

**STATE OF NEW MEXICO**

**TOWN OF MESILLA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR-ENDED JUNE 30, 2014**



## **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, 2014**

<b>Elected Officials</b>		<b>Title</b>
Nora L. Barraza		Mayor
Carlos Arzabal		Mayor Pro-Tem
Sam Bernal		Trustee
Linda L. Flores		Trustee
Stephanie Johnson-Burick		Trustee
<b>Department Heads</b>		
Cynthia Stoehner-Hernandez		Town Clerk-Treasurer
Debbie Lujan		Public Works Director
Kevin Hoban		Fire Chief
Chris Mangusing		Marshal
<b>Municipal Court</b>		
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, 2014, 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 nonmajor governmental funds, fiduciary funds, and the budgetary comparisons for the major capital project funds, proprietary funds, and all nonmajor 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, 2014, 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, 2014, 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 and fiduciary fund of the Town, as of June 30, 2014, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the major capital project funds, proprietary fund, 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 20, 2014, 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 20, 2014

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
STATEMENT OF NET POSITION  
As of June 30, 2014**

	Governmental Activities	Business-Type Activities	Totals
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 991,148	442,390	1,433,538
Investments	242,922	45,359	288,281
Receivables			
Accounts receivable	-	50,128	50,128
Taxes receivable	157,942	2,952	160,894
Due from other governments	326,612	-	326,612
Total current assets	1,718,624	540,829	2,259,453
Non-current assets:			
Capital assets	10,086,132	3,371,242	13,457,374
Less: Accumulated depreciation	(2,861,473)	(2,176,092)	(5,037,565)
Total non-current assets	7,224,659	1,195,150	8,419,809
Total assets	8,943,283	1,735,979	10,679,262
Deferred Outflows of Resources:			
Total deferred outflows of resources	-	-	-
Total assests and deferred outflows of resources	\$ 8,943,283	1,735,979	10,679,262
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 213,589	5,502	219,091
Accrued payroll liabilities	41,135	6,141	47,276
Customer deposits	-	23,350	23,350
Current portion of compensated absences	29,134	4,274	33,408
Current portion of long-term debt	53,116	1,634	54,750
Total current liabilities	336,974	40,901	377,875
Non-current liabilities			
Compensated absences	7,284	1,069	8,353
Notes payable	796,257	23,925	820,182
Total non-current liabilities	803,541	24,994	828,535
Total liabilities	1,140,515	65,895	1,206,410
Deferred Inflows of Resources:			
Total deferred inflows of resources	-	-	-
Net position			
Net Investment in Capital Assets	6,375,286	1,169,591	7,544,877
Unrestricted Net Position	1,427,482	500,493	1,927,975
Total net position	7,802,768	1,670,084	9,472,852
Total liabilities, deferred inflows of resources and net position:	\$ 8,943,283	1,735,979	10,679,262

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, 2014

<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>
<b>Primary government:</b>							
Governmental activities							
General government	\$ 2,071,731	56,569	131,061	-	(1,884,101)	-	(1,884,101)
Public safety	1,104,459	-	1,389,599	-	285,140	-	285,140
Public works	185,433	-	-	383,063	197,630	-	197,630
Culture and recreation	196,845	34,391	73,529	-	(88,925)	-	(88,925)
Interest expense	33,427	-	-	-	(33,427)	-	(33,427)
Total governmental activities	<u>3,591,895</u>	<u>90,960</u>	<u>1,594,189</u>	<u>383,063</u>	<u>(1,523,683)</u>	<u>-</u>	<u>(1,523,683)</u>
<b>Business-type activities:</b>							
Utilities							
Water	343,835	247,454	-	-	-	(96,381)	(96,381)
Solid Waste	203,176	209,147	-	-	-	5,971	5,971
Wastewater	166,407	174,629	-	-	-	8,222	8,222
Water rights activities	106	21,092	-	-	-	20,986	20,986
Total business-type activities	<u>\$ 713,524</u>	<u>652,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,202)</u>	<u>(61,202)</u>
Total primary government					<u>(1,523,683)</u>	<u>(61,202)</u>	<u>(1,584,885)</u>
<b>General revenues:</b>							
Taxes							
Property taxes levied for general purposes					\$ 72,189	-	72,189
Gross receipts taxes					839,163	18,840	858,003
Other taxes and fees					157,910	-	157,910
Licenses and permits					31,008	-	31,008
Fines, forfeitures, and penalties					133,885	-	133,885
Interest income					1,419	375	1,794
Miscellaneous income					110,410	4,987	115,397
Transfers					(40,583)	40,583	-
Total general revenue and transfers					<u>1,305,401</u>	<u>64,785</u>	<u>1,370,186</u>
Changes in net assets					(218,282)	3,583	(214,699)
Beginning net position					8,040,903	1,666,501	9,707,404
Restatement					(19,853)	-	(19,853)
Beginning net position, as restated					<u>8,021,050</u>	<u>1,666,501</u>	<u>9,687,551</u>
Net position, end of year					<u>\$ 7,802,768</u>	<u>1,670,084</u>	<u>9,472,852</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, 2014

	Major Funds						Total Non- Major Funds	Total Funds
	General Fund	Spec Revenue		PS Building Rehab	Cap Projects			
		USAO HIDTA Fund	NM HIDTA		Town Hall Fund	ICI Fund		
Assets and deferred inflows of resources:								
Assets:								
Cash and cash equivalents	\$ 194,855	525	-	-	440,929	-	354,839	991,148
Investments	101,150	-	-	-	89,383	-	52,389	242,922
Receivables								
Taxes receivable	145,162	-	-	-	9,967	-	2,813	157,942
Due from other funds	16,317	-	-	-	-	-	-	16,317
Due from other governments	-	60,485	31,997	83,869	-	141,793	8,468	326,612
Total assets	<u>457,484</u>	<u>61,010</u>	<u>31,997</u>	<u>83,869</u>	<u>540,279</u>	<u>141,793</u>	<u>418,509</u>	<u>1,734,941</u>
Deferred Outflows of Resources:								
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 457,484</u>	<u>61,010</u>	<u>31,997</u>	<u>83,869</u>	<u>540,279</u>	<u>141,793</u>	<u>418,509</u>	<u>1,734,941</u>
Liabilities, deferred inflows of resources and fund balances:								
Liabilities:								
Accounts payable	-	-	-	74,018	-	139,571	-	213,589
Accrued payroll liabilities	16,415	10,318	2,366	-	-	-	12,036	41,135
Due to other fund	-	-	3,929	-	-	-	12,388	16,317
Total liabilities	<u>16,415</u>	<u>10,318</u>	<u>6,295</u>	<u>74,018</u>	<u>-</u>	<u>139,571</u>	<u>24,424</u>	<u>271,041</u>
Deferred Inflows of Resources:								
"Unavailable" revenues	4,162	-	-	-	-	-	-	4,162
Total deferred inflows of resources	<u>4,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,162</u>
Fund balances:								
Restricted	-	50,692	25,702	9,851	540,279	2,222	234,930	863,676
Committed	-	-	-	-	-	-	177,207	177,207
Unassigned	436,907	-	-	-	-	-	(18,052)	418,855
Total fund balances	<u>436,907</u>	<u>50,692</u>	<u>25,702</u>	<u>9,851</u>	<u>540,279</u>	<u>2,222</u>	<u>394,085</u>	<u>1,459,738</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 457,484</u>	<u>61,010</u>	<u>31,997</u>	<u>83,869</u>	<u>540,279</u>	<u>141,793</u>	<u>418,509</u>	<u>1,734,941</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, 2014**

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

Total fund balance - Governmental funds	\$	1,459,738
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		7,224,659
Delinquent property tax not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows of resources in the fund financial statements, but are considered revenue in the statement of activities.		4,162
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	\$	(29,134)
Noncurrent compensated absences		(7,284)
Current notes payable		(53,116)
Noncurrent notes payable	\$	<u>(796,257)</u>
		<u>(885,791)</u>
Net position for governmental activities	\$	<u><u>7,802,768</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, 2014

	Major Funds						Total Non-Major Funds	Total Funds
	General Fund	Spec Revenue		Cap Projects				
		USAO HIDTA Fund	NM HIDTA	PS Building Rehab	Town Hall Fund	ICI Fund		
Revenues:								
Taxes								
Property	\$ 81,225	-	-	-	-	-	-	81,225
Gross receipts	764,143	-	-	-	113,052	-	-	877,195
Other	108,621	-	-	-	-	-	11,256	119,877
Licenses and permits	31,008	-	-	-	-	-	-	31,008
Charges for services	74,853	-	-	-	-	-	16,107	90,960
Fines and forfeitures	93,896	-	-	-	-	-	39,989	133,885
Intergovernmental revenue								
Federal grants	-	536,468	376,414	-	-	-	184,441	1,097,323
State grants	131,061	-	-	83,869	-	141,793	512,166	868,889
Other grants	-	-	-	-	-	-	13,721	13,721
Interest income	968	-	-	-	-	-	150	1,118
Miscellaneous income	36,984	-	3,404	-	301	-	67,345	108,034
Total revenues	<u>1,322,759</u>	<u>536,468</u>	<u>379,818</u>	<u>83,869</u>	<u>113,353</u>	<u>141,793</u>	<u>845,175</u>	<u>3,423,235</u>
Expenditures:								
Current:								
General government	533,838	-	-	-	-	-	131,018	664,856
Public safety	554,403	536,041	396,150	-	-	-	419,681	1,906,275
Public works	154,917	-	-	74,018	-	-	56,201	285,136
Culture and recreation	94,968	-	-	-	-	-	101,877	196,845
Capital outlay	-	-	-	-	-	154,391	28,001	182,392
Debt service								
Principal	-	-	-	-	19,089	-	56,217	75,306
Interest	-	-	-	-	27,343	-	6,084	33,427
Total expenditures	<u>1,338,126</u>	<u>536,041</u>	<u>396,150</u>	<u>74,018</u>	<u>46,432</u>	<u>154,391</u>	<u>799,079</u>	<u>3,344,237</u>
Excess (deficiency) of revenues over (under) expenditures	(15,367)	427	(16,332)	9,851	66,921	(12,598)	46,096	78,998
Other financing sources (uses):								
Transfers in	-	46,285	-	-	-	2,783	133,463	182,531
Transfers out	(216,540)	-	(6,574)	-	-	-	-	(223,114)
Total other financing sources (uses):	<u>(216,540)</u>	<u>46,285</u>	<u>(6,574)</u>	<u>-</u>	<u>-</u>	<u>2,783</u>	<u>133,463</u>	<u>(40,583)</u>
Net change in fund balances	(231,907)	46,712	(22,906)	9,851	66,921	(9,815)	179,559	38,415
Beginning fund balance	668,814	3,980	48,608	-	473,358	12,037	232,111	1,438,908
Restatement	-	-	-	-	-	-	(17,585)	(17,585)
Beginning fund balance, as restated	<u>668,814</u>	<u>3,980</u>	<u>48,608</u>	<u>-</u>	<u>473,358</u>	<u>12,037</u>	<u>214,526</u>	<u>1,421,323</u>
Ending fund balance	<u>\$ 436,907</u>	<u>50,692</u>	<u>25,702</u>	<u>9,851</u>	<u>540,279</u>	<u>2,222</u>	<u>394,085</u>	<u>1,459,738</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, 2014**

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

Total net change in fund balances-governmental funds	\$	38,415
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.		(326,367)
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.		
(Increase)/decrease in compensated absences		3,402
Principal payments on long-term debt		75,306
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.		(9,036)
Rounding		<u>(2)</u>
Change in net position of governmental activities	\$	<u><u>(218,282)</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, 2014**

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 77,000	77,000	124,316	47,316
Gross receipts	845,000	845,000	789,881	(55,119)
Other	79,200	79,200	93,320	14,120
Licenses and permits	45,500	45,500	31,008	(14,492)
Charges for services	37,000	37,000	74,853	37,853
Fines and forfeitures	105,000	105,000	93,896	(11,104)
Intergovernmental revenue				
State grants	160,000	160,000	131,061	(28,939)
Interest income	800	800	968	168
Miscellaneous income	71,000	71,000	36,985	(34,015)
Total revenues	1,420,500	1,420,500	1,376,288	(44,212)
Expenditures:				
Current:				
General government	592,714	595,134	532,566	62,568
Public safety	572,531	572,531	553,777	18,754
Public works	154,234	154,482	154,482	-
Culture and recreation	99,899	100,330	94,676	5,654
Total expenditures	1,419,378	1,422,477	1,335,501	86,976
Excess (deficiency) of revenues over (under) expenditures	1,122	(1,977)	40,787	(131,188)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(18,855)	(240,639)	(216,541)	(24,098)
Total other financing sources (uses):	(18,855)	(240,639)	(216,541)	(24,098)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(17,733)	(242,616)	(175,754)	(155,286)
Budgeted cash carryover	17,733	242,616		
Net change in fund balance	\$ -	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (175,754)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			(53,528)	
Adjustments to expenditures for accrued wages and expenditures			(2,625)	
Net change in fund balance (GAAP)			\$ (231,907)	

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, 2014

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 476,000	476,000	563,643	87,643
Total revenues	476,000	476,000	563,643	87,643
Expenditures:				
Current:				
Public safety	475,754	551,777	551,777	-
Total expenditures	475,754	551,777	551,777	-
Excess (deficiency) of revenues over (under) expenditures	246	(75,777)	11,866	87,643
Other financing sources (uses):				
Transfers in	-	46,285	46,285	-
Transfers out	-	-	-	-
Total other financing sources (uses):	\$ -	46,285	46,285	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	246	(29,492)	58,151	87,643
Budgeted cash carryover	-	29,492		
Net change in fund balance	246	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 58,151	
Adjustments to revenue for tax and other miscellaneous revenue accruals			(27,175)	
Adjustments to expenditures for accrued wages and expenditures			15,736	
Net change in fund balance (GAAP)			\$ 46,712	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 191,043	371,334	344,418	(26,916)
Miscellaneous income	-	-	3,403	3,403
Total revenues	<u>191,043</u>	<u>371,334</u>	<u>347,821</u>	<u>(23,513)</u>
Expenditures:				
Current:				
Public safety	<u>191,043</u>	<u>403,843</u>	<u>403,843</u>	-
Total expenditures	<u>191,043</u>	<u>403,843</u>	<u>403,843</u>	-
Excess (deficiency) of revenues over (under) expenditures	-	(32,509)	(56,022)	(23,513)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(6,574)	6,574
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>(6,574)</u>	<u>6,574</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(32,509)	<u>(62,596)</u>	<u>(16,939)</u>
Budgeted cash carryover	<u>-</u>	<u>32,509</u>		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (62,596)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			31,997	
Adjustments to expenditures for accrued wages and expenditures			<u>7,693</u>	
Net change in fund balance (GAAP)			<u>\$ (22,906)</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, 2014**

	<b>2014</b>
Assets and deferred inflows of resources:	
Assets:	
Cash and cash equivalents	\$ 442,390
Investments	45,359
Receivables	
Accounts receivable	50,128
Taxes receivable	2,952
Total current assets	540,829
Non-current assets:	
Capital assets	3,371,242
Less: Accumulated depreciation	(2,176,092)
Total non-current assets	1,195,150
Total assets	1,735,979
Deferred Outflows of Resources:	
Total deferred outflows of resources	-
Total assets and deferred outflows of resources	\$ 1,735,979
Liabilities, deferred inflows of resources and net position:	
Liabilities:	
Accounts payable	\$ 5,502
Accrued payroll liabilities	6,141
Customer deposits	23,350
Current portion of compensated absences	4,274
Current portion of long-term debt	19,806
Total current liabilities	59,073
Non-current liabilities	
Compensated absences	1,069
Notes payable	5,753
Total non-current liabilities	6,822
Total liabilities	65,895
Deferred inflows of resources:	
Deferred revenue	-
Total deferred inflows of resources	-
Net position	
Net Investment in Capital Assets	1,169,591
Unrestricted Net Position	500,493
Total net position	1,670,084
Total liabilities, deferred inflows of resources and net position:	\$ 1,735,979

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, 2014**

	<b>2014</b>
Operating revenues:	
Charges for services	
Water	\$ 247,454
Solid Waste	209,147
Wastewater	174,629
Water rights activities	<u>21,092</u>
Total operating revenues	<u>652,322</u>
 Operating expenses:	
Personnel services	147,447
Operating expenses	472,733
Depreciation and amortization	<u>93,275</u>
 Total operating expenses	 713,455
 Operating income (loss)	 (61,133)
 Non-operating revenues (expenses):	
Gross receipts and other taxes	18,840
Miscellaneous	4,986
Interest income	375
Interest expense	<u>(68)</u>
 Total non-operating revenues (expenses)	 <u>24,133</u>
 Income (loss) before transfers	 (37,000)
 Transfers in (out)	 <u>40,583</u>
 Change in net position	 3,583
 Net position, beginning of year	 <u>1,666,501</u>
 Net position, end of year	 \$ <u><u>1,670,084</u></u>

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, 2014**

	<b>2014</b>
Cash flows from operating activities:	
Receipts from customers and users	\$ 662,496
Payments to suppliers and employees	(493,153)
Payments to employees	(147,750)
Net cash provided (used) for operating activities	21,593
Cash flows from noncapital financing activities:	
Transfers from other funds	40,583
Tax receipts	18,840
Miscellaneous income	4,989
Net cash provided (used) for noncapital financing activities	64,412
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(1,629)
Interest paid on long-term debt	(68)
Net cash provided (used) for capital and related financing activities.	(1,697)
Cash flows from investing activities:	
Purchase of investments	(48)
Interest and dividends	375
Net cash provided (used) for investing activities.	327
Net increase (decrease) in cash and cash equivalents	84,635
Cash and cash equivalents – beginning of year	357,755
Cash and cash equivalents – end of year	\$ 442,390
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (61,133)
Adjustments	
Depreciation and amortization	93,275
Bad debt expense	17,878
Changes in assets and liabilities:	
Receivables	10,174
Accounts payable	(27,327)
Accrued expenses and other liabilities	1,275
Deposits	(10,971)
Compensated absences	(1,578)
Net cash provided by operating activities	\$ 21,593

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, 2014**

	<u>2014</u>
Assets:	
Cash	\$ <u>6,303</u>
Total assets	\$ <u><u>6,303</u></u>
Liabilities:	
Refunds payable	\$ 2,875
Held for others	<u>3,428</u>
Total liabilities	\$ <u><u>6,303</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, 2014**

**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  
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FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014**

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 *New Mexico High Intensity Drug Trafficking Area (HIDTA) fund* is used to account for the proceeds from the Office of National Drug Control and the expenditures thereof (NMSA 67-16-1 to 67-16-14).

Capital Projects Fund – The *Public Safety Building Remodel fund* is used to account for the reconstruction and remodel of the Town’s Public Safety building.

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 Projects Fund – The *ICI fund* is used to account for state funds for capital outlay expenditures.

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, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. 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.

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

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, 2014**

*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 Notes 3 and 4.

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.

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**FOR THE YEAR ENDED JUNE 30, 2014**

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 10<sup>th</sup> and April 10<sup>th</sup>. Penalty and interest will be accrued after the delinquency due dates of December 10<sup>th</sup> and May 10<sup>th</sup>. 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  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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:

Asset Type	Years
Land	Perpetuity
Construction in progress	Perpetuity
Buildings	30 - 40
Other improvements	40
Utility system	25
Machinery and equipment	5 - 10

Deferred Inflows

There are two types of deferred inflows. 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 deferred inflow of resources (commonly referred to as unearned revenue). The other type of deferred inflow 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 deferred inflow of resources.

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 deferred inflow of resources section of the balance sheet as “unavailable 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

**STATE OF NEW MEXICO  
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NOTES TO THE FINANCIAL STATEMENTS  
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proprietary fund financial statements. A liability for compensated absences is not be reported 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.

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*Committed* includes fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances 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 78 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



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has the authority to revisit or alter this designation.

*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. The Town is generally no longer subject to examination by federal and state taxing authorities for years prior to 2011. For the year ended June 30, 2014, no interest or penalties were recorded or included in the financial statements.

*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.

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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.

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, 2014 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 page 79 of this report.

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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, 2014:

Fund Type	Amount
Cash and equivalents	
Governmental funds	\$ 991,148
Business-type activities	442,390
Fiduciary funds	6,303
Total cash and cash equivalents	<u>\$ 1,439,841</u>

*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 page 80 of this report.

As of June 30, 2014, the Town's bank balances of \$1,645,611 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.	1,395,611
Uninsured and uncollateralized	-
Total uninsured deposits	<u>\$ 1,645,611</u>

**NOTE 4 – INVESTMENTS**

A summary of the Town's investments by fund type as of June 30, 2014 is as follows:

Fund Type	Amount
Governmental funds	\$ 242,922
Business-type activities	45,359
Fiduciary funds	-
Total investments	<u>\$ 288,281</u>

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The Town's investments consisted of the following as of June 30, 2014:

Investment Type	Cost Basis	Market Value	Credit Risk-	WAM (R)	WAM (F)
			Rating		
NM LGIP Fund	\$ 288,282	288,282	AAAm	48.6 days	116.20 days
	\$ 288,282	288,282			

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, 2014 are as follows:

Governmental Activities	General Fund	USAO HIDTA Fund	NM HIDTA Fund	PS Build Rehab	Town Hall Fund	ICI Center	Nonmajor Funds	Total Receivables
Accounts	\$ -	-	-	-	-	-	-	-
Taxes:								
Property	7,866	-	-	-	-	-	-	7,866
State	137,296	-	-	-	9,967	-	2,813	150,076
Other intergovernmental	-	60,485	31,997	83,869	-	141,793	8,468	326,612
Subtotal	145,162	60,485	31,997	83,869	9,967	141,793	11,281	484,554
Less: Allowance for uncollectibles	-	-	-	-	-	-	-	-
Net Receivables	\$ 145,162	60,485	31,997	83,869	9,967	141,793	11,281	484,554

Business-type Activities	Joint Utility Fund
Accounts	\$ 68,119
Taxes:	
Property	-
State	2,952
Other intergovernmental	-
Subtotal	71,071
Less: Allowance for uncollectibles	(17,991)
Net Receivables	\$ 53,080

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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 \$4,162 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

**NOTE 6 – CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2014 follows. Land and construction in progress are not subject to depreciation.

	<b>Balance</b>				<b>Balance</b>
<b>GOVERNMENTAL ACTIVITIES</b>	<b>06/30/13</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclass</b>	<b>06/30/14</b>
<b>Non-depreciable capital assets:</b>					
Land	\$ 1,399,500	-	-	-	1,399,500
Construction in progress	120,691	-	-	-	120,691
Total non-depreciable capital assets	1,520,191	-	-	-	1,520,191
<b>Capital assets being depreciated:</b>					
Buildings	338,727	-	-	-	338,727
Other improvements	6,325,455	-	-	-	6,325,455
Machinery and equipment	1,901,759	-	-	-	1,901,759
Total capital assets being depreciated	8,565,941	-	-	-	8,565,941
<b>Less accumulated depreciation for:</b>					
Buildings	(219,285)	(11,259)	-	-	(230,544)
Other improvements	(864,535)	(231,197)	-	-	(1,095,732)
Machinery and equipment	(1,451,286)	(83,911)	-	-	(1,535,197)
Total accumulated depreciation	(2,535,106)	(326,367)	-	-	(2,861,473)
Total capital assets being depreciated	6,030,835	(326,367)	-	-	5,704,468
Total capital assets, net of depreciation	\$ 7,551,026	(326,367)	-	-	7,224,659

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	Balance				Balance
<b>BUSINESS-TYPE ACTIVITIES</b>	<b>06/30/13</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclass</b>	<b>06/30/14</b>
<b>Non-depreciable capital assets:</b>					
Construction in progress	\$ 194,748	-	-	(105,579)	89,169
Total non-depreciable capital assets	194,748	-	-	(105,579)	89,169
<b>Capital assets being depreciated:</b>					
Utility system	2,833,143	-	-	105,579	2,938,722
Machinery and equipment	343,351	-	-	-	343,351
Total capital assets being depreciated	3,176,494	-	-	105,579	3,282,073
<b>Less accumulated depreciation for:</b>					
Utility system	(1,797,370)	(78,605)	-	-	(1,875,975)
Machinery and equipment	(285,446)	(14,671)	-	-	(300,117)
Total accumulated depreciation	(2,082,816)	(93,276)	-	-	(2,176,092)
Total capital assets being depreciated	1,093,678	(93,276)	-	105,579	1,105,981
Total capital assets, net of depreciation	\$ 1,288,426	(93,276)	-	-	1,195,150

Depreciation expense for the year ended June 30, 2014 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 242,771
Public safety	65,917
Public works	17,679
Total governmental activities	\$ 326,367
Business type activities	\$ 93,276

**NOTE 7 – LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance			Balance	Amount due
	June 30, 2013	Increases	Decreases	June 30, 2014	within one
					year
<b>Governmental funds debt</b>					
Compensated absences	\$ 39,820	42,687	(46,089)	36,418	29,134
Notes payable	908,870	-	(59,497)	849,373	53,116
Capital lease payable	15,809	-	(15,809)	-	-
Total governmental activities	\$ 964,499	42,687	(121,395)	885,791	82,250
<b>Business-type funds debt</b>					
Compensated absences	\$ 6,921	8,020	(9,598)	5,343	4,274
Notes payable	27,188	-	(1,629)	25,559	1,634
Total business-type activities	\$ 34,109	8,020	(11,227)	30,902	5,908

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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 2014.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2014 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. This lease was paid in full during the year ended June 30, 2014.

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. This note was paid in full during the year ended June 30, 2014.

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 revenues pledged totaled \$882,732 at June 30, 2014, and equal 61.6% of future capital outlay gross receipts tax at their current rate. During the year ended June 30, 2014, the Town collected \$75,368 in pledged revenues, and retired \$19,089 in principal and interest on the aforementioned note. The Town has authorized the New Mexico Taxation and Revenue Department to intercept the required monthly payment from their gross receipts tax remittances.

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The future payments required on the note payable are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	23,280	23,162	46,442
2020-2024	132,984	99,269	232,253
2025-2029	167,484	64,855	232,339
2030-2033	165,499	20,452	185,951
Total	\$ 573,450	309,282	882,732

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 revenues pledged totaled \$296,323 at June 30, 2014, and equal 9.7% of future gross receipts tax at their current rate. During the year ended June 30, 2014, the Town collected \$344,732 in pledged revenues, and retired \$31,943 in principal and interest on the aforementioned note. The Town has authorized the New Mexico Taxation and Revenue Department to intercept the required monthly payment from their gross receipts tax remittances. The future payments required on the note payable are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	34,486	2,554	37,040
2020-2024	106,818	4,303	111,121
Total	\$ 275,923	20,400	296,323

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	57,766	25,716	83,482
2020-2024	239,802	103,572	343,374
2025-2029	167,484	64,855	232,339
2030-2033	165,499	20,452	185,951
Total	\$ 849,373	329,682	1,179,055



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**Business-type activities**

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 net system revenues of the joint water/wastewater utility system. The revenues pledged totaled \$8,058 at June 30, 2014, and equal 6.1% of future estimated net revenues at their current rate. During the year ended June 30, 2014, the Town collected \$537 in pledged revenues, and retired \$537 in principal and interest on the aforementioned note.

The future payments required on the note payable are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 519	18	537
2016	520	17	537
2017	521	16	537
2018	523	15	538
2019	524	13	537
2020-2024	2,640	47	2,687
2025-2028	2,135	13	2,148
Total	\$ 7,382	139	7,521

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 net system revenues of the joint water/wastewater utility system. The revenues pledged totaled \$19,726 at June 30, 2014, and equal 13.1% of future estimated net revenues at their current rate. During the year ended June 30, 2014, the Town collected \$1,160 in pledged revenues, and retired \$1,160 in principal and interest on the aforementioned note. The future payments required on the note payable are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,126	34	1,160
2020-2024	5,673	129	5,802
2025-2029	5,745	58	5,803
2030	1,156	3	1,159
Total	\$ 18,177	389	18,566

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,650	47	1,697
2020-2024	8,313	176	8,489
2025-2029	7,880	71	7,951
2030	1,156	3	1,159
Total	\$ 25,559	528	26,087

**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, 2014 was as follows:

	<b>Transfers In</b>					<b>Total</b>
	USAO	ICI	Non-Major	Joint		
	HIDTA	Fund	Govern- mental	Utility		
General	\$ 46,285	2,783	126,889	40,583		216,540
NM HIDTA	-	-	6,574	-		6,574
Total	\$ 46,285	2,783	133,463	40,583		223,114

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, 2014, are as follows:

<b>Due To Fund</b>	<b>Due From Fund</b>	<b>Amount</b>
General Fund	NM HIDTA Fund - Major fund	\$ 3,929
	Nonmajor Special Revenue Funds	
General Fund	Court Automation	3,434
General Fund	ISC HIDTA	2,590
General Fund	Stonegarden	6,364
		\$ 16,317

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**NOTE 9 – RISK MANAGEMENT**

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

Town of Mesilla has joined together with other local governments in the state and obtained insurance through the New Mexico Self-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, 2014 was \$87,420.

**NOTE 10 – PERA PENSION PLAN**

*Plan Description.* Substantially all of the Town's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

*Funding Policy.* Plan members are required to contribute 9.15% of their gross salary for municipal employees and 12.35% of gross salary for law enforcement employees. The Town is required to contribute 9.15% of the gross salary for municipal employees and 18.50% of gross salary for law enforcement employees of the gross covered salary. The contribution requirements of plan members and the Town are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Town's contributions to PERA for the fiscal years ending June 30, 2014, 2013, 2012, and were \$126,070, \$138,478, and \$135,268 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.

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**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:

Fiscal Year	Amount
Ending June 30,	Amount
2015	\$ 4,756
2016	3,567
2017	-
2018	-
2019	-
Total	\$ 8,323

Rental payments charged to current operations for the year ended June 30, 2014 totaled \$4,756.

**NOTE 14 – FUND DEFICITS AND NON-COMPLIANCE**

Deficit Fund Balances

The following non-major funds incurred a deficit fund balance at June 30, 2014:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Court automation	Special Revenue Fund	\$ (1,800)
ISC HIDTA	Special Revenue Fund	(863)
Stonegarden fund	Special Revenue Fund	(5,917)
School Resource Officer	Special Revenue Fund	(946)
Youth conservation corps fund	Special Revenue Fund	\$ (8,526)

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

Legal Compliance with Budget

The Town was in compliance with Section 6-6-6 of the New Mexico State Statues regarding legal compliance with approved budgets. No funds exceeded budgeted expenditures as of June 30, 2014.

**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, 2014, significant amounts of grant expenditures have not been audited by the grantor agencies.

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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 \$1,552,697 as of June 30, 2014. The total amounts spent as of June 30, 2014 on the projects was \$405,460. The percentage of completion of the existing projects varies based on the project. 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.

**NOTE 17 – RESTATEMENTS OF BEGINNING FUND BALANCES/NET POSITION**

Fund	Purpose/Reason	Amount
Governmental funds		
Nonmajor funds		
Hwy Interdiction HIDTA	Prior year due from other governments were overstated	(17,585)
Total governmental funds		<u>(17,585)</u>
Government-wide statements	Applicable adjustments from above	(17,585)
	Due to implementation of GASB 65, the cost of issuance of debt is no longer recorded as asset and amortized over the life of the debt. As a result, these amounts were eliminated in the current year which resulted in a decrease to the prior reported ending net position.	(2,268)
Total governmental activities		<u>\$ (19,853)</u>

**NOTE 18 – EVALUATION OF SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through November 20, 2014, the date which the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

**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 state and local funds for labor and expenses related to the Groundwork Dona Ana County project. The creation and maintenance of a separate fund was established by Town resolution.

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

**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, 2014**

**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**

**CDBG – Community Center Project Fund** – To account 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.

**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, 2014**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 348,501	6,338	354,839
Investments	52,389	-	52,389
Receivables			
Taxes receivable	2,813	-	2,813
Due from other governments	8,468	-	8,468
Total assets	<u>412,171</u>	<u>6,338</u>	<u>418,509</u>
Deferred Outflows of Resources:			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	<u>\$ 412,171</u>	<u>6,338</u>	<u>418,509</u>
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accrued payroll liabilities	\$ 12,036	-	12,036
Due to other fund	12,388	-	12,388
Total liabilities	<u>24,424</u>	<u>-</u>	<u>24,424</u>
Deferred Inflows of Resources:			
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	228,592	6,338	234,930
Committed	177,207	-	177,207
Unassigned	(18,052)	-	(18,052)
Total fund balances	<u>387,747</u>	<u>6,338</u>	<u>394,085</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 412,171</u>	<u>6,338</u>	<u>418,509</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, 2014**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Totals</b>
Revenues:			
Taxes			
Other	\$ 11,256	-	11,256
Charges for services	16,107	-	16,107
Fines and forfeitures	39,989	-	39,989
Intergovernmental revenue			
Federal grants	184,441	-	184,441
State grants	512,166	-	512,166
Other grants	13,721	-	13,721
Interest income	150	-	150
Miscellaneous income	67,345	-	67,345
Total revenues	845,175	-	845,175
Expenditures:			
Current:			
General government	119,018	12,000	131,018
Public safety	419,681	-	419,681
Public works	56,201	-	56,201
Culture and recreation	101,877	-	101,877
Capital outlay	28,001	-	28,001
Debt service			
Principal	56,217	-	56,217
Interest	6,084	-	6,084
Total expenditures	787,079	12,000	799,079
Excess (deficiency) of revenues over (under) expenditures	58,096	(12,000)	46,096
Other financing sources (uses):			
Transfers in	128,349	5,114	133,463
Transfers out	-	-	-
Total other financing sources (uses):	128,349	5,114	133,463
Net change in fund balances	186,445	(6,886)	179,559
Beginning fund balance	218,887	13,224	232,111
Ending fund balance	\$ 387,747	6,338	394,085

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, 2014

	<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>
Assets and deferred inflows of resources:								
Assets:								
Cash and cash equivalents	\$ 101,923	4,733	52,557	93,684	692	10,028	38,438	19,532
Investments	52,389	-	-	-	-	-	-	-
Receivables								
Taxes receivable	-	-	-	-	-	338	841	-
Due from other governments	-	-	-	-	-	5,000	-	-
Total assets	<u>154,312</u>	<u>4,733</u>	<u>52,557</u>	<u>93,684</u>	<u>692</u>	<u>15,366</u>	<u>39,279</u>	<u>19,532</u>
Deferred Outflows of Resources:								
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 154,312</u>	<u>4,733</u>	<u>52,557</u>	<u>93,684</u>	<u>692</u>	<u>15,366</u>	<u>39,279</u>	<u>19,532</u>
Liabilities, deferred inflows of resources and fund balances:								
Liabilities:								
Accounts payable	\$ -	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:								
"Unavailable" revenues	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Restricted	-	4,733	52,557	93,684	692	15,366	39,279	-
Committed	<u>154,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,532</u>
Total fund balances	<u>154,312</u>	<u>4,733</u>	<u>52,557</u>	<u>93,684</u>	<u>692</u>	<u>15,366</u>	<u>39,279</u>	<u>19,532</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 154,312</u>	<u>4,733</u>	<u>52,557</u>	<u>93,684</u>	<u>692</u>	<u>15,366</u>	<u>39,279</u>	<u>19,532</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, 2014

	<u>Court Automation</u>	<u>Fiesta</u>	<u>GWDAC Grant</u>	<u>Hwy Interdiction HITDA</u>	<u>ISC HIDTA</u>	<u>HIDTA Seizures</u>	<u>Stone Garden</u>
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ -	3,363	8,744	-	-	14,462	-
Receivables							
Taxes receivable	1,634	-	-	-	-	-	-
Due from other governments	-	-	-	-	2,923	-	545
Total assets	<u>\$ 1,634</u>	<u>3,363</u>	<u>8,744</u>	<u>-</u>	<u>2,923</u>	<u>14,462</u>	<u>545</u>
Deferred Outflows of Resources:							
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	<u>1,634</u>	<u>3,363</u>	<u>8,744</u>	<u>-</u>	<u>2,923</u>	<u>14,462</u>	<u>545</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accrued payroll liabilities	\$ -	-	1,270	-	1,196	-	98
Due to other fund	<u>3,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,590</u>	<u>-</u>	<u>6,364</u>
Total liabilities	<u>3,434</u>	<u>-</u>	<u>1,270</u>	<u>-</u>	<u>3,786</u>	<u>-</u>	<u>6,462</u>
Deferred Inflows of Resources:							
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted	-	-	7,474	-	-	14,462	-
Committed	-	3,363	-	-	-	-	-
Unassigned	<u>(1,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(863)</u>	<u>-</u>	<u>(5,917)</u>
Total fund balances	<u>(1,800)</u>	<u>3,363</u>	<u>7,474</u>	<u>-</u>	<u>(863)</u>	<u>14,462</u>	<u>(5,917)</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 1,634</u>	<u>3,363</u>	<u>8,744</u>	<u>-</u>	<u>2,923</u>	<u>14,462</u>	<u>545</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, 2014

	<u>School Resource Officer</u>	<u>Youth Conservation Corps</u>	<u>Safe Routes to School</u>	<u>Humanities</u>	<u>Totals</u>
Assets and deferred inflows of resources:					
Assets:					
Cash and cash equivalents	\$ -	-	-	345	348,501
Investments	-	-	-	-	52,389
Receivables					
Taxes receivable	-	-	-	-	2,813
Due from other governments	-	-	-	-	8,468
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>345</u>	<u>412,171</u>
Deferred Outflows of Resources:					
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>345</u>	<u>412,171</u>
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accrued payroll liabilities	\$ 946	8,526	-	-	12,036
Due to other fund	-	-	-	-	12,388
Total liabilities	<u>946</u>	<u>8,526</u>	<u>-</u>	<u>-</u>	<u>24,424</u>
Deferred Inflows of Resources:					
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted	-	-	-	345	228,592
Committed	-	-	-	-	177,207
Unassigned	<u>(946)</u>	<u>(8,526)</u>	<u>-</u>	<u>-</u>	<u>(18,052)</u>
Total fund balances	<u>(946)</u>	<u>(8,526)</u>	<u>-</u>	<u>345</u>	<u>387,747</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>345</u>	<u>412,171</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, 2014**

	<b>CDBG</b>		
	<b>Community Center</b>	<b>Senior Center</b>	<b>Totals</b>
<b>Assets and deferred inflows of resources:</b>			
<b>Assets:</b>			
Cash and cash equivalents	\$ -	6,338	6,338
Investments	-	-	-
Receivables			
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Interest receivable	-	-	-
Other receivables	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid expenses	-	-	-
Inventories	-	-	-
Other assets	-	-	-
Total assets	<u>-</u>	<u>6,338</u>	<u>6,338</u>
<b>Deferred Outflows of Resources:</b>			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assests and deferred outflows of resources</b>	<b>\$ <u>-</u></b>	<b><u>6,338</u></b>	<b><u>6,338</u></b>
<b>Liabilities, deferred inflows of resources and fund balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>			
"Unavailable" revenues	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>			
Restricted	-	6,338	6,338
Total fund balances	<u>-</u>	<u>6,338</u>	<u>6,338</u>
<b>Total liabilities, deferred inflows of resources and fund balances:</b>	<b>\$ <u>-</u></b>	<b><u>6,338</u></b>	<b><u>6,338</u></b>

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, 2014

	<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	\$ -	-	-	-	-	6,232	5,024	-
Fines and forfeitures	39,989	-	-	-	-	-	-	-
Intergovernmental revenue								
State grants	-	8,190	117,802	93,684	23,600	5,000	44,610	-
Interest income	-	-	140	-	-	-	-	-
Miscellaneous income	-	-	5,969	-	-	-	-	13,125
Total revenues	<u>39,989</u>	<u>8,190</u>	<u>123,911</u>	<u>93,684</u>	<u>23,600</u>	<u>11,232</u>	<u>49,634</u>	<u>13,125</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	38,021	3,838	60,757	-	6,397	-	-	-
Public works	-	-	-	-	-	-	56,201	-
Culture and recreation	-	-	-	-	-	4,598	-	951
Capital outlay	-	1,432	4,267	-	-	-	-	-
Debt service								
Principal	-	-	40,408	-	15,809	-	-	-
Interest	-	-	5,382	-	702	-	-	-
Total expenditures	<u>38,021</u>	<u>5,270</u>	<u>110,814</u>	<u>-</u>	<u>22,908</u>	<u>4,598</u>	<u>56,201</u>	<u>951</u>
Excess (deficiency) of revenues over (under) expenditures	1,968	2,920	13,097	93,684	692	6,634	(6,567)	12,174
Other financing sources (uses):								
Transfers in	-	-	3,307	-	-	-	14,870	3,985
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>3,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,870</u>	<u>3,985</u>
Net change in fund balances	1,968	2,920	16,404	93,684	692	6,634	8,303	16,159
Beginning 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>
Ending fund balance	<u>\$ 154,312</u>	<u>4,733</u>	<u>52,557</u>	<u>93,684</u>	<u>692</u>	<u>15,366</u>	<u>39,279</u>	<u>19,532</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, 2014**

	<u>Court Automation</u>	<u>Fiesta</u>	<u>GWDA Grant</u>	<u>Hwy Interdiction HITDA</u>	<u>ISC HIDTA</u>	<u>HIDTA Seizures</u>	<u>Stonegarden</u>
Revenues:							
Charges for services	\$ -	16,107	-	-	-	-	-
Intergovernmental revenue							
Federal grants	-	-	-	-	150,143	-	34,298
State grants	2,681	-	-	-	-	-	-
Other grants	-	-	13,721	-	-	-	-
Interest income	-	-	-	-	-	10	-
Miscellaneous income	-	140	15,242	-	-	2,704	-
Total revenues	<u>2,681</u>	<u>16,247</u>	<u>28,963</u>	<u>-</u>	<u>150,143</u>	<u>2,714</u>	<u>34,298</u>
Expenditures:							
Current:							
General government	-	4	-	-	-	-	-
Public safety	-	-	78,170	-	148,112	-	35,176
Capital outlay	5,815	16,487	-	-	-	-	-
Total expenditures	<u>5,815</u>	<u>16,491</u>	<u>78,170</u>	<u>-</u>	<u>148,112</u>	<u>-</u>	<u>35,176</u>
Excess (deficiency) of revenues over (under) expenditures	(3,134)	(244)	(49,207)	-	2,031	2,714	(878)
Other financing sources (uses):							
Transfers in	1,178	818	48,956	30,122	6,574	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses):	<u>1,178</u>	<u>818</u>	<u>48,956</u>	<u>30,122</u>	<u>6,574</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,956)	574	(251)	30,122	8,605	2,714	(878)
Beginning fund balance	156	2,789	7,725	(12,537)	(9,468)	11,748	(5,039)
Restatement	-	-	-	(17,585)	-	-	-
Beginning fund balance, as restated	<u>156</u>	<u>2,789</u>	<u>7,725</u>	<u>(30,122)</u>	<u>(9,468)</u>	<u>11,748</u>	<u>(5,039)</u>
Ending fund balance	<u>\$ (1,800)</u>	<u>3,363</u>	<u>7,474</u>	<u>-</u>	<u>(863)</u>	<u>14,462</u>	<u>(5,917)</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, 2014

	<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	\$ -	-	-	-	11,256
Charges for services	-	-	-	-	16,107
Fines and forfeitures	-	-	-	-	39,989
Intergovernmental revenue					
Federal grants	-	-	-	-	184,441
State grants	49,000	54,808	112,791	-	512,166
Other grants	-	-	-	-	13,721
Interest income	-	-	-	-	150
Miscellaneous income	-	30,165	-	-	67,345
Total revenues	<u>49,000</u>	<u>84,973</u>	<u>112,791</u>	-	<u>845,175</u>
Expenditures:					
Current:					
General government	-	-	119,014	-	119,018
Public safety	49,210	-	-	-	419,681
Public works	-	-	-	-	56,201
Culture and recreation	-	96,328	-	-	101,877
Capital outlay	-	-	-	-	28,001
Debt service					
Principal	-	-	-	-	56,217
Interest	-	-	-	-	6,084
Total expenditures	<u>49,210</u>	<u>96,328</u>	<u>119,014</u>	-	<u>787,079</u>
Excess (deficiency) of revenues over (under) expenditures	(210)	(11,355)	(6,223)	-	58,096
Other financing sources (uses):					
Transfers in	100	18,439	-	-	128,349
Transfers out	-	-	-	-	-
Total other financing sources (uses):	<u>100</u>	<u>18,439</u>	<u>-</u>	<u>-</u>	<u>128,349</u>
Net change in fund balances	(110)	7,084	(6,223)	-	186,445
Beginning fund balance	(836)	(15,610)	6,223	345	218,887
Restatement	-	-	-	-	(17,585)
Beginning fund balance, as restated	<u>(836)</u>	<u>(15,610)</u>	<u>6,223</u>	<u>345</u>	<u>201,302</u>
Ending fund balance	<u>\$ (946)</u>	<u>(8,526)</u>	<u>-</u>	<u>345</u>	<u>387,747</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  
BALANCING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2014

	CDBG Community Center	Senior Center	Totals
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental revenue			
Federal grants	\$ -	-	-
State grants	-	-	-
Other grants	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
General government	12,000	-	12,000
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Excess (deficiency) of revenues over (under) expenditures	(12,000)	-	(12,000)
Other financing sources (uses):			
Transfers in	5,114	-	5,114
Transfers out	-	-	-
Total other financing sources (uses):	<u>5,114</u>	<u>-</u>	<u>5,114</u>
Net change in fund balances	(6,886)	-	(6,886)
Beginning fund balance	<u>6,886</u>	<u>6,338</u>	<u>13,224</u>
Ending fund balance	<u>\$ -</u>	<u>6,338</u>	<u>6,338</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 77,577	77,577	39,989	(37,588)
Total revenues	<u>77,577</u>	<u>77,577</u>	<u>39,989</u>	<u>(37,588)</u>
Expenditures:				
Current:				
Public safety	55,000	55,000	38,021	16,979
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>38,021</u>	<u>16,979</u>
Excess (deficiency) of revenues over (under) expenditures	22,577	22,577	1,968	(20,609)
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)	22,577	22,577	<u>1,968</u>	<u>(20,609)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>22,577</u>	<u>22,577</u>		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 1,968	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 1,968</u>	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 7,400	8,190	8,190	-
Total revenues	<u>7,400</u>	<u>8,190</u>	<u>8,190</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	6,300	6,300	3,838	2,462
Capital outlay	<u>1,100</u>	<u>1,100</u>	<u>1,432</u>	<u>(332)</u>
Total expenditures	<u>7,400</u>	<u>7,400</u>	<u>5,270</u>	<u>2,130</u>
Excess (deficiency) of revenues over (under) expenditures	-	790	2,920	2,130
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)	-	790	<u>2,920</u>	<u>2,130</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>-</u>	<u>790</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 2,920	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 2,920</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 61,667	80,926	65,838	(15,088)
Miscellaneous income	-	-	5,969	5,969
Total revenues	<u>61,667</u>	<u>80,926</u>	<u>71,807</u>	<u>(9,119)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	79,900	79,900	60,756	19,144
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	4,267	4,267	4,267	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>84,167</u>	<u>84,167</u>	<u>65,023</u>	<u>19,144</u>
Excess (deficiency) of revenues over (under) expenditures	(22,500)	(3,241)	6,784	10,025
Other financing sources (uses):				
Transfers in	-	3,307	3,307	-
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>3,307</u>	<u>3,307</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(22,500)	66	<u>10,091</u>	<u>10,025</u>
Budgeted cash carryover	<u>22,500</u>	-		
Net change in fund balance	\$ <u>-</u>	<u>66</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 10,091	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			52,104	
Adjustments to expenditures for accrued wages and expenditures			<u>(45,791)</u>	
Net change in fund balance (GAAP)			<u>\$ 16,404</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	-	93,684	93,684	-
Total revenues	-	93,684	93,684	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	117,058	-	117,058
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	117,058	-	117,058
Excess (deficiency) of revenues over (under) expenditures	-	(23,374)	93,684	117,058
Other financing sources (uses):				
Transfers in	-	23,374	-	23,374
Transfers out	-	-	-	-
Total other financing sources (uses):	-	23,374	-	23,374
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>93,684</u>	<u>140,432</u>
Budgeted cash carryover	-	-		
Net change in fund balance	\$ -	-		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 93,684	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			<u>\$ 93,684</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 23,600	23,600	23,600	-
Miscellaneous income	-	-	-	-
Total revenues	<u>23,600</u>	<u>23,600</u>	<u>23,600</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	7,089	7,089	6,398	691
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	16,511	16,511	16,510	1
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>23,600</u>	<u>23,600</u>	<u>22,908</u>	<u>692</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	692	692
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
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>692</u>	<u>692</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)			\$ 692	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 692</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Other	\$ 3,500	5,895	5,895	-
Total revenues	<u>3,500</u>	<u>5,895</u>	<u>5,895</u>	<u>-</u>
Expenditures:				
Current:				
Culture and recreation	<u>3,500</u>	<u>4,599</u>	<u>4,599</u>	<u>-</u>
Total expenditures	<u>3,500</u>	<u>4,599</u>	<u>4,599</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	1,296	1,296	-
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)	-	1,296	<u>1,296</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>1,296</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 1,296	
Adjustments to revenue for tax accruals and other miscellaneous revenue accrual			5,338	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 6,634</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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Taxes				
Other	\$ 12,000	12,000	5,017	(6,983)
Intergovernmental revenue				
State grants	294,610	294,610	44,610	(250,000)
Miscellaneous income	14,870	14,870	-	(14,870)
Total revenues	321,480	321,480	49,627	(271,853)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	321,480	321,480	56,201	265,279
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	321,480	321,480	56,201	265,279
Excess (deficiency) of revenues over (under) expenditures	-	-	(6,574)	(6,574)
Other financing sources (uses):				
Transfers in	14,870	14,870	14,870	-
Transfers out	-	-	-	-
Total other financing sources (uses):	14,870	14,870	14,870	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	14,870	14,870	8,296	(6,574)
Budgeted cash carryover	-	-		
Net change in fund balance	\$ 14,870	14,870		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 8,296	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			7	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ 8,303	

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, 2014

	<u>Budgeted Amounts</u>			Favorable (Unfavorable) Difference
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Miscellaneous income	\$ 6,000	12,300	13,125	825
Total revenues	<u>6,000</u>	<u>12,300</u>	<u>13,125</u>	<u>825</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	9,469	10,623	951	9,672
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>9,469</u>	<u>10,623</u>	<u>951</u>	<u>9,672</u>
Excess (deficiency) of revenues over (under) expenditures	(3,469)	1,677	12,174	10,497
Other financing sources (uses):				
Transfers in	3,985	3,985	3,985	-
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>3,985</u>	<u>3,985</u>	<u>3,985</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	516	5,662	<u>16,159</u>	<u>10,497</u>
Budgeted cash carryover	-	-		
Net change in fund balance	<u>\$ 516</u>	<u>5,662</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 16,159	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 16,159</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 6,000	6,000	4,637	(1,363)
Miscellaneous income	-	-	-	-
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>4,637</u>	<u>(1,363)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	5,000	5,815	5,815	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,000</u>	<u>5,815</u>	<u>5,815</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,000	185	(1,178)	(1,363)
Other financing sources (uses):				
Transfers in	-	1,994	1,178	816
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>1,994</u>	<u>1,178</u>	<u>816</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,000	2,179	<u>-</u>	<u>(547)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>1,000</u>	<u>2,179</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ -	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			(1,956)	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			\$ <u>(1,956)</u>	

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, 2014

	<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	16,107	(4,193)
Miscellaneous income	-	-	139	139
Total revenues	<u>20,300</u>	<u>20,300</u>	<u>16,246</u>	<u>(4,054)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	3	(3)
Health and welfare	-	-	-	-
Capital outlay	20,300	20,300	16,487	3,813
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>20,300</u>	<u>20,300</u>	<u>16,490</u>	<u>3,810</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(244)	(244)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	-	819	818	1
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>819</u>	<u>818</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	819	<u>574</u>	<u>(243)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>819</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 574	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 574</u>	

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

STATE OF NEW MEXICO  
TOWN OF MESILLA  
GWDAC GRANT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
State grants	-	-	-	-
Miscellaneous income	<u>71,107</u>	<u>71,107</u>	15,242	(55,865)
Total revenues	<u>121,107</u>	<u>121,107</u>	28,963	(92,144)
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	122,568	122,568	77,918	44,650
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>122,568</u>	<u>122,568</u>	<u>77,918</u>	<u>44,650</u>
Excess (deficiency) of revenues over (under) expenditures	(1,461)	(1,461)	(48,955)	(47,494)
Other financing sources (uses):				
Transfers in	-	48,970	48,956	14
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>48,970</u>	<u>48,956</u>	<u>14</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,461)	47,509	<u>1</u>	<u>(47,480)</u>
Budgeted cash carryover	<u>1,461</u>	-		
Net change in fund balance	\$ <u>-</u>	<u>47,509</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 1	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>(252)</u>	
Net change in fund balance (GAAP)			\$ <u>(251)</u>	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	-	30,122	30,122	-
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>30,122</u>	<u>30,122</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	30,122	<u>30,122</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>30,122</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 30,122	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 30,122</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 275,000	275,000	147,220	(127,780)
Miscellaneous income	-	-	-	-
Total revenues	<u>275,000</u>	<u>275,000</u>	<u>147,220</u>	<u>(127,780)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	274,834	147,842	147,842	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Total expenditures	<u>274,834</u>	<u>147,842</u>	<u>147,842</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	166	127,158	(622)	(127,780)
Other financing sources (uses):				
Transfers in	-	-	6,574	(6,574)
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>6,574</u>	<u>(6,574)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	166	127,158	<u>5,952</u>	<u>(134,354)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>166</u>	<u>127,158</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 5,952	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			2,923	
Adjustments to expenditures for accrued wages and expenditures			<u>(270)</u>	
Net change in fund balance (GAAP)			<u>\$ 8,605</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ -	-	10	10
Miscellaneous income	-	-	<u>2,704</u>	<u>2,704</u>
Total revenues	-	-	2,714	2,714
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	2,714	2,714
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
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>2,714</u>	<u>2,714</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)			\$ 2,714	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 2,714</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ 40,000	40,000	7,968	(32,032)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>7,968</u>	<u>(32,032)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	40,000	40,000	35,078	4,922
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>35,078</u>	<u>4,922</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(27,110)	(27,110)
Other financing sources (uses):				
Transfers in	-	27,110	-	27,110
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>27,110</u>	<u>-</u>	<u>27,110</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	27,110	<u>(27,110)</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>-</u>	<u>27,110</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (27,110)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accrua			26,330	
Adjustments to expenditures for accrued wages and expenditures			<u>(98)</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  
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, 2014

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue				
State grants	\$ 50,913	51,013	49,000	(2,013)
Total revenues	<u>50,913</u>	<u>51,013</u>	<u>49,000</u>	<u>(2,013)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	50,913	50,913	49,134	1,779
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Total expenditures	<u>50,913</u>	<u>50,913</u>	<u>49,134</u>	<u>1,779</u>
Excess (deficiency) of revenues over (under) expenditures	-	100	(134)	(234)
Other financing sources (uses):				
Transfers in	-	35	100	(65)
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>35</u>	<u>100</u>	<u>(65)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	135	<u>(34)</u>	<u>(299)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>135</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (34)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accrual			-	
Adjustments to expenditures for accrued wages and expenditures			<u>(76)</u>	
Net change in fund balance (GAAP)			<u>\$ (110)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 25,000	103,413	54,808	(48,605)
Miscellaneous income	-	-	30,165	30,165
Total revenues	<u>25,000</u>	<u>103,413</u>	<u>84,973</u>	<u>(18,440)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	10,000	91,065	91,065	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Total expenditures	<u>10,000</u>	<u>91,065</u>	<u>91,065</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	15,000	12,348	(6,092)	(18,440)
Other financing sources (uses):				
Transfers in	-	-	18,439	(18,439)
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>18,439</u>	<u>(18,439)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	15,000	12,348	<u>12,347</u>	<u>(36,879)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ 15,000</u>	<u>12,348</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 12,347	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>(5,263)</u>	
Net change in fund balance (GAAP)			<u>\$ 7,084</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
State grants	-	139,320	119,014	(20,306)
Other grants	-	-	-	-
Total revenues	<u>-</u>	<u>139,320</u>	<u>119,014</u>	<u>(20,306)</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	139,320	119,014	20,306
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>139,320</u>	<u>119,014</u>	<u>20,306</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
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, 2014

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</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):	<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>	<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  
PUBLIC SAFETY BUILDING REHAB - 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, 2014

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ -	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	-	
Budgeted cash carryover	-	-		
Net change in fund balance	\$ -	-		

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	83,869
Adjustments to expenditures for accrued wages and expenditures	(74,018)
Net change in fund balance (GAAP)	\$ 9,851

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, 2014

	<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	70,189	9,189
Miscellaneous income	<u>50</u>	<u>50</u>	<u>94</u>	<u>44</u>
Total revenues	61,050	61,050	70,283	9,233
Expenditures:				
Current:				
General government	-	-	-	-
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	61,050	61,050	70,283	9,233
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	61,050	61,050	<u>70,283</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)	\$ 70,283
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals	43,070
Adjustments to expenditures for accrued wages and expenditures	<u>(46,432)</u>
Net change in fund balance (GAAP)	<u>\$ 66,921</u>

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

STATE OF NEW MEXICO  
TOWN OF MESILLA  
ICI 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 828,000	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>828,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay	<u>828,000</u>	<u>14,820</u>	<u>14,820</u>	<u>-</u>
Total expenditures	<u>828,000</u>	<u>14,820</u>	<u>14,820</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(14,820)	(14,820)	-
Other financing sources (uses):				
Transfers in	-	-	2,783	(2,783)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>2,783</u>	<u>(2,783)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(14,820)	<u>(12,037)</u>	
Budgeted cash carryover	<u>-</u>	<u>14,820</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)			\$ (12,037)	
Adjustments to revenue not necessary			141,793	
Adjustments to expenditures not necessary			<u>(139,571)</u>	
Net change in fund balance (GAAP)			<u>\$ (9,815)</u>	

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



STATE OF NEW MEXICO  
TOWN OF MESILLA  
CDBG COMMUNITY CENTER - 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, 2014

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
State grants	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Public works	-	12,000	12,000	-
Capital outlay	-	-	-	-
Total expenditures	-	12,000	12,000	-
Excess (deficiency) of revenues over (under) expenditures	-	(12,000)	(12,000)	-
Other financing sources (uses):				
Transfers in	-	12,000	5,114	6,886
Transfers out	-	-	-	-
Total other financing sources (uses):	-	12,000	5,114	6,886
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	(6,886)	
Budgeted cash carryover	-	-		
Net change in fund balance	\$ -	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (6,886)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ (6,886)	

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

STATE OF NEW MEXICO  
TOWN OF MESILLA  
SENIOR CENTER - 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, 2014

	<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 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):				
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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 564,643	626,759	623,198	(3,561)
Total operating revenues	<u>564,643</u>	<u>626,759</u>	<u>623,198</u>	<u>(3,561)</u>
Operating expenses:				
Personnel services	168,494	168,494	148,207	20,287
Operating expenses	<u>423,928</u>	<u>496,308</u>	<u>499,647</u>	<u>(3,339)</u>
Total operating expenses	592,422	664,802	647,854	16,948
Operating income (loss)	(27,779)	(38,043)	(24,656)	13,387
Non-operating revenues (expenses):				
Gross receipts and other taxes	20,000	20,000	21,235	1,235
Miscellaneous	-	-	4,990	4,990
Interest income	<u>400</u>	<u>400</u>	<u>375</u>	<u>(25)</u>
Total non-operating revenues (expenses)	<u>20,400</u>	<u>20,400</u>	<u>26,600</u>	<u>6,200</u>
Income (loss) before transfers	(7,379)	(17,643)	1,944	19,587
Transfers in	-	40,583	40,583	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>40,583</u>	<u>40,583</u>	<u>-</u>
Change in net position	(7,379)	63,523	<u>42,527</u>	<u>19,587</u>
Budgeted cash carryover	<u>7,379</u>	<u>-</u>		
Total	<u>\$ -</u>	<u>63,523</u>		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ 42,527	
Adjustments to revenue for tax and other miscellaneous revenue accruals			26,728	
Adjustments to expenditures for accrued wages and expenditures			27,603	
Depreciation and other non-cash items			<u>(93,275)</u>	
Change in net position (GAAP)			<u>\$ 3,583</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, 2014

	Balance 6/30/2013	Receipts	Disbursements	Balance 6/30/2014
Municipal court bonds				
Assets:				
Cash	\$ 7,711	2,267	(3,675)	6,303
Total assets	\$ 7,711	2,267	(3,675)	6,303
Liabilities:				
Refunds payable	\$ 608	2,267	-	2,875
Held for others	7,103	-	(3,675)	3,428
Total liabilities	\$ 7,711	2,267	(3,675)	6,303

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, 2014

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Grant Number	Expenditures
<b>Executive Office of the President, Office of National Drug Control Policy (New Mexico)</b>			
High Intensity Drug Trafficking Areas Program	95.001*	G12SN0012A	\$ 1,063,025
<b>U.S. Department of Homeland Security</b>			
Passed through NM Department of Homeland Security			
Homeland Security Grant Program	97.067	Unknown	<u>34,298</u>
Total			\$ <u><u>1,097,323</u></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, 2014

	Major Funds						Total Non-Major Funds	Total Funds
	General Fund	Spec Revenue		Cap Projects				
		USAO HIDTA Fund	NM HIDTA	PS Building Rehab	Town Hall Fund	ICI Fund		
Fund Balances:								
Nonspendable:								
Subtotal nonspendable funds	\$ -	-	-	-	-	-	-	-
Restricted for:								
Improvements to public safety building	-	-	-	9,851	-	-	-	9,851
Improvements to Town Hall complex	-	-	-	-	540,279	-	-	540,279
Various capital project efforts	-	-	-	-	-	2,222	-	2,222
Road improvements	-	-	-	-	-	-	39,279	39,279
Senior center improvements	-	-	-	-	-	-	6,338	6,338
Providing emergency medical services	-	-	-	-	-	-	4,733	4,733
Fire fighting efforts/equipment	-	-	-	-	-	-	146,241	146,241
Public safety and law enforcement efforts	-	50,692	25,702	-	-	-	22,628	99,022
Economic development efforts	-	-	-	-	-	-	15,366	15,366
Humanities programs	-	-	-	-	-	-	345	345
Subtotal restricted funds	-	50,692	25,702	9,851	540,279	2,222	234,930	863,676
Committed to:								
Operate/maintain recreational facilities	-	-	-	-	-	-	19,532	19,532
Public safety and law enforcement efforts	-	-	-	-	-	-	154,312	154,312
Economic development efforts	-	-	-	-	-	-	3,363	3,363
Subtotal committed funds	-	-	-	-	-	-	177,207	177,207
Assigned to:								
Subtotal assigned funds	-	-	-	-	-	-	-	-
Unassigned	436,907	-	-	-	-	-	(18,052)	418,855
	\$ <u>436,907</u>	<u>50,692</u>	<u>25,702</u>	<u>9,851</u>	<u>540,279</u>	<u>2,222</u>	<u>394,085</u>	<u>1,459,738</u>

See independent auditor's report.

STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF DEPOSITORIES  
As of June 30, 2014

<u>Account name</u>	<u>Type</u>	<u>First National Bank</u>	<u>NM Finance Authority</u>	<u>Plus Deposit in Transit</u>	<u>Less O/S Checks</u>	<u>Balance Per Books</u>
General pooled cash	CK*	1,078,029		22,801	(228,886)	871,944
Clearing account	CK*	119,156		-	(119,156)	-
HIDTA pooled cash	CK*	1		-	-	1
Enterprise pooled cash	CK*	425,926		2,293	-	428,219
Municipal court bonds	CK*	7,983		-	-	7,983
HIDTA Seizure account	CK*	14,516		-	(54)	14,462
Reserve and Debt Service	CK*		117,232	-	-	117,232
Total cash and equivalents		<u>1,645,611</u>	<u>117,232</u>	<u>25,094</u>	<u>(348,096)</u>	<u>1,439,841</u>
Total amount on deposit		1,645,611	117,232	<u>25,094</u>	<u>(348,096)</u>	<u>1,439,841</u>
FDIC coverage		<u>(250,000)</u>	-			
Total uninsured public funds		1,395,611	117,232			
50% collateral requirement (Section 6-10-17 NMSA-1978)		697,806	58,616			
Pledge security		2,140,019				
See NMFA audited financials			117,232			
Amount (over)/under collateralized		<u>(1,442,214)</u>	<u>(58,616)</u>			

\* denotes interest bearing account

STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY  
As of June 30, 2014

<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>
<b>First National Bank</b>								
<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	340,158
914684DU6	University of New Mexico 10/15/2021	2.00	A1	100%	250,000	250,000	257,619	254,560
781338HSo	Ruidoso Municipal Schools District 8/1/2022	2.50	Aa1	100%	200,000	200,000	208,364	208,400
781346DQ1	Ruidoso NM Supplement 6/1/2027	3.50	A1	100%	275,000	275,000	285,263	276,920
36179MBP4	MBC GNMA II 1-yr Tsy ARM 4/20/2042	2.50	N/A	100%	<u>2,000,000</u>	<u>1,013,050</u>	<u>1,057,446</u>	<u>1,059,981</u>
					<u>3,050,000</u>	<u>2,063,050</u>	<u>2,133,692</u>	<u>2,140,019</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, 2014**

**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  
Town 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  
Town 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  
Town 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  
Town 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  
Town 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, 2014**

**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  
Town 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.  
Town contributions: None  
Audit responsibility: Town of Mesilla



**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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and the combining and individual funds and related budgetary comparisons of the Town, presented as supplementary information, and have issued our report thereon dated November 20, 2014.

**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: 2013-01, 2013-04, and 2014-003.

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 accompany schedule of findings and questioned costs to be significant deficiencies: 2013-06.

### **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 2009-01, 2013-03, 2014-001, and 2014-002.

### **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 20, 2014



**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, 2014. 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, 2014.

## 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 20, 2014

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**SECTION I SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors' report issued   | Unmodified |
| 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?                     | No         |

*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   | Unmodified  |
| 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<br><u>Number</u><br>95.001   | <u>Federal Program</u><br>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**

<b>Finding</b>	<b>Status of Current and Prior Year Findings</b>	<b>Financial Statement Finding</b>	<b>Federal Awards Finding</b>
<b>Prior Year Findings</b>			
2009-001 Legal Compliance with Budget	Repeated/ Modified	Yes	No
2013-001 Cash Controls	Repeated/ Modified	Yes	No
2013-002 Journal Entry Process	Resolved	Yes	No
2013-003 Utility Receivables	Repeated/ Modified	Yes	No
2013-004 Material Auditor Adjustments	Repeated/ Modified	Yes	No
2013-005 Financial Close and Reporting	Resolved	Yes	No
2013-006 State Tax Payable	Repeated/ Modified	Yes	No
2013-007 Unrecorded NMFA Note Payable	Resolved	Yes	No
<b>Current Year Findings</b>			
2014-001 Audit Contract Timeliness	Current	Yes	No
2014-002 IRS Form 941 Error	Current	Yes	No
2014-003 Revenue Posting Error	Current	Yes	No

**PRIOR YEAR FINDINGS**

**13-01 – CASH CONTROLS – MATERIAL WEAKNESS – REPEATED/MODIFIED**

**Condition**

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

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 \$145,090.48. 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 pooled cash fund by a cumulative \$4,815 as of June 30, 2014. The cause of the variances was not able to be determined.

We also noted several staled dated checks and other uncleared transactions in the bank accounts that had not been addressed by Town personnel. There were 58 items totaling a net \$64,292.81 that were in excess of 6 months old on the Town’s bank reconciliations.

**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.



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

**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**

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 will work to clear out stale dated checks and other uncleared transactions. The Town will also ensure that when the bank reconciliations are completed, a secondary reconciliation will be performed to ensure the individual cash balances reconcile to the pooled cash balances that were reconciled to the bank statements.

**13-03 – UTILITY RECEIVABLES – OTHER MATTER – REPEATED/MODIFIED**

**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.

**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.

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

**Response**

The Town will work with INCODE to help us change the line item to a Bad Debt Expense line instead of a liability line.

**13-04 - MATERIAL AUDITOR ADJUSTMENTS - MATERIAL WEAKNESS - REPEATED /MODIFIED**

**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 to bring transition from the cash-basis to the modified accrual basis of accounting for financial statement presentation.
- Adjustments to misstated receivable/payable balances.
- Adjustments to customer deposits

**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.

**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.

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

**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 continue to work diligently to correct this finding by working on misstated receivables and payables and working to correct customer deposits throughout the year.

**13-06 – STATE TAX PAYABLE – SIGNIFICANT DEFICIENCY – REPEATED/MODIFIED**

**Condition**

The Town reported unaudited total state tax payable of \$31,715 related to its joint Utility Fund. There was an error identified during the 2013 audit 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. A current year adjustment approximately \$29,123 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.

**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**

This has been an issue within the INCODE financial system for a while, the Town will ensure that this is corrected before next audit.

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

**CURRENT YEAR FINDINGS**

**2014-001 – AUDIT CONTRACT TIMELINESS – OTHER MATTER/NONCOMPLIANCE**

**Statement of Condition**

The Town submitted its completed IPA recommendation form and audit contract after the deadline set by the Office of the State Auditor. The recommendation form and contract was signed and submitted to the Office of the State Auditor on May 29, 2014.

**Criteria**

By statute, Section 2.2.2.8(G)(6)(c) NMAC (State Auditor Rule), the deadline for submission of the completed IPA recommendation form and audit contract was May 15, 2014.

**Effect**

Non-adherence to state statutes places the Town in noncompliance and lack of timeliness of audit contracting could result in delays of the Town's annual audit.

**Cause**

The staff of the Town was not aware of the deadline to submit the forms to the Office of the State Auditor.

**Recommendation**

We recommend that the Town ensure compliance with state statutes as they relate to audit contracting.

**Response**

The Clerk has put this deadline on her calendar to ensure that this does not recur.

**2014-002 – IRS FORM 941 ERROR – OTHER MATTER/NONCOMPLIANCE**

**Statement of Condition**

While reconciling the Town's payroll expenses to its tax filings, it was discovered that the Town had made an error on its IRS Form 941 reporting on the March 2014 and June 2014 forms. Instead of using the federal taxable wages, the Town recorded gross wages on Line 1 of the forms. This resulted in over-reported federal wages of \$30,448.

Once the error was discovered the Town immediately filed corrected IRS Forms 941-X to resolve the issue.

**Criteria**

Per the instructions of the IRS Form 941, federal taxable wages should be entered on Line 1 of the form. These amounts are not gross wages due to certain pre-tax deductions.

**Effect**

The Town over-reported federal taxable wages of \$30,448.

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

**Cause**

The staff of the Town made an error when filling out the form.

**Recommendation**

We recommend that the Town ensure all tax filings are reviewed for accuracy and correctness prior to filing.

**Response**

Upon notification of this issue, Town personnel corrected the issue immediately by filling out 941-X's and submitting them.

**2014-003 – REVENUE POSTING ERROR – MATERIAL WEAKNESS**

**Statement of Condition**

Property taxes revenues were overstated by \$25,784.82 due to misposted cash receipts. Cash receipts related to a grant was erroneously posted as property tax revenues by client staff. The error was identified while performing test work related to property tax during the audit.

**Criteria**

Generally accepted accounting principles indicate financial activity should be recorded/reported in accounts that closely match the source/purpose of the transaction.

**Effect**

The Town's unaudited property tax revenues were overstated which could have resulted in materially misstated financial statements.

**Cause**

The checks received did not indicate what they were for, so the Town's personnel applied the payment to property tax since it was from the County.

**Recommendation**

We recommend that the Town ensure all cash receipts are recorded to the appropriate accounts. In the event of inadequate or missing support to indicate what the payment is for, we recommend following up with the payer to clarify the reason for the payment.

**Response**

Town Personnel have since been directed to request information requesting where checks should be deposited if they are unsure. The Town Clerk will then code the check to be deposited to correctly identify the proper fund is being credited.

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2014**

**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 20, 2014. The following individuals were in attendance.

Town of Mesilla Officials

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

Integrity Accounting & Consulting  
Erick Robinson, CPA, CFE Partner