u>	<u>11,855</u>	<u>105,862</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	55,862	357,223	286,092	107	39,092
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay	<u>4,217</u>	<u>16,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,047</u>
Total expenditures	<u>4,217</u>	<u>16,116</u>	<u>55,862</u>	<u>357,223</u>	<u>286,092</u>	<u>107</u>	<u>69,139</u>
Excess (deficiency) of revenues over (under) expenditures	2,321	1,875	7,775	9,219	(1,252)	11,748	36,723
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,321	1,875	7,775	9,219	(1,252)	11,748	36,723
Beginning fund balance	(2,165)	914	(50)	28,376	(8,216)	-	(41,762)
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,013</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning fund balance, as restated	<u>(2,165)</u>	<u>914</u>	<u>(50)</u>	<u>39,389</u>	<u>(8,216)</u>	<u>-</u>	<u>(41,762)</u>
Ending fund balance	<u>\$ 156</u>	<u>2,789</u>	<u>7,725</u>	<u>48,608</u>	<u>(9,468)</u>	<u>11,748</u>	<u>(5,039)</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013

	<u>School Resource Officer</u>	<u>Youth Conservation Corps</u>	<u>Safe Routes to School</u>	<u>Humanities</u>	<u>Totals</u>
Revenues:					
Taxes					
Other	\$ -	-	-	-	9,625
Charges for services	-	-	-	-	16,847
Fines and forfeitures	-	-	-	-	49,899
Intergovernmental revenue					
Federal grants	-	-	-	-	779,804
State grants	49,000	21,197	6,223	-	617,762
Interest income	-	-	-	-	109
Miscellaneous income	-	6,636	-	-	69,945
Total revenues	<u>49,000</u>	<u>27,833</u>	<u>6,223</u>	<u>-</u>	<u>1,543,991</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	54,882	41,005	-	-	954,501
Public works	-	-	-	-	394,578
Culture and recreation	-	-	-	-	5,619
Capital outlay	-	-	-	-	367,984
Debt service					
Principal	-	-	-	-	34,422
Interest	-	-	-	-	2,155
Total expenditures	<u>54,882</u>	<u>41,005</u>	<u>-</u>	<u>-</u>	<u>1,759,259</u>
Excess (deficiency) of revenues over (under) expenditures	(5,882)	(13,172)	6,223	-	(215,268)
Other financing sources (uses):					
Proceeds from debt issuance	-	-	-	-	319,171
Transfers in	-	-	-	-	85
Transfers out	(2,084)	-	-	-	(2,084)
Total other financing sources (uses):	<u>(2,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,172</u>
Net change in fund balances	(7,966)	(13,172)	6,223	-	101,904
Beginning fund balance	7,130	(2,438)	-	345	167,115
Restatement	-	-	-	-	11,013
Beginning fund balance, as restated	<u>7,130</u>	<u>(2,438)</u>	<u>-</u>	<u>345</u>	<u>178,128</u>
Ending fund balance	<u>\$ (836)</u>	<u>(15,610)</u>	<u>6,223</u>	<u>345</u>	<u>280,032</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013**

	<u>CDWI Grant</u>	<u>CI Fund</u>	<u>Senior Center</u>	<u>Totals</u>
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
State grants	8,868	120,961	-	129,829
Other grants	-	-	-	-
Total revenues	<u>8,868</u>	<u>120,961</u>	<u>-</u>	<u>129,829</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	5,535	-	-	5,535
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	120,962	-	120,962
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,535</u>	<u>120,962</u>	<u>-</u>	<u>126,497</u>
Excess (deficiency) of revenues over (under) expenditures	3,333	(1)	-	3,332
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	1,999	-	-	1,999
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>1,999</u>	<u>-</u>	<u>-</u>	<u>1,999</u>
Net change in fund balances	5,332	(1)	-	5,331
Beginning fund balance	(5,332)	12,038	6,338	13,044
Restatement	-	-	-	-
Beginning fund balance, as restated	<u>(5,332)</u>	<u>12,038</u>	<u>6,338</u>	<u>13,044</u>
Ending fund balance	<u>\$ -</u>	<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
CORRECTIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 77,577	77,577	49,662	(27,915)
Total revenues	77,577	77,577	49,662	(27,915)
Expenditures:				
Current:				
Public safety	55,000	55,000	41,862	13,138
Total expenditures	55,000	55,000	41,862	13,138
Excess (deficiency) of revenues over (under) expenditures	22,577	22,577	7,800	(14,777)
Other financing sources (uses):				
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	22,577	22,577	7,800	(14,777)
Budgeted cash carryover	-	-		
Net change in fund balance	\$ 22,577	22,577		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 7,800	
			-	
			-	
Net change in fund balance (GAAP)			\$ 7,800	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
EMS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 7,400	7,418	7,418	-
Total revenues	<u>7,400</u>	<u>7,418</u>	<u>7,418</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	6,300	6,300	4,904	1,396
Capital outlay	<u>1,100</u>	<u>1,100</u>	<u>1,255</u>	<u>(155)</u>
Total expenditures	<u>7,400</u>	<u>7,400</u>	<u>6,159</u>	<u>1,241</u>
Excess (deficiency) of revenues over (under) expenditures	-	18	1,259	1,241
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	18	<u>1,259</u>	<u>1,241</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>-</u>	<u>18</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 1,259	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 1,259</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue				
State grants	\$ 61,667	67,789	67,789	-
Miscellaneous income	-	963	963	-
Total revenues	<u>61,667</u>	<u>68,752</u>	<u>68,752</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	57,400	57,400	63,217	(5,817)
Capital outlay	<u>4,267</u>	<u>4,267</u>	<u>12,839</u>	<u>(8,572)</u>
Total expenditures	<u>61,667</u>	<u>61,667</u>	<u>76,056</u>	<u>(14,389)</u>
Excess (deficiency) of revenues over (under) expenditures	-	7,085	(7,304)	(14,389)
Other financing sources (uses):				
Transfers out	-	(6,375)	-	(6,375)
Total other financing sources (uses):	<u>-</u>	<u>(6,375)</u>	<u>-</u>	<u>(6,375)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	710	<u>(7,304)</u>	<u>(20,764)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>710</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (7,304)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			339,344	
Adjustments to expenditures for accrued wages and expenditures			<u>(307,376)</u>	
Net change in fund balance (GAAP)			<u>\$ 24,664</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
FIRE FUND GRANTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous income	\$ -	-	6,375	6,375
Total revenues	-	-	6,375	6,375
Expenditures:				
Current:				
Public safety	-	18,596	-	18,596
Capital outlay	-	-	18,596	(18,596)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	18,596	18,596	-
Excess (deficiency) of revenues over (under) expenditures	-	(18,596)	(12,221)	6,375
Other financing sources (uses):				
Transfers in	-	6,375	-	6,375
Total other financing sources (uses):	-	6,375	-	6,375
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(12,221)	<u>(12,221)</u>	<u>12,750</u>
Budgeted cash carryover	-	12,221		
Net change in fund balance	\$ -	-		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (12,221)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			<u>\$ (12,221)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ -	-	237	237
Intergovernmental revenue				
State grants	<u>23,600</u>	<u>23,837</u>	<u>23,600</u>	<u>(237)</u>
Total revenues	<u>23,600</u>	<u>23,837</u>	<u>23,837</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	7,090	7,412	7,860	(448)
Capital outlay	<u>16,510</u>	<u>16,510</u>	<u>16,510</u>	<u>-</u>
Total expenditures	<u>23,600</u>	<u>23,922</u>	<u>24,370</u>	<u>(448)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(85)	(533)	(448)
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>85</u>	<u>85</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>85</u>	<u>85</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>(448)</u>	<u>(448)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (448)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (448)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
LODGERS' TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Other	\$ 3,500	3,500	3,765	265
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>3,765</u>	<u>265</u>
Expenditures:				
Current:				
Culture and recreation	<u>3,500</u>	<u>3,500</u>	<u>4,499</u>	<u>(999)</u>
Total expenditures	<u>3,500</u>	<u>3,500</u>	<u>4,499</u>	<u>(999)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(734)	(734)
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>(734)</u>	<u>(734)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (734)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (734)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
STREET IMPROVEMENTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Other	\$ 12,000	12,000	5,026	(6,974)
Intergovernmental revenue				
State grants	<u>415,930</u>	<u>415,930</u>	<u>415,930</u>	-
Total revenues	<u>427,930</u>	<u>427,930</u>	<u>420,956</u>	<u>(6,974)</u>
Expenditures:				
Current:				
Public works	<u>415,930</u>	<u>415,930</u>	<u>394,578</u>	<u>21,352</u>
Total expenditures	<u>415,930</u>	<u>415,930</u>	<u>394,578</u>	<u>21,352</u>
Excess (deficiency) of revenues over (under) expenditures	12,000	12,000	26,378	14,378
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	12,000	12,000	<u>26,378</u>	<u>14,378</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ 12,000</u>	<u>12,000</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 26,378	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			834	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 27,212</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Miscellaneous income	\$ 6,000	6,000	1,998	(4,002)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>1,998</u>	<u>(4,002)</u>
Expenditures:				
Current:				
Culture and recreation	9,181	9,181	1,120	8,061
Total expenditures	<u>9,181</u>	<u>9,181</u>	<u>1,120</u>	<u>8,061</u>
Excess (deficiency) of revenues over (under) expenditures	(3,181)	(3,181)	878	4,059
Other financing sources (uses):				
Transfers in	3,985	3,985	-	3,985
Total other financing sources (uses):	<u>3,985</u>	<u>3,985</u>	<u>-</u>	<u>3,985</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	804	804	<u>878</u>	<u>8,044</u>
Budgeted cash carryover	-	-		
Net change in fund balance	<u>\$ 804</u>	<u>804</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 878	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 878</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
COURT AUTOMATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ 6,000	6,000	2,948	(3,052)
Total revenues	6,000	6,000	2,948	(3,052)
Expenditures:				
Current:				
Public safety	-	-	-	-
Capital outlay	5,000	5,000	4,217	783
Total expenditures	5,000	5,000	4,217	783
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	(1,269)	(2,269)
Other financing sources (uses):				
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,000	1,000	(1,269)	(2,269)
Budgeted cash carryover	-	-		
Net change in fund balance	\$ 1,000	1,000		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (1,269)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			3,590	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ 2,321	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
FIESTA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 20,300	20,300	16,847	(3,453)
Miscellaneous income	-	-	1,144	1,144
Total revenues	<u>20,300</u>	<u>20,300</u>	<u>17,991</u>	<u>(2,309)</u>
Expenditures:				
Current:				
Culture and recreation	-	-	-	-
Capital outlay	<u>20,300</u>	<u>20,300</u>	<u>16,116</u>	<u>4,184</u>
Total expenditures	<u>20,300</u>	<u>20,300</u>	<u>16,116</u>	<u>4,184</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	1,875	1,875
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>1,875</u>	<u>1,875</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 1,875	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 1,875</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
DWDAC GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 25,000	25,000	22,685	(2,315)
Miscellaneous income	<u>102,000</u>	<u>102,000</u>	<u>40,952</u>	<u>(61,048)</u>
Total revenues	<u>127,000</u>	<u>127,000</u>	<u>63,637</u>	<u>(63,363)</u>
Expenditures:				
Current:				
Public safety	<u>123,155</u>	<u>123,155</u>	<u>55,743</u>	<u>67,412</u>
Total expenditures	<u>123,155</u>	<u>123,155</u>	<u>55,743</u>	<u>67,412</u>
Excess (deficiency) of revenues over (under) expenditures	3,845	3,845	7,894	4,049
Other financing sources (uses):				
Transfers in	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total other financing sources (uses):	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	5,845	5,845	<u>7,894</u>	<u>6,049</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>5,845</u>	<u>5,845</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 7,894	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>(119)</u>	
Net change in fund balance (GAAP)			<u>\$ 7,775</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
NM HIDTA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 200,000	200,000	366,417	166,417
Miscellaneous income	-	-	25	25
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>366,442</u>	<u>166,442</u>
Expenditures:				
Current:				
Public safety	<u>196,727</u>	<u>196,727</u>	<u>348,865</u>	<u>(152,138)</u>
Total expenditures	<u>196,727</u>	<u>196,727</u>	<u>348,865</u>	<u>(152,138)</u>
Excess (deficiency) of revenues over (under) expenditures	3,273	3,273	17,577	14,304
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	3,273	3,273	<u>17,577</u>	<u>14,304</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ 3,273</u>	<u>3,273</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 17,577	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>(8,358)</u>	
Net change in fund balance (GAAP)			<u>\$ 9,219</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
ISC HIDTA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 415,000	415,000	284,840	(130,160)
Total revenues	<u>415,000</u>	<u>415,000</u>	<u>284,840</u>	<u>(130,160)</u>
Expenditures:				
Current:				
Public safety	<u>398,063</u>	<u>398,063</u>	<u>285,606</u>	<u>112,457</u>
Total expenditures	<u>398,063</u>	<u>398,063</u>	<u>285,606</u>	<u>112,457</u>
Excess (deficiency) of revenues over (under) expenditures	16,937	16,937	(766)	(17,703)
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	16,937	16,937	<u>(766)</u>	<u>(17,703)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>16,937</u>	<u>16,937</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (766)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>(486)</u>	
Net change in fund balance (GAAP)			\$ <u>(1,252)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
HIDTA SEIZURES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ -	-	3	3
Miscellaneous income	-	-	11,852	11,852
Total revenues	-	-	11,855	11,855
Expenditures:				
Current:				
Public safety	-	-	107	(107)
Total expenditures	-	-	107	(107)
Excess (deficiency) of revenues over (under) expenditures	-	-	11,748	11,748
Other financing sources (uses):				
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>11,748</u>	<u>11,748</u>
Budgeted cash carryover	-	-		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 11,748	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 11,748</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
STONEGARDEN FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 150,000	150,000	105,862	(44,138)
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>105,862</u>	<u>(44,138)</u>
Expenditures:				
Current:				
Public safety	150,000	150,000	39,092	110,908
Capital outlay	<u>-</u>	<u>-</u>	<u>30,047</u>	<u>(30,047)</u>
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>69,139</u>	<u>80,861</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	36,723	36,723
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>36,723</u>	<u>36,723</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 36,723	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 36,723</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHOOL RESOURCE OFFICER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 48,000	48,000	49,000	1,000
Total revenues	<u>48,000</u>	<u>48,000</u>	49,000	1,000
Expenditures:				
Current:				
Public safety	<u>50,326</u>	<u>50,326</u>	<u>54,085</u>	<u>(3,759)</u>
Total expenditures	<u>50,326</u>	<u>50,326</u>	<u>54,085</u>	<u>(3,759)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,326)	(2,326)	(5,085)	(2,759)
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(2,084)</u>	<u>(2,084)</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>(2,084)</u>	<u>(2,084)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(2,326)	(4,410)	<u>(7,169)</u>	<u>(2,759)</u>
Budgeted cash carryover	<u>2,326</u>	<u>4,410</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (7,169)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>(797)</u>	
Net change in fund balance (GAAP)			<u>\$ (7,966)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
YOUTH CONSERVATION CORPS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ -	25,615	21,197	(4,418)
Miscellaneous income	-	-	6,636	6,636
Total revenues	-	25,615	27,833	2,218
Expenditures:				
Current:				
Public safety	-	26,037	40,602	(14,565)
Total expenditures	-	26,037	40,602	(14,565)
Excess (deficiency) of revenues over (under) expenditures	-	(422)	(12,769)	(12,347)
Other financing sources (uses):				
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(422)	<u>(12,769)</u>	<u>(12,347)</u>
Budgeted cash carryover	-	422		
Net change in fund balance	\$ -	-		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (12,769)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>(403)</u>	
Net change in fund balance (GAAP)			\$ <u>(13,172)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
SAFE ROUTES TO SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
State grants	-	-	-	-
Other grants	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>-</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ -	
Adjustments to revenue for tax and other miscellaneous revenue accruals			6,223	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 6,223</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
HUMANITIES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal grants	\$ -	-	-	-
State grants	-	-	-	-
Other grants	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>-</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ -	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
TOWN HALL PROJECT FUND - MAJOR CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Gross receipts	\$ 61,000	61,000	71,382	10,382
Miscellaneous income	50	50	139	89
Total revenues	<u>61,050</u>	<u>61,050</u>	<u>71,521</u>	<u>10,471</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	61,050	61,050	71,521	10,471
Other financing sources (uses):				
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	61,050	61,050	<u>71,521</u>	
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ 61,050</u>	<u>61,050</u>		

Reconciliation From Budget/Actual to GAAP

Net change in fund balance (Non-GAAP budgetary basis)	\$ 71,521
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals	48,103
Adjustments to expenditures for accrued wages and expenditures	<u>(46,430)</u>
Net change in fund balance (GAAP)	<u>\$ 73,194</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
CDBG COMMUNITY CENTER - MAJOR CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 400,000	400,000	400,000	-
State grants	-	-	41,330	41,330
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>441,330</u>	<u>41,330</u>
Expenditures:				
Current:				
Public works	450,000	450,000	482,627	(32,627)
Capital outlay	-	-	-	-
Total expenditures	<u>450,000</u>	<u>450,000</u>	<u>482,627</u>	<u>(32,627)</u>
Excess (deficiency) of revenues over (under) expenditures	(50,000)	(50,000)	(41,297)	8,703
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses):	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>8,703</u>	
Budgeted cash carryover	-	-		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 8,703	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 8,703</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
CDWI GRANT FUND - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ -	-	8,868	8,868
Total revenues	-	-	8,868	8,868
Expenditures:				
Current:				
Public works	-	1,999	5,461	(3,462)
Capital outlay	-	-	-	-
Total expenditures	-	1,999	5,461	(3,462)
Excess (deficiency) of revenues over (under) expenditures	-	(1,999)	3,407	5,406
Other financing sources (uses):				
Transfers in	-	1,999	1,999	-
Total other financing sources (uses):	-	1,999	1,999	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	5,406	
Budgeted cash carryover	-	-		
Net change in fund balance	\$ -	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 5,406	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			(74)	
Net change in fund balance (GAAP)			\$ 5,332	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
ICI FUND - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ 679,928	679,928	120,961	(558,967)
Total revenues	679,928	679,928	120,961	(558,967)
Expenditures:				
Current:				
Public works	-	-	-	-
Capital outlay	679,928	679,928	120,962	558,966
Total expenditures	679,928	679,928	120,962	558,966
Excess (deficiency) of revenues over (under) expenditures	-	-	(1)	(1)
Other financing sources (uses):	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(1)	
Budgeted cash carryover	-	-		
Net change in fund balance	\$ -	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (1)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ (1)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
ICI FUND - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
State grants	-	-	-	-
Other grants	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>-</u>	
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ -	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
JOINT UTILITIES FUND - PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 550,643	550,643	603,230	52,587
Total operating revenues	<u>550,643</u>	<u>550,643</u>	<u>603,230</u>	<u>52,587</u>
Operating expenses:				
Personnel services	152,527	152,527	144,591	7,936
Operating expenses	423,928	423,928	423,165	763
Depreciation and amortization	-	-	-	-
Total operating expenses	<u>576,455</u>	<u>576,455</u>	<u>567,756</u>	<u>8,699</u>
Operating income (loss)	(25,812)	(25,812)	35,474	61,286
Non-operating revenues (expenses):				
Gain/(loss) on disposal of capital assets	-	-	-	-
Grant revenues	-	-	-	-
Gross receipts and other taxes	20,000	20,000	17,859	(2,141)
Miscellaneous	14,000	14,000	20,358	6,358
Interest income	400	400	416	16
Interest expense	-	-	-	-
Total non-operating revenues (expenses)	<u>34,400</u>	<u>34,400</u>	<u>38,633</u>	<u>4,233</u>
Income (loss) before transfers	8,588	8,588	74,107	65,519
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in net position	<u>8,588</u>	<u>8,588</u>	<u>74,107</u>	<u>65,519</u>
Budgeted cash carryover	-	-		
Total	<u>\$ 8,588</u>	<u>8,588</u>		

Reconciliation From Budget/Actual to GAAP

Change in net position (Non-GAAP budgetary basis)	\$ 74,107
Adjustments to revenue for tax and other miscellaneous revenue accruals	29,448
Adjustments to expenditures for accrued wages and expenditures	(92,881)
Depreciation and other non-cash items	<u>(95,492)</u>
Change in net position (GAAP)	<u>\$ (84,818)</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2013

	<u>Balance</u> <u>6/30/2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2013</u>
Municipal court bonds				
Assets:				
Cash	\$ 2,512	7,478	(2,279)	7,711
Due from general fund	500	-	(500)	-
Total assets	<u>\$ 3,012</u>	<u>7,478</u>	<u>(2,779)</u>	<u>7,711</u>
Liabilities:				
Refunds payable	\$ -	608	-	608
Held for others	3,012	6,870	(2,779)	7,103
Total liabilities	<u>\$ 3,012</u>	<u>7,478</u>	<u>(2,779)</u>	<u>7,711</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Grant Number	Expenditures
Executive Office of the President, Office of National Drug Control Policy (New Mexico)			
High Intensity Drug Trafficking Areas Program	95.001*	G12SN0012A	\$ 1,083,839
U.S. Department of Homeland Security			
Passed through NM Department of Homeland Security			
Homeland Security Grant Program	97.067	Unknown	105,862
Department of Housing and Urban Development			
Passed through NM Department of Finance and Administration			
Community Development Block Grants	14.218*	07-C-RS-I-03-G-40	<u>400,000</u>
Total			<u>\$ 1,589,701</u>

* Major program

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 1). 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.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FUND BALANCES
As of June 30, 2013

	Major Funds					Non-Major Governmental Funds	Total Funds
	General Fund	Spec Revenue		Cap Projects			
		USAO HIDTA Fund	Hwy Interdiction HITDA	Town Hall Fund	CDBG Community Center		
Fund Balances:							
Nonspendable:							
Subtotal nonspendable funds	\$ -	-	-	-	-	-	-
Restricted for:							
Improvements to Town Hall complex	-	-	-	473,358	-	-	473,358
Improvements to Community Center	-	-	-	-	6,886	-	6,886
Road improvements	-	-	-	-	-	30,976	30,976
Water system improvements	-	-	-	-	-	12,037	12,037
Senior center improvements	-	-	-	-	-	6,338	6,338
Providing emergency medical services	-	-	-	-	-	1,813	1,813
Fire fighting efforts/equipment	-	-	-	-	-	36,153	36,153
Public safety and law enforcement efforts	-	3,980	-	-	-	74,304	78,284
Economic development efforts	-	-	-	-	-	8,732	8,732
Humanities programs	-	-	-	-	-	345	345
Subtotal restricted funds	-	3,980	-	473,358	6,886	170,698	654,922
Committed to:							
Operate/maintain recreational facilities	-	-	-	-	-	3,373	3,373
Public safety and law enforcement efforts	-	-	-	-	-	152,500	152,500
Economic development efforts	-	-	-	-	-	2,789	2,789
Subtotal committed funds	-	-	-	-	-	158,662	158,662
Assigned to:							
Subtotal assigned funds	-	-	-	-	-	-	-
Unassigned	668,814	-	(12,537)	-	-	(30,953)	625,324
	\$ 668,814	3,980	(12,537)	473,358	6,886	298,407	1,438,908

See independent auditor's report.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF DEPOSITORIES
As of June 30, 2013

Account name	Type	First National Bank	NM Finance Authority	Plus Deposit in Transit	Less O/S Checks	Balance Per Books
General pooled cash	CK*	848,612		41,330	(15,285)	874,657
Clearing account	CK*	112,565		52,089	(181,137)	(16,483)
HIDTA pooled cash	CK*	32,671		-	(70,332)	(37,661)
CDBG fund	CK*	40,000		-	(40,000)	-
Enterprise pooled cash	CK*	394,859		885	(26,235)	369,509
Municipal court bonds	CK*	6,983				6,983
HIDTA Seizure account	CK*	11,802			(54)	11,748
Reserve and Debt Service	CK*		110,644	-	-	110,644
Total cash and equivalents		<u>1,447,492</u>	<u>110,644</u>	<u>94,304</u>	<u>(333,043)</u>	<u>1,319,397</u>
Total amount on deposit		1,447,492	110,644	<u>94,304</u>	<u>(333,043)</u>	<u>1,319,397</u>
FDIC coverage		<u>(250,000)</u>	-			
Total uninsured public funds		1,197,492	110,644			
50% collateral requirement (Section 6-10-17 NMSA-1978)		598,746	55,322			
Pledge security		1,075,198				
See NMFA audited financials			<u>110,644</u>			
Amount (over)/under collateralized		<u>(476,452)</u>	<u>(55,322)</u>			

* denotes interest bearing account

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY
As of June 30, 2013

<u>Cuspid</u>	<u>Description/ Maturity</u>	<u>Coupon</u>	<u>Moody</u>	<u>Pledged Percent</u>	<u>Pledged</u>				
					<u>Original Face</u>	<u>Par</u>	<u>Book Value</u>	<u>Market Value</u>	
First National Bank									
<i>Safekeeping Location - FHLB: Fed Home Loan Bank</i>									
778544CP9	Roswell NM 8/1/2018	3.55	Aa2	100%	\$ 325,000	325,000	325,000	352,264	
914684DU6	University of New Mexico 10/15/2021	2.00	A1	100%	250,000	250,000	250,000	250,723	
781338HSo	Ruidoso Municipal Schools District 8/1/2022	2.50	Aa1	100%	200,000	275,000	209,459	203,748	
781346DQ1	Ruidoso NM Supplement 6/1/2027	3.5	A1	100%	275,000	275,000	286,585	268,463	
					\$	<u>1,050,000</u>	<u>1,125,000</u>	<u>1,071,044</u>	<u>1,075,198</u>

See independent auditor's report.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
As of June 30, 2013

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: Perpetual
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

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
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
As of June 30, 2013**

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

CDWI Program

Participants: County of Doña Ana and Town of Mesilla
Responsible party: County of Doña Ana
Description: The agreement was entered into to provide for the purchase of additional equipment, saturation patrols, and warrant roundups.
Period: September 20, 2012 - June 30, 2013
Project costs: None
County contributions: \$28,422
Audit responsibility: County of Doña Ana



**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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue fund of the Town of Mesilla, State of New Mexico, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and the combining and individual funds as related budgetary comparisons of the Town, presented as supplemental information, and have issued our report thereon dated November 25, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the

accompanying schedule of findings and questioned costs to be material weaknesses: 13-01, 13-04, 13-05, 13-06, and 13-07.

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. We consider the following deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 09-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 09-01, 13-02, and 13-03.

Town of Mesilla, State of New Mexico's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

November 25, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Town's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2013. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the Town'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town, complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the Town, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the Town'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Integrity Accounting + Consulting, LLC

Integrity Accounting & Consulting, LLC
Albuquerque, NM

November 25, 2013

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors' report issued | Unqualified |
| 1. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | |
|---|---|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors' report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No |
| 4. Identification of major programs: | |
| CFDA
<u>Number</u>
14.218
95.001 | <u>Federal Program</u>
Community Development Block Grants
High Intensity Drug Trafficking Areas Program |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION II FINDINGS – FINANCIAL STATEMENTS

<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Financial Statement Finding</u>	<u>Federal Awards Finding</u>
Prior Year Findings			
08-05 Failure to Apply GAAP	Resolved Repeated/	Yes	No
09-01 Legal Compliance with Budget	Modified	Yes	No
12-01 Annual Inventory of Capital Assets	Resolved	Yes	No
12-02 Capitalization of Capital Assets from Grants	Resolved	Yes	No
12-03 Audit Report Submission to the New Mexico State Auditor	Resolved	Yes	No
12-04 Timely Deposit of Federal Award Proceeds	Resolved	No	Yes
Current Year Findings			
13-01 Cash Controls	Current	Yes	No
13-02 Journal Entry Process	Current	Yes	No
13-03 Utility Receivables	Current	Yes	No
13-04 Material Auditor Adjustments	Current	Yes	No
13-05 Financial Close and Reporting	Current	Yes	No
13-06 State Tax Payable	Current	Yes	No
13-07 Unrecorded NMFA Note Payable	Current	Yes	No

PRIOR YEAR FINDINGS

**09-01 – LEGAL COMPLIANCE WITH BUDGET – SIGNIFICANT DEFICIENCY –
REPEATED/MODIFIED**

Condition

The Town’s actual expenditures exceeded approved budgeted expenditures within several funds. There did not appear to be an effective process in place to monitor budgetary activity and make adjustments, as necessary.

The following funds exceeded approved budgeted expenditures.

<u>Fund</u>	<u>Category</u>	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Over Expended</u>
Fire protection fund	Expenditures	\$ 61,667	76,056	(14,389)
Law enforcement fund	Expenditures	23,922	24,370	(448)
Lodgers' tax fund	Expenditures	3,500	4,499	(999)
NM HIDTA fund	Expenditures	196,727	348,866	(152,139)
Hwy interdiction fund	Expenditures	-	2,947	(2,947)
HIDTA seizures fund	Expenditures	-	107	(107)
School resource officer	Expenditures	50,326	54,085	(3,759)
Youth conservation corps fund	Expenditures	26,037	40,602	(14,565)
CDBG community center	Expenditures	450,000	482,627	(32,627)
CDWI grant	Expenditures	\$ 1,999	5,460	(3,461)

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Criteria

New Mexico State Statutes Section 6-6-6 NMSA 1978 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. Town officials and governing authorities have the obligation to follow applicable state statutes.

Cause

The Town did not have an effective process for monitoring budgetary compliance.

Effect

The Town was in violation of State Statute and could be subject to fines or other restrictions.

Recommendation

It is recommended the Town implement a process for routine monitoring of its' budgetary compliance. Further, it is recommended that the Town review its budgetary performance mid-year and at year end to determine if budget adjustments are needed to ensure adequate budget level are maintained.

Response

As of November 22, 2013, the Town Clerk will continue to monitor the budget while doing monthly reconciliations. The Mayor has instituted, as of November 21, 2013, that the Department Heads have a monthly budget workshop to make any budget adjustments and work with the Clerk-Treasurer to make the correct changes. In the spring of 2014, the Town Clerk shall review the budget again with the Mayor and Department Heads and project the expenditures for the remainder of the year to ensure that none of the line items are over expended.

CURRENT YEAR FINDINGS

13-01 – CASH CONTROLS – MATERIAL WEAKNESS

Condition

During the audit, we noted multiple weaknesses in the Town's cash controls.

Three bank accounts were identified that were not recorded in the Town's accounting system. These accounts were all held by the NM Finance Authority and are related to notes payable owed by the Town. The balances of these accounts totaled \$110,644 as of June 30, 2013.

While reconciling cash balances, it was observed that there were variances between the Town's pooled cash balances and the balances reported in the individual funds. The cumulative variance noted was \$2,006. The balance in the pooled cash account should match that of the cumulative cash balances of the individual funds. The cause of the variances was not able to be determined.

In addition, we also noted that the reconciled cash balances varied from the balances recorded in the general ledger by a cumulative \$2,337 as of June 30, 2013. The cause of the variances was not

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

able to be determined. We also noted that the bank reconciliations did not appear to be reviewed/approved by management.

We also noted several staled dated checks and other uncleared transactions in the bank accounts that had not been addressed by Town personnel. The clearing fund had 15 checks totaling \$493 that were in excess of 6 months old and had not been investigated further by client personnel.

Criteria

Cash accounts should be reconciled in their entirety and any outstanding transactions should be monitored and followed up on to ensure proper handling. If utilizing a pooled cash system, the pooled cash balances should be reconciled to the individual balances that make up the overall pooled balance.

Cause

The Town was not aware of the need to reconcile the pooled cash accounts to the individual accounts.

Effect

The Town is not able to identify errors in cash at the fund level which could lead to material misstatements of the reported cash balances.

Recommendation

It is recommended all cash accounts held by the Town are recorded in the general ledger. Each month when the bank reconciliations are completed, a secondary reconciliation should be performed to ensure the individual cash balances in the funds reconcile to the pooled cash balances that were reconciled to the bank statement. Any outstanding items should be reviewed for potential follow-up actions. All of these items should be reviewed and approved by someone independent of the reconciliation process.

Response

The Town was aware of NMFA's pooled cash accounts and will utilize INCODE to input these amounts based on the statements received from NMFA on a monthly basis.

As of November 25, 2013 the Finance Staff implemented the process to clear out old uncleared checks and POs that are older than three months on a monthly basis.

As of November 22, 2013, the Town Clerk has instituted that all Journal Entries and monthly bank reconciliations be reviewed/approved to double check that everything reconciles with the INCODE system each month. If the Clerk identifies that something is questionable or incorrect, then the Clerk will work with Accounts Payable and Payroll to correct any issues so that both sections of the financial office reconcile with the INCODE system on a monthly basis.

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

13-02 – JOURNAL ENTRY PROCESS – OTHER MATTER

Condition

While performing testwork related to journal entries made to the General Ledger, it was observed that there was no process for management to review or approval journal entries.

Criteria

All entries to the general ledger should be reviewed and approved by management.

Cause

The Town was felt its current process for entering journal entries into the general ledger was adequate..

Effect

Unauthorized or erroneous journal entries could be made to the general ledger without management approval which could lead to misstatements of the financial statements.

Recommendation

It is recommended that a process be implemented to ensure management reviews and approves all journal entries.

Response

As of November 22, 2013, the Town Clerk has instituted that all Journal Entries and monthly bank reconciliations be reviewed/approved to double check that everything reconciles with the INCODE system each month. If the Clerk identifies that something is questionable or incorrect, then the Clerk will work with Accounts Payable and Payroll to correct any issues so that both sections of the financial office reconcile with the INCODE system on a monthly basis.

13-03 – UTILITY RECEIVABLES – OTHER MATTER

Condition

While reviewing the Town's utility receivables at year end, it was observed that the Town's accounting system was recording written-down accounts to a liability line instead of to bad debt expense. The Town's accounting records showed a debit balance in the Allowance for Doubtful Accounts line of \$17,991 when this type of account normally should carry a credit balance. Further investigation showed that the accounting system was debiting these accounts instead of a Bad Debt Expense line each time an account was written off due to uncollectibility.

Criteria

Proper accounting procedures hold that an allowance account should contain a credit balance showing the receivables that are expected to be uncollectible. When the receivables are ultimately written off, the allowance account should be reduced and a bad debt expense line debited for the amounts written off.

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Cause

The Town was unaware of the debit balances.

Effect

The Town's allowance for doubtful accounts is misstated which ultimately leads to the utility receivables valuation being misstated.

Recommendation

It is recommended that the process for allowancing uncollectible utility accounts and writing off bad debt be reviewed and steps taken to ensure the correct accounts are used.

Response

As of November 25, 2013, the Town has contacted INCODE to help them change the line item to a Bad Debt Expense line instead of a liability line.

13-04 – MATERIAL AUDITOR ADJUSTMENTS – MATERIAL WEAKNESS

Statement of Condition

While conducting the audit of the Town, it was necessary for the auditor to make multiple material adjustments. These adjustments included:

- Adjustments for unrecorded cash accounts
- Adjustments for unrecorded debt
- Adjustments to bring transition from the cash-basis to the modified accrual basis of accounting for financial statement presentation.
- Adjustments to misstated receivable balances.

Criteria

Accounting standards hold:

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the preparation of the financial statements.

Recording these adjustments is considered a significant process that the client needs to maintain.

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Effect

Because these adjustments were made/identified by the auditor, and not by the Town, it shows an internal control weakness in maintaining the general ledger at the modified accrual level and would potentially extend to the audit report. This significantly increases the potential for misstated financial statements.

Cause

The Town's personnel and internal control procedures were not effective in identifying and correcting necessary accruals to the general ledger that would have resulted in material misstatement of the financial statements had they not been identified/corrected by the auditor.

Recommendation

We recommend that the Town make adjustments to their general ledger in a timely manner. Asking for technical advice from the auditor or from someone else when these adjustments are needed is not considered a control deficiency as long as the staff of the Town initiates/makes the adjustment and understands how and why the adjustments were made. We recommend that at year end and in the months directly after year end, the Town identify those accruals and deferrals necessary to take the books into the modified-accrual basis. This information should be provided to the auditors during the annual audit for further testing.

Response

The Town will work to better identify any necessary adjustments necessary to prepare the books and records for audit.

13-05 – FINANCIAL CLOSE AND REPORTING – MATERIAL WEAKNESS

Condition

While performing the audit, it was observed that there did not appear to be a process for ensuring the books and records at year end were reconciled with the annual financial statements. It appeared that a fund was reported twice in the June 30, 2012 financial statements. In addition, it was observed that there were unrecorded cash and debt balances that required prior period adjustments to show the proper balance.

During the audit, prior period adjustments totaling \$225,530 in the governmental funds, \$(16,992) in the proprietary and business-type activities funds and \$189,578 in the governmental activities funds were necessary.

Criteria

Financial close and reporting is a significant process and controls should be in place to ensure all necessary information is included in the financial close and that proper reconciliations are performed to ensure actual ending balances match the reported balances.

Cause

The Town's financial reporting and close process was not effective.

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Effect

The financial statements could potentially be misstated due to missing or erroneous that were not identified during eth close process.

Recommendation

It is recommended that the Town reconcile the amounts in the annual financial reports to the general ledger to ensure all amounts have been properly included and reported.

Response

As of November 22, 2013, the Town Clerk has also instituted that all Journal Entries and monthly bank reconciliations be passed through them to double check that everything reconciles with our INCODE system each month. If the Clerk realizes that something is off, then the Clerk will work with Accounts Payable and Payroll to correct any issues so that both sections of the financial office reconcile with the INCODE system on a monthly basis.

As of November 22, 2013, the Town Clerk will continue to monitor the budget while doing monthly reconciliations. The Mayor has instituted, as of November 21, 2013, that the Department Heads have a monthly budget workshop to make any budget adjustments and work with the Clerk-Treasurer to make the correct changes. In the spring of 2014, the Town Clerk shall review the budget again with the Mayor and Department Heads and project the expenditures for the remainder of the year to ensure that none of the line items are over expended.

13-06 –STATE TAX PAYABLE – MATERIAL WEAKNESS

Condition

The Town reported unaudited total state tax payable of \$192,251 related to its joint Utility Fund. A review of these history of these accounts showed that this balance had been steadily growing by approximately \$30,000 annually without any payments being made against the liability. Additional research showed that there was an error in the set-up of the Town's accounting system that did not reduce the liability as payment were made. The payments were applied to a different account, so the liability account would continuously grow. This resulted in a prior period adjustment of \$162,622 and a current year adjustment approximately \$27,000 to properly reflect the accurate liability balance.

Criteria

Proper accounting principles hold that asset and liability accounts should be reconciled routinely to ensure the appropriateness of the reported balance.

Cause

The Town was unaware of the liability issue.

Effect

The Town's liability balances were overstated.

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Recommendation

It is recommended that the Town review its accounting system to ensure that payments of liability are properly recorded. Periodic reviews of asset and liability accounts should be conducted to identify any anomalies that could be indicative of a problem in the accounting system.

Response

As of November 25, 2013, Finance Staff have called INCODE to help them correct this issue within the Town's accounting software.

13-07 – UNRECORDED NMFA NOTE PAYABLE – MATERIAL WEAKNESS

Condition

While performing work related to long-term debt, it was discovered that the Town had a note payable to the New Mexico Finance Authority that was not initially identified by management and was not recorded in the June 30, 2012 annual financial statements. The balance of the note as of June 30, 2013 was \$19,289. The Town was making the proper payments on the note however it did not appear to have been identified as long-term debt.

Criteria

Proper accounting principles suggest that an entity maintain a listing of all of its debt to ensure proper payments and compliance with any debt related requirements.

Cause

The Town did not maintain a master list of all debt outstanding.

Effect

The liability balances and overall financial statements could potentially be misstated due to unidentified long-term debt.

Recommendation

It is recommended that the Town maintain a listing of all existing debt and update it as necessary for any new debt entered into or the payoff of existing debt.

Response

As of November 22, 2013, the Town Clerk has begun a listing of all existing debt and will maintain this listing and update it as necessary for any new debt entered into or the payoff of existing debt.

**STATE OF NEW MEXICO
TOWN OF MESILLA
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2013**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Presentation: The accompanying financial statements are the responsibility of the Town and are based on information from the Town's financial records. Assistance was provided by Integrity Accounting & Consulting to the Town in preparing the financial statements.

B. EXIT CONFERENCE

The contents of the report for the Town of Mesilla were discussed on November 25, 2013. The following individuals were in attendance.

Town of Mesilla Officials

Nora L. Barraza, Mayor
Carlos Arzabal, Trustee
Cynthia Stoehner-Hernandez, Town Clerk/Treasurer
Gloria Maya, Deputy Treasurer

Integrity Accounting & Consulting

Erick Robinson, CPA, CFE Partner