

STATE OF NEW MEXICO
TOWN OF MESILLA
FINANCIAL STATEMENTS
FOR THE YEAR-ENDED JUNE 30, 2016



INTRODUCTORY SECTION

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TOWN OF MESILLA
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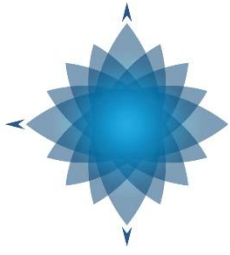
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**STATE OF NEW MEXICO
TOWN OF MESILLA
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Elected Officials</u>	<u>Title</u>
Nora L. Barraza	Mayor
Carlos Arzabal	Mayor Pro-Tem
Stephanie Johnson-Burick	Trustee
Jesus Caro	Trustee
Linda L. Flores	Trustee
<u>Department Heads</u>	
Cynthia Stoechner-Hernandez	Town Clerk-Treasurer
Debbie Lujan	Public Works Director
Kevin Hoban	Fire Chief
Chris Mangusing	Marshal
<u>Municipal Court</u>	
Lionel Fietze	Municipal Judge

FINANCIAL SECTION



Independent Auditor's Report

Timothy Keller
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 (Town), as of and for the year-ended June 30, 2016, 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 fund, 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, 2016, 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, 2016, 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, 2016, 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

Accounting principles generally accepted in the United States of America require that the Schedule of proportionate share of the net pension liability and the schedule of contributions and notes to the Required Supplementary Information on pages 46-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

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 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 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 schedules required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of vendor information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016, 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

December 12, 2016

**STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF NET POSITION
As of June 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 826,912	491,090	1,318,002
Investments	243,439	45,494	288,933
Receivables			
Accounts receivable	-	44,359	44,359
Taxes receivable	193,213	3,787	197,000
Total current assets	<u>1,403,867</u>	<u>584,730</u>	<u>1,988,597</u>
Non-current assets:			
Capital assets	11,722,312	3,491,932	15,214,244
Less: Accumulated depreciation	<u>(3,370,832)</u>	<u>(2,363,362)</u>	<u>(5,734,194)</u>
Total non-current assets	<u>8,351,480</u>	<u>1,128,570</u>	<u>9,480,050</u>
Total assets	<u>9,755,347</u>	<u>1,713,300</u>	<u>11,468,647</u>
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date	95,273	-	95,273
Actuarial experience	52,620	-	52,620
Investment experience	337,816	-	337,816
Change of assumptions	5,415	-	5,415
Change of proportion	84,096	-	84,096
Total deferred outflows of resources	<u>575,220</u>	<u>-</u>	<u>575,220</u>
Total assets and deferred outflows of resources	<u>\$ 10,330,567</u>	<u>1,713,300</u>	<u>12,043,867</u>
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 2,544	24,122	26,666
Accrued payroll liabilities	30,051	6,911	36,962
Customer deposits	-	27,973	27,973
Current portion of compensated absences	26,588	1,873	28,461
Current portion of long-term debt	70,401	1,642	72,043
Total current liabilities	<u>129,584</u>	<u>62,521</u>	<u>192,105</u>
Non-current liabilities			
Compensated absences	6,647	468	7,115
Notes payable	750,583	20,645	771,228
Net pension liability	1,878,228	-	1,878,228
Total non-current liabilities	<u>2,635,458</u>	<u>21,113</u>	<u>2,656,571</u>
Total liabilities	<u>2,765,042</u>	<u>83,634</u>	<u>2,848,676</u>
Deferred Inflows of Resources:			
Actuarial experience	22,449	-	22,449
Investment experience	343,019	-	343,019
Change of assumptions	25,597	-	25,597
Change of proportion	24,423	-	24,423
Total deferred inflows of resources	<u>415,488</u>	<u>-</u>	<u>415,488</u>
Net position			
Net Investment in Capital Assets	6,402,851	1,126,928	7,529,779
Unrestricted Net Position	747,186	502,738	1,249,924
Total net position	<u>7,150,037</u>	<u>1,629,666</u>	<u>8,779,703</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 10,330,567</u>	<u>1,713,300</u>	<u>12,043,867</u>

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

STATE OF NEW MEXICO
TOWN OF MESILLA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

<u>Functions/programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes In Net Primary Government</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities							
General government	\$ 1,527,096	10,516	309,500	-	(1,207,080)	-	(1,207,080)
Public safety	96,081	-	358,065	-	261,984	-	261,984
Public works	158,047	-	-	867,076	709,029	-	709,029
Culture and recreation	201,906	36,466	65,429	-	(100,011)	-	(100,011)
Interest expense	29,968	-	-	-	(29,968)	-	(29,968)
Total governmental activities	<u>2,013,098</u>	<u>46,982</u>	<u>732,994</u>	<u>867,076</u>	<u>(366,046)</u>	<u>-</u>	<u>(366,046)</u>
Business-type activities:							
Utilities							
Water	406,997	284,321	-	-	-	(122,676)	(122,676)
Solid Waste	245,805	210,241	-	-	-	(35,564)	(35,564)
Wastewater	240,038	167,873	-	-	-	(72,165)	(72,165)
Water rights activities	-	11,613	-	-	-	11,613	11,613
Total business-type activities	<u>\$ 892,840</u>	<u>674,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(218,792)</u>	<u>(218,792)</u>
Total primary government					<u>(366,046)</u>	<u>(218,792)</u>	<u>(584,838)</u>
General revenues:							
Taxes							
Property taxes levied for general purposes					\$ 80,382	-	80,382
Gross receipts taxes					1,059,240	17,858	1,077,098
Other taxes and fees					123,827	-	123,827
Licenses and permits					31,862	-	31,862
Fines, forfeitures, and penalties					121,624	-	121,624
Interest income					6,512	316	6,828
Miscellaneous income					128,789	6,327	135,116
Total general revenue and transfers					<u>1,552,236</u>	<u>24,501</u>	<u>1,576,737</u>
Changes in net assets					1,186,190	(194,291)	991,899
Beginning net position					5,638,347	1,823,957	7,462,304
Restatement					325,500	-	325,500
Beginning net position, as restated					<u>5,963,847</u>	<u>1,823,957</u>	<u>7,787,804</u>
Net position, end of year					<u>\$ 7,150,037</u>	<u>1,629,666</u>	<u>8,779,703</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, 2016

	Major Funds					Total Funds
	General Fund	Cap Projects			Total Non- Major Funds	
		Fire Fund Grant	Town Hall Fund	Public Safety Building		
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ 8,306	51,388	594,387	-	172,832	826,913
Investments	101,496	-	89,685	-	52,258	243,439
Receivables						
Taxes receivable	177,382	-	14,996	-	835	193,213
Due from other funds	78,965	-	-	-	-	78,965
Due from other governments	-	-	-	131,962	8,340	140,302
Total assets	<u>366,149</u>	<u>51,388</u>	<u>699,068</u>	<u>131,962</u>	<u>234,265</u>	<u>1,482,832</u>
Deferred Outflows of Resources:						
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 366,149</u>	<u>51,388</u>	<u>699,068</u>	<u>131,962</u>	<u>234,265</u>	<u>1,482,832</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ 2,544	-	-	-	-	2,544
Accrued payroll liabilities	26,956	-	-	-	3,095	30,051
Due to other fund	-	-	-	67,558	11,407	78,965
Total liabilities	<u>29,500</u>	<u>-</u>	<u>-</u>	<u>67,558</u>	<u>14,502</u>	<u>111,560</u>
Deferred Inflows of Resources:						
"Unavailable" revenues	<u>3,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,876</u>
Total deferred inflows of resources	<u>3,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,876</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	51,388	699,068	64,404	97,434	912,294
Committed	121,038	-	-	-	136,831	257,869
Assigned	-	-	-	-	-	-
Unassigned	211,735	-	-	-	(14,502)	197,233
Total fund balances	<u>332,773</u>	<u>51,388</u>	<u>699,068</u>	<u>64,404</u>	<u>219,763</u>	<u>1,367,396</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 366,149</u>	<u>51,388</u>	<u>699,068</u>	<u>131,962</u>	<u>234,265</u>	<u>1,482,832</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, 2016**

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

Total fund balance - Governmental funds	\$ 1,367,396
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	8,351,480
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.	3,876
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:	
Deferred outflows of resources related to:	
Employer contribution subsequent to the measurement date	95,273
Actuarial experience	52,620
Investment experience	337,816
Change of assumptions	5,415
Change of proportion	84,096
Deferred inflows of resources related to:	
Actuarial experience	(22,449)
Investment experience	(343,019)
Change of assumptions	(25,597)
Change of proportion	(24,423)
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	\$ (26,588)
Noncurrent compensated absences	(6,647)
Current notes payable	(70,401)
Noncurrent notes payable	(750,583)
Net pension liability	\$ <u>(1,878,228)</u>
	<u>(2,732,447)</u>
Net position for governmental activities	\$ <u><u>7,150,037</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, 2016**

	<u>Major Funds</u>					<u>Total Funds</u>
	<u>General Fund</u>	<u>Cap Projects</u>			<u>Total Non- Major Funds</u>	
		<u>Fire Fund Grant</u>	<u>Town Hall Fund</u>	<u>Public Safety Building</u>		
Revenues:						
Taxes						
Property	\$ 80,322	-	-	-	-	80,322
Gross receipts	931,097	-	136,656	-	37,040	1,104,793
Other	70,002	-	-	-	8,271	78,273
Licenses and permits	31,862	-	-	-	-	31,862
Charges for services	35,488	-	-	-	12,963	48,451
Fines and forfeitures	84,969	-	-	-	36,655	121,624
Intergovernmental revenue						
Federal grants	-	-	-	-	132,940	132,940
State grants	185,154	62,961	-	804,115	396,757	1,448,987
Other grants	797	-	-	-	-	797
Interest income	613	-	-	-	5,154	5,767
Miscellaneous income	143,319	-	746	-	1,348	145,413
Total revenues	<u>1,563,623</u>	<u>62,961</u>	<u>137,402</u>	<u>804,115</u>	<u>631,128</u>	<u>3,199,229</u>
Expenditures:						
Current:						
General government	611,276	-	-	823,580	-	1,434,856
Public safety	551,245	-	-	-	346,652	897,897
Public works	188,301	69,449	-	-	-	257,750
Culture and recreation	117,277	-	-	-	84,629	201,906
Capital outlay	2,000	-	-	-	222,260	224,260
Debt service						
Principal	-	-	20,607	-	33,492	54,099
Interest	-	-	25,829	-	4,139	29,968
Total expenditures	<u>1,470,099</u>	<u>69,449</u>	<u>46,436</u>	<u>823,580</u>	<u>691,172</u>	<u>3,100,736</u>
Excess (deficiency) of revenues over (under) expenditures	93,524	(6,488)	90,966	(19,465)	(60,044)	98,493
Other financing sources (uses):						
Proceeds from debt issuance	-	-	-	-	78,826	78,826
Transfers in	139,772	211,001	-	-	362,822	713,595
Transfers out	(267,280)	-	-	-	(446,315)	(713,595)
Total other financing sources (uses):	<u>(127,508)</u>	<u>211,001</u>	<u>-</u>	<u>-</u>	<u>(4,667)</u>	<u>78,826</u>
Net change in fund balances	(33,984)	204,513	90,966	(19,465)	(64,711)	177,319
Beginning fund balance	366,757	(478,625)	608,102	83,869	284,474	864,577
Restatement	-	325,500	-	-	-	325,500
Beginning fund balance, as restated	<u>366,757</u>	<u>(153,125)</u>	<u>608,102</u>	<u>83,869</u>	<u>284,474</u>	<u>1,190,077</u>
Ending fund balance	<u>\$ 332,773</u>	<u>51,388</u>	<u>699,068</u>	<u>64,404</u>	<u>219,763</u>	<u>1,367,396</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, 2016**

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

Total net change in fund balances-governmental funds	\$	177,319
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimates useful lives and reported as depreciation expense.</p>		
Capital expenditures recorded as capital outlay or other expenses		1,482,262
<p> Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.</p>		(330,460)
<p> In the statement of activities, a gain/loss is recorded for assets that are removed from service that are not fully depreciated. Thus the change in net position differs from the change in fund balance by the amount of the gain/loss recorded for deleted capital assets.</p>		(44,325)
<p> Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred inflows of resources related to property taxes receivable		60
<p>The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
(Increase)/decrease in compensated absences		(4,058)
Issuance of long-term debt		(78,826)
Principal payments on long-term debt		54,099
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:</p>		
Employer contributions subsequent to the measurement date		95,273
Pension expense		(165,155)
Rounding		<u>1</u>
Change in net position of governmental activities	\$	<u><u>1,186,190</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Property	\$ 85,267	85,267	80,525	(4,742)
Gross receipts	911,891	911,891	911,892	1
Other	88,476	88,476	82,212	(6,264)
Licenses and permits	45,428	45,428	31,862	(13,566)
Charges for services	33,962	33,962	35,488	1,526
Fines and forfeitures	105,000	105,000	84,969	(20,031)
Intergovernmental revenue				
State grants	185,154	185,154	185,154	-
Interest income	900	900	613	(287)
Miscellaneous income	41,961	41,961	143,319	101,358
Total revenues	<u>1,498,836</u>	<u>1,498,836</u>	<u>1,556,831</u>	<u>57,995</u>
Expenditures:				
Current:				
General government	667,381	667,381	621,726	45,655
Public safety	554,034	554,034	550,110	3,924
Public works	163,446	163,446	188,126	(24,680)
Culture and recreation	107,954	107,954	117,021	(9,067)
Capital outlay	2,000	2,000	2,000	-
Total expenditures	<u>1,494,815</u>	<u>1,494,815</u>	<u>1,478,983</u>	<u>15,832</u>
Excess (deficiency) of revenues over (under) expenditures	4,021	4,021	77,848	42,163
Other financing sources (uses):				
Transfers in	-	-	139,774	139,774
Transfers out	-	(127,506)	(267,280)	139,774
Total other financing sources (uses):	<u>-</u>	<u>(127,506)</u>	<u>(127,506)</u>	<u>279,548</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	4,021	(123,485)	<u>(49,658)</u>	<u>321,711</u>
Budgeted cash carryover	<u>-</u>	<u>123,485</u>		
Net change in fund balance	<u>\$ 4,021</u>	<u>-</u>		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (49,658)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			6,792	
Adjustments to expenditures for accrued wages and expenditures			<u>8,882</u>	
Net change in fund balance (GAAP)			<u>\$ (33,984)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ -	62,960	62,960	-
Total revenues	<u>-</u>	<u>62,960</u>	<u>62,960</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	-	69,447	(69,447)
Capital outlay	<u>-</u>	<u>105,612</u>	<u>36,165</u>	<u>69,447</u>
Total expenditures	<u>-</u>	<u>105,612</u>	<u>105,612</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(42,652)	(42,652)	-
Other financing sources (uses):				
Transfers in	-	211,001	211,001	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>211,001</u>	<u>211,001</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	168,349	<u>168,349</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>168,349</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 168,349	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>36,164</u>	
Net change in fund balance (GAAP)			<u>\$ 204,513</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, 2016**

	2016
Assets and deferred inflows of resources:	
Assets:	
Cash and cash equivalents	\$ 491,090
Investments	45,494
Receivables	
Accounts receivable	44,359
Taxes receivable	3,787
Total current assets	584,730
Non-current assets:	
Capital assets	3,491,932
Less: Accumulated depreciation	(2,363,362)
Total non-current assets	1,128,570
Total assets	1,713,300
Deferred Outflows of Resources:	
Total deferred outflows of resources	-
Total assets and deferred outflows of resources	\$ 1,713,300
Liabilities, deferred inflows of resources and net position:	
Liabilities:	
Accounts payable	\$ 24,122
Accrued payroll liabilities	6,911
Customer deposits	27,973
Current portion of compensated absences	1,873
Current portion of long-term debt	1,642
Total current liabilities	62,521
Non-current liabilities	
Compensated absences	468
Notes payable	20,645
Total non-current liabilities	21,113
Total liabilities	83,634
Deferred inflows of resources:	
Total deferred inflows of resources	-
Net position	
Net Investment in Capital Assets	1,106,283
Unrestricted Net Position	523,383
Total net position	1,629,666
Total liabilities, deferred inflows of resources and net position:	\$ 1,713,300

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, 2016**

	2016
Operating revenues:	
Charges for services	
Water	\$ 284,321
Solid Waste	210,241
Wastewater	167,873
Water rights activities	11,613
Total operating revenues	674,048
 Operating expenses:	
Personnel services	132,562
Operating expenses	668,306
Depreciation and amortization	91,912
Total operating expenses	892,780
 Operating income (loss)	(218,732)
 Non-operating revenues (expenses):	
Gross receipts and other taxes	17,858
Miscellaneous	6,327
Interest income	316
Interest expense	(60)
Total non-operating revenues (expenses)	24,441
 Income (loss) before transfers	(194,291)
 Transfers in (out)	-
 Change in net position	(194,291)
 Net position, beginning of year	1,823,957
 Net position, end of year	\$ 1,629,666

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, 2016**

	<u>2016</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 678,536
Receipts from interfund services provided	
Payments to suppliers and employees	(646,139)
Payments to employees	<u>(133,387)</u>
Net cash provided (used) for operating activities	(100,990)
Cash flows from noncapital financing activities:	
Tax receipts	17,858
Miscellaneous income	<u>6,326</u>
Net cash provided (used) for noncapital financing activities	24,184
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(1,638)
Interest paid on long-term debt	<u>(60)</u>
Net cash provided (used) for capital and related financing activities	(1,698)
Cash flows from investing activities:	
Proceeds from sale and maturities of investments	-
Purchase of investments	(80)
Interest and dividends	<u>316</u>
Net cash provided (used) for investing activities.	236
Net increase (decrease) in cash and cash equivalents	(78,268)
Cash and cash equivalents – beginning of year	<u>569,358</u>
Cash and cash equivalents – end of year	\$ <u><u>491,090</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (218,732)
Adjustments	
Depreciation and amortization	91,912
Changes in assets and liabilities:	
Receivables	4,488
Accounts payable	19,837
Accrued expenses and other liabilities	1,061
Deposits	2,330
Compensated absences	<u>(1,886)</u>
Net cash provided by operating activities	\$ <u><u>(100,990)</u></u>

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, 2016

	2016
Assets:	
Cash	\$ <u>11,685</u>
Total assets	\$ <u><u>11,685</u></u>
Liabilities:	
Refunds payable	\$ 4,589
Held for others	<u>7,096</u>
Total liabilities	\$ <u><u>11,685</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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town was incorporated in 1959. The Town is a political subdivision of the State of New Mexico, operates under the Trustee-Clerk form of government. The Town provides the following authorized services; public safety, police and fire, highways and streets, water, sanitation, health and welfare, social services, culture and recreation, public improvements, planning and zoning and general administrative services.

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

A. Reporting Entity

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

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

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

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016

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

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

Capital Project Fund – The *Public Safety Building Remodel* fund is used to account for the reconstruction and remodel of the Town’s Public Safety building. Authority for the creation of this fund is by Town resolution.

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.

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

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.

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

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.

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

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

STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 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.

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

Analysis of Impairment

Management reviews long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such Town assets at June 30, 2016.

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Town has five types of items that qualify for reporting in this category. Accordingly, the items, employer contributions subsequent to measurement date, net difference between expected and actual earnings on pension plan investments, net difference between expected and actual experience, change in assumptions and change in proportion, are reported on the Statement of Net Position. These amounts are deferred and recognized as an outflow of resources in the period the amounts become available. The Town has recorded \$95,273 related to contributions subsequent to the measurement date, \$337,816 related to the net difference between expected and actual earnings on pension plan investments, \$52,620 related to the net difference between expected and actual experience, \$5,415 related to changes in assumptions and \$84,096 related to changes in proportion.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized.

**STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The Town has six types of items which qualify for reporting in this category. The items, unavailable revenue – property taxes and unavailable revenue - grants, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Town has recorded \$3,876 related to property taxes and \$-0- related to grants that are considered “unavailable”.

The items, net difference between expected and actual earnings on pension plan investments, change in assumptions, investment experience, and change in proportion, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Town has recorded \$343,019 related to the net difference between expected and actual earnings on pension plan investments, \$22,449 related to the net difference between expected and actual experience, \$25,597 related to changes in assumptions and \$24,423 related to changes in proportion.

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 cannot exceed 160 hours. Accumulated unused vacation is payable upon retirement or termination from employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is not 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

STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Balance

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

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

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

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

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

Committed includes fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances 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 93 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

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

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

Net Position

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

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

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

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

D. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. 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

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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.

F. 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 2013. For the year ended June 30, 2016, no interest or penalties were recorded or included in the financial statements.

G. Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

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.

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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, 2016 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 94 of this report.

The following is a summary of the Town's cash and cash equivalents balances by fund type as of June 30, 2016:

Fund Type	Amount
Cash and equivalents	
Governmental funds	\$ 826,912
Business-type activities	491,090
Fiduciary funds	11,685
Total cash and cash equivalents	\$ 1,329,687

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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 102% 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 95 of this report.

As of June 30, 2016, the Town's bank balances of \$1,438,309 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.	1,088,447
Uninsured and uncollateralized	<u>101,386</u>
Total uninsured deposits	<u>\$ 1,439,833</u>

NOTE 4 – INVESTMENTS

A summary of the Town's investments by fund type as of June 30, 2016 is as follows:

Fund Type	Amount
Governmental funds	\$ 243,439
Business-type activities	45,494
Fiduciary funds	<u>-</u>
Total investments	<u>\$ 288,933</u>

The Town's investments consisted of the following as of June 30, 2016:

Investment Type	Cost Basis	Market Value	Credit Risk- Rating	WAM (R)	WAM (F)
NM LGIP Fund	\$ <u>288,933</u>	<u>288,933</u>	AAAm	44 days	77 days
	\$ <u>288,933</u>	<u>288,933</u>			

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.

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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, 2016 are as follows:

Governmental Activities	General Fund	Fire Fund Grant	Town Hall Fund	Public Safety Building	Nonmajor Funds	Total Receivables
Taxes:						
Property	\$ 19,784	-	-	-	-	19,784
State	157,598	-	14,996	-	835	173,429
Other intergovernmental	-	-	-	131,962	8,341	140,303
Subtotal	<u>177,382</u>	-	14,996	131,962	9,176	333,516
Less: Allowance for uncollectibles	-	-	-	-	-	-
Net Receivables	<u>\$ 177,382</u>	<u>-</u>	<u>14,996</u>	<u>131,962</u>	<u>9,176</u>	<u>333,516</u>
				Business-type Activities	Joint Utility Fund	
				Accounts	\$ 58,889	
				Taxes:		
				State	<u>3,787</u>	
				Subtotal	62,676	
				Less: Allowance for uncollectibles	<u>(14,530)</u>	
				Net Receivables	<u>\$ 48,146</u>	

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

In accordance with GASB No. 33, the property tax revenues totaling \$3,876 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

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NOTE 6 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows. Land and construction in progress are not subject to depreciation.

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balance 06/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	<u>Balance 06/30/16</u>
Non-depreciable capital assets:					
Land	\$ 1,399,500	-	-	-	1,399,500
Construction in progress	<u>316,348</u>	<u>889,031</u>	<u>-</u>	<u>(38,400)</u>	<u>1,166,979</u>
Total non-depreciable capital assets	<u>1,715,848</u>	<u>889,031</u>	<u>-</u>	<u>(38,400)</u>	<u>2,566,479</u>
Capital assets being depreciated:					
Buildings	338,727	250,000	-	4,161,434	4,750,161
Other improvements	6,325,455	133,458	-	(4,123,034)	2,335,879
Machinery and equipment	<u>2,064,453</u>	<u>209,775</u>	<u>(204,435)</u>	<u>-</u>	<u>2,069,793</u>
Total capital assets being depreciated	<u>8,728,635</u>	<u>593,233</u>	<u>(204,435)</u>	<u>38,400</u>	<u>9,155,833</u>
Less accumulated depreciation for:					
Buildings	(241,803)	(140,505)	-	(895,852)	(1,278,160)
Other improvements	(1,333,178)	(113,214)	-	895,852	(550,540)
Machinery and equipment	<u>(1,625,499)</u>	<u>(76,742)</u>	<u>160,109</u>	<u>-</u>	<u>(1,542,132)</u>
Total accumulated depreciation	<u>(3,200,480)</u>	<u>(330,461)</u>	<u>160,109</u>	<u>-</u>	<u>(3,370,832)</u>
Total capital assets being depreciated	<u>5,528,155</u>	<u>262,772</u>	<u>(44,326)</u>	<u>38,400</u>	<u>5,785,001</u>
Total capital assets, net of depreciation	<u>\$ 7,244,003</u>	<u>1,151,803</u>	<u>(44,326)</u>	<u>-</u>	<u>8,351,480</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets being depreciated:					
Utility system	\$ 3,148,582	-	-	-	3,148,582
Machinery and equipment	<u>343,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,351</u>
Total capital assets being depreciated	<u>3,491,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,491,933</u>
Less accumulated depreciation for:					
Utility system	(1,960,369)	(81,065)	-	-	(2,041,434)
Machinery and equipment	<u>(311,082)</u>	<u>(10,847)</u>	<u>-</u>	<u>-</u>	<u>(321,929)</u>
Total accumulated depreciation	<u>(2,271,451)</u>	<u>(91,912)</u>	<u>-</u>	<u>-</u>	<u>(2,363,363)</u>
Total capital assets being depreciated	<u>1,220,482</u>	<u>(91,912)</u>	<u>-</u>	<u>-</u>	<u>1,128,570</u>
Total capital assets, net of depreciation	<u>\$ 1,220,482</u>	<u>(91,912)</u>	<u>-</u>	<u>-</u>	<u>1,128,570</u>

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Depreciation expense for the year ended June 30, 2016 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 140,505
Public safety	74,958
Public works	114,998
Culture and recreation	-
Health and welfare	-
Total governmental activities	<u>\$ 330,461</u>
Business type activities	<u>\$ 91,912</u>

During the year ended June 30, 2016, assets related to the Town's HIDTA program with a book value of \$44,326 were transferred to the City of Las Cruces due to the City becoming the administrator of the HIDTA program.

NOTE 7 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance			Balance	Amount due
	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>	<u>within one</u>
					<u>year</u>
Governmental funds debt					
Compensated absences	\$ 29,177	58,447	(54,389)	33,235	26,588
Notes payable	<u>796,257</u>	<u>78,826</u>	<u>(54,099)</u>	<u>820,984</u>	<u>70,401</u>
Total governmental activities	<u>\$ 825,434</u>	<u>137,273</u>	<u>(108,488)</u>	<u>854,219</u>	<u>96,989</u>
Business-type funds debt					
Compensated absences	\$ 4,227	4,797	(6,683)	2,341	1,873
Notes payable	<u>23,925</u>	<u>-</u>	<u>(1,638)</u>	<u>22,287</u>	<u>1,642</u>
Total business-type activities	<u>\$ 28,152</u>	<u>4,797</u>	<u>(8,321)</u>	<u>24,628</u>	<u>3,515</u>

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 2016.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2016 are as follows.

Governmental activities

Notes payable

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 4.580% per

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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 \$789,863 at June 30, 2016, and equal 50.5% of future capital outlay gross receipts tax at their current rate. During the year ended June 30, 2016, the Town collected \$92,054 in pledged revenues, and retired \$46,436 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:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	21,441	24,996	46,437
2018		22,331	24,109	46,440
2019		23,280	23,162	46,442
2020		24,293	22,152	46,445
2021		25,372	21,075	46,447
2022-2026		145,640	86,645	232,285
2027-2031		184,005	48,376	232,381
2032-2036		<u>86,657</u>	<u>6,328</u>	<u>92,985</u>
Total	\$	<u>533,019</u>	<u>256,843</u>	<u>789,862</u>

NMFA – Fire Pumper Truck

On January 4, 2013, the Town borrowed \$319,171 from the New Mexico Finance Authority. The note matures on May 1, 2022, and accrues interest at rates between .380% and 2.15% per annum. The proceeds of the loan were for the purchase of a fire pumper truck. The payments of principal and interest are paid from pledged governmental capital outlay gross receipts taxes. The revenues pledged totaled \$222,243 at June 30, 2016, and equal 8.0% of future gross receipts tax at their current rate. During the year ended June 30, 2016, the Town collected \$461,537 in pledged revenues, and retired \$37,040 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:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	33,757	3,284	37,041
2018		34,078	2,963	37,041
2019		34,486	2,554	37,040
2020		34,986	2,054	37,040
2021		35,571	1,470	37,041
2022-2026		<u>36,261</u>	<u>780</u>	<u>37,041</u>
Total	\$	<u>209,139</u>	<u>13,105</u>	<u>222,244</u>

NMFA – Police Vehicles

On January 8, 2016, the Town borrowed \$78,826 from the New Mexico Finance Authority. The note matures on May 1, 2021, and accrues interest at 4.54% per annum. The proceeds of the loan were for the purchase of police vehicles. The payments of principal and interest are paid from

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pledged governmental capital outlay gross receipts taxes. The revenues pledged totaled \$86,461 at June 30, 2016, and equal 3.7% of future gross receipts tax at their current rate. During the year ended June 30, 2016, the Town collected \$461,537 in pledged revenues, and retired \$26,610 in principal and interest on the aforementioned note. The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 15,203	1,289	16,492
2018	15,633	860	16,493
2019	15,791	702	16,493
2020	15,983	509	16,492
2021	<u>16,216</u>	<u>276</u>	<u>16,492</u>
Total	<u>\$ 78,826</u>	<u>3,636</u>	<u>82,462</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 70,401	29,569	99,970
2018	72,042	27,932	99,974
2019	73,557	26,418	99,975
2020	75,262	24,715	99,977
2021	77,159	22,821	99,980
2022-2026	181,901	87,425	269,326
2027-2031	184,005	48,376	232,381
2032-2036	<u>86,657</u>	<u>6,328</u>	<u>92,985</u>
Total	<u>\$ 820,984</u>	<u>273,584</u>	<u>1,094,568</u>

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 \$6,447 at June 30, 2016, and equal 1.0% of future estimated net revenues at their current rate. During the year ended June 30, 2016, the Town collected \$56,966 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:

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 521	16	537
2018	523	15	538
2019	524	13	537
2020	525	12	537
2021	527	11	538
2022-2026	2,653	33	2,686
2027-2031	<u>1,070</u>	<u>4</u>	<u>1,074</u>
Total	<u>\$ 6,343</u>	<u>104</u>	<u>6,447</u>

NMFA – WTB 159

On May 14, 2010, the Town borrowed \$22,609 from the New Mexico Finance Authority. The note matures on June 1, 2030, and carries a 0% interest rate; however, a .25% administrative fee is assessed with each payment. The proceeds of the loan are to be used for the water line extension project. The payments of principal and the administrative fees are paid from pledged net system revenues of the joint water/wastewater utility system. The revenues pledged totaled \$16,245 at June 30, 2016, and equal 2.0% of future estimated net revenues at their current rate. During the year ended June 30, 2016, the Town collected \$56,966 in pledged revenues, and retired \$1,161 in principal and interest on the aforementioned note. The future payments required on the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,121	40	1,161
2018	1,123	37	1,160
2019	1,126	34	1,160
2020	1,129	31	1,160
2021	1,132	29	1,161
2022-2026	5,701	101	5,802
2027-2031	<u>4,612</u>	<u>29</u>	<u>4,641</u>
Total	<u>\$ 15,944</u>	<u>301</u>	<u>16,245</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,642	56	1,698
2018	1,646	52	1,698
2019	1,650	47	1,697
2020	1,654	43	1,697
2021	1,659	40	1,699
2022-2026	8,354	134	8,488
2027-2031	<u>5,682</u>	<u>33</u>	<u>5,715</u>
Total	<u>\$ 22,287</u>	<u>405</u>	<u>22,692</u>

NOTE 8 – SEGMENT INFORMATION

The Town issues separate revenue bonds and notes payable to finance its water and wastewater departments. The two departments are accounted for in a single fund, but investors in those bonds and notes rely solely on the revenue generated by the individual activities for repayment. Summary financial information for each department is presented below. The Water Department

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operates the Town's water supply system. The Wastewater Department operates the Town's wastewater treatment plant, pumping stations, and collection systems.

	Water Dept	Wastewater Dept
CONDENSED STATEMENT OF NET POSITION		
Assets:		
Current assets	\$ 192,270	52,519
Capital assets	<u>1,128,570</u>	-
Total assets	<u>1,320,840</u>	<u>52,519</u>
Deferred outflows of resources		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities	31,503	9,458
Noncurrent liabilities	<u>24,628</u>	-
Total liabilities	<u>56,131</u>	<u>9,458</u>
Deferred inflows of resources		
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Net position		
Net investment in capital assets	1,103,942	-
Unrestricted	<u>160,767</u>	<u>43,062</u>
Total net position	<u>\$ 1,264,709</u>	<u>43,062</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues (pledged against debt)	\$ 284,321	167,873
Depreciation expense	(91,912)	-
Other operating expenses	<u>(315,025)</u>	<u>(240,037)</u>
Operating income	(122,616)	(72,164)
Nonoperating revenues (expenses):		
Miscellaneous	1,156	5,171
Investment income	221	-
Interest expense	<u>(60)</u>	<u>-</u>
Change in net position	(121,299)	(66,993)
Beginning net position	<u>1,386,008</u>	<u>110,055</u>
Ending net position	<u>\$ 1,264,709</u>	<u>43,062</u>

CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided (used) by:		
Operating activities	\$ (28,739)	(62,566)
Noncapital financing activities	1,156	5,171
Capital and related financing activities	(1,698)	-
Investing activities	<u>209</u>	<u>-</u>
Net increase (decrease)	(29,072)	(57,395)
Beginning cash and cash equivalents	<u>194,371</u>	<u>100,771</u>
Ending cash and cash equivalents	<u>\$ 165,299</u>	<u>43,376</u>

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TOWN OF MESILLA
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FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 9 – 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, 2016 was as follows:

Transfers Out	Transfers In			
	<u>General</u>	<u>Fire Fund Grant</u>	<u>Non-Major Govern- mental</u>	<u>Total</u>
General	\$ -	211,001	56,279	267,280
Non-Major Governmental	<u>139,774</u>	-	<u>306,543</u>	<u>446,317</u>
Total	<u>\$ 139,774</u>	<u>211,001</u>	<u>362,822</u>	<u>713,597</u>

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

Interfund balances as of June 30, 2016, are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
General fund	Public safety building fund - Major fund	\$ 67,558
	Nonmajor Special Revenue Funds	
General fund	Stonegarden fund	1,325
General fund	Court automation fund	3,308
General fund	Lodgers' tax fund	2,206
General fund	Fire protection fund	<u>4,568</u>
		<u>\$ 78,965</u>

NOTE 10 – 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, 2016 was \$94,149.

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TOWN OF MESILLA
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NOTE 11 – PERA PENSION PLAN

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10- 11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Town of Mesilla are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage options that apply to the Town are: Municipal General, Municipal Police, and Municipal Fire. Statutorily required contributions to the pension plan from the Town were \$95,273 and no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2016, the Town reported a liability of \$1,013,469 for its proportionate share of the net pension liability. At June 30, 2015, the Town's proportion was 0.0944 percent, which changed from its proportion of 0.1035 percent as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized PERA Fund Division Municipal General pension expense of \$66,533. At June 30, 2016, the Town reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	22,449
Changes of assumptions	16	411
Net difference between projected and actual earnings on pension plan investments	233,705	236,911
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	24,423
Town contributions subsequent to the measurement date	<u>36,821</u>	<u>-</u>
	<u>\$ 270,542</u>	<u>284,194</u>

\$36,821 reported as deferred outflows of resources related to pensions resulting from Town of Mesilla contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:	
2017	\$ (34,404)
2018	(34,404)
2019	(34,404)
2020	52,739
2021	-
Thereafter	\$ -

For PERA Fund Division Municipal Police, at June 30, 2016, the Town reported a liability of \$608,764 for its proportionate share of the net pension liability. At June 30, 2015, the Town's proportion was 0.1266 percent, which changed from its proportion of 0.0932 percent as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized PERA Fund Division Municipal Police pension expense of \$149,749. At June 30, 2016, the Town reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 42,538	-
Changes of assumptions	-	25,186
Net difference between projected and actual earnings on pension plan investments	83,042	84,731
Changes in proportion and differences between Town contributions and proportionate share of contributions	83,140	-
Town contributions subsequent to the measurement date	<u>46,212</u>	<u>-</u>
	<u>\$ 254,932</u>	<u>109,917</u>

\$46,212 reported as deferred outflows of resources related to pensions resulting from Town of Mesilla contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 20,556
2018	20,556
2019	20,556
2020	37,134
2021	1
Thereafter	\$ -

For PERA Fund Division Municipal Fire, at June 30, 2016, the Town reported a liability of \$255,995 for its proportionate share of the net pension liability. At June 30, 2015, the Town's proportion was 0.0496 percent, which changed from its proportion of 0.0493 percent as of June 30, 2014.

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For the year ended June 30, 2016, the Town recognized PERA Fund Division Municipal Fire pension expense of \$5,469. At June 30, 2016, the Town reported PERA Fund Division Municipal Fire deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,082	-
Changes of assumptions	5,399	-
Net difference between projected and actual earnings on pension plan investments	21,069	21,377
Changes in proportion and differences between Town contributions and proportionate share of contributions	956	-
Town contributions subsequent to the measurement date	12,240	-
	\$ 49,746	21,377

\$12,240 reported as deferred outflows of resources related to pensions resulting from Town of Mesilla contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	3,336
2018		3,336
2019		3,336
2020		6,121
2021		-
Thereafter	\$	-

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the evaluation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

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Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%
	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed longterm expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Town's net pension liability in each PERA Fund Division that Town participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

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PERA Fund Division - Municipal General	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of the net pension liability	\$ 1,725,536	1,013,469	421,434
PERA Fund Division - Municipal Police	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of the net pension liability	\$ 1,005,337	608,764	283,440
PERA Fund Division - Municipal Fire	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of the net pension liability	\$ 347,192	255,995	180,836

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

NOTE 12 – POST EMPLOYMENT BENEFITS

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

NOTE 13 – 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,	
2017	\$ 3,562
2018	3,562
2019	3,562
2020	3,562
2021	<u>2,672</u>
Total \$	<u><u>16,920</u></u>

Rental payments charged to current operations for the year ended June 30, 2016 totaled \$4,756.

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TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 14 – FUND DEFICITS AND NON-COMPLIANCE

Deficit Fund Balances

The following non-major funds incurred a deficit fund balance at June 30, 2016:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Fire protection grant	Special revenue fund	\$ (4,568)
Lodgers' tax fund	Special revenue fund	(2,206)
Court automation fund	Special revenue fund	(3,308)
Stonegarden fund	Special revenue fund	(3,096)
School Resource Officer	Special revenue fund	\$ (1,562)

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

Legal Compliance with Budget

The Town was in of compliance with Section 6-6-6 of the New Mexico State Statues regarding legal compliance with approved budgets for the year ended June 30, 2016.

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, 2016, significant amounts of grant expenditures have not been audited by the grantor agencies.

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

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

NOTE 16 – COMMITMENTS

Future commitments for engineering and construction projects relating to construction or major repairs in progress aggregated approximately \$33,145 as of June 30, 2016. The total amounts spent as of June 30, 2016 on the projects was \$1,552,697. The percentage of completion of the existing projects varies based on the project. These projects will be paid in future periods as work is

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TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

The Town has a prior period adjustment of \$325,500 which was due to the prior year accounts payable being overstated due to a mathematical error. The balance was restated in the current year to correct the actual amount paid.

During the year ended June 30, 2016, balances totaling \$38,546 were equity transferred between the Fire Protection fund and the Fire Truck Loan debt service fund. These amounts are funds held by NMFA for debt service reserves related to a note payable.

The following table outlines the cumulative effect of the adjustments to net position/fund balances:

<u>Fund</u>	<u>Purpose/Reason</u>	<u>Amount</u>
Governmental funds		
Major funds		
Fire Fund Grants	Prior year accounts payable was overstated	\$ 325,500
Nonmajor funds		
Fire protection fund - spec rev	Equity transfer of NMFA debt service accounts	(38,546)
Fire truck loan fund - debt serv	Equity transfer of NMFA debt service accounts	<u>38,546</u>
Total governmental funds		<u>\$ 325,500</u>
Government-wide statements	restatements from above	<u>\$ 325,500</u>
Total governmental activities		<u>\$ 325,500</u>

NOTE 18 – EVALUATION OF SUBSEQUENT EVENTS

The Town has evaluated subsequent events through December 12, 2016, the date which the financial statements were available to be issued.

NOTE 19 – SUBSEQUENT PRONOUNCEMENTS

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: A portion of this provision of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Town is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not affect the Town's financial statements.

STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Town does not expect this pronouncement to have a material effect on the financial statements as they do not participate in such a plan

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Town will implement this standard during the fiscal year ended June 30, 2017. The Town is still evaluating how this pronouncement will affect the financial statements.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

The Town is still evaluating how this pronouncement will affect the financial statements. In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The Town is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The Town is still evaluating how this pronouncement will affect the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	<u>2016</u>	<u>2015</u>
Town of Mesilla's proportion of the net pension liability (asset)	0.0994%	0.1035%
Town of Mesilla's proportionate share of the net pension liability (asset)	\$ 1,013,469	\$ 807,411
Town of Mesilla's covered-employee payroll	\$ 567,421	\$ 1,037,985
Town of Mesilla's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	178.61%	77.79%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	<u>2016</u>	<u>2015</u>
Town of Mesilla's proportion of the net pension liability (asset)	0.1266%	0.0932%
Town of Mesilla's proportionate share of the net pension liability (asset)	\$ 608,764	\$ 303,822
Town of Mesilla's covered-employee payroll	\$ 290,571	\$ 266,700
Town of Mesilla's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	209.51%	113.92%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL FIRE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	<u>2016</u>	<u>2015</u>
Town of Mesilla's proportion of the net pension liability (asset)	0.0496%	0.0493%
Town of Mesilla's proportionate share of the net pension liability (asset)	\$ 255,995	\$ 205,778
Town of Mesilla's covered-employee payroll	\$ 56,534	\$ 56,596
Town of Mesilla's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	452.82%	363.59%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 36,822	\$ 79,763
Contributions in relation to the contractually required contribution	<u>36,822</u>	<u>79,763</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Town's covered-employee payroll	567,421	1,037,985
Contributions as a percentage of covered-employee payroll	6.49%	7.68%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal Police Division
Last 10 Fiscal Years*

	2016	2015
Contractually required contribution	\$ 46,212	\$ 51,835
Contributions in relation to the contractually required contribution	46,212	51,835
Contribution deficiency (excess)	-	-
Town's covered-employee payroll	290,571	266,700
Contributions as a percentage of covered-employee payroll	15.90%	19.44%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal Fire Division
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 12,240	\$ 12,240
Contributions in relation to the contractually required contribution	<u>12,240</u>	<u>12,240</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Town's covered-employee payroll	290,571	266,700
Contributions as a percentage of covered-employee payroll	4.21%	4.59%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

STATE OF NEW MEXICO
TOWN OF MESILLA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirementfund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. See appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2015 valuation.

Changes in assumption resulted in a decrease of \$91.8 million to the total pension liability for the PERA Fund and an increase of 0.42% to the funded ratio for the year ended June 30, 2015. See more details of actuarial methods and assumptions on Note 2 on page 34 of PERA's Schedule of Employer Allocations and Pension amounts at http://osanm.org/media/audits/366-B_PERA_Schedule_of_Employer_Allocations_FY2015.pdf

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Court Automation 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).

Event Fund – To account for receipts from the rental fees for the promotion and organization of Town Fiestas and other events. 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.

United States Attorney's Office (USAO) High Intensity Drug Tracking Area (HIDTA) fund – To account 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.

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

**STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

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).

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.

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

DEBT SERVICE FUNDS

Fire Truck Loan – To account for debt service requirements related to the Town's NMFA Fire truck loan.

**STATE OF NEW MEXICO
TOWN OF MESILLA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2016**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
Assets and deferred inflows of resources:				
Assets:				
Cash and cash equivalents	\$ 119,600	14,326	38,906	172,832
Investments	52,258	-	-	52,258
Receivables				
Taxes receivable	835	-	-	835
Total assets	<u>172,693</u>	<u>22,666</u>	<u>38,906</u>	<u>234,265</u>
Deferred Outflows of Resources:				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assests and deferred outflows of resources	<u>\$ 172,693</u>	<u>22,666</u>	<u>38,906</u>	<u>234,265</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accrued payroll liabilities	\$ 3,095	-	-	3,095
Due to other fund	11,407	-	-	11,407
Total liabilities	<u>14,502</u>	<u>-</u>	<u>-</u>	<u>14,502</u>
Deferred Inflows of Resources:				
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	35,862	22,666	38,906	97,434
Committed	136,831	-	-	136,831
Assigned	-	-	-	-
Unassigned	(14,502)	-	-	(14,502)
Total fund balances	<u>158,191</u>	<u>22,666</u>	<u>38,906</u>	<u>219,763</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 172,693</u>	<u>22,666</u>	<u>38,906</u>	<u>234,265</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, 2016**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Totals</u>
Revenues:				
Taxes				
Gross receipts	\$ -	-	37,040	37,040
Other	8,271	-	-	8,271
Charges for services	12,963	-	-	12,963
Fines and forfeitures	36,655	-	-	36,655
Intergovernmental revenue				
Federal grants	132,940	-	-	132,940
State grants	228,402	168,355	-	396,757
Interest income	4,794	-	360	5,154
Miscellaneous income	1,348	-	-	1,348
Total revenues	<u>425,373</u>	<u>168,355</u>	<u>37,400</u>	<u>631,128</u>
Expenditures:				
Current:				
Public safety	346,652	-	-	346,652
Culture and recreation	84,629	-	-	84,629
Capital outlay	213,920	8,340	-	222,260
Debt service				
Principal	-	-	33,492	33,492
Interest	591	-	3,548	4,139
Total expenditures	<u>645,792</u>	<u>8,340</u>	<u>37,040</u>	<u>691,172</u>
Excess (deficiency) of revenues over (under) expenditures	(220,419)	160,015	360	(60,044)
Other financing sources (uses):				
Proceeds from debt issuance	78,826	-	-	78,826
Transfers in	362,822	-	-	362,822
Transfers out	(439,977)	-	(6,338)	(446,315)
Total other financing sources (uses):	<u>1,671</u>	<u>-</u>	<u>(6,338)</u>	<u>(4,667)</u>
Net change in fund balances	(218,748)	160,015	(5,978)	(64,711)
Beginning fund balance	415,485	(137,349)	6,338	284,474
Restatement	(38,546)	-	38,546	-
Beginning fund balance, as restated	<u>376,939</u>	<u>(137,349)</u>	<u>44,884</u>	<u>284,474</u>
Ending fund balance	<u>\$ 158,191</u>	<u>22,666</u>	<u>38,906</u>	<u>219,763</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, 2016

	<u>Correction Fees</u>	<u>Emergency Medical Services</u>	<u>Fire Protection</u>	<u>Law Enforcement</u>	<u>Lodgers' Tax</u>	<u>Street Improve- ments</u>	<u>Recreation</u>
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ 76,465	590	-	3,012	-	31,425	7,228
Investments	52,258	-	-	-	-	-	-
Receivables							
Taxes receivable	-	-	-	-	-	835	-
Total assets	<u>128,723</u>	<u>590</u>	<u>-</u>	<u>3,012</u>	<u>-</u>	<u>32,260</u>	<u>7,228</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 assets and deferred outflows of resources	<u>\$ 128,723</u>	<u>590</u>	<u>-</u>	<u>3,012</u>	<u>-</u>	<u>32,260</u>	<u>7,228</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Due to other funds	<u>-</u>	<u>-</u>	<u>4,568</u>	<u>-</u>	<u>2,206</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>4,568</u>	<u>-</u>	<u>2,206</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:							
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	590	-	3,012	-	32,260	-
Committed	128,723	-	-	-	-	-	7,228
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(4,568)	-	(2,206)	-	-
Total fund balances	<u>128,723</u>	<u>590</u>	<u>(4,568)</u>	<u>3,012</u>	<u>(2,206)</u>	<u>32,260</u>	<u>7,228</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 128,723</u>	<u>590</u>	<u>-</u>	<u>3,012</u>	<u>-</u>	<u>32,260</u>	<u>7,228</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, 2016

	<u>Court Automation</u>	<u>Events Fund</u>	<u>USAO HIDTA Fund</u>	<u>Hwy Interdiction HITDA</u>	<u>ISC HIDTA</u>	<u>HIDTA Seizures</u>	<u>NM HIDTA</u>
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ -	880	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>-</u>	<u>880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Due to other funds	\$ 3,308	-	-	-	-	-	-
Total liabilities	<u>3,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:							
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	880	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(3,308)	-	-	-	-	-	-
Total fund balances	<u>(3,308)</u>	<u>880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ -</u>	<u>880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2016

	GWDAC Grant	Stone Garden	School Resource Officer	Youth Conservation Corps	Safe Routes to School	Humanities	Totals
Assets and deferred inflows of resources:							
Assets:							
Cash and cash equivalents	\$ -	-	-	-	-	-	119,600
Investments	-	-	-	-	-	-	52,258
Receivables							
Taxes receivable	-	-	-	-	-	-	835
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,693</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 assets and deferred outflows of resources	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,693</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accrued payroll liabilities	\$ -	1,705	1,390	-	-	-	3,095
Due to other fund	-	1,325	-	-	-	-	11,407
Total liabilities	<u>-</u>	<u>3,030</u>	<u>1,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,502</u>
Deferred Inflows of Resources:							
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	35,862
Committed	-	-	-	-	-	-	136,831
Assigned	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>(3,030)</u>	<u>(1,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,502)</u>
Total fund balances	<u>-</u>	<u>(3,030)</u>	<u>(1,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,191</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,693</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, 2016

	<u>ICI Fund</u>	<u>Totals</u>
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ 14,326	14,326
Total assets	<u>22,666</u>	<u>22,666</u>
Deferred Outflows of Resources:		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 22,666</u>	<u>22,666</u>
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Accounts payable	\$ -	-
Total liabilities	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:		
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Fund balances:		
Nonspendable	-	-
Restricted	22,666	22,666
Committed	-	-
Assigned	-	-
Unassigned	<u>-</u>	<u>-</u>
Total fund balances	<u>22,666</u>	<u>22,666</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 22,666</u>	<u>22,666</u>

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

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
As of June 30, 2016

	Fire Truck Loan	Totals
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ 38,906	38,906
Total assets	38,906	38,906
Deferred Outflows of Resources:		
Total deferred outflows of resources	-	-
Total assests and deferred outflows of resources	\$ 38,906	38,906
Liabilities, deferred inflows of resources and fund balances:		
Liabilities:		
Accounts payable	\$ -	-
Total liabilities	-	-
Deferred Inflows of Resources:		
Total deferred inflows of resources	-	-
Fund balances:		
Nonspendable	-	-
Restricted	38,906	38,906
Committed	-	-
Assigned	-	-
Unassigned	-	-
Total fund balances	38,906	38,906
Total liabilities, deferred inflows of resources and fund balances:	\$ 38,906	38,906

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, 2016

	<u>Correction Fees</u>	<u>Emergency Medical Services</u>	<u>Fire Protection</u>	<u>Law Enforcement</u>	<u>Lodgers' Tax</u>	<u>Street Improvements</u>	<u>Recreation</u>
Revenues:							
Taxes							
Other	\$ -	-	-	-	3,239	5,032	-
Fines and forfeitures	36,655	-	-	-	-	-	-
Intergovernmental revenue							
State grants	-	7,658	78,642	24,200	3,300	-	-
Miscellaneous income	-	-	17	-	-	-	900
Total revenues	<u>36,655</u>	<u>7,658</u>	<u>78,659</u>	<u>24,200</u>	<u>6,539</u>	<u>5,032</u>	<u>900</u>
Expenditures:							
Current:							
Public safety	54,184	7,884	79,729	24,200	-	-	-
Culture and recreation	-	-	-	-	15,597	-	1,408
Capital outlay	-	2,854	9,788	78,234	-	99,785	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	591	-	-	-
Total expenditures	<u>54,184</u>	<u>10,738</u>	<u>89,517</u>	<u>103,025</u>	<u>15,597</u>	<u>99,785</u>	<u>1,408</u>
Excess (deficiency) of revenues over (under) expenditures	(17,529)	(3,080)	(10,858)	(78,825)	(9,058)	(94,753)	(508)
Other financing sources (uses):							
Proceeds from debt issuance	-	-	-	78,826	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(3,000)	(12,000)	-	-	-	(17,000)
Total other financing sources (uses):	<u>-</u>	<u>(3,000)</u>	<u>(12,000)</u>	<u>78,826</u>	<u>-</u>	<u>-</u>	<u>(17,000)</u>
Net change in fund balances	(17,529)	(6,080)	(22,858)	1	(9,058)	(94,753)	(17,508)
Beginning fund balance	146,252	6,670	56,836	3,011	6,852	127,013	24,736
Restatement	-	-	(38,546)	-	-	-	-
Beginning fund balance, as restated	<u>146,252</u>	<u>6,670</u>	<u>18,290</u>	<u>3,011</u>	<u>6,852</u>	<u>127,013</u>	<u>24,736</u>
Ending fund balance	<u>\$ 128,723</u>	<u>590</u>	<u>(4,568)</u>	<u>3,012</u>	<u>(2,206)</u>	<u>32,260</u>	<u>7,228</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, 2016**

	<u>Court Automation</u>	<u>Events Fund</u>	<u>USAO HIDTA Fund</u>	<u>Hwy Interdiction HITDA</u>	<u>ISC HIDTA</u>	<u>HIDTA Seizures</u>	<u>NM HIDTA</u>
Revenues:							
Charges for services	\$ -	12,963	-	-	-	-	-
Intergovernmental revenue							
Federal grants	-	-	59,474	18,283	27,820	-	9,549
State grants	809	-	-	-	-	-	-
Interest income	-	-	-	-	-	4,794	-
Miscellaneous income	-	431	-	-	-	-	-
Total revenues	<u>809</u>	<u>13,394</u>	<u>59,474</u>	<u>18,283</u>	<u>27,820</u>	<u>4,794</u>	<u>9,549</u>
Expenditures:							
Current:							
Public safety	-	-	5,350	12,930	36,206	-	25,744
Capital outlay	1,712	21,547	-	-	-	-	-
Total expenditures	<u>1,712</u>	<u>21,547</u>	<u>5,350</u>	<u>12,930</u>	<u>36,206</u>	<u>-</u>	<u>25,744</u>
Excess (deficiency) of revenues over (under) expenditures	(903)	(8,153)	54,124	5,353	(8,386)	4,794	(16,195)
Other financing sources (uses):							
Transfers in	-	17,000	-	-	55,667	-	217,620
Transfers out	-	-	(58,136)	(89,558)	-	(4,795)	(234,294)
Total other financing sources (uses):	<u>-</u>	<u>17,000</u>	<u>(58,136)</u>	<u>(89,558)</u>	<u>55,667</u>	<u>(4,795)</u>	<u>(16,674)</u>
Net change in fund balances	(903)	8,847	(4,012)	(84,205)	47,281	(1)	(32,869)
Beginning fund balance	<u>(2,405)</u>	<u>(7,967)</u>	<u>4,012</u>	<u>84,205</u>	<u>(47,281)</u>	<u>1</u>	<u>32,869</u>
Ending fund balance	<u>\$ (3,308)</u>	<u>880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>GWDA</u> <u>Grant</u>	<u>Stonegarden</u>	<u>School</u> <u>Resource</u> <u>Officer</u>	<u>Youth</u> <u>Conservation</u> <u>Corps</u>	<u>Safe Routes</u> <u>to School</u>	<u>Humanities</u>	<u>Totals</u>
Revenues:							
Taxes							
Other	\$ -	-	-	-	-	-	8,271
Charges for services	-	-	-	-	-	-	12,963
Fines and forfeitures	-	-	-	-	-	-	36,655
Intergovernmental revenue							
Federal grants	-	17,814	-	-	-	-	132,940
State grants	-	-	51,664	62,129	-	-	228,402
Interest income	-	-	-	-	-	-	4,794
Miscellaneous income	-	-	-	-	-	-	1,348
Total revenues	<u>-</u>	<u>17,814</u>	<u>51,664</u>	<u>62,129</u>	<u>-</u>	<u>-</u>	<u>425,373</u>
Expenditures:							
Current:							
Public safety	469	34,076	65,880	-	-	-	346,652
Culture and recreation	-	-	-	67,624	-	-	84,629
Capital outlay	-	-	-	-	-	-	213,920
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	591
Total expenditures	<u>469</u>	<u>34,076</u>	<u>65,880</u>	<u>67,624</u>	<u>-</u>	<u>-</u>	<u>645,792</u>
Excess (deficiency) of revenues over (under) expenditures	(469)	(16,262)	(14,216)	(5,495)	-	-	(220,419)
Other financing sources (uses):							
Proceeds from debt issuance	-	-	-	-	-	-	78,826
Transfers in	30,140	27,927	14,468	-	-	-	362,822
Transfers out	-	-	-	(16,256)	(4,593)	(345)	(439,977)
Total other financing sources (uses):	<u>30,140</u>	<u>27,927</u>	<u>14,468</u>	<u>(16,256)</u>	<u>(4,593)</u>	<u>(345)</u>	<u>1,671</u>
Net change in fund balances	29,671	11,665	252	(21,751)	(4,593)	(345)	(218,748)
Beginning fund balance	(29,671)	(14,695)	(1,642)	21,751	4,593	345	415,485
Restatement	-	-	-	-	-	-	(38,546)
Beginning fund balance, as restated	<u>(29,671)</u>	<u>(14,695)</u>	<u>(1,642)</u>	<u>21,751</u>	<u>4,593</u>	<u>345</u>	<u>376,939</u>
Ending fund balance	<u>\$ -</u>	<u>(3,030)</u>	<u>(1,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,191</u>

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

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>ICI Fund</u>	<u>Totals</u>
Revenues:		
Intergovernmental revenue		
State grants	\$ 168,355	168,355
Total revenues	168,355	168,355
Expenditures:		
Current:		
Capital outlay	8,340	8,340
Total expenditures	8,340	8,340
Excess (deficiency) of revenues over (under) expenditures	160,015	160,015
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses):	-	-
Net change in fund balances	160,015	160,015
Beginning fund balance	(137,349)	(137,349)
Ending fund balance	\$ 22,666	22,666

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

STATE OF NEW MEXICO
TOWN OF MESILLA
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	<u>Fire Truck Loan</u>	<u>Totals</u>
Revenues:		
Taxes		
Gross receipts	\$ 37,040	37,040
Interest income	<u>360</u>	<u>360</u>
Total revenues	37,400	37,400
Expenditures:		
Current:		
Debt service		
Principal	33,492	33,492
Interest	<u>3,548</u>	<u>3,548</u>
Total expenditures	<u>37,040</u>	<u>37,040</u>
Excess (deficiency) of revenues over (under) expenditures	360	360
Other financing sources (uses):		
Transfers in	-	-
Transfers out	<u>(6,338)</u>	<u>(6,338)</u>
Total other financing sources (uses):	<u>(6,338)</u>	<u>(6,338)</u>
Net change in fund balances	(5,978)	(5,978)
Beginning fund balance	6,338	6,338
Restatement	<u>38,546</u>	<u>38,546</u>
Beginning fund balance, as restated	<u>44,884</u>	<u>44,884</u>
Ending fund balance	<u>\$ 38,906</u>	<u>38,906</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, 2016

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 77,577	77,577	36,655	(40,922)
Total revenues	77,577	77,577	36,655	(40,922)
Expenditures:				
Current:				
Public safety	82,000	82,000	54,184	27,816
Total expenditures	82,000	82,000	54,184	27,816
Excess (deficiency) of revenues over (under) expenditures	(4,423)	(4,423)	(17,529)	(13,106)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(4,423)	(4,423)	(17,529)	(13,106)
Budgeted cash carryover	4,423	4,423		
Net change in fund balance	\$ -	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (17,529)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ (17,529)	

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 7,000	7,658	7,658	-
Total revenues	<u>7,000</u>	<u>7,658</u>	<u>7,658</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	6,900	10,638	7,884	2,754
Capital outlay	100	100	2,854	(2,754)
Total expenditures	<u>7,000</u>	<u>10,738</u>	<u>10,738</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(3,080)	(3,080)	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(3,000)	(3,000)	-
Total other financing sources (uses):	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(6,080)	<u>(6,080)</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>6,080</u>		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (6,080)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (6,080)</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, 2016

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue				
State grants	\$ 61,776	78,659	78,642	(17)
Miscellaneous income	-	-	17	17
Total revenues	<u>61,776</u>	<u>78,659</u>	<u>78,659</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	72,528	76,528	79,729	(3,201)
Capital outlay	<u>12,637</u>	<u>13,676</u>	<u>9,788</u>	<u>3,888</u>
Total expenditures	<u>85,165</u>	<u>90,204</u>	<u>89,517</u>	<u>687</u>
Excess (deficiency) of revenues over (under) expenditures	(23,389)	(11,545)	(10,858)	687
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(23,389)	(23,545)	<u>(22,858)</u>	<u>687</u>
Budgeted cash carryover	<u>23,389</u>	<u>23,545</u>		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (22,858)	
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>\$ (22,858)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 1,935	1,935	-	(1,935)
Intergovernmental revenue				
State grants	<u>24,800</u>	<u>24,800</u>	<u>24,200</u>	<u>(600)</u>
Total revenues	<u>26,735</u>	<u>26,735</u>	<u>24,200</u>	<u>(2,535)</u>
Expenditures:				
Current:				
Public safety	9,500	9,500	24,200	(14,700)
Capital outlay	<u>17,235</u>	<u>17,235</u>	<u>-</u>	<u>17,235</u>
Total expenditures	<u>26,735</u>	<u>26,735</u>	<u>24,200</u>	<u>2,535</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
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)	-	-	<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			78,826	
Adjustments to expenditures not necessary			<u>(78,825)</u>	
Net change in fund balance (GAAP)			<u>\$ 1</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, 2016

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes				
Other	\$ 4,000	4,539	3,239	(1,300)
Intergovernmental revenue				
State grants	<u>3,000</u>	<u>3,000</u>	<u>3,300</u>	<u>300</u>
Total revenues	<u>7,000</u>	<u>7,539</u>	<u>6,539</u>	<u>(1,000)</u>
Expenditures:				
Current:				
Culture and recreation	<u>7,000</u>	<u>15,598</u>	<u>15,597</u>	<u>1</u>
Total expenditures	<u>7,000</u>	<u>15,598</u>	<u>15,597</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	-	(8,059)	(9,058)	(999)
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)	-	(8,059)	<u>(9,058)</u>	<u>(999)</u>
Budgeted cash carryover	<u>-</u>	<u>8,059</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (9,058)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accrual			-	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (9,058)</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, 2016

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Other	\$ 5,325	5,325	5,032	(293)
Intergovernmental revenue				
State grants	131,923	131,923	131,900	(23)
Total revenues	137,248	137,248	136,932	(316)
Expenditures:				
Current:				
Public works	-	-	-	-
Capital outlay	137,248	138,184	138,184	-
Total expenditures	137,248	138,184	138,184	-
Excess (deficiency) of revenues over (under) expenditures	-	(936)	(1,252)	(316)
Other financing sources (uses):				
Transfers in	17,835	17,835	-	17,835
Transfers out	-	-	-	-
Total other financing sources (uses):	17,835	17,835	-	17,835
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	17,835	16,899	(1,252)	17,519
Budgeted cash carryover	-	-		
Net change in fund balance	\$ 17,835	16,899		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (1,252)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			(131,901)	
Adjustments to expenditures not necessary			38,400	
Net change in fund balance (GAAP)			\$ (94,753)	

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, 2016

	Budgeted Amounts			Favorable (Unfavorable) Difference
	Original	Final	Actual	
Revenues:				
Miscellaneous income	\$ 6,000	6,000	900	(5,100)
Total revenues	6,000	6,000	900	(5,100)
Expenditures:				
Current:				
Culture and recreation	9,985	9,985	1,408	8,577
Total expenditures	9,985	9,985	1,408	8,577
Excess (deficiency) of revenues over (under) expenditures	(3,985)	(3,985)	(508)	3,477
Other financing sources (uses):				
Transfers in	3,985	3,985	-	(3,985)
Transfers out	-	(17,000)	(17,000)	-
Total other financing sources (uses):	3,985	(13,015)	(17,000)	(3,985)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(17,000)	(17,508)	(508)
Budgeted cash carryover	-	17,000		
Net change in fund balance	\$ -	-		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (17,508)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ (17,508)	

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, 2016

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ 6,000	6,000	809	(5,191)
Total revenues	6,000	6,000	809	(5,191)
Expenditures:				
Current:				
General government	-	-	-	-
Capital outlay	5,000	5,000	1,712	3,288
Total expenditures	5,000	5,000	1,712	3,288
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	(903)	(1,903)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,000	1,000	(903)	(1,903)
Budgeted cash carryover	-	-		
Net change in fund balance	\$ 1,000	1,000		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (903)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ (903)	

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

STATE OF NEW MEXICO
TOWN OF MESILLA
EVENTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 20,300	20,300	12,963	(7,337)
Miscellaneous income	-	-	431	431
Total revenues	<u>20,300</u>	<u>20,300</u>	<u>13,394</u>	<u>(6,906)</u>
Expenditures:				
Current:				
Culture and recreation	20,300	20,300	-	20,300
Capital outlay	-	1,248	21,547	(20,299)
Total expenditures	<u>20,300</u>	<u>21,548</u>	<u>21,547</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	-	(1,248)	(8,153)	(6,905)
Other financing sources (uses):				
Transfers in	-	17,000	17,000	-
Transfers out	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>17,000</u>	<u>17,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	15,752	<u>8,847</u>	<u>(6,905)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>-</u>	<u>15,752</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 8,847	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 8,847</u>	

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

STATE OF NEW MEXICO
TOWN OF MESILLA
USAO HIDTA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	Budgeted Amounts			Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	59,974	59,474	(500)
Total revenues	-	59,974	59,474	(500)
Expenditures:				
Current:				
Public safety	-	10,631	10,132	499
Total expenditures	-	10,631	10,132	499
Excess (deficiency) of revenues over (under) expenditures	-	49,343	49,342	(999)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(58,136)	(58,136)	-
Total other financing sources (uses):	-	(58,136)	(58,136)	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(8,793)	(8,794)	(999)
Budgeted cash carryover	-	8,793		
Net change in fund balance	-	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ (8,794)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			4,781	
Net change in fund balance (GAAP)			\$ (4,013)	

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	28,949	28,949	-
Total revenues	<u>-</u>	<u>28,949</u>	<u>28,949</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	12,930	12,930	-
Total expenditures	<u>-</u>	<u>12,930</u>	<u>12,930</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	16,019	16,019	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>(89,559)</u>	<u>(89,558)</u>	<u>1</u>
Total other financing sources (uses):	<u>-</u>	<u>(89,559)</u>	<u>(89,558)</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(73,540)	<u>(73,539)</u>	<u>1</u>
Budgeted cash carryover	<u>-</u>	<u>73,540</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (73,539)	
Adjustments to revenue not necessary			(10,666)	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (84,205)</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, 2016

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	27,820	27,820	-
Total revenues	-	27,820	27,820	-
Expenditures:				
Current:				
Public safety	-	37,792	37,792	-
Total expenditures	-	37,792	37,792	-
Excess (deficiency) of revenues over (under) expenditures	-	(9,972)	(9,972)	-
Other financing sources (uses):				
Transfers in	-	55,667	55,667	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	55,667	55,667	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	45,695	45,695	-
Budgeted cash carryover	-	-		
Net change in fund balance	\$ -	45,695		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 45,695	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			1,586	
Net change in fund balance (GAAP)			\$ 47,281	

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ -	4,794	4,794	-
Miscellaneous income	-	<u>15,744</u>	-	<u>(15,744)</u>
Total revenues	-	20,538	4,794	(15,744)
Expenditures:				
Current:				
Public safety	-	<u>49,461</u>	<u>4,793</u>	<u>44,668</u>
Total expenditures	-	<u>49,461</u>	<u>4,793</u>	<u>44,668</u>
Excess (deficiency) of revenues over (under) expenditures	-	(28,923)	1	28,924
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	<u>(4,795)</u>	<u>(4,795)</u>	-
Total other financing sources (uses):	-	<u>(4,795)</u>	<u>(4,795)</u>	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(33,718)	<u>(4,794)</u>	<u>28,924</u>
Budgeted cash carryover	-	<u>33,718</u>		
Net change in fund balance	\$ -	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (4,794)	
Adjustments to revenue not necessary			19,256	
Adjustments to expenditures not necessary			<u>(14,463)</u>	
Net change in fund balance (GAAP)			<u>\$ (1)</u>	

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

STATE OF NEW MEXICO
TOWN OF MESILLA
NM HIDTA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	152,705	27,706	(124,999)
Miscellaneous income	-	(18,157)	-	18,157
Total revenues	-	134,548	27,706	(106,842)
Expenditures:				
Current:				
Public safety	-	152,122	45,279	106,843
Total expenditures	-	152,122	45,279	106,843
Excess (deficiency) of revenues over (under) expenditures	-	(17,574)	(17,573)	1
Other financing sources (uses):				
Transfers in	-	217,621	217,620	(1)
Transfers out	-	(234,295)	(234,294)	1
Total other financing sources (uses):	-	(16,674)	(16,674)	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(34,248)	<u>(34,247)</u>	<u>1</u>
Budgeted cash carryover	-	34,248		
Net change in fund balance	\$ -	-		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (34,247)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures for accrued wages and expenditures			<u>1,378</u>	
Net change in fund balance (GAAP)			<u>\$ (32,869)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Other grants	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	469	469	-
Total expenditures	<u>-</u>	<u>469</u>	<u>469</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(469)	(469)	-
Other financing sources (uses):				
Transfers in	-	30,140	30,140	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>30,140</u>	<u>30,140</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	29,671	<u>29,671</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>29,671</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 29,671	
Adjustments to revenue not necessary			-	
Adjustments to expenditures for accrued wages and expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 29,671</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, 2016

	<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	19,825	(20,175)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>19,825</u>	<u>(20,175)</u>
Expenditures:				
Current:				
Public safety	<u>39,531</u>	<u>39,531</u>	<u>33,589</u>	<u>5,942</u>
Total expenditures	<u>39,531</u>	<u>39,531</u>	<u>33,589</u>	<u>5,942</u>
Excess (deficiency) of revenues over (under) expenditures	469	469	(13,764)	(14,233)
Other financing sources (uses):				
Transfers in	-	27,927	27,927	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>27,927</u>	<u>27,927</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	469	28,396	<u>14,163</u>	<u>(14,233)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	\$ <u>469</u>	<u>28,396</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 14,163	
Adjustments to revenue for tax accruals and other miscellaneous revenue accrua			(2,011)	
Adjustments to expenditures for accrued wages and expenditures			<u>(487)</u>	
Net change in fund balance (GAAP)			\$ <u>11,665</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, 2016

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue				
State grants	\$ 60,997	60,997	51,664	(9,333)
Total revenues	<u>60,997</u>	<u>60,997</u>	<u>51,664</u>	<u>(9,333)</u>
Expenditures:				
Current:				
Public safety	60,997	70,244	65,790	4,454
Total expenditures	<u>60,997</u>	<u>70,244</u>	<u>65,790</u>	<u>4,454</u>
Excess (deficiency) of revenues over (under) expenditures	-	(9,247)	(14,126)	(4,879)
Other financing sources (uses):				
Transfers in	-	14,468	14,468	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>14,468</u>	<u>14,468</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	5,221	<u>342</u>	<u>(4,879)</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ -</u>	<u>5,221</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 342	
Adjustments to revenue for tax accruals and other miscellaneous revenue accrual			-	
Adjustments to expenditures for accrued wages and expenditures			<u>(90)</u>	
Net change in fund balance (GAAP)			<u>\$ 252</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 85,546	97,641	102,095	4,454
Miscellaneous income	-	-	-	-
Total revenues	<u>85,546</u>	<u>97,641</u>	<u>102,095</u>	<u>4,454</u>
Expenditures:				
Current:				
Public safety	<u>85,546</u>	<u>85,546</u>	<u>79,628</u>	<u>5,918</u>
Total expenditures	<u>85,546</u>	<u>85,546</u>	<u>79,628</u>	<u>5,918</u>
Excess (deficiency) of revenues over (under) expenditures	-	12,095	22,467	10,372
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>(16,256)</u>	<u>(16,256)</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>(16,256)</u>	<u>(16,256)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(4,161)	<u>6,211</u>	<u>10,372</u>
Budgeted cash carryover	<u>-</u>	<u>4,161</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 6,211	
Adjustments to revenue not necessary			(39,967)	
Adjustments to expenditures for accrued wages and expenditures			<u>12,005</u>	
Net change in fund balance (GAAP)			<u>\$ (21,751)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
Federal grants	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>(4,594)</u>	<u>(4,593)</u>	<u>1</u>
Total other financing sources (uses):	<u>-</u>	<u>(4,594)</u>	<u>(4,593)</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(4,594)	<u>(4,593)</u>	<u>1</u>
Budgeted cash carryover	<u>-</u>	<u>4,594</u>		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (4,593)	
Adjustments to revenue for tax and other miscellaneous revenue accruals			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (4,593)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>(345)</u>	<u>(345)</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>(345)</u>	<u>(345)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(345)	<u>(345)</u>	<u>-</u>
Budgeted cash carryover	<u>-</u>	<u>345</u>		
Net change in fund balance	<u>\$ -</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ (345)	
Adjustments to revenue not necessary			-	
Adjustments to expenditures not necessary			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (345)</u>	

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

STATE OF NEW MEXICO
TOWN OF MESILLA
TOWN HALL PROJECT FUND - MAJOR CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Gross receipts	\$ 70,000	70,000	87,424	17,424
Miscellaneous income	<u>200</u>	<u>200</u>	<u>195</u>	<u>(5)</u>
Total revenues	<u>70,200</u>	<u>70,200</u>	<u>87,619</u>	<u>17,419</u>
Expenditures:				
Current:				
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	70,200	70,200	87,619	17,419
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)	70,200	70,200	<u>87,619</u>	
Budgeted cash carryover	<u>-</u>	<u>-</u>		
Net change in fund balance	<u>\$ 70,200</u>	<u>70,200</u>		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 87,619	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			49,783	
Adjustments to expenditures for accrued wages and expenditures			<u>(46,436)</u>	
Net change in fund balance (GAAP)			<u>\$ 90,966</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 897,000	897,000	760,588	(136,412)
Total revenues	<u>897,000</u>	<u>897,000</u>	<u>760,588</u>	<u>(136,412)</u>
Expenditures:				
Current:				
Public safety	897,000	897,000	892,686	4,314
Capital outlay	-	-	-	-
Total expenditures	<u>897,000</u>	<u>897,000</u>	<u>892,686</u>	<u>4,314</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(132,098)	(132,098)
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>(132,098)</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)			\$ (132,098)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			43,527	
Adjustments to expenditures for accrued wages and expenditures			<u>69,106</u>	
Net change in fund balance (GAAP)			<u>\$ (19,465)</u>	

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

STATE OF NEW MEXICO
TOWN OF MESILLA
ICI FUND - CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental revenue				
State grants	\$ 58,887	58,887	160,015	101,128
Total revenues	58,887	58,887	160,015	101,128
Expenditures:				
Current:				
Capital outlay	58,887	58,887	8,340	50,547
Total expenditures	58,887	58,887	8,340	50,547
Excess (deficiency) of revenues over (under) expenditures	-	-	151,675	151,675
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses):	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	151,675	
Budgeted cash carryover	-	-		
Net change in fund balance	-	-		
Reconciliation From Budget/Actual to GAAP				
Net change in fund balance (Non-GAAP budgetary basis)			\$ 151,675	
Adjustments to revenue not necessary			8,340	
Adjustments to expenditures not necessary			-	
Net change in fund balance (GAAP)			\$ 160,015	

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

STATE OF NEW MEXICO
TOWN OF MESILLA
FIRE TRUCK LOAN - DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Gross receipts	\$ 33,500	83,474	37,040	(46,434)
Total revenues	<u>33,500</u>	<u>83,474</u>	<u>37,040</u>	<u>(46,434)</u>
Expenditures:				
Current:				
Public safety	<u>33,500</u>	<u>83,474</u>	<u>37,040</u>	<u>46,434</u>
Total expenditures	<u>33,500</u>	<u>83,474</u>	<u>37,040</u>	<u>46,434</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>(6,338)</u>	<u>(6,338)</u>	<u>-</u>
Total other financing sources (uses):	<u>-</u>	<u>(6,338)</u>	<u>(6,338)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(6,338)	<u>(6,338)</u>	
Budgeted cash carryover	<u>-</u>	<u>6,338</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)	\$ (6,338)
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals	360
Adjustments to expenditures for accrued wages and expenditures	<u>-</u>
Net change in fund balance (GAAP)	<u>\$ (5,978)</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, 2016

	<u>Budgeted Amounts</u>			Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	\$ 596,071	677,066	674,048	(3,018)
Total operating revenues	<u>596,071</u>	<u>677,066</u>	<u>674,048</u>	<u>(3,018)</u>
Operating expenses:				
Personnel services	162,725	162,725	133,301	29,424
Operating expenses	<u>448,550</u>	<u>623,643</u>	<u>395,061</u>	<u>228,582</u>
Total operating expenses	611,275	786,368	528,362	258,006
Operating income (loss)	(15,204)	(109,302)	145,686	254,988
Non-operating revenues (expenses):				
Gross receipts and other taxes	30,300	30,300	17,407	(12,893)
Miscellaneous	1,307	1,307	6,327	5,020
Interest income	<u>4,580</u>	<u>4,580</u>	<u>316</u>	<u>(4,264)</u>
Total non-operating revenues (expenses)	<u>36,187</u>	<u>36,187</u>	<u>24,050</u>	<u>(12,137)</u>
Income (loss) before transfers	20,983	(73,115)	169,736	242,851
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	20,983	(73,115)	<u>169,736</u>	<u>242,851</u>
Budgeted cash carryover	<u>-</u>	<u>73,115</u>		
Total	<u>\$ 20,983</u>	<u>-</u>		

Reconciliation From Budget/Actual to GAAP

Change in net position (Non-GAAP budgetary basis)	\$ 169,736
Adjustments to revenue for tax and other miscellaneous revenue accruals	451
Adjustments to expenditures for accrued wages and expenditures	(272,566)
Depreciation and other non-cash items	<u>(91,912)</u>
Change in net position (GAAP)	<u>\$ (194,291)</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, 2016

	<u>Balance</u> <u>6/30/2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2014</u>
Municipal court bonds				
Assets:				
Cash	\$ 6,387	5,298	-	11,685
Total assets	<u>\$ 6,387</u>	<u>5,298</u>	<u>-</u>	<u>11,685</u>
Liabilities:				
Refunds payable	\$ 4,265	324	-	4,589
Held for others	2,122	4,974	-	7,096
Total liabilities	<u>\$ 6,387</u>	<u>5,298</u>	<u>-</u>	<u>11,685</u>

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

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FUND BALANCES
As of June 30, 2016

	Major Funds				Total Non-Major Funds	Total Funds
	General Fund	Fire Fund Grant	Cap Projects			
			Town Hall Fund	Public Safety Building		
Fund Balances:						
Nonspendable:						
Subtotal nonspendable funds	\$ -	-	-	-	-	-
Restricted for:						
Improvements to public safety building	-	-	-	64,404	22,666	87,070
Improvements to Town Hall complex	-	-	699,068	-	-	699,068
Road improvements	-	-	-	-	32,260	32,260
Providing emergency medical services	-	-	-	-	590	590
Fire fighting efforts/equipment	-	51,388	-	-	-	51,388
Public safety and law enforcement efforts	-	-	-	-	3,012	3,012
Debt service requirements	-	-	-	-	38,906	38,906
Subtotal restricted funds	-	51,388	699,068	128,808	97,434	976,698
Committed to:						
DFA required reserves	121,038	-	-	-	-	121,038
Operate/maintain recreational facilities	-	-	-	-	7,228	7,228
Public safety and law enforcement efforts	-	-	-	-	128,723	128,723
Economic development efforts	-	-	-	-	880	880
Subtotal committed funds	121,038	-	-	-	136,831	257,869
Assigned to:						
Subtotal assigned funds	-	-	-	-	-	-
Unassigned	211,735	-	-	-	(14,502)	197,233
	<u>\$ 332,773</u>	<u>51,388</u>	<u>699,068</u>	<u>128,808</u>	<u>219,763</u>	<u>1,431,800</u>

See independent auditor's report.

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF DEPOSITORIES
As of June 30, 2016

<u>Account name</u>	<u>Type</u>	<u>First American 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*	881,602		2,994	(81,548)	803,048
Clearing account	CK*	47,286		-	(155,675)	(108,389)
Enterprise pooled cash	CK*	499,260		775	-	500,035
Municipal court bonds	CK*	11,685		-	-	11,685
Reserve and Debt Service	CK*		123,308	-	-	123,308
Total cash and equivalents		<u>1,439,833</u>	<u>123,308</u>	<u>3,769</u>	<u>(237,223)</u>	<u>1,329,687</u>
Total amount on deposit		1,439,833	123,308	<u>3,769</u>	<u>(237,223)</u>	<u>1,329,687</u>
FDIC coverage		<u>(250,000)</u>	-			
Total uninsured public funds		1,189,833	123,308			
50% collateral requirement (Section 6-10-17 NMSA-1978)		594,917	61,654			
Pledge security		1,088,447				
See NMFA audited financials			123,308			
Amount (over)/under collateralized		<u>(493,531)</u>	<u>(61,654)</u>			

* denotes interest bearing account

STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY
As of June 30, 2016

Cuspid	Description/ Maturity	Coupon	Moody	Pledged Percent	Pledged			
					Original Face	Par	Book Value	Market Value
First National Bank								
<i>Safekeeping Location - FHLB: Fed Home Loan Bank</i>								
778544CP9	Roswell NM 8/1/2018	3.55	Aa2	100% \$	325,000	325,000	325,000	325,858
914684DU6	University of New Mexico 10/15/2021	2.00	A1	100%	250,000	250,000	254,800	257,328
781338HSo	Ruidoso Municipal Schools District 8/1/2022	2.50	Aa1	100%	200,000	200,000	206,110	214,872
781346DQ1	Ruidoso NM Supplement 6/1/2027	3.50	A1	100%	275,000	275,000	282,498	290,389
					1,050,000	1,050,000	1,068,408	1,088,447

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, 2016

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

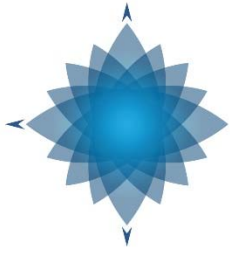
STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
As of June 30, 2016

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***

Independent Auditor's Report

Timothy Keller
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, 2016, 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 December 12, 2016.

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.

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. 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2016-001.

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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 responses. 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

December 12, 2016

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND REPOSSES
FOR THE YEAR ENDED JUNE 30, 2016**

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? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |
| d. Other noncompliance/other matters? | No |

SECTION II FINDINGS – FINANCIAL STATEMENTS

<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Financial Statement Finding</u>
Prior Year Findings		
2013-001 Cash Controls	Resolved	Yes
2013-004 Material Auditor Adjustments	Resolved	Yes
Current Year Findings		
2016-001 Bank Reconciliations	Current	Yes

PRIOR YEAR FINDINGS

None repeated.

CURRENT YEAR FINDINGS

2016-001 – BANK RECONCILIATIONS – Significant Deficiency

Statement of Condition

The following variances were identified between the Town's June 2016 bank reconciliations and the associated general ledger balance:

General fund account	\$59,485.22
Clearing fund account	(\$24,689.57)

**STATE OF NEW MEXICO
TOWN OF MESILLA
SCHEDULE OF FINDINGS AND REPOSSES
FOR THE YEAR ENDED JUNE 30, 2016**

Examination of these variances indicated that activity was recorded into the general ledger for June after the completion of the bank reconciliation. Discussion with the Town Treasurer and Deputy Treasurer suggested that the current process was for the Deputy Treasurer to complete the bank reconciliation prior to the Town Treasurer completing her monthly reporting. As part of the reporting process, occasional cash entries are necessary, which was causing the bank reconciliations to no longer tie tot eh general ledger balances.

Criteria

The bank reconciliation process should be the culmination of the monthly close-out process. Once the bank reconciliation has been completed for a given period, no additional entries should be made to cash for that period.

Effect

The Town's bank reconciliations no longer tied to the general ledger which could lead to relying on and/or reporting erroneous cash balances to financial statement users.

Cause

The Town's monthly close procedures were not adequate to ensure activity was not being recorded once the bank reconciliation process had been completed.

Recommendation

We recommend that the Town modify its bank reconciliation process to ensure that the reconciliation is not finalized until all entries to cash have been completed for the month.

Response

As of August 31, 2016 this process has been corrected. The Deputy Clerk/Treasurer reconciles to the bank statement. Then the reconciliation goes to the Clerk/Treasurer for any final cash adjustments. The Clerk/Treasurer then meets with the Deputy Clerk/Treasurer to ensure that the reconciliation matches the bank statements after any adjustments and that month is then closed out in INCODE. This has rectified the problem.

**STATE OF NEW MEXICO
TOWN OF MESILLA
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2016**

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 December 12, 2016. 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