

**STATE OF NEW MEXICO**

**TOWN OF MESILLA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR-ENDED JUNE 30, 2017**



## **INTRODUCTORY SECTION**

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TOWN OF MESILLA  
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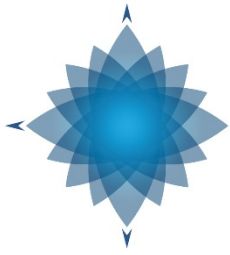
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**STATE OF NEW MEXICO  
TOWN OF MESILLA  
OFFICIAL ROSTER  
FOR THE YEAR ENDED JUNE 30, 2017**

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

## **FINANCIAL SECTION**



## Independent Auditor's Report

Wayne Johnson  
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, 2017, and the related notes to the financial statements which collectively comprise the Town's basic financial statements 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, 2017, 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.

## **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 45-51 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017, 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 13, 2017

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
STATEMENT OF NET POSITION  
As of June 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Assets and deferred inflows of resources:			
Assets:			
Cash and cash equivalents	\$ 887,652	618,677	1,506,329
Investments	244,625	45,716	290,341
Receivables			
Accounts receivable	-	58,006	58,006
Taxes receivable	184,017	3,902	187,919
Other receivables	532	-	532
Due from other governments	7,172	-	7,172
Total current assets	<u>1,323,998</u>	<u>726,301</u>	<u>2,050,299</u>
Non-current assets:			
Capital assets	11,808,359	3,503,606	15,311,965
Less: Accumulated depreciation	<u>(3,668,441)</u>	<u>(2,454,591)</u>	<u>(6,123,032)</u>
Total non-current assets	<u>8,139,918</u>	<u>1,049,015</u>	<u>9,188,933</u>
Total assets	<u>9,463,916</u>	<u>1,775,316</u>	<u>11,239,232</u>
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date	100,150	-	100,150
Actuarial experience	120,841	-	120,841
Investment experience	311,714	-	311,714
Change of assumptions	122,864	-	122,864
Change of proportion	90,506	-	90,506
Total deferred outflows of resources	<u>746,075</u>	<u>-</u>	<u>746,075</u>
Total assets and deferred outflows of resources	<u>\$ 10,209,991</u>	<u>1,775,316</u>	<u>11,985,307</u>
Liabilities, deferred inflows of resources and net position:			
Liabilities:			
Accounts payable	\$ 33,820	28,145	61,965
Accrued payroll liabilities	32,046	8,972	41,018
Other accrued liabilities	21,359	-	21,359
Customer deposits	-	28,941	28,941
Current portion of compensated absences	38,798	3,052	41,850
Current portion of long-term debt	82,762	3,288	86,050
Total current liabilities	<u>208,785</u>	<u>72,398</u>	<u>281,183</u>
Non-current liabilities			
Compensated absences	9,699	763	10,462
Notes payable	747,663	18,999	766,662
Net pension liability	2,004,246	-	2,004,246
Total non-current liabilities	<u>2,761,608</u>	<u>19,762</u>	<u>2,781,370</u>
Total liabilities	<u>2,970,393</u>	<u>92,160</u>	<u>3,062,553</u>
Deferred Inflows of Resources:			
Actuarial experience	7,157	-	7,157
Change of assumptions	17,208	-	17,208
Change of proportion	450,207	-	450,207
Total deferred inflows of resources	<u>474,572</u>	<u>-</u>	<u>474,572</u>
Net position			
Net Investment in Capital Assets	6,052,910	1,045,727	7,098,637
Unrestricted Net Position	712,116	637,429	1,349,545
Total net position	<u>6,765,026</u>	<u>1,683,156</u>	<u>8,448,182</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 10,209,991</u>	<u>1,775,316</u>	<u>11,985,307</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, 2017**

<u>Functions/programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes In Net Primary Government</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Primary government:</b>							
Governmental activities							
General government	\$ 1,048,140	4,416	80,542	-	(963,182)	-	(963,182)
Public safety	936,341	-	376,549	-	(559,792)	-	(559,792)
Public works	388,237	-	-	98,576	(289,661)	-	(289,661)
Culture and recreation	153,944	41,146	-	-	(112,798)	-	(112,798)
Interest expense	29,569	-	-	-	(29,569)	-	(29,569)
Total governmental activities	<u>2,556,231</u>	<u>45,562</u>	<u>457,091</u>	<u>98,576</u>	<u>(1,955,002)</u>	<u>-</u>	<u>(1,955,002)</u>
<b>Business-type activities:</b>							
Utilities							
Water	310,851	301,999	-	-	-	(8,852)	(8,852)
Solid Waste	241,677	212,981	-	-	-	(28,696)	(28,696)
Wastewater	150,551	176,339	-	-	-	25,788	25,788
Water rights activities	-	31,892	-	-	-	31,892	31,892
Total business-type activities	<u>\$ 703,079</u>	<u>723,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,132</u>	<u>20,132</u>
Total primary government					<u>(1,955,002)</u>	<u>20,132</u>	<u>(1,934,870)</u>
<b>General revenues:</b>							
Taxes							
Property taxes levied for general purposes					\$ 80,618	-	80,618
Gross receipts taxes					1,063,307	22,851	1,086,158
Other taxes and fees					140,858	-	140,858
Licenses and permits					31,295	-	31,295
Fines, forfeitures, and penalties					94,208	-	94,208
Interest income					2,986	503	3,489
Miscellaneous income					156,719	10,004	166,723
Total general revenue and transfers					<u>1,569,991</u>	<u>33,358</u>	<u>1,603,349</u>
Changes in net assets					(385,011)	53,490	(331,521)
Beginning net position					<u>7,150,037</u>	<u>1,629,666</u>	<u>8,779,703</u>
Net position, end of year					<u>\$ 6,765,026</u>	<u>1,683,156</u>	<u>8,448,182</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, 2017**

	<u>Major Funds</u>					<u>Total Funds</u>
	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Cap Projects</u>		<u>Total Non-Major Funds</u>	
			<u>Town Hall Fund</u>	<u>Public Safety Building</u>		
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ 39,202	13,415	685,178	-	149,858	887,653
Investments	101,991	-	90,122	-	52,512	244,625
Receivables						
Taxes receivable	167,518	-	15,663	-	835	184,016
Other receivables	-	532	-	-	-	532
Due from other funds	453	-	-	-	-	453
Due from other governments	2,500	-	-	-	4,672	7,172
Total assets	<u>311,664</u>	<u>13,947</u>	<u>790,963</u>	<u>-</u>	<u>207,877</u>	<u>1,324,451</u>
Deferred Outflows of Resources:						
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	\$ <u>311,664</u>	<u>13,947</u>	<u>790,963</u>	<u>-</u>	<u>207,877</u>	<u>1,324,451</u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ 28,432	1,316	-	-	4,072	33,820
Accrued payroll liabilities	30,490	-	-	-	1,556	32,046
Other accrued liabilities	21,359	-	-	-	-	21,359
Due to other fund	-	-	-	-	453	453
Total liabilities	<u>80,281</u>	<u>1,316</u>	<u>-</u>	<u>-</u>	<u>6,081</u>	<u>87,678</u>
Deferred Inflows of Resources:						
"Unavailable" revenues	<u>2,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,652</u>
Total deferred inflows of resources	<u>2,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,652</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	12,631	790,963	-	64,861	868,455
Committed	121,038	-	-	-	140,225	261,263
Assigned	-	-	-	-	-	-
Unassigned	<u>107,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,290)</u>	<u>104,403</u>
Total fund balances	<u>228,731</u>	<u>12,631</u>	<u>790,963</u>	<u>-</u>	<u>201,796</u>	<u>1,234,121</u>
Total liabilities, deferred inflows of resources and fund balances:	\$ <u>311,664</u>	<u>13,947</u>	<u>790,963</u>	<u>-</u>	<u>207,877</u>	<u>1,324,451</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, 2017**

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

Total fund balance - Governmental funds	\$	1,234,121
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		8,139,918
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.		2,652
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		100,150
Actuarial experience		120,841
Investment experience		311,714
Change of assumptions		122,864
Change of proportion		90,506
Deferred inflows of resources related to:		
Actuarial experience		(7,157)
Change of assumptions		(17,208)
Change of proportion		(450,207)
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	\$	(38,798)
Noncurrent compensated absences		(9,699)
Current notes payable		(82,762)
Noncurrent notes payable		(747,663)
Net pension liability	\$	<u>(2,004,246)</u>
		<u>(2,883,168)</u>
Net position for governmental activities	\$	<u><u>6,765,026</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, 2017**

	Major Funds					Total Funds
	General Fund	Cap Projects			Total Non-Major Funds	
		Fire Protection Fund	Town Hall Fund	Public Safety Building		
Revenues:						
Taxes						
Property	\$ 81,842	-	-	-	-	81,842
Gross receipts	934,836	-	137,145	-	37,040	1,109,021
Other	80,709	-	-	-	14,434	95,143
Licenses and permits	31,295	-	-	-	-	31,295
Charges for services	37,112	-	-	-	10,610	47,722
Fines and forfeitures	63,705	-	-	-	30,503	94,208
Intergovernmental revenue						
Federal grants	-	-	-	-	27,801	27,801
State grants	90,000	188,506	-	19,258	240,398	538,162
Other grants	9,800	-	-	-	-	9,800
Interest income	974	43	-	-	782	1,799
Miscellaneous income	109,684	20	1,187	-	24,701	135,592
Total revenues	<u>1,439,957</u>	<u>188,569</u>	<u>138,332</u>	<u>19,258</u>	<u>386,269</u>	<u>2,172,385</u>
Expenditures:						
Current:						
General government	627,849	-	-	-	-	627,849
Public safety	601,507	-	-	-	233,679	835,186
Public works	144,946	126,319	-	-	-	271,265
Culture and recreation	144,104	-	-	-	9,840	153,944
Capital outlay	14,180	107,224	-	-	275,884	397,288
Debt service						
Principal	-	-	21,441	-	48,960	70,401
Interest	-	-	24,996	-	4,573	29,569
Total expenditures	<u>1,532,586</u>	<u>233,543</u>	<u>46,437</u>	<u>-</u>	<u>572,936</u>	<u>2,385,502</u>
Excess (deficiency) of revenues over (under) expenditures	(92,629)	(44,974)	91,895	19,258	(186,667)	(213,117)
Other financing sources (uses):						
Proceeds from debt issuance	-	79,842	-	-	-	79,842
Transfers in	29,818	-	-	-	130,054	159,872
Transfers out	(41,231)	(17,669)	-	(83,662)	(17,310)	(159,872)
Total other financing sources (uses):	<u>(11,413)</u>	<u>62,173</u>	<u>-</u>	<u>(83,662)</u>	<u>112,744</u>	<u>79,842</u>
Net change in fund balances	(104,042)	17,199	91,895	(64,404)	(73,923)	(133,275)
Beginning fund balance	<u>332,773</u>	<u>(4,568)</u>	<u>699,068</u>	<u>64,404</u>	<u>275,719</u>	<u>1,367,396</u>
Ending fund balance	<u>\$ 228,731</u>	<u>12,631</u>	<u>790,963</u>	<u>-</u>	<u>201,796</u>	<u>1,234,121</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, 2017**

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

Total net change in fund balances-governmental funds	\$	(133,275)
<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		148,611
<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>		
		(360,172)
<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		(1,224)
<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		(15,263)
Issuance of long-term debt		(79,842)
Principal payments on long-term debt		70,401
<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		100,150
Pension expense		<u>(114,397)</u>
Change in net position of governmental activities	\$	<u><u>(385,011)</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Property	\$ 75,000	95,589	95,589	-
Gross receipts	871,275	929,955	929,955	-
Other	98,700	80,482	80,482	-
Licenses and permits	45,850	31,295	31,295	-
Charges for services	105,650	87,811	37,112	(50,699)
Fines and forfeitures	105,000	105,000	63,705	(41,295)
Intergovernmental revenue				
State grants	185,154	95,913	90,000	(5,913)
Other grants	15,400	11,400	9,800	(1,600)
Interest income	900	875	974	99
Miscellaneous income	12,350	101,010	86,135	(14,875)
Total revenues	<u>1,515,279</u>	<u>1,539,330</u>	<u>1,425,047</u>	<u>(114,283)</u>
Expenditures:				
Current:				
General government	653,597	647,139	611,985	35,154
Public safety	573,324	571,974	571,974	-
Public works	167,236	158,832	148,993	9,839
Culture and recreation	125,868	143,321	143,321	-
Capital outlay	12,000	14,180	14,180	-
Total expenditures	<u>1,532,025</u>	<u>1,535,446</u>	<u>1,490,453</u>	<u>44,993</u>
Excess (deficiency) of revenues over (under) expenditures	(16,746)	3,884	(65,406)	(159,276)
Other financing sources (uses):				
Transfers in	-	450	29,818	29,368
Transfers out	-	(9,561)	(35,795)	(26,234)
Total other financing sources (uses):	<u>-</u>	<u>(9,111)</u>	<u>(5,977)</u>	<u>3,134</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(16,746)	(5,227)	<u>(71,383)</u>	<u>(156,142)</u>
Budgeted cash carryover	<u>16,746</u>	<u>5,227</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)			\$ (71,383)	
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals			14,913	
Adjustments to expenditures for accrued wages and expenditures			<u>(47,573)</u>	
Net change in fund balance (GAAP)			<u>\$ (104,043)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenue				
State grants	\$ 188,506	188,506	188,506	-
Miscellaneous income	-	20	20	-
Total revenues	<u>188,506</u>	<u>188,526</u>	<u>188,526</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	191,871	152,407	124,404	28,003
Capital outlay	-	39,464	28,469	10,995
Total expenditures	<u>191,871</u>	<u>191,871</u>	<u>152,873</u>	<u>38,998</u>
Excess (deficiency) of revenues over (under) expenditures	(3,365)	(3,345)	35,653	38,998
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(35,338)	(17,669)	17,669
Total other financing sources (uses):	<u>-</u>	<u>(35,338)</u>	<u>(17,669)</u>	<u>17,669</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,365)	(38,683)	<u>17,984</u>	<u>56,667</u>
Budgeted cash carryover	<u>3,365</u>	<u>38,683</u>		
Net change in fund balance	\$ <u>-</u>	<u>-</u>		
Net change in fund balance (Non-GAAP budgetary basis)			\$ 17,984	
Adjustments to revenue not necessary			79,885	
Adjustments to expenditures not necessary			<u>(80,670)</u>	
Net change in fund balance (GAAP)			<u>\$ 17,199</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, 2017**

	<b>2017</b>
Assets and deferred inflows of resources:	
Assets:	
Cash and cash equivalents	\$ 618,677
Investments	45,716
Receivables	
Accounts receivable	58,006
Taxes receivable	3,902
Total current assets	726,301
Non-current assets:	
Capital assets	3,503,606
Less: Accumulated depreciation	(2,454,591)
Total non-current assets	1,049,015
Total assets	1,775,316
Deferred Outflows of Resources:	
Total deferred outflows of resources	-
Total assets and deferred outflows of resources	\$ 1,775,316
Liabilities, deferred inflows of resources and net position:	
Liabilities:	
Accounts payable	\$ 28,145
Accrued payroll liabilities	8,972
Customer deposits	28,941
Current portion of compensated absences	3,052
Current portion of long-term debt	3,288
Total current liabilities	72,398
Non-current liabilities	
Compensated absences	763
Notes payable	18,999
Total non-current liabilities	19,762
Total liabilities	92,160
Deferred inflows of resources:	
Total deferred inflows of resources	-
Net position	
Net Investment in Capital Assets	1,026,728
Unrestricted Net Position	656,428
Total net position	1,683,156
Total liabilities, deferred inflows of resources and net position:	\$ 1,775,316

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, 2017**

	<b>2017</b>
Operating revenues:	
Charges for services	
Water	\$ 301,999
Solid Waste	212,981
Wastewater	176,339
Water rights activities	31,892
Total operating revenues	723,211
 Operating expenses:	
Personnel services	165,871
Operating expenses	445,979
Depreciation and amortization	91,229
Total operating expenses	703,079
 Operating income (loss)	20,132
 Non-operating revenues (expenses):	
Gross receipts and other taxes	22,851
Miscellaneous	10,004
Interest income	503
Interest expense	-
Total non-operating revenues (expenses)	33,358
 Income (loss) before transfers	53,490
 Transfers in (out)	-
 Change in net position	53,490
 Net position, beginning of year	1,629,666
 Net position, end of year	\$ 1,683,156

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, 2017**

	<b>2017</b>
Cash flows from operating activities:	
Receipts from customers and users	\$ 709,449
Receipts from interfund services provided	
Payments to suppliers and employees	(440,988)
Payments to employees	(162,336)
Net cash provided (used) for operating activities	106,125
Cash flows from noncapital financing activities:	
Tax receipts	22,851
Miscellaneous income	10,003
Net cash provided (used) for noncapital financing activities	32,854
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(11,673)
Net cash provided (used) for capital and related financing activities	(11,673)
Cash flows from investing activities:	
Purchase of investments	(222)
Interest and dividends	503
Net cash provided (used) for investing activities.	281
Net increase (decrease) in cash and cash equivalents	127,587
Cash and cash equivalents – beginning of year	491,090
Cash and cash equivalents – end of year	\$ 618,677
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 20,132
Adjustments	
Depreciation and amortization	91,229
Changes in assets and liabilities:	
Receivables	(13,762)
Accounts payable	4,023
Accrued expenses and other liabilities	2,061
Deposits	968
Compensated absences	1,474
Net cash provided by operating activities	\$ 106,125

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, 2017**

	<u>2017</u>
Assets:	
Cash	\$ <u>15,653</u>
Total assets	\$ <u><u>15,653</u></u>
Liabilities:	
Refunds payable	\$ 8,557
Held for others	<u>7,096</u>
Total liabilities	\$ <u><u>15,653</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, 2017**

**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, or the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

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

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Town has no component units and is not a component unit of another governmental agency.

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

*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 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.

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
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FOR THE YEAR ENDED JUNE 30, 2017**

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 Protection* 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 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



**STATE OF NEW MEXICO  
TOWN OF MESILLA  
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FOR THE YEAR ENDED JUNE 30, 2017**

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 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

**STATE OF NEW MEXICO  
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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 10<sup>th</sup> and April 10<sup>th</sup>. Penalty and interest will be accrued after the delinquency due dates of December 10<sup>th</sup> and May 10<sup>th</sup>. In the event of a formal extension, the respective dates are correspondingly extended.

Inventories and Prepaid Items

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

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

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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.

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

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

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, 2017.

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

**STATE OF NEW MEXICO  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$100,150 related to contributions subsequent to the measurement date, \$311,714 related to the net difference between expected and actual earnings on pension plan investments, \$120,841 related to the net difference between expected and actual experience, \$122,864 related to changes in assumptions and \$90,506 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.

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 \$2,652 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 \$- related to the net difference between expected and actual earnings on pension plan investments, \$7,157 related to the net difference between expected and actual experience, \$17,208 related to changes in assumptions and \$450,207 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 carryover 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 be reported in the governmental fund

**STATE OF NEW MEXICO  
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FOR THE YEAR ENDED JUNE 30, 2017**

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

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

Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

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

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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 65 for additional information about fund balances.

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

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

Net Position

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

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

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

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

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*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 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 2014. For the year ended June 30, 2017, 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

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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.

*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, 2017 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.



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The Town does not have a deposit policy. The Town's cash and cash equivalents are listed on page 66 of this report.

The following is a summary of the Town's cash and cash equivalents balances by fund type as of June 30, 2017:

Fund Type	Amount
Cash and equivalents	
Governmental funds	\$ 887,652
Business-type activities	618,677
Fiduciary funds	15,653
Total cash and cash equivalents	\$ 1,521,982

*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 67 of this report.

As of June 30, 2017, the Town's bank balances of \$1,506,761 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.	1,073,884
Uninsured and uncollateralized	182,877
Total uninsured deposits	\$ 1,506,761

**NOTE 4 – INVESTMENTS**

A summary of the Town's investments by fund type as of June 30, 2017 is as follows:

Fund Type	Amount
Governmental funds	\$ 244,625
Business-type activities	45,716
Total investments	\$ 290,341

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The Town's investments consisted of the following as of June 30, 2017:

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Credit Risk-</u>		
			<u>Rating</u>	<u>WAM (R)</u>	<u>WAM (F)</u>
NM LGIP Fund	\$ 290,341	290,341	AAAm	58 days	106 days
	<u>\$ 290,341</u>	<u>290,341</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.

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, 2017 are as follows:

Governmental Activities	General Fund	Fire Protect Fund	Town Hall Fund	Public Safety Building	Nonmajor Funds	Total Receivables
Taxes:						
Property	\$ 4,813	-	-	-	-	4,813
State	162,705	-	15,663	-	836	179,204
Other intergovernmental	2,500	-	-	-	4,672	7,172
Other	-	532	-	-	-	532
Subtotal	170,018	532	15,663	-	5,508	191,721
Less: Allowance for uncollectibles	-	-	-	-	-	-
Net Receivables	<u>\$ 170,018</u>	<u>532</u>	<u>15,663</u>	<u>-</u>	<u>5,508</u>	<u>191,721</u>
Business-type Activities				Joint Utility Fund		
Accounts				\$ 58,006		
Taxes:						
State				3,902		
Subtotal				61,908		
Less: Allowance for uncollectibles				-		
Net Receivables				<u>\$ 61,908</u>		

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

In accordance with GASB No. 33, the property tax revenues totaling \$2,652 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

**NOTE 6 – CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress are not subject to depreciation.

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balance 06/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/17</u>
<b>Non-depreciable capital assets:</b>				
Land	\$ 1,399,500	-	-	1,399,500
Construction in progress	1,166,979	-	-	1,166,979
Total non-depreciable capital assets	<u>2,566,479</u>	<u>-</u>	<u>-</u>	<u>2,566,479</u>
<b>Capital assets being depreciated:</b>				
Buildings	4,750,161	-	-	4,750,161
Other improvements	2,335,879	42,810	-	2,378,689
Machinery and equipment	2,069,793	105,800	(62,563)	2,113,030
Total capital assets being depreciated	<u>9,155,833</u>	<u>148,610</u>	<u>(62,563)</u>	<u>9,241,880</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(1,278,160)	(140,505)	-	(1,418,665)
Other improvements	(550,540)	(116,972)	-	(667,512)
Machinery and equipment	(1,542,132)	(102,695)	62,563	(1,582,264)
Total accumulated depreciation	<u>(3,370,832)</u>	<u>(360,172)</u>	<u>62,563</u>	<u>(3,668,441)</u>
Total capital assets being depreciate	<u>5,785,001</u>	<u>(211,562)</u>	<u>-</u>	<u>5,573,439</u>
Total capital assets, net of depreciation \$	<u>8,351,480</u>	<u>(211,562)</u>	<u>-</u>	<u>8,139,918</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Capital assets being depreciated:</b>				
Utility system	\$ 3,148,582	-	-	3,148,582
Machinery and equipment	343,351	11,674	-	355,025
Total capital assets being depreciated	<u>3,491,933</u>	<u>11,674</u>	<u>-</u>	<u>3,503,607</u>
<b>Less accumulated depreciation for:</b>				
Utility system	(2,041,434)	(78,853)	-	(2,120,287)
Machinery and equipment	(321,929)	(12,376)	-	(334,305)
Total accumulated depreciation	<u>(2,363,363)</u>	<u>(91,229)</u>	<u>-</u>	<u>(2,454,592)</u>
Total capital assets being depreciate	<u>1,128,570</u>	<u>(79,555)</u>	<u>-</u>	<u>1,049,015</u>
Total capital assets, net of depreciation \$	<u>1,128,570</u>	<u>(79,555)</u>	<u>-</u>	<u>1,049,015</u>

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Depreciation expense for the year ended June 30, 2017 was charged to the following functions and funds:

Governmental activities:	
General government	\$ 142,045
Public safety	101,155
Public works	<u>116,972</u>
Total governmental activities	<u>\$ 360,172</u>
Business type activities	<u>\$ 91,229</u>

**NOTE 7 – LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Amount due within one year
Governmental funds debt					
Compensated absences	\$ 33,235	72,830	(57,568)	48,497	38,798
Notes payable	<u>820,984</u>	<u>79,842</u>	<u>(70,401)</u>	<u>830,425</u>	<u>82,762</u>
Total governmental activities	<u>\$ 854,219</u>	<u>152,672</u>	<u>(127,969)</u>	<u>878,922</u>	<u>121,560</u>
Business-type funds debt					
Compensated absences	\$ 2,341	5,565	(4,091)	3,815	3,052
Notes payable	<u>22,287</u>	<u>-</u>	<u>-</u>	<u>22,287</u>	<u>3,288</u>
Total business-type activities	<u>\$ 24,628</u>	<u>5,565</u>	<u>(4,091)</u>	<u>26,102</u>	<u>6,340</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 2017.

The annual principal and interest requirements on long-term debt outstanding as of June 30, 2017 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 4.58% per annum. The proceeds of the loan were used for construction of the Town’s municipal complex. The payments of principal and interest are paid from pledged governmental capital outlay gross receipts taxes. The revenues pledged totaled \$743,425 at June 30, 2017, and equal 51.6% of future capital outlay gross receipts tax at their current rate. During the year ended June 30, 2017, the Town collected \$90,112 in pledged revenues, and retired \$46,437 in principal and interest on the aforementioned note. The Town has authorized the New Mexico Taxation and Revenue Department to intercept the required monthly

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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>
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	26,522	19,929	46,451
2023-2027	152,537	79,765	232,302
2028-2032	192,890	39,514	232,404
2033-2037	44,353	2,142	46,495
Total	<u>\$ 511,578</u>	<u>231,848</u>	<u>743,426</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 \$185,202 at June 30, 2017, and equal 8.0% of future gross receipts tax at their current rate. During the year ended June 30, 2017, the Town collected \$466,827 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>
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	36,261	780	37,041
2023-2027	-	-	-
Total	<u>\$ 175,382</u>	<u>9,821</u>	<u>185,203</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 pledged governmental capital outlay gross receipts taxes. The revenues pledged totaled \$65,969 at June 30, 2017, and equal 3.5% of future gross receipts tax at their current rate. During the year ended June 30, 2017, the Town collected \$466,827 in pledged revenues, and retired \$16,492 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>
2018	\$ 15,633	860	16,493
2019	15,791	702	16,493
2020	15,983	509	16,492
2021	16,216	276	16,492
2022	-	-	-
Total	<u>\$ 63,623</u>	<u>2,347</u>	<u>65,970</u>

**NMFA – Fire Vehicles**

On January 8, 2016, the Town borrowed \$79,842 from the New Mexico Finance Authority. The note matures on May 1, 2024, and accrues interest at 1.13% per annum. The proceeds of the loan were for the purchase of fire vehicles. The payments of principal and interest are paid from pledged fire protection funds. The revenues pledged totaled \$84,018 at June 30, 2017, and equal 4.5% of future fire protection funds at their current rate. During the year ended June 30, 2017, the Town collected \$188,506 in pledged revenues, and retired \$-0- 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>
2018	\$ 10,720	1,283	12,003
2019	11,262	740	12,002
2020	11,344	659	12,003
2021	11,440	563	12,003
2022	11,553	449	12,002
2023-2027	<u>23,523</u>	<u>482</u>	<u>24,005</u>
Total	<u>\$ 79,842</u>	<u>4,176</u>	<u>84,018</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 82,762	29,215	111,977
2019	84,819	27,158	111,977
2020	86,606	25,374	111,980
2021	88,599	23,384	111,983
2022	74,336	21,158	95,494
2023-2027	176,060	80,247	256,307
2028-2032	192,890	39,514	232,404
2033-2037	<u>44,353</u>	<u>2,142</u>	<u>46,495</u>
Total	<u>\$ 830,425</u>	<u>248,192</u>	<u>1,078,617</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

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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 \$6,446 at June 30, 2017, and equal 1.1% of future estimated net revenues at their current rate. During the year ended June 30, 2017, the Town collected \$53,772 in pledged revenues, and retired \$-0- 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>
2018	\$ 1,044	30	1,074
2019	524	13	537
2020	525	12	537
2021	527	11	538
2022	528	9	537
2023-2027	2,660	27	2,687
2028-2032	535	1	536
Total	<u>\$ 6,343</u>	<u>103</u>	<u>6,446</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 \$16,244 at June 30, 2017, and equal 2.3% of future estimated net revenues at their current rate. During the year ended June 30, 2017, the Town collected \$53,772 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>
2018	\$ 2,244	77	2,321
2019	1,126	34	1,160
2020	1,129	31	1,160
2021	1,132	29	1,161
2022	1,135	26	1,161
2023-2027	5,715	86	5,801
2028-2032	3,463	17	3,480
Total	<u>\$ 15,944</u>	<u>300</u>	<u>16,244</u>

**NMFA – WTB 3558**

On November 4, 2016, the Town borrowed \$106,800 from the New Mexico Finance Authority. The note matures on June 1, 2038, 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 Town did not draw any of the available loan funds during the year ended June 30, 2017. It is expected that the loan funds will be drawn in the next fiscal year.

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The revenues pledged totaled \$110,056 at June 30, 2017, and equal 9.7% of future estimated net revenues at their current rate. During the year ended June 30, 2017, the Town collected \$53,772 in pledged revenues, and retired \$-0- in principal and interest on the aforementioned note.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,288	107	3,395
2019	1,650	47	1,697
2020	1,654	43	1,697
2021	1,659	40	1,699
2022	1,663	35	1,698
2023-2027	8,375	113	8,488
2028-2032	3,998	18	4,016
Total	<u>\$ 22,287</u>	<u>403</u>	<u>22,690</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 operates the Town’s water supply system. The Wastewater Department operates the Town’s wastewater treatment plant, pumping stations, and collection systems.

	<u>Water Dept</u>	<u>Wastewater Dept</u>
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets:		
Current assets	\$ 269,081	88,742
Capital assets	1,049,015	-
Total assets	<u>1,318,096</u>	<u>88,742</u>
Deferred outflows of resources		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities	34,836	10,866
Noncurrent liabilities	26,102	-
Total liabilities	<u>60,938</u>	<u>10,866</u>
Deferred inflows of resources		
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Net position		
Net investment in capital assets	1,022,913	-
Unrestricted	234,245	77,876
Total net position	<u>\$ 1,257,158</u>	<u>77,876</u>



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**CONDENSED STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN NET POSITION**

Operating revenues (pledged against debt)	\$ 301,999	176,339
Depreciation expense	(91,229)	-
Other operating expenses	<u>(219,622)</u>	<u>(150,551)</u>
Operating income	(8,852)	25,788
Nonoperating revenues (expenses):		
Miscellaneous	977	9,026
Investment income	324	-
Interest expense	<u>-</u>	<u>-</u>
Change in net position	(7,551)	34,814
Beginning net position	<u>1,264,709</u>	<u>43,062</u>
Ending net position	<u>\$ 1,257,158</u>	<u>77,876</u>

**CONDENSED STATEMENT OF CASH FLOWS**

Net cash provided (used) by:		
Operating activities	\$ 82,198	22,826
Noncapital financing activities	977	9,026
Capital and related financing activities	(11,673)	-
Investing activities	<u>297</u>	<u>-</u>
Net increase (decrease)	71,799	31,852
Beginning cash and cash equivalents	<u>165,299</u>	<u>43,376</u>
Ending cash and cash equivalents	<u>\$ 237,098</u>	<u>75,228</u>

**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, 2017 was as follows:

		Transfers In		
		General	Non-Major Govern- mental	Total
<b>Transfers Out</b>	General	\$ -	41,231	41,231
	Fire Protection Fund	-	17,669	17,669
	Public Safety Building	12,507	71,155	83,662
	Non-Major Governmental	<u>17,311</u>	<u>-</u>	<u>17,311</u>
	Total	<u>\$ 29,818</u>	<u>130,055</u>	<u>159,873</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.

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Interfund balances as of June 30, 2017, are as follows:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>
	Nonmajor Special Revenue Funds	
General fund	Street improvements fund	453
		\$ 453

**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, 2017 was \$84,480.

**NOTE 11 – PERA PENSION PLAN**

**Plan description.** *Public Employees Retirement 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 Officers, 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 Public Employees Retirement 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

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 – Tier I** - Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan.

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Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

*TIER II* – The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

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**Contributions.** See PERA’s compressive annual financial report for Contribution provided description

<b>PERA Contribution Rates and Pension Factors as of July 1, 2016</b>						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
State Plan 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
Municipal Plan 1 (plan open to new employers)	7.0 %	8.5 %	7.4 %	2.0 %	2.0 %	90 %
Municipal Plan 2 (plan open to new employers)	9.15 %	10.65 %	9.55 %	2.5 %	2.0 %	90 %
Municipal Plan 3 (plan closed to new employers 6/95)	13.15 %	14.65 %	9.55 %	3.0 %	2.5 %	90 %
Municipal Plan 4 (plan closed to new employers 6/00)	15.65 %	17.15 %	12.05 %	3.0 %	2.5 %	90 %
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30,

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2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

**For PERA Fund Division Municipal General:** At June 30, 2017, the Town of Mesilla reported a liability of \$733,328 for its proportionate share of the net pension liability. At June 30, 2016, the Town of Mesilla's proportion was 0.0459%, which was a decrease of 0.0535% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$90,944. At June 30, 2017, the Town of Mesilla reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 36,640	7,157
Changes of assumptions	43,001	122
Net difference between projected and actual earnings on pension plan investments	134,931	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	446,172
Town contributions subsequent to the measurement date	36,030	-
	\$ 250,602	453,451

\$36,030 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ (102,122)
2019	(102,122)
2020	(56,464)
2021	21,829
2022	-
Thereafter	\$ -

**For PERA Fund Division Municipal Police:** At June 30, 2017, the Town of Mesilla reported a liability of \$947,374 for its proportionate share of the net pension liability. At June 30, 2016, the Town of Mesilla's proportion was 0.1284%, which was an increase of 0.0018% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of (\$77,071). At June 30, 2017, the Town of Mesilla reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 69,550	-
Changes of assumptions	62,749	17,086
Net difference between projected and actual earnings on pension plan investments	149,833	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	89,778	-
Town contributions subsequent to the measurement date	<u>51,730</u>	<u>-</u>
	<u>\$ 423,640</u>	<u>17,086</u>

\$51,730 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ 102,730
2019	102,730
2020	110,846
2021	38,518
2022	-
Thereafter	\$ -

**For PERA Fund Division Municipal Fire:** At June 30, 2017, the Town of Mesilla reported a liability of \$323,544 for its proportionate share of the net pension liability. At June 30, 2016, the Town of Mesilla's proportion was 0.0485%, which was a decrease of 0.0011% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of (\$28,120). At June 30, 2017, the Town of Mesilla reported 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	\$ 14,651	-
Changes of assumptions	17,114	-
Net difference between projected and actual earnings on pension plan investments	26,950	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	728	4,035
Town contributions subsequent to the measurement date	<u>12,390</u>	<u>-</u>
	<u>\$ 71,833</u>	<u>4,035</u>

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\$12,390 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ 15,284
2019	15,284
2020	17,978
2021	6,862
2022	-
Thereafter	\$ -

**Actuarial assumptions.** The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2015
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	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years 2.75% rate all other years
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disable table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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

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target allocation and 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>
Global Equity	43.50%	7.39%
Risk Reduciton & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
Total	<u>100.00%</u>	

**Discount rate.** A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate.** The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

<b>PERA Fund Division - Municipal General</b>	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
Town's proportionate share of the net pension liability	\$ 1,093,326	733,328	434,727
<b>PERA Fund Division - Municipal Police</b>	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
Town's proportionate share of the net pension liability	\$ 1,383,822	947,374	582,232
<b>PERA Fund Division - Municipal Fire</b>	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
Town's proportionate share of the net pension liability	\$ 423,194	323,544	241,692



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***Pension plan fiduciary net position.*** Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

**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:

<u>Fiscal Year</u>		
<u>Ending June 30,</u>	<u>Amount</u>	
2018	\$	3,482
2019		3,482
2020		3,337
2021		-
2022		-
Total	\$	<u>10,301</u>

Rental payments charged to current operations for the year ended June 30, 2017 totaled \$3,482.

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

Deficit Fund Balances

The following non-major funds incurred a deficit fund balance at June 30, 2017:

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Lodgers' tax fund	Special revenue fund	\$ (221)
Street improvements fund	Special revenue fund	(469)
Events fund	Special revenue fund	\$ (2,600)

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

Legal Compliance with Budget

The Town was in compliance with Section 6-6-6 of the New Mexico State Statues regarding legal compliance with approved budgets for the year ended June 30, 2017.

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**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.

On May 25, 2017, the Town received notification that as a result of an audit conducted by a federal oversight body, the Town had been reimbursed for \$21,359 in federal funds that were not allowable costs under the grant agreement. As a result, the Town was ordered to repay this amount. As of June 30, 2017, the Town was still appealing the decision, however subsequent to year end, the Town repaid the amount owed to the federal agency. As a result of this, a contingent liability in the amount of \$21,359 was reported in the Town's financial statements.

As of June 30, 2017, 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, 2017. The total amounts spent as of June 30, 2017 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 performed. Payment will be made with proceeds remaining from debt issuances, operating revenues, and future grants to be received.

**NOTE 17 – EVALUATION OF SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through December 13, 2017, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
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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>2017</u>		<u>2016</u>		<u>2015</u>
Town of Mesilla's proportion of the net pension liability (asset)	0.0459%		0.0994%		0.1035%
Town of Mesilla's proportionate share of the net pension liability (asset)	\$ 733,328	\$	1,013,469	\$	807,411
Town of Mesilla's covered-employee payroll	\$ 483,316	\$	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	151.73%		178.61%		77.79%
Plan fiduciary net position as a percentage of the total pension liability	69.18%		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.

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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>2017</u>	<u>2016</u>	<u>2015</u>
Town of Mesilla's proportion of the net pension liability (asset)	0.1284%	0.1266%	0.0932%
Town of Mesilla's proportionate share of the net pension liability (asset)	\$ 947,374	\$ 608,764	\$ 303,822
Town of Mesilla's covered-employee payroll	\$ 305,847	\$ 290,571	\$ 266,700
Town of Mesilla's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	309.75%	209.51%	113.92%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	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.

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**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>2017</u>		<u>2016</u>		<u>2015</u>
Town of Mesilla's proportion of the net pension liability (asset)	0.0485%		0.0496%		0.0493%
Town of Mesilla's proportionate share of the net pension liability (asset)	\$ 323,544	\$	255,995	\$	205,778
Town of Mesilla's covered-employee payroll	\$ 57,229	\$	56,534	\$	56,596
Town of Mesilla's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	565.35%		452.82%		363.59%
Plan fiduciary net position as a percentage of the total pension liability	69.18%		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>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 36,030	\$ 36,822	\$ 79,763
Contributions in relation to the contractually required contribution	<u>36,030</u>	<u>36,822</u>	<u>79,763</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	483,316	567,421	1,037,985
Contributions as a percentage of covered-employee payroll	7.45%	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\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 51,730	\$ 46,212	\$ 51,835
Contributions in relation to the contractually required contribution	<u>51,730</u>	<u>46,212</u>	<u>51,835</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	305,847	290,571	266,700
Contributions as a percentage of covered-employee payroll	16.91%	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>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 12,390	\$ 12,240	\$ 12,240
Contributions in relation to the contractually required contribution	<u>12,390</u>	<u>12,240</u>	<u>12,240</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered-employee payroll	57,229	56,534	56,596
Contributions as a percentage of covered-employee payroll	21.65%	21.65%	21.63%

\* 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, 2017**

***Changes of benefit terms:*** The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

***Assumptions:*** The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>

## **SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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 Fund Grant** – 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.

**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.

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**CAPITAL PROJECT FUNDS**

**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, 2017**

	<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	\$ 110,474	-	39,384	149,858
Investments	52,512	-	-	52,512
Receivables				
Taxes receivable	835	-	-	835
Due from other funds	-	-	-	-
Due from other governments	4,672	-	-	4,672
Total assets	<u>168,493</u>	<u>-</u>	<u>39,384</u>	<u>207,877</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>\$ 168,493</u>	<u>-</u>	<u>39,384</u>	<u>207,877</u>
Liabilities, deferred inflows of resources and fund balances:				
Liabilities:				
Accounts payable	\$ 4,072	-	-	4,072
Accrued payroll liabilities	1,556	-	-	1,556
Due to other fund	453	-	-	453
Total liabilities	<u>6,081</u>	<u>-</u>	<u>-</u>	<u>6,081</u>
Deferred Inflows of Resources:				
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	25,477	-	39,384	64,861
Committed	140,225	-	-	140,225
Assigned	-	-	-	-
Unassigned	(3,290)	-	-	(3,290)
Total fund balances	<u>162,412</u>	<u>-</u>	<u>39,384</u>	<u>201,796</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 168,493</u>	<u>-</u>	<u>39,384</u>	<u>207,877</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, 2017**

	<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	14,434	-	-	14,434
Charges for services	10,610	-	-	10,610
Fines and forfeitures	30,503	-	-	30,503
Intergovernmental revenue				
Federal grants	27,801	-	-	27,801
State grants	222,588	17,810	-	240,398
Interest income	303	-	479	782
Miscellaneous income	24,701	-	-	24,701
Total revenues	<u>330,940</u>	<u>17,810</u>	<u>37,519</u>	<u>386,269</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	233,679	-	-	233,679
Public works	-	-	-	-
Culture and recreation	9,840	-	-	9,840
Health and welfare	-	-	-	-
Capital outlay	164,254	111,630	-	275,884
Debt service				
Principal	15,203	-	33,757	48,960
Interest	1,289	-	3,284	4,573
Total expenditures	<u>424,265</u>	<u>111,630</u>	<u>37,041</u>	<u>572,936</u>
Excess (deficiency) of revenues over (under) expenditures	(93,325)	(93,820)	478	(186,667)
Other financing sources (uses):				
Proceeds from debt issuance	-	-	-	-
Transfers in	58,900	71,154	-	130,054
Transfers out	(17,310)	-	-	(17,310)
Total other financing sources (uses):	<u>41,590</u>	<u>71,154</u>	<u>-</u>	<u>112,744</u>
Net change in fund balances	(51,735)	(22,666)	478	(73,923)
Beginning fund balance	<u>214,147</u>	<u>22,666</u>	<u>38,906</u>	<u>275,719</u>
Ending fund balance	<u>\$ 162,412</u>	<u>-</u>	<u>39,384</u>	<u>201,796</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, 2017**

	<u>Correction Fees</u>	<u>Emergency Medical Services</u>	<u>Fire Fund Grant</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	\$ 78,997	527	24,902	48	-	-	6,000
Investments	52,512	-	-	-	-	-	-
Receivables							
Taxes receivable	-	-	-	-	-	835	-
Total assets	<u>131,509</u>	<u>527</u>	<u>24,902</u>	<u>48</u>	<u>-</u>	<u>835</u>	<u>6,000</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>\$ 131,509</u>	<u>527</u>	<u>24,902</u>	<u>48</u>	<u>-</u>	<u>835</u>	<u>6,000</u>
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accounts payable	\$ -	-	-	-	221	851	400
Due to other funds	-	-	-	-	-	453	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221</u>	<u>1,304</u>	<u>400</u>
Deferred Inflows of Resources:							
"Unavailable" revenues	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	527	24,902	48	-	-	-
Committed	131,509	-	-	-	-	-	5,600
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(221)	(469)	-
Total fund balances	<u>131,509</u>	<u>527</u>	<u>24,902</u>	<u>48</u>	<u>(221)</u>	<u>(469)</u>	<u>5,600</u>
Total liabilities, deferred inflows of resources and fund balances:	<u>\$ 131,509</u>	<u>527</u>	<u>24,902</u>	<u>48</u>	<u>-</u>	<u>835</u>	<u>6,000</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, 2017**

	<u>Court Automation</u>	<u>Events Fund</u>	<u>Stone Garden</u>	<u>School Resource Officer</u>	<u>Youth Conservation Corps</u>	<u>Totals</u>
Assets and deferred inflows of resources:						
Assets:						
Cash and cash equivalents	\$ -	-	-	-	-	110,474
Investments	-	-	-	-	-	52,512
Receivables						
Taxes receivable	-	-	-	-	-	835
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	4,672	-	4,672
Total assets	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>4,672</u>	<u>-</u>	<u>168,493</u>
Deferred Outflows of Resources:						
Total deferred outflows of resources	<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><u>4,672</u></u>	<u><u>-</u></u>	<u><u>168,493</u></u>
Liabilities, deferred inflows of resources and fund balances:						
Liabilities:						
Accounts payable	\$ -	2,600	-	-	-	4,072
Accrued payroll liabilities	-	-	-	1,556	-	1,556
Due to other funds	-	-	-	-	-	453
Total liabilities	<u>-</u>	<u>2,600</u>	<u>-</u>	<u>1,556</u>	<u>-</u>	<u>6,081</u>
Deferred Inflows of Resources:						
"Unavailable" revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	25,477
Committed	-	-	-	3,116	-	140,225
Assigned	-	-	-	-	-	-
Unassigned	-	(2,600)	-	-	-	(3,290)
Total fund balances	<u>-</u>	<u>(2,600)</u>	<u>-</u>	<u>3,116</u>	<u>-</u>	<u>162,412</u>
Total liabilities, deferred inflows of resources and fund balances:	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,672</u></u>	<u><u>-</u></u>	<u><u>168,493</u></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, 2017**

	<b>ICI Fund</b>	<b>Totals</b>
Assets and deferred inflows of resources:		
Assets:		
Receivables		
Due from other governments	\$ -	-
Total assets	-	-
Deferred Outflows of Resources:		
Total deferred outflows of resources	-	-
Total assets and deferred outflows of resources	\$ -	-
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	-	-
Committed	-	-
Assigned	-	-
Unassigned	-	-
Total fund balances	-	-
Total liabilities, deferred inflows of resources and fund balances:	\$ -	-

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, 2017**

	<b>Fire Truck Loan</b>	<b>Totals</b>
Assets and deferred inflows of resources:		
Assets:		
Cash and cash equivalents	\$ 39,384	39,384
Total assets	39,384	39,384
Deferred Outflows of Resources:		
Total deferred outflows of resources	-	-
Total assets and deferred outflows of resources	\$ 39,384	39,384
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	39,384	39,384
Committed	-	-
Assigned	-	-
Unassigned	-	-
Total fund balances	39,384	39,384
Total liabilities, deferred inflows of resources and fund balances:	\$ 39,384	39,384

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, 2017**

	<u>Correction Fees</u>	<u>Emergency Medical Services</u>	<u>Fire Fund Grant</u>	<u>Law Enforcement</u>	<u>Lodgers' Tax</u>	<u>Street Improvements</u>	<u>Recreation</u>
Revenues:							
Taxes							
Other	\$ -	-	-	-	9,420	5,014	-
Fines and forfeitures	28,478	-	-	2,025	-	-	-
Intergovernmental revenue							
State grants	-	-	70,676	24,800	-	61,508	-
Interest income	255	-	-	48	-	-	-
Miscellaneous income	-	2,700	-	3,305	-	10,803	6,500
Total revenues	<u>28,733</u>	<u>2,700</u>	<u>70,676</u>	<u>30,178</u>	<u>9,420</u>	<u>77,325</u>	<u>6,500</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	25,947	2,763	98,563	16,650	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	7,933	-	1,907
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	16,268	-	-	115,804	-
Debt service							
Principal	-	-	-	15,203	-	-	-
Interest	-	-	-	1,289	-	-	-
Total expenditures	<u>25,947</u>	<u>2,763</u>	<u>114,831</u>	<u>33,142</u>	<u>7,933</u>	<u>115,804</u>	<u>1,907</u>
Excess (deficiency) of revenues over (under) expenditures	2,786	(63)	(44,155)	(2,964)	1,487	(38,479)	4,593
Other financing sources (uses):							
Proceeds from debt issuance	-	-	-	-	-	-	-
Transfers in	-	-	17,669	-	498	5,750	-
Transfers out	-	-	-	-	-	-	(6,221)
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>17,669</u>	<u>-</u>	<u>498</u>	<u>5,750</u>	<u>(6,221)</u>
Net change in fund balances	2,786	(63)	(26,486)	(2,964)	1,985	(32,729)	(1,628)
Beginning fund balance	<u>128,723</u>	<u>590</u>	<u>51,388</u>	<u>3,012</u>	<u>(2,206)</u>	<u>32,260</u>	<u>7,228</u>
Ending fund balance	<u>\$ 131,509</u>	<u>527</u>	<u>24,902</u>	<u>48</u>	<u>(221)</u>	<u>(469)</u>	<u>5,600</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, 2017**

	<u>Court Automation</u>	<u>Events Fund</u>	<u>Stonegarden</u>	<u>School Resource Officer</u>	<u>Youth Conservation Corps</u>	<u>Totals</u>
Revenues:						
Taxes						
Other	\$ -	-	-	-	-	14,434
Charges for services	-	10,610	-	-	-	10,610
Fines and forfeitures	-	-	-	-	-	30,503
Intergovernmental revenue						
Federal grants	-	-	27,801	-	-	27,801
State grants	838	-	-	64,766	-	222,588
Interest income	-	-	-	-	-	303
Miscellaneous income	-	943	-	-	450	24,701
Total revenues	<u>838</u>	<u>11,553</u>	<u>27,801</u>	<u>64,766</u>	<u>450</u>	<u>330,940</u>
Expenditures:						
Current:						
Public safety	-	-	15,457	74,299	-	233,679
Culture and recreation	-	-	-	-	-	9,840
Capital outlay	1,143	31,039	-	-	-	164,254
Debt service						
Principal	-	-	-	-	-	15,203
Interest	-	-	-	-	-	1,289
Total expenditures	<u>1,143</u>	<u>31,039</u>	<u>15,457</u>	<u>74,299</u>	<u>-</u>	<u>424,265</u>
Excess (deficiency) of revenues over (under) expenditures	(305)	(19,486)	12,344	(9,533)	450	(93,325)
Other financing sources (uses):						
Proceeds from debt issuance	-	-	-	-	-	-
Transfers in	3,613	16,006	1,325	14,039	-	58,900
Transfers out	-	-	(10,639)	-	(450)	(17,310)
Total other financing sources (uses):	<u>3,613</u>	<u>16,006</u>	<u>(9,314)</u>	<u>14,039</u>	<u>(450)</u>	<u>41,590</u>
Net change in fund balances	3,308	(3,480)	3,030	4,506	-	(51,735)
Beginning fund balance	<u>(3,308)</u>	<u>880</u>	<u>(3,030)</u>	<u>(1,390)</u>	<u>-</u>	<u>214,147</u>
Ending fund balance	\$ <u>-</u>	<u>(2,600)</u>	<u>-</u>	<u>3,116</u>	<u>-</u>	<u>162,412</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, 2017**

	<u>ICI Fund</u>	<u>Totals</u>
Revenues:		
Intergovernmental revenue		
State grants	\$ 17,810	17,810
Total revenues	17,810	17,810
Expenditures:		
Current:		
Capital outlay	111,630	111,630
Total expenditures	111,630	111,630
Excess (deficiency) of revenues over (under) expenditures	(93,820)	(93,820)
Other financing sources (uses):		
Transfers in	71,154	71,154
Transfers out	-	-
Total other financing sources (uses):	71,154	71,154
Net change in fund balances	(22,666)	(22,666)
Beginning fund balance	22,666	22,666
Ending fund balance	\$ -	-

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, 2017**

	<b>Fire Truck Loan</b>	<b>Totals</b>
Revenues:		
Taxes		
Gross receipts	\$ 37,040	37,040
Interest income	479	479
Total revenues	37,519	37,519
Expenditures:		
Current:		
General government	-	-
Debt service		
Principal	33,757	33,757
Interest	3,284	3,284
Total expenditures	37,041	37,041
Excess (deficiency) of revenues over (under) expenditures	478	478
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses):	-	-
Net change in fund balances	478	478
Beginning fund balance	38,906	38,906
Ending fund balance	\$ 39,384	39,384

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, 2017**

	<u>Balance</u> <u>6/30/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2017</u>
Municipal court bonds				
Assets:				
Cash	\$ 11,685	11,523	(7,555)	15,653
Due from general fund	-	-	-	-
Total assets	<u>\$ 11,685</u>	<u>11,523</u>	<u>(7,555)</u>	<u>15,653</u>
Liabilities:				
Refunds payable	\$ 4,589	11,523	(7,555)	8,557
Held for others	7,096	-	-	7,096
Total liabilities	<u>\$ 11,685</u>	<u>11,523</u>	<u>(7,555)</u>	<u>15,653</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, 2017

	Major Funds				Total Non-Major Funds	Total Funds
	General Fund	Fire Protection Fund	Cap Projects			
			Town Hall Fund	Public Safety Building		
Fund Balances:						
Nonspendable:						
Subtotal nonspendable funds	\$ -	-	-	-	-	-
Restricted for:						
Improvements to public safety building	-	-	-	-	-	-
Improvements to Town Hall complex	-	-	790,963	-	-	790,963
Providing emergency medical services	-	-	-	-	527	527
Fire fighting efforts/equipment	-	12,631	-	-	24,902	37,533
Public safety and law enforcement efforts	-	-	-	-	48	48
Debt service requirements	-	-	-	-	39,384	39,384
Subtotal restricted funds	-	12,631	790,963	-	64,861	868,455
Committed to:						
DFA required reserves	121,038	-	-	-	-	121,038
Operate/maintain recreational facilities	-	-	-	-	5,600	5,600
Public safety and law enforcement efforts	-	-	-	-	134,625	134,625
Subtotal committed funds	121,038	-	-	-	140,225	261,263
Assigned to:						
Subtotal assigned funds	-	-	-	-	-	-
Unassigned	107,693	-	-	-	(3,290)	104,403
	\$ 228,731	12,631	790,963	-	201,796	1,234,121

See independent auditor's report.

STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF DEPOSITORIES  
As of June 30, 2017

Account name	Type	First American Bank	NM Finance Authority	Plus Deposit in Transit	Less O/S Checks	Balance Per Books
General pooled cash	CK*	804,337		-	-	804,337
Clearing account	CK*	52,462		-	(104,091)	(51,629)
Enterprise pooled cash	CK*	628,909		1,155	-	630,064
Municipal court bonds	CK*	21,053		-	-	21,053
Reserve and Debt Service	CK*		118,157	-	-	118,157
Total cash and equivalents		<u>1,506,761</u>	<u>118,157</u>	<u>1,155</u>	<u>(104,091)</u>	<u>1,521,982</u>
Total amount on deposit		1,506,761	118,157	<u>1,155</u>	<u>(104,091)</u>	<u>1,521,982</u>
FDIC coverage		<u>(250,000)</u>	-			
Total uninsured public funds		1,256,761	118,157			
50% collateral requirement (Section 6-10-17 NMSA-1978)		628,381	59,079			
Pledge security		1,073,884				
See NMFA audited financials			118,157			
Amount (over)/under collateralized		<u>(445,504)</u>	<u>(59,079)</u>			

\* denotes interest bearing account

STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY  
As of June 30, 2017

Cuspid	Description/ Maturity	Coupon	Moody	Pledged Percent	Pledged			Market Value
					Original Face	Par	Book Value	
<b>First National Bank</b>								
<i>Safekeeping Location - FHLB: Fed Home Loan Bank</i>								
778544CP9	Roswell NM 8/1/2018	3.55	Aa2	100%	\$ 325,000	325,000	325,000	325,579
914684DU6	University of New Mexico 10/15/2021	2.00	A1	100%	250,000	250,000	253,363	253,903
781338HS0	Ruidoso Municipal Schools District 8/1/2022	2.50	Aa1	100%	200,000	200,000	204,953	209,202
781346DQ1	Ruidoso NM Supplement 6/1/2027	3.50	A1	100%	275,000	275,000	281,057	285,200
					1,050,000	1,050,000	1,064,373	1,073,884

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, 2017**

**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

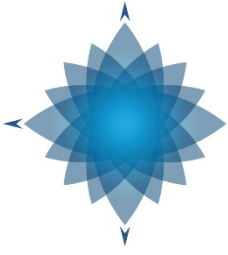
**New Mexico Taxation and Revenue Department (TDR)**

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, 2017**

**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



**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**

Wayne Johnson,  
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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and the combining and individual funds, presented as supplementary information, and have issued our report thereon dated December 13, 2017.

**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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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*.

### **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 13, 2017

**STATE OF NEW MEXICO  
TOWN OF MESILLA  
SCHEDULE OF FINDINGS AND REPOSSES  
FOR THE YEAR ENDED JUNE 30, 2017**

**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? | No         |
| c. Noncompliance material to the financial statements noted?                     | No         |
| d. Other noncompliance/other matters?  | No         |

**SECTION II FINDINGS – FINANCIAL STATEMENTS**

<b>Finding</b>	<b>Status of Current and Prior Year Findings</b>	<b>Financial Statement Finding</b>
<b>Prior Year Findings</b>		
2016-001 Bank Reconciliations	Resolved	Yes
<b>Current Year Findings</b>		
None		

**UNRESOLVED PRIOR YEAR FINDINGS**

None.

**CURRENT YEAR FINDINGS**

None.



**STATE OF NEW MEXICO  
TOWN OF MESILLA  
OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2017**

**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 13, 2017. The following individuals were in attendance.

Town of Mesilla Officials

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

Integrity Accounting & Consulting

Erick Robinson, CPA, CFE Partner