

State of New Mexico

Town of Silver City

**FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITORS' REPORT THEREON**

For The Fiscal Year Ended June 30, 2009

Town of Silver City
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Town of Silver City
DIRECTORY OF OFFICIALS
June 30, 2009

Elected Officials

James Marshall	Mayor
Simon Wheaton-Smith	Councilor
Steve May	Councilor
Cynthia Bettison	Councilor
Thomas Nupp	Councilor

Administrative Staff

Alex C. Brown	City Manager/ Finance Director
Linda Flores	Deputy Finance Director
Eva J. Maldonado	Purchasing Agent

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JAHROD MASUN, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
and
Mayor and Town Council
Town of Silver City
Silver City, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Silver City (Town) as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Town's non-major governmental and enterprise funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Silver City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Town of Silver City as of June 30, 2009, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the non-major special revenue funds, the debt service funds, the capital projects funds, and the enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009, on our consideration of the Town of Silver City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements and on the combining, individual fund and budgetary comparisons statements presented as other supplementary information. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Town. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and the other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Stone, McGee & Co., CPAs

November 25, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Silver City's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the Town's financial statements, which are listed in the table of contents.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements for governmental activities tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Town as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets-the difference between assets and liabilities-as one way to measure the Town's financial health, or financial position. Over time, increases and decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including the police, fire, general administration, streets and parks. Sales taxes,

franchise feeds, fines, and state and federal grants finance most of these activities.

- Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town’s water/sewer, and sanitation systems are reported here.

Reporting the Town’s Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds –not the Town as a whole. Some funds are required to be established by State or Federal law or bonds covenants. However, the Town establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town’s two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the Town’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the State of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the State of Activities. In fact, the Town’s enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The Town as Trustee

Reporting the Town's Fiduciary Responsibilities

The Town is the trustee, or fiduciary, for Municipal Court Bond Fund and the Teen Court Funds. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWN AS A WHOLE

A comparison of net asset balances between 2009 and 2008 is as follows:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Change</u>
Governmental Activities:			
Cash and cash equivalents	\$ 2,553,531	\$ 1,977,786	\$ 575,745
Receivables, net	1,891,368	3,144,407	(1,253,039)
Inventory	24,848		24,848
Capital assets, net of depreciation	<u>51,477,235</u>	<u>50,817,546</u>	<u>659,689</u>
Total assets	<u>\$55,946,982</u>	<u>\$55,939,739</u>	<u>\$ 7,243</u>
Current liabilities	\$ 866,676	\$ 862,662	\$ (4,014)
Noncurrent liabilities	<u>1,871,597</u>	<u>2,477,808</u>	<u>606,211</u>
Total liabilities	<u>\$ 2,738,273</u>	<u>\$ 3,340,470</u>	<u>\$ 602,197</u>
Net assets	<u>\$53,208,709</u>	<u>\$52,599,269</u>	<u>\$ 609,440</u>

Net assets in governmental activities increased 1% in 2009, primarily due to capital asset acquisitions financed from intergovernmental grants, and decreased spending. The unrestricted portion of net assets which is the amount available for ongoing operations, decreased 30% to \$1,817,103, primarily due to the Town's decreased operating cost.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Change</u>
Business-type Activities:			
Current assets	\$ 1,285,655	\$ 1,940,811	\$ (655,156)
Noncurrent assets	<u>10,844,110</u>	<u>11,638,176</u>	<u>(794,066)</u>
Total assets	<u>\$12,129,765</u>	<u>\$13,578,987</u>	<u>\$ (1,449,222)</u>

Current liabilities	\$ 1,074,474	\$ 2,085,553	\$ 1,011,079
Noncurrent liabilities	<u>3,570,164</u>	<u>4,524,379</u>	<u>954,215</u>
Total liabilities	<u>\$ 4,644,648</u>	<u>\$ 6,609,932</u>	<u>\$ 1,965,294</u>
Net assets	<u>\$ 7,485,127</u>	<u>\$ 6,969,055</u>	<u>\$ 516,072</u>

Net assets in business type activities increased 7%, primarily due to capital assets financed from grants and decreased spending. Unrestricted net assets, those available for ongoing operations, increased 72% to \$555,929, principally because of inter-fund transfers.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Change</u>
Governmental Activities:			
Revenues:			
Charges for services	\$ 409,305	\$ 456,887	\$ 47,582
Operating grants and contributions	765,251	802,139	36,888
Capital grants and contributions	1,589,273	1,842,600	253,327
General revenues and transfers	<u>9,045,563</u>	<u>9,365,547</u>	<u>319,984</u>
Total revenues	<u>\$11,809,392</u>	<u>\$12,467,173</u>	<u>\$ 657,781</u>
Expenses:			
General government	\$ 2,307,670	\$ 3,111,500	\$ (803,830)
Public safety	4,775,289	5,056,594	(281,305)
Public works	1,137,685	975,390	162,295
Health and welfare	718,478	359,979	358,499
Culture-recreation	2,157,820	2,063,842	93,978
Interest expense	<u>103,010</u>	<u>94,713</u>	<u>8,297</u>
	<u>\$11,199,952</u>	<u>\$11,662,018</u>	<u>\$ (462,066)</u>
Change in net assets	<u>\$ 609,440</u>	<u>\$ 805,155</u>	<u>\$ 195,715</u>

Total revenues decreased \$657,781 primarily due to decreased capital grants. Expenditures decreased correspondingly.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Change</u>
Business-type activities:			
Revenues:			
Charges for services	\$ 5,549,172	\$ 4,751,300	\$ 797,872
Capital grants and contributions	388,269	643,543	(255,274)
General revenues and transfers	<u>1,002,285</u>	<u>909,561</u>	<u>92,724</u>
Total revenues	<u>\$ 6,939,726</u>	<u>\$ 6,304,404</u>	<u>\$ 635,322</u>
Expenses:			
Personnel	\$ 2,500,970	\$ 2,428,042	\$ 72,928
Operating	2,900,984	2,587,536	313,448
Depreciation	880,296	1,352,157	(471,861)
Interest expense	<u>141,404</u>	<u>183,509</u>	<u>(42,105)</u>
Total expenses	<u>\$ 6,423,654</u>	<u>\$ 6,551,244</u>	<u>\$ (127,590)</u>
Change in net assets	<u>\$ 516,072</u>	<u>\$ (246,840)</u>	<u>\$ 762,912</u>

The primary reason for the increase in net assets was decreased operating expenses.

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular function reported to the right. The result is a Net (Expense) Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Grants and fees that are related to a specific function are identified with that function. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

THE TOWN'S FUNDS

The Town presents its transactions by individual fund in the "Other Supplementary Information" section of this report. Increases and decreases in fund balances are presented in that section.

The following schedule presents a summary of General, Special Revenue, Capital Project and Debt Service revenues and expenditures for the fiscal year ended June 30,

2009 and the amount and percentage of increases and decreases in relation to the prior year.

	<u>2009 Amount of Total From FYE 2008 (Decrease)</u>			
Revenues:				
Taxes	\$ 8,782,063	70%	\$ (482,742)	(238%)
Intergovernmental	3,014,245	24%	730,413	360%
Charges for services	202,344	2%	35,699	18%
Fines and licenses	278,261	2%	(92,565)	(46%)
Miscellaneous	<u>214,793</u>	<u>2%</u>	<u>12,073</u>	<u>6%</u>
Total revenues	<u>\$12,491,706</u>	<u>100%</u>	<u>\$ 202,878</u>	<u>100%</u>

Intergovernmental revenue increased due to increased capital project funding. Taxes decreased due to a decrease in gross receipts tax collections. Other increases and decreases are within operating norms.

	<u>Increase (Decrease) Percentage For Year End Percentage From Increase (Decrease)</u>			
	<u>2009 Amount</u>	<u>of Total</u>	<u>FYE 2008</u>	<u>(Decrease)</u>
General government	\$ 2,131,211	17%	\$ (742,273)	(98%)
Public safety	4,463,716	36%	(130,112)	(17%)
Public works	1,063,455	9%	177,330	24%
Health and welfare	671,599	5%	344,564	45%
Culture-recreation	2,017,030	16%	346,536	45%
Capital outlay	1,381,922	11%	(852,305)	(112%)
Debt service	<u>694,329</u>	<u>6%</u>	<u>95,954</u>	<u>13%</u>
Total expenditures	<u>\$12,423,262</u>	<u>100%</u>	<u>\$ (760,306)</u>	<u>100%</u>

Decreased expenditures for capital outlay were due to prior completion of projects. Debt service expenditures are a function of debt maturities. General government and public safety expenditures were decreased due to cost decreases, while public works expenditures were within normal range.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Town amended the budgets several times, to recognize new funding sources not anticipated in the original budget, and to reallocate resources to meet ongoing needs. These amendments were in accordance with accepted procedures.

The Town amended its General Fund budget to increase expenditures \$222,997 during the year. This was done to recognize changes not anticipated in the original budget mainly capital outlay items.

The variance between the final budget and the actual revenues and expenditures is primarily anticipated capital projects, funded from intergovernmental grants, which were delayed or did not materialize. Such grants will be re-budgeted in the 2009-2010 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2009, the Town had \$103,229,604 invested in capital assets, as shown below. This represents a net increase of \$1,518,086 or 1%, funded primarily through grant revenues.

	<u>2009</u>	<u>2008</u>
Governmental activities:		
Land	\$ 6,926,027	\$ 6,926,026
Buildings and infrastructure	56,427,404	55,087,637
Equipment	5,058,782	5,058,783
Construction in progress	<u>390,814</u>	<u>348,659</u>
	<u>\$ 68,803,027</u>	<u>\$ 67,421,105</u>
Business-type Activities:		
Land	\$ 945,870	\$ 945,870
Buildings and utility plant	29,657,155	29,520,991
Equipment	<u>3,823,552</u>	<u>3,823,552</u>
	<u>\$ 34,426,577</u>	<u>\$ 34,290,413</u>
	<u>\$103,229,604</u>	<u>\$101,711,518</u>

This year's major additions included:

Buildings and improvements	<u>\$ 1,339,767</u>
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Debt

At year-end, the Town had \$6,049,987 in outstanding general obligation bonds, capital leases and notes payable compared to \$7,536,883 last year. That is a decrease of 20% as shown in the following table:

	<u>2009</u>	<u>2008</u>
Governmental Activities:		
General obligation bonds	\$ 612,000	\$ 961,000
Notes payable	1,181,959	1,373,219
Capital leases	<u>271,777</u>	<u>319,316</u>
	<u>\$ 2,065,736</u>	<u>\$ 2,653,535</u>
Business-Type Activities:		
Bonds payable	\$ 498,000	\$ 954,000
Notes payable	<u>3,486,251</u>	<u>3,929,348</u>
	<u>\$ 3,984,251</u>	<u>\$ 4,883,348</u>
Total	<u>\$ 6,049,987</u>	<u>\$ 7,536,883</u>

No new debt was incurred this year.

INFRASTRUCTURE

The Town elected to postpone the capitalization of infrastructure (roads, curbs, streetlights, etc.) in accordance with the provisions of GASBS No. 34. These assets have been identified and valued and are reflected in the 2007 fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Along with the National and State economics the Town of Silver City is currently in facing weak economic conditions. Although over the last few years the local economy has diversified, it is still very much dependent on the copper mining industry. In the last year the local copper mines have reduced their labor force by approximately 200 employees and contractors.

Due the uncertainty residence are facing in our overall economy, we have begun to see a decrease in gross receipts revenues from such source as retail, real-estate, and food and accommodations This would mean that people have less disposable income to

shop and eat out, or are saving more of their income because of these uncertain times. After reviewing the revenue projections for the remainder of FY 2010 it is estimated that gross receipts revenues may decrease by an estimated \$200,000 to \$300,000. In light of the estimated short falls in gross receipts the Town has begun to review cost saving measures in services provided by the General fund. These services include all services except water/sewer and sanitation services.

During FY 2009, the Town made significant capital investments in both the Water Sewer fund and the Sanitation fund. This required tapping into cash reserves in the Water acquisition, which were used to replace all the well motors with new and more efficient equipment in order to save on rising energy costs. As for the Sanitation fund, the Town issued debt with the New Mexico Finance Authority in order to convert to the new automatic garbage collection system. This system is much more efficient and in time will allow the Town to either provide additional services for the same costs, or to decrease costs and provide the same services. Both of these investments required that the Town increase or maintain debt levels for FY 2009 that has placed financial strain on both funds. The strain of the additional debt will subside in FY 2010 when the Town will be able to use its debt reserve fund to pay the final payments of \$830,000 for the 2002 Bond issue. During late FY 2008 the Town implemented rate increases for both water and sanitation services. These rate increases have been sufficient to maintain cash balances in both funds through FY 2010.

Although, current economic conditions are not expected to change until late 2009, the Town could be in financial condition to maintain current levels of service. With \$660,000 of the FY 2010 final debt service payments for the 2002 bond issues already held in reserve, any additional decreases in revenues may be offset by our decrease in debt service expenses. An additional factor that may also help offset the loss of jobs in the copper industry, is already planned and funded construction projects. These projects include the construction of the new Ft. Bayard medical center, the new Walgreens, and other that will be completed by 2010.

On area of concern though may be the Town's inability to issue additional debt for future Capital projects, especially with in FY 2010. This combined with the budget short falls at both the State and Federal levels will make the issuance of debt or the possibility for any new grant funding unlikely.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City Manager's Office at P.O. Box 1188, Silver City, New Mexico, 88062.

Town of Silver City
STATEMENT OF NET ASSETS
June 30, 2009

ASSETS	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current:			
Cash and investments	\$ 2,553,531	\$ 198,605	\$ 2,752,136
Inventory	24,848	136,082	160,930
Receivables, net	1,891,368	937,572	2,828,940
Notes receivable due currently		13,396	13,396
	<u>\$ 4,469,747</u>	<u>\$ 1,285,655</u>	<u>\$ 5,755,402</u>
Total current assets			
Noncurrent assets:			
Restricted:			
Cash and investments	\$ -	\$ 236,957	\$ 236,957
Notes receivable, net of current amounts		149,121	149,121
Deferral on advance refunding		6,958	6,958
Capital assets, net	51,477,235	10,451,074	61,928,309
	<u>\$ 51,477,235</u>	<u>\$ 10,844,110</u>	<u>\$ 62,321,345</u>
Total noncurrent assets			
	<u>\$ 51,477,235</u>	<u>\$ 10,844,110</u>	<u>\$ 62,321,345</u>
Total assets	<u>\$ 55,946,982</u>	<u>\$ 12,129,765</u>	<u>\$ 68,076,747</u>
 LIABILITIES			
Current:			
Accounts payable	\$ 227,091	\$ 263,010	\$ 490,101
Accrued liabilities	201,618	95,541	297,159
Cash overdraft	601		601
Estimated liability for landfill postclosure costs		12,000	12,000
Current maturities of long-term debt	437,366	703,923	1,141,289
	<u>\$ 866,676</u>	<u>\$ 1,074,474</u>	<u>\$ 1,941,150</u>
Total current liabilities			
	<u>\$ 866,676</u>	<u>\$ 1,074,474</u>	<u>\$ 1,941,150</u>
Noncurrent:			
Payable from restricted assets:			
Customer deposits	\$ -	\$ 194,256	\$ 194,256
Bonds payable	396,000	249,000	645,000
Notes payable	1,010,272	3,031,328	4,041,600
Lease payable	222,098		222,098

Town of Silver City
STATEMENT OF NET ASSETS (concluded)
June 30, 2009

	Governmental Activities	Business- Type Activities	Total
Compensated absences	243,227	76,208	319,435
Estimated liability for landfill postclosure costs	243,227	76,208	319,435
 Total noncurrent liabilities	 \$ 1,871,597	 \$ 3,570,164	 \$ 5,441,761
 Total liabilities	 \$ 2,738,273	 \$ 4,644,638	 \$ 7,382,911
NET ASSETS			
Invested in capital assets, net of related debt	\$ 49,411,499	\$ 6,663,905	\$ 56,075,404
Restricted for:			
Capital projects	(166,442)	41,762	(124,680)
Debt service	1,054,959	223,531	1,278,490
Other purposes	1,091,590		1,091,590
Unrestricted	1,817,103	555,929	2,373,032
 Total net assets	 \$ 53,208,709	 \$ 7,485,127	 \$ 60,693,836

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

Town of Silver City
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 2,307,670	\$ 82,646	\$ 45,947
Public safety	4,775,289	223,437	394,810
Public works	1,137,685	2,841	
Health and welfare	718,478	10,476	172,378
Culture-recreation	2,157,820	89,905	152,116
Unallocated interest expense	103,010		
	<u>\$ 11,199,952</u>	<u>\$ 409,305</u>	<u>\$ 765,251</u>
Business-type activities:			
Water and sewer	\$ 4,831,617	\$ 3,866,561	\$ -
Sanitation	1,592,037	1,682,611	
	<u>\$ 6,423,654</u>	<u>\$ 5,549,172</u>	<u>\$ -</u>
	<u>\$ 17,623,606</u>	<u>\$ 5,958,477</u>	<u>\$ 765,251</u>

General revenues:
Property taxes
Gross receipts taxes
Gas taxes
Motor vehicle taxes
Franchise taxes
Other taxes
Interest and investment earnings
Miscellaneous
Rents and leases
Transfers

Total general revenues

Change in net assets

Net assets--beginning

Net assets--ending

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

Net (Expenses) Revenue
and Changes in Net Assets

Capital Grants and Contributions	Governmental Activities	Business -Type Activities	Total
\$ -	\$ (2,179,077)	\$ -	\$ (2,179,077)
	(4,157,042)		(4,157,042)
1,589,273	454,429		454,429
	(535,624)		(535,624)
	(1,915,799)		(1,915,799)
	(103,010)		(103,010)
<u>\$ 1,589,273</u>	<u>\$ (8,436,123)</u>	<u>\$ -</u>	<u>\$ (8,436,123)</u>
\$ 388,269	\$ -	\$ (576,787)	\$ (576,787)
		90,574	90,574
<u>\$ 388,269</u>	<u>\$ -</u>	<u>\$ (486,213)</u>	<u>\$ (486,213)</u>
<u>\$ 1,977,542</u>	<u>\$ (8,436,123)</u>	<u>\$ (486,213)</u>	<u>\$ (8,922,336)</u>
	\$ 339,975	\$ -	\$ 339,975
	7,494,800	937,639	8,432,439
	190,448		190,448
	60,834		60,834
	353,100		353,100
	347,076		347,076
	48,826	13,004	61,830
	165,967	24,879	190,846
	71,300		71,300
	(26,763)	26,763	-
	<u>\$ 9,045,563</u>	<u>\$ 1,002,285</u>	<u>\$ 10,047,848</u>
	\$ 609,440	\$ 516,072	\$ 1,125,512
	<u>52,599,269</u>	<u>6,969,055</u>	<u>59,568,324</u>
	<u>\$ 53,208,709</u>	<u>\$ 7,485,127</u>	<u>\$ 60,693,836</u>

Town of Silver City
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 367,062	\$ 2,186,469	\$ 2,553,531
Inventory	24,848		24,848
Interest receivable	32	14,276	14,308
Taxes receivable	1,328,754	51,090	1,379,844
Accounts receivable	113,600		113,600
NMFA receivable		6,972	6,972
Assessments receivable		2,198	2,198
Allowance for doubtful accounts		(2,198)	(2,198)
Due from other governments	302,918	73,726	376,644
Interfund receivable	286,233		286,233
	<u>286,233</u>	<u>73,726</u>	<u>286,233</u>
 Total assets	 <u>\$ 2,423,447</u>	 <u>\$ 2,332,533</u>	 <u>\$ 4,755,980</u>
 Liabilities and Fund Balance			
Accounts payable	\$ 169,350	\$ 57,741	\$ 227,091
Cash overdraft		601	601
Interfund payable		286,233	286,233
Salary payable	193,767		193,767
Deferred revenue	95,041	39,470	134,511
	<u>95,041</u>	<u>39,470</u>	<u>134,511</u>
 Total liabilities	 <u>\$ 458,158</u>	 <u>\$ 384,045</u>	 <u>\$ 842,203</u>
 Fund balance:			
Reserved for:			
Capital projects	\$ -	\$ (166,442)	\$ (166,442)
Debt service		1,045,926	1,045,926
Unreserved, reported in:			
General fund	1,965,289		1,965,289
Special revenue funds		1,069,004	1,069,004
	<u>1,965,289</u>	<u>1,069,004</u>	<u>1,069,004</u>
 Total fund balance	 <u>\$ 1,965,289</u>	 <u>\$ 1,948,488</u>	 <u>\$ 3,913,777</u>
 Total liabilities and fund balance	 <u>\$ 2,423,447</u>	 <u>\$ 2,332,533</u>	 <u>\$ 4,755,980</u>

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

Town of Silver City
**RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCE TO NET ASSETS OF
 GOVERNMENTAL ACTIVITIES**

Total governmental fund balances	\$	3,913,777
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		51,477,235
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable subject to the 60 day availability period		69,049
Intergovernmental grants subject to the 60 day availability period		65,462
Long-term liabilities are not reported in the funds.		
Bonds payable		(612,000)
Notes payable		(1,181,959)
Lease payable		(271,777)
Accrued interest payable		(7,851)
Compensated absences		(243,227)
		(2,316,814)
<i>Net assets of governmental activities</i>	\$	53,208,709

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

Town of Silver City
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
For The Fiscal Year Ended June 30, 2009

	<u>General Fund</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
Revenues:			
Property taxes	\$ 260,526	\$ 69,624	\$ 330,150
Gross receipts taxes	7,494,800		7,494,800
Gas taxes	190,448		190,448
Motor vehicle taxes	66,489		66,489
Franchise taxes	353,100		353,100
Other taxes	19,745	327,331	347,076
Intergovernmental	2,085,926	928,319	3,014,245
Fines, licenses and permits	218,726	59,535	278,261
Charges for services	202,344		202,344
Miscellaneous	134,665	80,128	214,793
	<u>\$ 11,026,769</u>	<u>\$ 1,464,937</u>	<u>\$ 12,491,706</u>
Expenditures:			
Current:			
General government	\$ 2,106,665	\$ 24,546	\$ 2,131,211
Public safety	4,213,863	249,853	4,463,716
Public works	1,063,455		1,063,455
Health and welfare	655,365	16,234	671,599
Culture recreation	1,586,607	430,423	2,017,030
Debt service:			
Principal		587,799	587,799
Interest		106,530	106,530
Capital outlay	764,568	617,354	1,381,922
	<u>\$ 10,390,523</u>	<u>\$ 2,032,739</u>	<u>\$ 12,423,262</u>
Revenues over (under) expenditures	\$ 636,246	\$ (567,802)	\$ 68,444
Other financing sources (uses):			
Transfer in	198,544	970,415	1,168,959
Transfer out	(986,278)	(209,444)	(1,195,722)
Net change in fund balances	\$ (151,488)	\$ 193,169	\$ 41,681
Fund balance, July 1, 2008	<u>2,116,777</u>	<u>1,755,319</u>	<u>3,872,096</u>
Fund balance, June 30, 2009	<u>\$ 1,965,289</u>	<u>\$ 1,948,488</u>	<u>\$ 3,913,777</u>

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

Town of Silver City
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES**

Net change in fund balances-total governmental funds \$ 41,681

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

Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense.

Capital outlay	1,381,922
Depreciation expense.	(722,233)

Revenues in the Statement of Activities that do not provide
current financial resources are not reported as revenues in
the funds. This is the net change for the year.

Property taxes subject to the 60 day availability period	9,825
Motor vehicle taxes subject to the 60 day availability period	(5,655)
Intergovernmental grants subject to the 60 day availability period	(659,721)

Repayment of debt is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
Statement of Net Assets.

587,799

In the Statement of Activities, interest is accrued on outstanding
bonds, whereas in governmental funds, an interest expenditure
is reported when due. This is the net change during the year.

3,520

Some expenses reported in the Statement of Activities, such as
compensated absences, do not require the use of current
financial resources and therefore are not reported as
expenditures in the funds. This is the net change during the year.

(27,698)

Change in Net Assets of Governmental Activities

\$ 609,440

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

Town of Silver City
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 8,457,170	\$ 8,474,892	\$ 8,484,115	\$ 9,223
Intergovernmental	3,744,004	3,885,723	1,982,839	(1,902,884)
Fines, licenses and permits	244,370	244,370	229,673	(14,697)
Charges for services	212,418	212,418	220,851	8,433
Miscellaneous	142,928	149,328	122,457	(26,871)
Total revenues	\$ 12,800,890	\$ 12,966,731	\$ 11,039,935	\$ (1,926,796)
Expenditures:				
Current:				
General government	\$ 1,781,291	\$ 1,781,291	\$ 2,040,890	\$ (259,599)
Public safety	4,389,689	4,389,689	4,120,427	269,262
Public works	976,253	988,467	1,064,259	(75,792)
Health and welfare	200,195	200,195	216,664	(16,469)
Culture recreation	1,715,264	1,715,264	1,592,126	123,138
Principle	20,634	20,634		20,634
Interest				-
Capital outlay	2,783,204	2,993,987	1,285,464	1,708,523
Total expenditures	\$ 11,866,530	\$ 12,089,527	\$ 10,319,830	\$ 1,769,697
Revenues over (under) expenditures	\$ 934,360	\$ 877,204	\$ 720,105	\$ (157,099)
Other financing sources (uses):				
Transfer in	506,121	506,121	474,370	(31,751)
Transfer out	(790,767)	(903,362)	(904,359)	(997)
Net change in fund balance	\$ 649,714	\$ 479,963	\$ 290,116	\$ (189,847)
Fund balance, July 1, 2008	310,820	310,820	310,820	-
Fund balance, June 30, 2009	<u>\$ 960,534</u>	<u>\$ 790,783</u>	<u>\$ 600,936</u>	<u>\$ (189,847)</u>

The accompanying notes are an integral part of these financial statements

Town of Silver City
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2009

Assets	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Current:			
Cash and investments	\$ 1,523	\$ 197,082	\$ 198,605
Inventory	136,082		136,082
Receivables, net of allowances:			
Accounts	559,126	212,161	771,287
Taxes	122,381	30,595	152,976
Interest	13,309		13,309
Notes receivable due currently		<u>13,396</u>	<u>13,396</u>
 Total current assets	 <u>\$ 832,421</u>	 <u>\$ 453,234</u>	 <u>\$ 1,285,655</u>
Noncurrent assets:			
Restricted:			
Cash and investments	\$ 236,957	\$ -	\$ 236,957
Notes receivable, net of current amounts		149,121	149,121
Deferral on advance refunding	6,958		6,958
Capital assets (net)	<u>9,457,054</u>	<u>994,020</u>	<u>10,451,074</u>
 Total noncurrent assets	 <u>\$ 9,700,969</u>	 <u>\$ 1,143,141</u>	 <u>\$ 10,844,110</u>
 Total assets	 <u>\$ 10,533,390</u>	 <u>\$ 1,596,375</u>	 <u>\$ 12,129,765</u>
 Liabilities			
Current:			
Accounts payable	\$ 135,224	\$ 127,786	\$ 263,010
Accrued liabilities	83,695	11,846	95,541
Estimated liability for landfill postclosures costs		12,000	12,000
Current maturities of long-term debt	<u>532,907</u>	<u>171,016</u>	<u>703,923</u>
 Total current liabilities	 <u>\$ 751,826</u>	 <u>\$ 322,648</u>	 <u>\$ 1,074,474</u>
Noncurrent liabilities:			
Payable from restricted assets:			
Customer deposits	\$ 194,256	\$ -	\$ 194,256
Bonds payable	249,000		249,000
Notes payable	2,282,987	748,341	3,031,328
Compensated absences	70,154	6,054	76,208
Estimated liability for landfill postclosure costs		<u>19,372</u>	<u>19,372</u>

Town of Silver City
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (concluded)
 June 30, 2009

	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Total noncurrent liabilities	<u>\$ 2,796,397</u>	<u>\$ 773,767</u>	<u>\$ 3,570,164</u>
Total liabilities	<u>\$ 3,548,223</u>	<u>\$ 1,096,415</u>	<u>\$ 4,644,638</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 6,392,160	\$ 271,745	\$ 6,663,905
Restricted for capital projects		41,762	41,762
Restricted for debt service	42,701	155,320	198,021
Unrestricted	<u>550,306</u>	<u>31,133</u>	<u>581,439</u>
Total net assets	<u>\$ 6,985,167</u>	<u>\$ 499,960</u>	<u>\$ 7,485,127</u>

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

Town of Silver City
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenues:			
Charges for services	<u>\$ 3,866,561</u>	<u>\$ 1,682,611</u>	<u>\$ 5,549,172</u>
Operating expenses:			
Personnel	\$ 1,919,221	\$ 581,749	\$ 2,500,970
Operating	1,970,807	930,177	2,900,984
Depreciation	<u>836,281</u>	<u>44,015</u>	<u>880,296</u>
Total operating expenses	<u>\$ 4,726,309</u>	<u>\$ 1,555,941</u>	<u>\$ 6,282,250</u>
Net operating income	<u>\$ (859,748)</u>	<u>\$ 126,670</u>	<u>\$ (733,078)</u>
Nonoperating revenue (expense):			
Investment income	\$ 1,733	\$ 11,271	\$ 13,004
Gross receipts taxes	744,293	193,346	937,639
Intergovernmental grants	388,269		388,269
Miscellaneous revenue	24,879		24,879
Interest expense	<u>(105,308)</u>	<u>(36,096)</u>	<u>(141,404)</u>
Total nonoperating revenue (expense)	<u>\$ 1,053,866</u>	<u>\$ 168,521</u>	<u>\$ 1,222,387</u>
Net income before operating transfers	\$ 194,118	\$ 295,191	\$ 489,309
Transfers:			
In	225,000	110,708	335,708
Out	<u>(268,322)</u>	<u>(40,623)</u>	<u>(308,945)</u>
Change in net assets	\$ 150,796	\$ 365,276	\$ 516,072
Net assets, beginning of year	<u>6,834,371</u>	<u>134,684</u>	<u>6,969,055</u>
Net assets, end of year	<u><u>\$ 6,985,167</u></u>	<u><u>\$ 499,960</u></u>	<u><u>\$ 7,485,127</u></u>

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

Town of Silver City
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Water & Sewer	Sanitation	Total
Cash flows from operating activities:			
Receipts from customers	\$ 3,946,069	\$ 1,658,085	\$ 5,604,154
Payments to suppliers	(2,154,308)	(965,520)	(3,119,828)
Payments to employees	(1,893,305)	(585,401)	(2,478,706)
Net cash provided (used) by operating activities	<u>\$ (101,544)</u>	<u>\$ 107,164</u>	<u>\$ 5,620</u>
Cash flows from noncapital financing activities:			
Dedicated tax receipts	\$ 760,259	\$ 182,262	\$ 942,521
Intergovernmental grants	388,269		388,269
Collections of notes receivable		12,770	12,770
Interfund activity		(236,586)	(236,586)
Miscellaneous collections	24,879		24,879
Transfers from other funds		110,708	110,708
Transfers to other funds	(268,322)	(40,623)	(308,945)
Net cash provided (used) by noncapital financing activities	<u>\$ 905,085</u>	<u>\$ 28,531</u>	<u>\$ 933,616</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	\$ (136,163)	\$ -	\$ (136,163)
Borrowings on capital debt			-
Principal paid on capital debt	(733,956)	(165,142)	(899,098)
Interest paid on capital debt	(93,938)	(37,008)	(130,946)
Net cash provided (used) by capital and related financing activities	<u>\$ (964,057)</u>	<u>\$ (202,150)</u>	<u>\$ (1,166,207)</u>
Cash flows from investing activities:			
Earnings on investments	\$ 1,733	\$ 11,271	\$ 13,004
Net cash provided (used) by investing activities	<u>\$ 1,733</u>	<u>\$ 11,271</u>	<u>\$ 13,004</u>
Net increase (decrease) in cash and equivalents	\$ (158,783)	\$ (55,184)	\$ (213,967)
Cash and equivalents, beginning of year	<u>397,263</u>	<u>252,266</u>	<u>649,529</u>
Cash and equivalents, end of year	<u><u>\$ 238,480</u></u>	<u><u>\$ 197,082</u></u>	<u><u>\$ 435,562</u></u>

Town of Silver City
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (concluded)
For the Fiscal Year Ended June 30, 2009

	Water & Sewer	Sanitation	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (859,748)	\$ 126,670	\$ (733,078)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	836,281	44,015	880,296
Changes in assets and liabilities:			
Inventory	51,640		51,640
Receivables, net	76,060	(24,526)	51,534
Accounts payable	(235,141)	(1,077)	(236,218)
Accrued expenses	15,279	1,459	16,738
Customer deposits	3,448		3,448
Compensated absences	10,637	(5,111)	5,526
Accrued postclosure costs		(34,266)	(34,266)
Net cash provided (used) by operating activities	\$ (101,544)	\$ 107,164	\$ 5,620

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

Town of Silver City
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2009

	<u>Agency Funds</u>
Assets	
Cash and investments	<u>\$ 4,103</u>
Total assets	<u><u>\$ 4,103</u></u>
Liabilities and Fund Equity	
Deposits held for others	<u>\$ 4,103</u>
Total liabilities	<u><u>\$ 4,103</u></u>

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

Town of Silver City
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 1 Summary of Significant Accounting Policies

A. GENERAL

The Town of Silver City, a political subdivision of the State of New Mexico, operates under the council-manager form of government. The Town provides the following authorized services: public safety, highways and streets, sanitation, health and welfare, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No.'s 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended June 30, 2003, the Town implemented the new financial reporting requirements of GASB Statement No. 34. As a result, an entirely new financial presentation format has been implemented.

B. FINANCIAL REPORTING ENTITY

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting* Standards, including whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town has no component units.

C. BASIS OF PRESENTATION

Governmental-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a services, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are not allocated, but are presented as separate functions. Program revenues include charges paid by recipients of the goods or services offered by the program such as water use or garbage collection, licenses and permits and other amounts charged to directly service recipients, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as program expenses identifies the extent to which a program or business segment is self-financing or draws from the general revenues of the Town.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general obligation bonds of the Town other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the Town's general obligation bonds.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes two agency funds. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

Major Funds

The funds classified as major are as follows:

General Fund – Accounts for all activities except those accounted for in other funds.

Proprietary:

Water and sewer – Accounts for activities associated with the provision of water and sewer services to the citizenry.

Sanitation – Accounts for activities associated with refuse collection and disposal.

Non-major Funds

Fund description for all funds are included in the "Other Supplementary Information" section of this report.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilized an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recover), financial position, and cash flow. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset uses. Revenues, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Derived tax revenues, such as gross receipts taxes and motor vehicle taxes, are recognized when the underlying exchange has occurred. Voluntary non-exchange transactions, such as governmental grants, are recognized when all eligibility requirements have been met.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues and recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported when due.

All proprietary funds and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

E. BUDGETS

Budgets for the General, Special Revenue, Debt Service, Capital Projects, and Enterprise Funds are prepared by management and approved by the local council and the New Mexico Department of Finance and Administration.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a by fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only local Council approval. If a transfer between "funds" or a budget increase is required, approval must also be obtained from the Department of Finance and Administration.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

F. CASH AND INVESTMENTS

For the purpose of the Statement of Net Assets, "cash and investments" includes all demand, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of six months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the state treasurer's investment pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Town. The pledged securities remain in the name of the financial institution. Premiums (discounts) on investments are amortized by the interest method, or methods approximating the interest method.

G. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term inter-fund loans are reported as "due to and from other funds". Inter-fund receivables and payables between funds within governmental activities and between funds within business-type activities are

eliminated in the Statement of Net Assets. All inter-fund receivables and payables are eliminated in the total primary government column in the Statement of Net Assets.

H. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include gross receipts and use taxes, franchise taxes, and grants. Business-type activities report utilities and interest earning as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as gross receipts tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

I. CAPITAL ASSETS

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. The Town elected to utilize the infrastructure transition option in the implementation of GASB Statement No. 34, and since fiscal year 2003 has capitalized only infrastructure assets acquired each year. Infrastructure assets acquired prior to July 1, 2002 have been measured and evaluated and were capitalized at June 30, 2007.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

- Buildings 25-50 years
- Improvements 10-50 years

- Machinery and Equipment 03-20 years
- Utility System 25-75 years
- Infrastructure 25-75 years
- Software and Library 5-10 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements. Assets acquired with an original cost of \$5,000 or more are capitalized. Construction period interest is capitalized in proprietary funds.

J. RESTRICTED ASSETS

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits.

K. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

L. COMPENSATED ABSENCES

The Town's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

M. EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the

outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Equity is classified as fund balance and displayed in two components:

- a. Reserved – Consists of governmental fund balances that are not appropriable, legally segregated for specific usage, or commitments to outside third parties.

- b. Unreserved – Consists of designations of amounts representing tentative management plans for governmental fund balances, but subject to change (designated), and undesignated, for which no restrictions or designations exist.

N. REVENUES, EXPENDITURES AND EXPENSES

Gross Receipts Tax

The Town levies a 7.25% gross receipts tax on taxable gross receipts within the Town. The rate includes both City and State assessments. The tax is collected by the New Mexico Taxation and Revenue Department and remitted to the Town in the month following receipt by the Department. The Department receives the tax one month after collection by vendors. Included in this tax is amounts dedicated to the Water and Sewer Fund and the Sanitation Fund, and those dedicated amounts are recorded directly in those funds.

Gross receipts tax collected by the State in June and July (which represent May and June transactions) and received by the Town in July and August have been accrued and are included under the caption “Due from Other Governments.”

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the Town by the County Treasurer, and are remitted to the Town in the month following collection. Because the Treasurer of the County in which the Town is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the Town.

reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Q. INVENTORIES

Inventories are stated at cost, measured by the first-in first-out method, and consist mainly of consumable supplies.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2009, \$80,295 of the government's bank balance of \$2,216,751 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>80,295</u>
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The State Treasurer Local Governmental Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Section 6-10-10I through 6-10-10P and Sections 6-10-10.1 A and E, NMSA 1978. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.IF, 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 amounts fund were invested.

Investments are valued at fair value based on quoted market prices as the valuation date.

Participation in the pool is voluntary. The Town had \$438,369 on deposit in the pool at June 30, 2009. The pool is AAAM rated, and has a 41 day weighted average maturity.

The cash on deposit with NMFA is, in effect, loan payments made by the Town but not yet disbursed. Such deposits are subject to the collateral requirements of NMFA. Such posits total \$493,275.

Note 3 Investments

At June 30, 2009, the Town had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Market Value</u>
U.S. Treasury Bond	N/A	\$ 296
U.S. Treasury Bond	November 11, 2009	<u>40,475</u>
		<u>\$ 40,771</u>

Interest Rate Risk – The Town does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Town is limited to investing only in investments guaranteed by the U.S. Government, and is therefore not subject to credit risk.

Concentration of Credit Risk – The Town places no limits on the amount the Town may invest in any one issue. 100% of the Town’s investments are in U.S. Treasury Bonds.

Note 4 Receivables

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accounts receivable:		
Franchise	\$ 81,015	\$ -0-
NMFA	6,972	17,072
Services (net) of allowance for doubtful accounts of \$(24,329)	<u>32,585</u>	<u>754,215</u>
	<u>\$ 120,572</u>	<u>\$ 771,287</u>
Interest receivable:	<u>\$ 14,308</u>	<u>\$ 13,309</u>
Due from other governments:		
Intergovernmental grants	<u>\$ 376,644</u>	<u>\$ -0-</u>
Taxes receivable:		
Property taxes	\$ 60,705	\$ -0-
Lodgers tax	30,619	
Gross receipts tax	1,225,977	152,976
Motor Vehicle taxes	6,479	
Gasoline taxes	32,792	
Cigarette tax	4,207	
Other taxes	<u>19,065</u>	<u> </u>
	<u>\$ 1,379,844</u>	<u>\$ 152,976</u>
Total	<u>\$ 1,891,368</u>	<u>\$ 937,572</u>

Notes receivable in business-type activities is an advance to the Solid Waste Authority, payable at \$2,331 per month, including interest at 4.8%, maturing March of 2019. This advance was to provide operating capital to the Authority, which is the entity operating the landfill. The balance is \$162,517 at June 30, 2009.

Note 5 Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,926,027	\$ -0-	\$ -0-	\$ 6,926,027
Construction in progress	<u>348,659</u>	<u>735,284</u>	<u>693,129</u>	<u>390,814</u>
Total capital assets not being depreciated	<u>\$ 7,274,686</u>	<u>\$ 735,284</u>	<u>\$ 693,129</u>	<u>\$ 7,316,841</u>
Other capital assets:				
Buildings, improvements and other infrastructure	\$55,087,637	\$ 1,339,767	\$ -0-	\$56,427,404
Equipment	<u>5,058,782</u>	<u>-0-</u>	<u>-0-</u>	<u>5,058,782</u>
Total other assets at historical cost	<u>\$60,146,419</u>	<u>\$ 1,339,767</u>	<u>\$ -0-</u>	<u>\$61,486,186</u>
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	\$13,438,883	\$ 449,903	\$ -0-	\$13,888,786
Equipment	<u>3,164,675</u>	<u>272,331</u>	<u>-0-</u>	<u>3,437,006</u>
Total accumulated depreciation	<u>\$16,603,558</u>	<u>\$ 722,234</u>	<u>\$ -0-</u>	<u>\$17,325,792</u>
Other capital assets (net)	<u>\$43,542,861</u>	<u>\$ 617,533</u>	<u>\$ -0-</u>	<u>\$44,160,394</u>
Governmental activities, capital assets, net	<u>\$50,817,547</u>	<u>\$ 1,352,817</u>	<u>\$ 693,129</u>	<u>\$51,477,235</u>
Business type activities:				
Capital assets not being depreciated:				
Land	<u>\$ 945,870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 945,870</u>
Other capital assets:				
Buildings and utility plant	\$29,520,992	\$ 136,163	\$ -0-	\$29,657,155
Equipment	<u>3,823,552</u>	<u>-0-</u>	<u>-0-</u>	<u>3,823,552</u>
Total other capital assets at historical cost	<u>\$33,344,544</u>	<u>\$ 136,163</u>	<u>\$ -0-</u>	<u>\$33,480,707</u>
Less accumulated depreciation for:				
Buildings and utility plant	\$20,546,194	\$ 674,854	\$ -0-	\$21,221,048
Equipment	<u>2,549,013</u>	<u>205,442</u>	<u>-0-</u>	<u>2,754,455</u>

Total accumulated depreciation	<u>\$23,095,207</u>	<u>\$ 880,296</u>	<u>\$ -0-</u>	<u>\$23,975,503</u>
Other capital assets, net	<u>\$10,249,337</u>	<u>\$ (744,133)</u>	<u>\$ -0-</u>	<u>\$ 9,505,204</u>
Business-type activities capital assets, net	<u>\$11,195,207</u>	<u>\$ (744,133)</u>	<u>\$ -0-</u>	<u>\$10,451,074</u>

The Town has various construction projects ongoing with future commitments totaling approximately \$1,000,000.

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 148,762
Public Safety	311,573
Public Works	74,230
Culture-Recreation	140,790
Health and Welfare	<u>46,879</u>
	<u>\$ 722,234</u>

Note 6 Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2009:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accrued salaries	\$ 193,767	\$ 46,790
Accrued interest	<u>7,851</u>	<u>48,751</u>
	<u>\$ 201,618</u>	<u>\$ 95,541</u>

Note 7 Landfill Post-closure Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care will be paid only near or after the date that the landfill stops accepting waste, the Town reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. During the year ended June 30, 1995 the Town closed its existing landfill and opened a new landfill. Effective July 1, 1996 the Town transferred its right and obligations in the new landfill to the Grant County Solid Waste Authority under a sales contract dated June

19, 1996. The Solid Waste Authority assumed closure cost liabilities. The closure and post-closure requirements of the old landfill are as follows:

Estimated closure and post-closure costs	<u>\$ 1,610,000</u>
Landfill capacity utilized	100%
Closure costs recognized to date	\$ 1,610,000
Cost incurred to date	<u>(1,578,628)</u>
Remaining post-closure liability	<u>\$ 31,372</u>

These costs are based on the expected cost when the landfill was closed in 1995. Actual costs of closure and post-closure care may be higher due to inflation, changes in technology or changes in regulations.

Financial assurance regulations became effective in 1995. Bond proceeds from the sale of the December 1993 sales tax revenue bonds were used to meet the closure and post-closure care financial assurance requirements.

Note 8 Long-Term Debt

Changes in long-term debt were as follows during the year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
1994 G.O. Bonds	\$ 325,000	\$	\$ 45,000	\$ 280,000	\$ 50,000
2002 Refunding Bonds	636,000		304,000	332,000	166,000
2001 Fire Equip Note	101,064		32,397	68,667	34,699
2002 Fire Burn Bldg Note	13,267		4,292	8,975	4,421
2002 Fire Station Note	76,961		24,549	52,412	25,629
Police vehicles	54,373		54,373	-0-	
Capital lease	319,316		47,539	271,777	49,679
Environmental loan-Hospital	141,855		-0-	141,855	20,634
2008 Fire Pumper	677,778		2,015	675,763	10,519
2008 Police Vehicles	307,921		73,634	234,287	75,785
Compensated absences	<u>215,529</u>	<u>237,514</u>	<u>209,815</u>	<u>243,228</u>	<u>-0-</u>
	<u>\$ 2,869,064</u>	<u>\$ 237,514</u>	<u>\$ 797,614</u>	<u>\$ 2,308,964</u>	<u>\$ 437,366</u>

Business-Type Activities:					
2002 Refunding Bonds	\$ 954,000	\$	\$ 456,000	\$ 498,000	\$ 249,000
1995 EID Note	247,390		60,023	187,367	61,223
1995 NM EID Note	2,383,465		177,710	2,205,755	181,264
NMFA Wastewater Proj.	213,995		40,223	173,772	41,420
NMFA Sanitation Equip.	<u>1,084,499</u>		<u>165,142</u>	<u>919,357</u>	<u>171,016</u>
	\$ 4,883,349	\$ -0-	\$ 899,098	\$ 3,984,251	\$ 703,923
Compensated absences	<u>59,517</u>	<u>54,500</u>	<u>43,863</u>	<u>70,154</u>	<u>-0-</u>
	<u>\$ 4,942,866</u>	<u>\$ 54,500</u>	<u>\$ 942,961</u>	<u>\$ 4,054,405</u>	<u>\$ 703,923</u>

1994 General Obligation Bonds

General obligation sanitary sewer and various purpose bonds, series July 1, 1994, issued in the initial principal amount of \$750,000, mature serially through the year 2014. The series bears interest at rates of 6.7% to 10%. The bonds were sold for the purposes of constructing and purchasing a sanitary sewer system and various other projects. Bonds maturing after July 1, 2005 are subject to prior redemption commencing July 1, 2004, as follows:

	<u>Premium</u>
July 1, 2004 through June 30, 2005	2.0%
July 1, 2005 through June 30, 2006	1.0%
July 1, 2006 through June 30, 2007	0%
Thereafter	At Par

Advance Refunding of Bonds

On May 29, 2002, the Town issued \$5,800,000 in gross receipts tax revenue refunding bonds with interest rate ranging between 3.15% and 4.20%. The Town issued the bonds to advance refund \$1,125,000 of the outstanding 1993 sales tax revenue bond with interest rates ranging between 4.75% and 5.85%; \$3,585,000 of the outstanding 1993A sales tax revenue bonds with interest rates ranging between 5.60% and 6.75%; and \$1,170,000 of the outstanding 1995A sales tax revenue bonds with interest rates ranging between 5.60% and 5.75%. The Town used the net proceeds of \$2,258,347 along with \$219,815 of the Town's debt service funds to purchase U.S. government securities. These securities were deposited in an irrevocable escrow account to provide for all future debt service on the refunded portion of the 1993 sales tax revenue bonds, 1993A sales tax revenue bonds and the 1995A sales tax revenue bonds.

As a result, the 1993 sales tax revenue bonds, 1993A sales tax revenue bonds and the 1995A sales tax revenue bonds are considered defeased, and the Town has removed the liabilities from its accounts.

The advance refunding reduced total debt service payments over the next nine years by \$626,104. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$415,145.

The advance refunding within the water and sewer fund resulted in a difference between the reacquisition price and the net carrying of the old debt of \$275,000. The difference is reported within the accompanying financial statements as a deferred charge, and is being charged to operations through June 30, 2011 using the effective – interest method.

2002 Refunding Sales Tax Revenue Bonds

Sales tax revenue bonds, series May 1, 2002, issued in the initial amount of \$5,800,000, \$2,320,000 allocated to the governmental activities, and \$3,480,000 allocated to the water and sewer fund, mature serially through June 30, 2011. The series bears interest at rates between 3.15% and 4.20%. The purpose of the bonds was to refund outstanding bonds of the Town. The bonds are not subject to optional prior redemption.

Sinking Fund Redemption

The bonds maturing on July 1, 2007, July 1, 2008, July 1, 2009, July 1, 2010 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

As and for a sinking fund for the redemption of the bonds maturing on July 1, 2007, the Town shall cause to be deposited in the bond fund a sum which is sufficient to redeem and there shall be redeemed (after credit as provided below) on the following dates the following principal amounts of such bonds maturing on July 1, 2007:

<u>Sinking Fund Redemption</u>	<u>Principal Amount</u>
January 1, 2007	\$350,000
July 1, 2007 (maturity)	375,000

As and for a sinking fund for the redemption of the bonds maturing on July 1, 2008, the Town shall cause to be deposited in the bond fund a sum which is sufficient to redeem and there shall be redeemed (after credit as provided below) on the following dates the following principal amounts of such bonds maturing on July 1, 2008:

<u>Sinking Fund Redemption</u>	<u>Principal Amount</u>
January 1, 2008	\$375,000
July 1, 2008 (maturity)	375,000

As and for a sinking fund for the redemption of the bonds maturing on July 1, 2009, the Town shall cause to be deposited in the bond fund a sum which is sufficient to redeem and there shall be redeemed (after credit as provided below) on the following dates the following principal amounts of such bonds maturing on July 1, 2009:

<u>Sinking Fund Redemption</u>	<u>Principal Amount</u>
January 1, 2009	\$360,000
July 1, 2009 (maturity)	400,000

As and for a sinking fund for the redemption of the bonds maturing on July 1, 2010, the Town shall cause to be deposited in the bond fund a sum which is sufficient to redeem and there shall be redeemed (after credit as provided below) on the following dates the following principal amounts of such bonds maturing on July 1, 2010:

<u>Sinking Fund Redemption</u>	<u>Principal Amount</u>
January 1, 2010	\$415,000
July 1, 2010 (maturity)	415,000

2001 Fire Equipment Note Payable

Note payable to the New Mexico Finance Authority. Proceeds of the note were used to purchase fire equipment. The note bears interest at rates between 3.02% and 4.15%. The Town has pledged municipal local option gross receipts tax to retire the debt. Accrued interest is paid on November 1st and May 1st, while principal is applied on May 1st. The annual payment required to be intercepted from pledged revenues is \$36,250. The note matures on May 1, 2011.

2001 Fire Burn Building Note Payable

Note payable to the New Mexico Finance Authority. Proceeds of the note were used to remodel a fire department building. The note bears interest at a rate of 3.0%. The Town has pledged a portion of the local option gross receipts tax revenues to retire the debt. Accrued interest is paid on November 1st and May 1st, while principal is applied on May 1st. The annual payment required to be intercepted from pledged revenues is \$4,690. The note matures on May 1, 2011.

2002 Fire Station Note Payable

Note payable to the New Mexico Finance Authority. Proceeds of the note were utilized to retire 1990 Fire Station bonds payable. The note bears interest at rates between 1.97% and 4.34%. The Town has pledged fire protection fund revenues to retire the debt. Accrued interest is paid on November 1st and May 1st, while principal is applied on May 1st. The annual payment required to be intercepted from pledged revenues is \$27,900. The note matures on May 1, 2011.

2004 Police Vehicles

Note payable to New Mexico Finance Authority. Proceeds of the note were used to purchase new police vehicle units. The note bears interest at rates between 2.29% and 3.180%. Interest is due November 1st and May 1st while principal is due May 1st. The note matures on May 1, 2009.

2007 Environment Department Note Payable

Note payable to the New Mexico Environment Department. Proceeds of the note were utilized for the cleanup of the old hospital. The note bears interest at a rate of 0%. Payments of \$2,579 are due monthly commencing September 15, 2007. The note matures on September 15, 2012.

1995 Environment Department Note Payable

Note payable to the New Mexico Environment Department. Proceeds of the note were utilized for the construction of wastewater facility. The note bears interest at a rate of 4%. Annual payments of \$71,953 including interest are due in December 2nd of each year. The note matures on December 2, 1011.

2008 Fire Pumper

Note payable to New Mexico Finance Authority. Proceeds from the note were used to acquire a new fire truck. The note bears interest at rates ranging from 3.2% to 3.77%. The Town has pledged Fire Protection Funds to retire the debt. Interest is due May 1st and November 1st, with principal due May 1st. The note matures May 1, 2018.

2008 Police Vehicles

Note payable to New Mexico Finance Authority. Proceeds were used to purchase police vehicles. The note bears interest at rates ranging from 2.72% to 3.01%. The Town has pledged gross receipts tax revenues to retire the debt. Interest is due May 1st and November 1st, with principal due May 1st. The note matures May 1, 2012.

1995 New Mexico Environment Department Note Payable

Note payable to the New Mexico Environment Department. Proceeds of the note were used for improvements to the Town's wastewater facility. The note bears interest at a rate of 2% per annum. Annual payments of \$202,346 are due for a period of fifteen years. The note matures in 2019.

NMFA Sanitation Equipment

Note payable to New Mexico Finance Authority. Proceeds of the note were utilized to purchase sanitation equipment, with gross receipts taxes pledged for payment. The note

bears interest at 3.678%. The note is payable semi-annually in varying amounts and matures May 1, 2014.

NMFA Wastewater Project

Note payable to New Mexico Finance Authority. Proceeds of the note were utilized to make improvements to the Town's existing wastewater treatment plant. The note bears interest at a rate of .880% to 3.49%. The note matures August 15, 2013. Interest is payable May 1st and November 1st. Principal is payable May 1st. The note was made available through NMFA PPRF Disadvantaged Program.

Lease Purchase

The Town of Silver City entered into a capital lease for the purchase of a ladder truck. Equipment with a total cost of \$450,000 was added to the Town's asset list and is being depreciated as appropriate. The terms of the lease are as follows:

Due in Year:

2010	\$ 61,909
2011	61,909
2012	61,908
2013	61,908
2014	<u>61,909</u>
	\$ 309,543
Less imputed interest	<u>(37,766)</u>
Net present value	<u>\$ 271,777</u>

Compensated Absences

The amount of compensated absences due within the next year is not estimable. The liabilities will be paid from the fund which is charged with the employee as a direct cost, and the liability will be paid with funds available. Typically the general and water and sewer funds bear the majority of the compensated absences cost.

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2009 is as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 437,366	\$ 72,737	\$ 703,923	\$ 95,074
2011	457,787	58,816	716,197	78,095
2012	304,674	44,160	479,923	60,676
2013	229,584	32,942	428,192	47,997
2014	242,603	23,860	393,567	36,124
2015-19	393,722	35,742	1,041,488	85,410
2020-24	<u>-0-</u>	<u>-0-</u>	<u>220,961</u>	<u>4,419</u>
	<u>\$2,065,736</u>	<u>\$ 268,257</u>	<u>\$ 3,984,251</u>	<u>\$ 407,795</u>

Note 9 Restricted Net Assets

The net assets "Restricted for Other Purposes" in the Statement of Net Assets consist of the special revenue fund balances, which are restricted to each fund's specific purpose, as follows:

Forward Estate	\$ 744,008
Fire Protection	162,214
Golf Course Surcharge	64,682
Other Special Revenue Funds	<u>120,686</u>
	<u>\$ 1,091,590</u>

Note 10 Retirement Plan

Plan Description

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

Funding Policy

Plan members are required to contribute 16.2% of their gross salary. The Town of Silver City is required to contribute 21.25% of the gross covered salary. The contribution requirements of plan members and the Town of Silver City are established in State Statute

under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Town of Silver City's contributions to PERA for the fiscal years ending June 30, 2009, 2008 and 2007 were \$1,404,990, \$1,442,187, and \$1,421,779, respectively, which equal the amount of the required contributions for each year.

Note 11 Post-Employment Benefits – State Retiree Health Care Plan

Plan Description

The Town of Silver City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; (4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle N.E., Suite 104, Albuquerque, New Mexico 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State legislature.

The Town of Silver City's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$73,983, \$78,928 and \$74,423, respectively, which equal the required contributions for each year.

Note 12 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 13 Risk Management

The Town is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other municipalities in the State and obtained insurance through the New Mexico Self Insurers Fund, a public 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 Insurers Fund for its general insurance coverage.

Note 14 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Fund Balance Budget (NON-GAAP Budgetary Basis) and Actual present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of changes in fund balance for the General Fund for the year ended June 30, 2009 is as follows:

	<u>General</u>
Changes in fund balance (GAAP Basis)	\$ (151,488)
Revenue accruals	13,166
Expenditures accruals	70,693
Transfer accruals	<u>357,745</u>
Changes in fund balance (NON-GAAP) Budgetary Basis	<u>\$ 290,116</u>

Note 15 Deficit Fund Balances

The Town had the following deficit fund balances at June 30, 2009:

	<u>General</u>
2204 CDBG	\$ 171,943
Drug Task Force	69,764
Century Cable	1,460
2002 Retirement	1,436

These find balance deficits were caused by either the application of the 60 day revenue accrual period required by the modified accrual basis of accounting or the timing of transfers to be made from the General Fund. As the revenue is collected and/or the transfers are made, the deficits will be eliminated.

Note 16 Inter-fund Activity

Inter-fund balances at June 30, 2009, consisted of the following:

	<u>Inter-fund Payable</u>	
	<u>All Other Funds</u>	<u>Total</u>
<u>Inter-fund Receivable</u>		
General Fund	\$ 286,233	\$ 286,233
All other funds	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 286,233</u>	<u>\$ 286,233</u>

These amounts are expected to be repaid within one year, and the advances were made to meet operating expenses.

Inter-fund transfers were as follows during the year ended June 30 2009:

	<u>Transfers From</u>				<u>Total</u>
	<u>General</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>All Others</u>	
<u>Transfers To</u>					
General	\$ -0-	\$ 157,614	\$ 40,623	\$ 307	\$ 198,544
Water/Sewer	225,000				225,000
Sanitation		110,708			110,708
All others	<u>761,278</u>			<u>209,137</u>	<u>970,415</u>
Total	<u>\$ 986,278</u>	<u>\$ 268,322</u>	<u>\$ 40,623</u>	<u>\$ 209,444</u>	<u>\$1,504,667</u>

The transfers were made to fund debt service payments, fund construction projects and provide operating funds.

SPECIAL REVENUE FUNDS

Fire Protection – to account for the revenues from the State Fire Allotment and the public safety related expenditures. Authority NMSA 59-15-1.

Juvenile Recreation – to account for the revenues generated by cigarette taxes that are restricted to expenditures for recreational purposes. Authority NMSA 7-12-15.

Lodger's Tax – to account for the revenues specifically generated by the tax on transient lodging. Expenditures must be a culture-recreation nature. Authority NMSA 3-38-14.

Emergency Medical Services – to account for the operation and maintenance of medical service equipment in the Town. Authority NMSA 24-12A.

Correction Fees – to account for the fees collected by the Municipal Judge, which are legally restricted to expenditures for jail, related costs. Authority NMSA 33-3-25.

Golf Course Surcharge – to account for the charges to users of the golf course to be used for retirement of golf course bonds. This fund was authorized by Town resolution.

Law Enforcement Protection – to account for the State grant to be used for the repair and/or replacement of law enforcement equipment. Authority NMSA 23-13-1.

Library Memorial – to account for donations received to be used for the purchase of books. This fund was authorized by Town resolution.

Drug Task Force – to account for federal funds received from the Department of Justice for school security. This fund is authorized by Town resolution.

Forward Estate – to account for monies donated to the Town by Lennie Merle Forward for the purchase of open land space. This fund was authorized by Town resolution.

Century Cable Capital – to account for the contract proceeds (franchise fees), to be used solely to develop the electronic feed distribution system. This fund was authorized by town resolution.

DEBT SERVICE FUNDS

Special Assessment Paving No. 11 – this fund was initially used to account for the costs of paving certain streets within the Town. Financing is provided by special assessments, donations, and the sale of special assessment bonds. Costs were estimated and property owners are assessed their proportionate share of the total cost. The property owners either pay their assessment within sixty (60) days or in 20 equal semi-annual installments, with interest charged on the unpaid balance at the same rate as being paid with monies provided by payments on the assessments and their related interest.

General Obligation Bond Retirement – to account for the taxes levied specifically for repayments of general obligation bonds, and expenditures thereof.

2002 Refunding Retirement – to account for the State gross receipts taxes levied as authorized by section 7-1-6, 4 NMSA 1978 for repayment of May 1, 2002 bond issue.

2002 Refunding Reserve – to account for the State gross receipts taxes levied as authorized by Section 7-1-6, 4 NMSA 1978 for repayment of the May 1, 2002 bond issue.

Fire Substation – to account for State Fire Protection Fund revenues levied to repay New Mexico Finance Authority for the fire substation.

Fire Equipment/Fire Pumper – to account for local optional municipal gross receipts taxes levied to repay New Mexico Finance Authority.

Police Vehicle – to account for revenues levied specifically for repayment to New Mexico Finance Authority.

Ladder Truck – to account for revenues levied specifically for repayments to NMFA.

CAPITAL PROJECTS FUNDS

CDBG Projects – to account for federal funds passed through the State Department of Finance and Administration to be used for several infrastructure improvement projects. Authorized by Federal regulation.

Silver City Highway Co-op – to account for improvements to various streets financed in cooperation with the State Highway Department and available funds. Authorized by Town resolution.

1995B Capital – to account for the proceeds of general obligation bonds for the purpose of a park and recreation projects.

Chihuahua Hills – to account for the revenues and expenditures to make improvements to the Chihuahua Hills area.

ENTERPRISE FUND

Water and Sewer Fund – to account for the provisions of water and sewer services to applicable users. All activities necessary to provide such services are accounted for in this fund.

Sanitation Fund – to account for the provisions of garbage collection services to applicable users. All activities necessary to provide such service are accounted for in this fund.

TRUST AND AGENCY FUNDS

Municipal Court Bond – to account for assets held by the Town in a trustee capacity for appearance bonds posted with the Municipal Court.

Teen Court – to account for assets held by the Town in a trustee capacity for the financing of the Teen Court, an entity which provides alternative sentencing to juvenile offenders.

Town of Silver City
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Non-Major Governmental Funds</u>
Assets				
Cash and investments	\$ 1,143,304	\$ 5,501	\$ 1,037,664	\$ 2,186,469
Taxes receivable	32,025		19,065	51,090
Interest receivable	13,731		545	14,276
NMFA receivable			6,972	6,972
Assessments receivable			2,198	2,198
Allowance for doubtful accounts			(2,198)	(2,198)
Due from other governments	<u>73,726</u>			<u>73,726</u>
 Total assets	 <u><u>\$ 1,262,786</u></u>	 <u><u>\$ 5,501</u></u>	 <u><u>\$ 1,064,246</u></u>	 <u><u>\$ 2,332,533</u></u>
 Liabilities and Fund Balance				
Accounts payable	\$ 57,741	\$ -	\$ -	\$ 57,741
Cash overdraft	601			601
Interfund payable	112,854	171,943	1,436	286,233
Deferred revenue	<u>22,586</u>		<u>16,884</u>	<u>39,470</u>
 Total liabilities	 <u><u>\$ 193,782</u></u>	 <u><u>\$ 171,943</u></u>	 <u><u>\$ 18,320</u></u>	 <u><u>\$ 384,045</u></u>
 Fund balance:				
Reserved for capital projects	\$ -	\$ (166,442)	\$ -	\$ (166,442)
Reserved for debt service			1,045,926	1,045,926
Unreserved	<u>1,069,004</u>			<u>1,069,004</u>
 Total fund balance	 <u><u>\$ 1,069,004</u></u>	 <u><u>\$ (166,442)</u></u>	 <u><u>\$ 1,045,926</u></u>	 <u><u>\$ 1,948,488</u></u>
 Total liabilities and fund balance	 <u><u>\$ 1,262,786</u></u>	 <u><u>\$ 5,501</u></u>	 <u><u>\$ 1,064,246</u></u>	 <u><u>\$ 2,332,533</u></u>

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

Town of Silver City
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For The Fiscal Year Ended June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Non-Major Governmental Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ 69,624	\$ 69,624
Other taxes	327,331			327,331
Intergovernmental	435,319	493,000		928,319
Fines, licenses and permits	59,535			59,535
Miscellaneous	55,841		24,287	80,128
	<u>\$ 878,026</u>	<u>\$ 493,000</u>	<u>\$ 93,911</u>	<u>\$ 1,464,937</u>
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ 24,546	\$ 24,546
Public safety	249,853			249,853
Health and welfare	16,234			16,234
Culture recreation	430,423			430,423
Debt service:				
Principal			587,799	587,799
Interest			106,530	106,530
Capital outlay	18,135	599,219		617,354
	<u>\$ 714,645</u>	<u>\$ 599,219</u>	<u>\$ 718,875</u>	<u>\$ 2,032,739</u>
Revenues over (under) expenditures	\$ 163,381	\$ (106,219)	\$ (624,964)	\$ (567,802)
Other financing sources (uses):				
Transfer in	109,499	80,372	780,544	970,415
Transfer (out)	(159,080)	(50,057)	(307)	(209,444)
Net change in fund balances	\$ 113,800	\$ (75,904)	\$ 155,273	\$ 193,169
Fund balance, July 1, 2008	955,204	(90,538)	890,653	1,755,319
Fund balance, June 30, 2009	<u>\$ 1,069,004</u>	<u>\$ (166,442)</u>	<u>\$ 1,045,926</u>	<u>\$ 1,948,488</u>

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

Town of Silver City
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2009

	<u>Fire Protection</u>	<u>Juvenile Recreation</u>	<u>Lodgers Tax</u>	<u>Law Enforcement Protection</u>
Assets				
Cash and investments	\$ 183,414	\$ 35,751	\$ 329	\$ 38,314
Taxes receivable		1,406	30,619	
Interest receivable				
Due from other governments				
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 183,414</u>	<u>\$ 37,157</u>	<u>\$ 30,948</u>	<u>\$ 38,314</u>
Liabilities and Fund Balance				
Accounts payable	\$ 21,200	\$ 6,060	\$ 5,727	\$ 1,340
Cash overdraft				
Interfund payable				
Deferred revenue				
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 21,200</u>	<u>\$ 6,060</u>	<u>\$ 5,727</u>	<u>\$ 1,340</u>
Fund balances:				
Unreserved	<u>\$ 162,214</u>	<u>\$ 31,097</u>	<u>\$ 25,221</u>	<u>\$ 36,974</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<u>\$ 162,214</u>	<u>\$ 31,097</u>	<u>\$ 25,221</u>	<u>\$ 36,974</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 183,414</u>	<u>\$ 37,157</u>	<u>\$ 30,948</u>	<u>\$ 38,314</u>

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

<u>Library Memorial</u>	<u>Correction Fees</u>	<u>EMS Grant</u>	<u>Golf Course Surcharge</u>	<u>Drug Task Force</u>
\$ 52,691	\$ 23,942	\$ -	\$ 64,657	\$ -
			25	73,726
<u>\$ 52,691</u>	<u>\$ 23,942</u>	<u>\$ -</u>	<u>\$ 64,682</u>	<u>\$ 73,726</u>
\$ - 601	\$ -	\$ -	\$ -	\$ 8,050
				112,854
				22,586
<u>\$ 601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,490</u>
<u>\$ 52,090</u>	<u>\$ 23,942</u>	<u>\$ -</u>	<u>\$ 64,682</u>	<u>\$ (69,764)</u>
<u>\$ 52,090</u>	<u>\$ 23,942</u>	<u>\$ -</u>	<u>\$ 64,682</u>	<u>\$ (69,764)</u>
<u>\$ 52,691</u>	<u>\$ 23,942</u>	<u>\$ -</u>	<u>\$ 64,682</u>	<u>\$ 73,726</u>

Town of Silver City
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2009

	<u>Forward Estate</u>	<u>Century Cable Capital</u>	<u>Total</u>
Assets			
Cash and investments	\$ 730,302	\$ 13,904	\$ 1,143,304
Taxes receivable			32,025
Interest receivable	13,706		13,731
Due from other governments			73,726
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 744,008</u>	<u>\$ 13,904</u>	<u>\$ 1,262,786</u>
 Liabilities and Fund Balance			
Accounts payable	\$ -	\$ 15,364	\$ 57,741
Cash overdraft			601
Interfund payable			112,854
Deferred revenue			22,586
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ -</u>	<u>\$ 15,364</u>	<u>\$ 193,782</u>
Fund balance:			
Unreserved	<u>\$ 744,008</u>	<u>\$ (1,460)</u>	<u>\$ 1,069,004</u>
Total fund balance	<u>\$ 744,008</u>	<u>\$ (1,460)</u>	<u>\$ 1,069,004</u>
Total liabilities and fund balance	<u>\$ 744,008</u>	<u>\$ 13,904</u>	<u>\$ 1,262,786</u>

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

Town of Silver City
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2009

	<u>Fire Protection</u>	<u>Juvenile Recreation</u>	<u>Lodgers Tax</u>	<u>Law Enforcement Protection</u>
Revenues:				
Other taxes	\$ -	\$ 9,910	\$ 317,421	\$ -
Intergovernmental	201,930			37,400
Fines, licenses and permits				
Miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>\$ 201,930</u>	<u>\$ 9,910</u>	<u>\$ 317,421</u>	<u>\$ 37,400</u>
Expenditures:				
Current:				
Public safety	\$ 78,018	\$ -	\$ -	\$ 21,560
Health and welfare				
Culture recreation		119	333,461	
Capital outlay		6,060	12,075	
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 78,018</u>	<u>\$ 6,179</u>	<u>\$ 345,536</u>	<u>\$ 21,560</u>
Revenues over (under) expenditures	\$ 123,912	\$ 3,731	\$ (28,115)	\$ 15,840
Other financing sources (uses):				
Transfer in			8923	
Transfer (out)	(159,080)			
	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	\$ (35,168)	\$ 3,731	\$ (19,192)	\$ 15,840
Fund balance, July 1, 2008	<u>197,382</u>	<u>27,366</u>	<u>44,413</u>	<u>21,134</u>
Fund balance, June 30, 2009	<u><u>\$ 162,214</u></u>	<u><u>\$ 31,097</u></u>	<u><u>\$ 25,221</u></u>	<u><u>\$ 36,974</u></u>

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

<u>Library Memorial</u>	<u>Correction Fees</u>	<u>EMS Grant</u>	<u>Golf Course Surcharge</u>	<u>Drug Task Force</u>
\$ -	\$ -	\$ -		\$ -
	59,535	14,609	-	181,380
<u>31,366</u>			<u>387</u>	
<u>\$ 31,366</u>	<u>\$ 59,535</u>	<u>\$ 14,609</u>	<u>\$ 387</u>	<u>\$ 181,380</u>
\$ -	\$ 20,164	\$ -	\$ -	\$ 130,111
29,641		16,234	3,003	
<u>29,641</u>			<u>3,003</u>	
<u>\$ 29,641</u>	<u>\$ 20,164</u>	<u>\$ 16,234</u>	<u>\$ 3,003</u>	<u>\$ 130,111</u>
\$ 1,725	\$ 39,371	\$ (1,625)	\$ (2,616)	\$ 51,269
		576	25000	
<u>1,725</u>	<u>39,371</u>	<u>(1,049)</u>	<u>22,384</u>	<u>51,269</u>
<u>50,365</u>	<u>(15,429)</u>	<u>1,049</u>	<u>42,298</u>	<u>(121,033)</u>
<u>\$ 52,090</u>	<u>\$ 23,942</u>	<u>\$ -</u>	<u>\$ 64,682</u>	<u>\$ (69,764)</u>

Town of Silver City
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2009

	<u>Forward Estate</u>	<u>Century Cable Capital</u>	<u>Total</u>
Revenues:			
Other taxes	\$ -	\$ -	\$ 327,331
Intergovernmental			435,319
Fines, licenses and permits			59,535
Miscellaneous	<u>24,088</u>		<u>55,841</u>
Total revenues	<u>\$ 24,088</u>	<u>\$ -</u>	<u>\$ 878,026</u>
Expenditures:			
Current:			
Public safety	\$ -	\$ -	\$ 249,853
Health and welfare			16,234
Culture recreation		64,199	430,423
Capital outlay			<u>18,135</u>
Total expenditures	<u>\$ -</u>	<u>\$ 64,199</u>	<u>\$ 714,645</u>
Revenues over (under) expenditures	\$ 24,088	\$ (64,199)	\$ 163,381
Other financing sources (uses):			
Transfer in		75,000	109,499
Transfer (out)			<u>(159,080)</u>
Net change in fund balances	\$ 24,088	\$ 10,801	\$ 113,800
Fund balance, July 1, 2008	<u>719,920</u>	<u>(12,261)</u>	<u>955,204</u>
Fund balance, June 30, 2009	<u>\$ 744,008</u>	<u>\$ (1,460)</u>	<u>\$ 1,069,004</u>

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

Town of Silver City
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
June 30, 2009

	GO Bond Retirement	Paving #11	2002 Retirement	2002 Reserve
Assets				
Cash and investments	\$ 166,346	\$ 1	\$ -	\$ 643,326
Interest receivable				545
Taxes receivable	19,065			
NMFA receivable				
Assessments receivable		2,198		
Allowance for doubtful accounts		(2,198)		
	<u>\$ 185,411</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 643,871</u>
Total assets	\$ 185,411	\$ 1	\$ -	\$ 643,871
 Liabilities and Fund Balance				
Interfund payable	\$ -	\$ -	\$ 1,436	\$ -
Deferred revenue	16,884			
	<u>\$ 16,884</u>	<u>\$ -</u>	<u>\$ 1,436</u>	<u>\$ -</u>
Total liabilities	\$ 16,884	\$ -	\$ 1,436	\$ -
Fund balance:				
Reserved for debt service	\$ 168,527	\$ 1	\$ (1,436)	\$ 643,871
	<u>\$ 168,527</u>	<u>\$ 1</u>	<u>\$ (1,436)</u>	<u>\$ 643,871</u>
Total fund balance	\$ 168,527	\$ 1	\$ (1,436)	\$ 643,871
Total liabilities and fund balance	\$ 185,411	\$ 1	\$ -	\$ 643,871

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

<u>Fire Substation</u>	<u>Fire Equipment</u>	<u>Police Car</u>	<u>Ladder Truck</u>	<u>Fire Pumper</u>	<u>Police Vehicles</u>	<u>Total</u>
\$ 21,848	\$ 30,429	\$ -	\$ 3	\$ 69,049	\$ 106,662	\$ 1,037,664
						545
						19,065
					6,972	6,972
						2,198
						(2,198)
<u>\$ 21,848</u>	<u>\$ 30,429</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 69,049</u>	<u>\$ 113,634</u>	<u>\$ 1,064,246</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,436
						16,884
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,320</u>
<u>\$ 21,848</u>	<u>\$ 30,429</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 69,049</u>	<u>\$ 113,634</u>	<u>\$ 1,045,926</u>
<u>\$ 21,848</u>	<u>\$ 30,429</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 69,049</u>	<u>\$ 113,634</u>	<u>\$ 1,045,926</u>
<u>\$ 21,848</u>	<u>\$ 30,429</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 69,049</u>	<u>\$ 113,634</u>	<u>\$ 1,064,246</u>

Town of Silver City
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2009

	<u>GO Bond Retirement</u>	<u>Paving #11</u>	<u>2002 Retirement</u>	<u>2002 Reserve</u>
Revenues:				
Property taxes	\$ 69,624	\$ -	\$ -	\$ -
Miscellaneous				20,230
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	\$ 69,624	\$ -	\$ -	\$ 20,230
Expenditures:				
Current:				
General government	\$ 400	\$ -	\$ 374	\$ -
Debt service:				
Principal	45,000		304,000	
Interest	21,685		23,340	
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 67,085	\$ -	\$ 327,714	\$ -
Revenues over (under) expenditures	\$ 2,539	\$ -	\$ (327,714)	\$ 20,230
Other financing sources (uses):				
Transfer in			327,340	
Transfer out		(307)		
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	\$ 2,539	\$ (307)	\$ (374)	\$ 20,230
Fund balance, July 1, 2008	165,988	308	(1,062)	623,641
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2009	<u>\$ 168,527</u>	<u>\$ 1</u>	<u>\$ (1,436)</u>	<u>\$ 643,871</u>

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

<u>Fire Substation</u>	<u>Fire Equipment</u>	<u>Police Car</u>	<u>Ladder Truck</u>	<u>Fire Pumper</u>	<u>Police Vehicles</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,624
<u>599</u>	<u>679</u>	<u>266</u>		<u>1,086</u>	<u>1,427</u>	<u>24,287</u>
<u>\$ 599</u>	<u>\$ 679</u>	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ 1,086</u>	<u>\$ 1,427</u>	<u>\$ 93,911</u>
\$ 226	\$ 253	\$ 136	\$ -	\$ 2,118	\$ 21,039	\$ 24,546
28,841	32,397	54,373	47,539	2,015	73,634	587,799
<u>3,631</u>	<u>3,768</u>	<u>1,588</u>	<u>14,369</u>	<u>28,926</u>	<u>9,223</u>	<u>106,530</u>
<u>\$ 32,698</u>	<u>\$ 36,418</u>	<u>\$ 56,097</u>	<u>\$ 61,908</u>	<u>\$ 33,059</u>	<u>\$ 103,896</u>	<u>\$ 718,875</u>
\$ (32,099)	\$ (35,739)	\$ (55,831)	\$ (61,908)	\$ (31,973)	\$ (102,469)	\$ (624,964)
27,294	34,087	30,705	61,909	97,699	201,510	780,544
						(307)
<u>\$ (4,805)</u>	<u>\$ (1,652)</u>	<u>\$ (25,126)</u>	<u>\$ 1</u>	<u>\$ 65,726</u>	<u>\$ 99,041</u>	<u>\$ 155,273</u>
<u>26,653</u>	<u>32,081</u>	<u>25,126</u>	<u>2</u>	<u>3,323</u>	<u>14,593</u>	<u>890,653</u>
<u><u>\$ 21,848</u></u>	<u><u>\$ 30,429</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 69,049</u></u>	<u><u>\$ 113,634</u></u>	<u><u>\$ 1,045,926</u></u>

Town of Silver City
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
 June 30, 2009

	Highway Co-op	1995 B Capital	CDBG Planning	2004 CDBG
Assets				
Cash and investments	\$ -	\$ 1	\$ 5,500	\$ -
Total assets	\$ -	\$ 1	\$ 5,500	\$ -
 Liabilities and Fund Balance				
Interfund payable	\$ -	\$ -	\$ -	\$ 171,943
Total liabilities	\$ -	\$ -	\$ -	\$ 171,943
Fund balance:				
Reserved for capital projects	\$ -	\$ 1	\$ 5,500	\$ (171,943)
Total fund balance	\$ -	\$ 1	\$ 5,500	\$ (171,943)
Total liabilities and fund balance	\$ -	\$ 1	\$ 5,500	\$ -

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

<u>CDBG Colonias</u>	<u>Chihuahua Hills</u>	<u>Total</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,501</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,501</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,943</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,943</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (166,442)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (166,442)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,501</u></u>

Town of Silver City
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
June 30, 2009

	<u>Highway Co-op</u>	<u>1995 B Planning</u>	<u>CDBG Planning</u>	<u>2004 CDBG</u>
Revenues:				
Intergovernmental	\$ 73,000	\$ -	\$ -	\$ -
Total revenues	<u>\$ 73,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Capital outlay	\$ 105,558	\$ -	\$ -	\$ -
Total expenditures	<u>\$ 105,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (32,558)	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in	6,711			
Transfer out				
Net change in fund balance	\$ (25,847)	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	<u>25,847</u>	<u>1</u>	<u>5,500</u>	<u>(171,943)</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 5,500</u></u>	<u><u>\$ (171,943)</u></u>

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

<u>CDBG Colonias</u>	<u>Chihuahua Hills</u>	<u>Total</u>
\$ -	\$ 420,000	\$ 493,000
\$ -	\$ 420,000	\$ 493,000
\$ -	\$ 493,661	\$ 599,219
\$ -	\$ 493,661	\$ 599,219
\$ -	\$ (73,661)	\$ (106,219)
<u>(50,057)</u>	<u>73,661</u>	<u>80,372</u> <u>(50,057)</u>
\$ (50,057)	\$ -	\$ (75,904)
<u>50,057</u>	<u>-</u>	<u>(90,538)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (166,442)</u></u>

Town of Silver City
SPECIAL REVENUE FUND - FIRE PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 219,044	\$ 219,044	\$ 201,930	\$ (17,114)
Expenditures:				
Current:				
Public safety	\$ 111,712	\$ 111,712	\$ 59,204	\$ 52,508
Capital outlay	135,000	135,000		135,000
Total expenditures	\$ 246,712	\$ 246,712	\$ 59,204	\$ 187,508
Revenues over (under) expenditures	\$ (27,668)	\$ (27,668)	\$ 142,726	\$ 170,394
Other financing sources (uses):				
Transfer out	(107,136)	(107,136)	(94,116)	13,020
Net change in fund balance	\$ (134,804)	\$ (134,804)	\$ 48,610	\$ 183,414
Fund balance, June 30, 2008	134,804	134,804	134,804	-
Fund balance, June 30, 2009	\$ -	\$ -	\$ 183,414	\$ 183,414
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (35,168)	
Revenue accruals (net)			-	
Expenditure accruals (net)			18,814	
Other financing sources (net)			64,964	
Net change in fund balance, NON-GAAP budgetary basis			\$ 48,610	

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

Town of Silver City
SPECIAL REVENUE FUND - JUVENILE RECREATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 12,000	\$ 12,000	\$ 10,427	\$ (1,573)
Expenditures:				
Current:				
Culture recreation	\$ 33,000	\$ 33,000	\$ 119	\$ 32,881
Total expenditures	\$ 33,000	\$ 33,000	\$ 119	\$ 32,881
Net change in fund balance	\$ (21,000)	\$ (21,000)	\$ 10,308	\$ 31,308
Fund balance, July 1, 2008	25,443	25,443	25,443	-
Fund balance, June 30, 2009	<u>\$ 4,443</u>	<u>\$ 4,443</u>	<u>\$ 35,751</u>	<u>\$ 31,308</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 3,731	
Revenue accruals (net)			517	
Expenditure accruals (net)			<u>6,060</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 10,308</u>	

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

Town of Silver City
SPECIAL REVENUE FUND - LODGERS TAX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 315,293	\$ 315,293	\$ 286,802	\$ (28,491)
Expenditures:				
Current:				
Culture and recreation	\$ 329,987	\$ 343,447	\$ 331,367	\$ 12,080
Capital outlay		-	12,075	(12,075)
Total expenditures	\$ 329,987	\$ 343,447	\$ 343,442	\$ 5
Revenues over (under) expenditures	\$ (14,694)	\$ (28,154)	\$ (56,640)	\$ (28,486)
Other financing sources (uses):				
Transfer in	-	-	8,923	8,923
Net change in fund balance	\$ (14,694)	\$ (28,154)	\$ (47,717)	\$ (19,563)
Fund balance, June 30, 2008	48,046	48,046	48,046	-
Fund balance, June 30, 2009	<u>\$ 33,352</u>	<u>\$ 19,892</u>	<u>\$ 329</u>	<u>\$ (19,563)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (19,192)	
Revenue accruals (net)			(30,619)	
Expenditure accruals (net)			2,094	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (47,717)</u>	

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

Town of Silver City
SPECIAL REVENUE FUND - EMS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 17,500	\$ 17,500	\$ 14,609	\$ (2,891)
Expenditures:				
Current:				
Health and welfare	\$ 2,328	\$ 2,328	\$ 2,904	\$ (576)
Capital outlay	16,891	16,891	14,000	2,891
Total expenditures	\$ 19,219	\$ 19,219	\$ 16,904	\$ 2,315
Revenues over (under) expenditures	\$ (1,719)	\$ (1,719)	\$ (2,295)	\$ (576)
Other financing sources (uses):				
Transfer in	-	580	576	(4)
Net change in fund balance	\$ (1,719)	\$ (1,139)	\$ (1,719)	\$ (580)
Fund balance, June 30, 2008	1,719	1,719	1,719	-
Fund balance, June 30, 2009	\$ -	\$ 580	\$ -	\$ (580)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,049)	
Revenue accruals (net)			-	
Expenditure accruals (net)			(670)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (1,719)	

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

Town of Silver City
SPECIAL REVENUE FUND - CORRECTION FEES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines, licenses and permits	\$ 84,036	\$ 84,036	\$ 59,535	\$ (24,501)
Expenditures:				
Current:				
Public safety	64,021	64,021	20,164	43,857
Net change in fund balance	\$ 20,015	\$ 20,015	\$ 39,371	\$ 19,356
Fund balance, July 1, 2008	(15,429)	(15,429)	(15,429)	-
Fund balance, June 30, 2009	\$ 4,586	\$ 4,586	\$ 23,942	\$ 19,356
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 39,371	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 39,371	

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

Town of Silver City
SPECIAL REVENUE FUND - GOLF COURSE SURCHARGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 365	\$ 365	\$ 362	\$ (3)
Expenditures:				
Current:				
Culture and recreation	\$ -	\$ -	\$ 3,003	\$ (3,003)
Capital outlay	67,298	67,298		67,298
Total expenditures	\$ 67,298	\$ 67,298	\$ 3,003	\$ 64,295
Revenues over (under) expenditures	\$ (66,933)	\$ (66,933)	\$ (2,641)	\$ 64,292
Other financing sources (uses):				
Transfer in	25,000	25,000	25,000	-
Net change in fund balance	\$ (41,933)	\$ (41,933)	\$ 22,359	\$ 64,292
Fund balance, June 30, 2008	42,298	42,298	42,298	-
Fund balance, June 30, 2009	<u>\$ 365</u>	<u>\$ 365</u>	<u>\$ 64,657</u>	<u>\$ 64,292</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 22,384	
Revenue accruals (net)			(25)	
Transfer accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 22,359</u>	

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

Town of Silver City
SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 37,400	\$ 37,400	\$ 37,400	\$ -
Expenditures:				
Current:				
Public safety	\$ 45,500	\$ 45,500	\$ 21,472	\$ 24,028
Capital outlay				-
Total expenditures	\$ 45,500	\$ 45,500	\$ 21,472	\$ 24,028
Net change in fund balance	\$ (8,100)	\$ (8,100)	\$ 15,928	\$ 24,028
Fund balance, July 1, 2008	22,386	22,386	22,386	-
Fund balance, June 30, 2009	\$ 14,286	\$ 14,286	\$ 38,314	\$ 24,028
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 15,840	
Revenue accruals (net)			-	
Expenditure accruals (net)			88	
Net change in fund balance, NON-GAAP budgetary basis			\$ 15,928	

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

Town of Silver City
SPECIAL REVENUE FUND - LIBRARY MEMORIAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 18,000	\$ 31,370	\$ 31,366	\$ (4)
Expenditures:				
Current:				
Culture recreation	<u>65,000</u>	<u>65,000</u>	<u>29,641</u>	<u>35,359</u>
Net change in fund balance	\$ (47,000)	\$ (33,630)	\$ 1,725	\$ 35,355
Fund balance, July 1, 2008	<u>50,365</u>	<u>50,365</u>	<u>50,365</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ 3,365</u>	<u>\$ 16,735</u>	<u>\$ 52,090</u>	<u>\$ 35,355</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,725	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 1,725</u>	

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

Town of Silver City
SPECIAL REVENUE FUND - DRUG TASK FORCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 269,204	\$ 269,204	\$ 148,040	\$ (121,164)
Expenditures:				
Current:				
Public safety	\$ 198,846	\$ 198,846	\$ 123,274	\$ 75,572
Total expenditures	\$ 198,846	\$ 198,846	\$ 123,274	\$ 75,572
Revenues over (under) expenditures	\$ 70,358	\$ 70,358	\$ 24,766	\$ (45,592)
Other financing sources (uses):				
Transfer out			(14,903)	(14,903)
Net change in fund balance	\$ 70,358	\$ 70,358	\$ 9,863	\$ (60,495)
Fund balance, June 30, 2008	(70,358)	(70,358)	(70,358)	-
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,495)</u>	<u>\$ (60,495)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 51,269	
Revenue accruals (net)			(33,340)	
Expenditure accruals (net)			6,837	
Transfer accruals (net)			<u>(14,903)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 9,863</u>	

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

Town of Silver City
SPECIAL REVENUE FUND - FORWARD ESTATE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 36,950	\$ 36,950	\$ 35,944	\$ (1,006)
Expenditures:				
Capital outlay	704,744	704,744	-	704,744
Net change in fund balance	\$ (667,794)	\$ (667,794)	\$ 35,944	\$ 703,738
Fund balance, July 1, 2008	694,358	694,358	694,358	-
Fund balance, June 30, 2009	\$ 26,564	\$ 26,564	\$ 730,302	\$ 703,738
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 24,088	
Revenue accruals (net)			11,856	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 35,944	

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

Town of Silver City
SPECIAL REVENUE FUND - CENTURY CABLE PROJECT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Culture recreation	\$ 62,739	\$ 62,739	\$ 48,835	\$ 13,904
Capital outlay				-
Total expenditures	\$ 62,739	\$ 62,739	\$ 48,835	\$ 13,904
Other financing sources (uses):				
Transfer in	75,000	75,000	75,000	-
Net change in fund balance	\$ 12,261	\$ 12,261	\$ 26,165	\$ 13,904
Fund balance, July 1, 2008	(12,261)	(12,261)	(12,261)	-
Fund balance, June 30, 2009	\$ -	\$ -	\$ 13,904	\$ 13,904
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 10,801	
Revenue accruals (net)			-	
Expenditure accruals (net)			15,364	
Net change in fund balance, NON-GAAP budgetary basis			\$ 26,165	

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

Town of Silver City
DEBT SERVICE FUND - PAVING 11
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	(1,251)	(1,251)	(307)	944
Net change in fund balance	\$ (1,251)	\$ (1,251)	\$ (307)	\$ 944
Fund balance, June 30, 2008	1,251	1,251	308	(943)
Fund balance, June 30, 2009	\$ -	\$ -	\$ 1	\$ 1
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (307)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (307)	

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

Town of Silver City
DEBT SERVICE FUND - GO BOND RETIREMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 67,485	\$ 69,425	\$ 69,421	\$ (4)
Total revenues	<u>\$ 67,485</u>	<u>\$ 69,425</u>	<u>\$ 69,421</u>	<u>\$ (4)</u>
Expenditures:				
Current:				
Administration	\$ 800	\$ 800	\$ 400	\$ 400
Principal	45,000	45,000	45,000	-
Interest	<u>21,685</u>	<u>21,685</u>	<u>21,685</u>	<u>-</u>
Total expenditures	<u>\$ 67,485</u>	<u>\$ 67,485</u>	<u>\$ 67,085</u>	<u>\$ 400</u>
Net change in fund balance	\$ -	\$ 1,940	\$ 2,336	\$ 396
Fund balance, July 1, 2008	<u>164,010</u>	<u>164,010</u>	<u>164,010</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 164,010</u></u>	<u><u>\$ 165,950</u></u>	<u><u>\$ 166,346</u></u>	<u><u>\$ 396</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 2,539	
Revenue accruals (net)			(203)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 2,336</u></u>	

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

Town of Silver City
DEBT SERVICE FUND - 2002 RETIREMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ 1,600	\$ 1,600	\$ 374	\$ 1,226
Principal	760,000	760,000	760,000	-
Interest	58,350	58,350	58,350	-
Total expenditures	<u>\$ 819,950</u>	<u>\$ 819,950</u>	<u>\$ 818,724</u>	<u>\$ 1,226</u>
Revenues over (under) expenditures	\$ (819,950)	\$ (819,950)	\$ (818,724)	\$ 1,226
Other financing sources (uses):				
Transfer in	<u>823,979</u>	<u>823,979</u>	<u>818,350</u>	<u>(5,629)</u>
Net change in fund balance	\$ 4,029	\$ 4,029	\$ (374)	\$ (4,403)
Fund balance, July 1, 2008	<u>(1,062)</u>	<u>(1,062)</u>	<u>(1,062)</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 2,967</u></u>	<u><u>\$ 2,967</u></u>	<u><u>\$ (1,436)</u></u>	<u><u>\$ (4,403)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (374)	
Revenue accruals (net)			-	
Expenditure accruals (net)			(491,010)	
Other financing sources			<u>491,010</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (374)</u></u>	

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

Town of Silver City
DEBT SERVICE FUND - 2002 RESERVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 31,872	\$ 31,872	\$ 15,237	\$ (16,635)
Other financing sources (uses):				
Transfer out	<u>(31,872)</u>	<u>(31,872)</u>	<u>-</u>	<u>31,872</u>
Net change in fund balance	\$ -	\$ -	\$ 15,237	\$ 15,237
Fund balance, July 1, 2008	<u>628,089</u>	<u>628,089</u>	<u>628,089</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 628,089</u></u>	<u><u>\$ 628,089</u></u>	<u><u>\$ 643,326</u></u>	<u><u>\$ 15,237</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 20,230	
Revenue accruals (net)			(4,993)	
Other financing uses			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 15,237</u></u>	

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

Town of Silver City
DEBT SERVICE FUND - FIRE SUBSTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 599	\$ 599
Expenditures:				
Current:				
Administration	\$ 2,404	\$ 2,404	\$ 226	\$ 2,178
Principal	38,621	38,621	28,841	9,780
Interest	33,051	33,051	3,631	29,420
Total expenditures	\$ 74,076	\$ 74,076	\$ 32,698	\$ 41,378
Revenues over (under) expenditure:	\$ (74,076)	\$ (74,076)	\$ (32,099)	\$ 41,977
Other financing sources (uses):				
Transfer in	74,076	74,076	27,294	(46,782)
Net change in fund balance	\$ -	\$ -	\$ (4,805)	\$ (4,805)
Fund balance, July 1, 2008			26,653	26,653
Fund balance, June 30, 2009	\$ -	\$ -	\$ 21,848	\$ 21,848
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4,805)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (4,805)	

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

Town of Silver City
DEBT SERVICE FUND - FIRE EQUIPMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 679	\$ 679
Expenditures:				
Current:				
Administration	\$ 2,404	\$ 2,404	\$ 253	\$ 2,151
Principal	38,621	38,621	32,397	6,224
Interest	33,051	33,051	3,768	29,283
Total expenditures	\$ 74,076	\$ 74,076	\$ 36,418	\$ 37,658
Revenues over (under) expenditures	\$ (74,076)	\$ (74,076)	\$ (35,739)	\$ 38,337
Other financing sources (uses):				
Transfer in	74,076	74,076	34,087	(39,989)
Net change in fund balance	\$ -	\$ -	\$ (1,652)	\$ (1,652)
Fund balance, July 1, 2008			32,081	32,081
Fund balance, June 30, 2009	\$ -	\$ -	\$ 30,429	\$ 30,429
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,652)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (1,652)	

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

Town of Silver City
DEBT SERVICE FUND - POLICE CAR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ 813	\$ 813	\$ 136	\$ 677
Principal	73,634	73,634	31,257	42,377
Interest	9,224	9,224	1,548	7,676
Total expenditures	<u>\$ 83,671</u>	<u>\$ 83,671</u>	<u>\$ 32,941</u>	<u>\$ 50,730</u>
Revenues over (under) expenditures	\$ (83,671)	\$ (83,671)	\$ (32,941)	\$ 50,730
Other financing sources (uses):				
Transfer in	<u>83,671</u>	<u>83,671</u>	<u>30,705</u>	<u>(52,966)</u>
Net change in fund balance	\$ -	\$ -	\$ (2,236)	\$ (2,236)
Fund balance, July 1, 2008	<u> </u>	<u> </u>	<u>2,236</u>	<u>2,236</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (25,126)	
Revenue accruals (net)			(266)	
Expenditure accruals (net)			23,156	
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (2,236)</u></u>	

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

Town of Silver City
DEBT SERVICE FUND - LADDER FIRE TRUCK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Principal	\$ 47,544	\$ 47,544	\$ 47,539	\$ 5
Interest	14,369	14,369	14,369	-
Total expenditures	<u>\$ 61,913</u>	<u>\$ 61,913</u>	<u>\$ 61,908</u>	<u>\$ 5</u>
Revenues over (under) expenditures	\$ (61,913)	\$ (61,913)	\$ (61,908)	\$ 5
Other financing sources (uses):				
Transfer in	<u>61,909</u>	<u>61,909</u>	<u>61,909</u>	<u>-</u>
Net change in fund balance	\$ (4)	\$ (4)	\$ 1	\$ 5
Fund balance, July 1, 2008	<u>4</u>	<u>4</u>	<u>2</u>	<u>(2)</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 3</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 1</u></u>	

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

Town of Silver City
DEBT SERVICE FUND - CLASS A FIRE PUMPER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ 2,118	\$ 2,118	\$ 2,118	\$ -
Principle	2,015	2,015	2,015	-
Interest	<u>28,927</u>	<u>28,927</u>	<u>28,602</u>	<u>325</u>
Total expenditures	<u>\$ 33,060</u>	<u>\$ 33,060</u>	<u>\$ 32,735</u>	<u>\$ 325</u>
Revenues over (under) expenditures	\$ (33,060)	\$ (33,060)	\$ (32,735)	\$ 325
Other financing sources (uses):				
Transfer in	<u>33,060</u>	<u>33,060</u>	<u>32,735</u>	<u>(325)</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 65,726	
Revenue accruals (net)			(1,086)	
Expenditure accruals (net)			324	
Other financing sources			<u>(64,964)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Town of Silver City
DEBT SERVICE FUND - POLICE VEHICLES #2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public safety	\$ -	\$ 20,230	\$ 20,227	\$ 3
Principal	75,265	75,265	75,263	2
Interest	8,405	8,405	8,406	(1)
Total expenditures	\$ 83,670	\$ 103,900	\$ 103,896	\$ 4
Revenues over (under) expenditures	\$ (83,670)	\$ (103,900)	\$ (103,896)	\$ 4
Other financing sources (uses):				
Loan proceeds	-	20,230	20,227	(3)
Transfer in	83,675	83,675	83,669	(6)
Net change in fund balance	\$ 5	\$ 5	\$ -	\$ (5)
Fund balance, July 1, 2008	-	-	-	-
Fund balance, June 30, 2009	\$ 5	\$ 5	\$ -	\$ (5)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 99,041	
Revenue accruals (net)			(1,427)	
Expenditure accruals (net)			-	
Other financing sources			(97,614)	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Town of Silver City
CAPITAL PROJECTS FUND - CDBG PLANNING GRANT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008			5,500	5,500
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,500</u>	<u>\$ 5,500</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - CDBG COLONIAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	<u>(50,057)</u>	<u>(50,057)</u>	<u>(50,057)</u>	<u>-</u>
Net change in fund balance	\$ (50,057)	\$ (50,057)	\$ (50,057)	\$ -
Fund balance, July 1, 2008	<u>50,057</u>	<u>50,057</u>	<u>50,057</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (50,057)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (50,057)</u></u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - HIGHWAY CO-OP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 73,000	\$ 73,000	\$ 73,000	\$ -
Expenditures:				
Capital outlay-construction	108,695	108,695	108,694	1
Revenues over (under) expenditures	\$ (35,695)	\$ (35,695)	\$ (35,694)	\$ 1
Other financing sources (uses):				
Transfer in	6,715	6,715	6,711	(4)
Net change in fund balance	\$ (28,980)	\$ (28,980)	\$ (28,983)	\$ (3)
Fund balance, July 1, 2008	28,983	28,983	28,983	-
Fund balance, June 30, 2009	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (3)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (25,847)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(3,136)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (28,983)</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - 1995 B CAPITAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u> </u>	<u> </u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	<u> </u>	<u> </u>	<u>1</u>	<u>1</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - 2004 CDBG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	-	-	(171,943)	(171,943)
Fund balance, June 30, 2009	\$ -	\$ -	\$ (171,943)	\$ (171,943)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Town of Silver City
CAPITAL PROJECTS FUND - CDBG CHIHUAHA HILLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 620,716	\$ 620,716	\$ 420,000	\$ (200,716)
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	525,762	525,762	493,661	32,101
Total expenditures	\$ 525,762	\$ 525,762	\$ 493,661	\$ 32,101
Revenues over (under) expenditures	\$ 94,954	\$ 94,954	\$ (73,661)	\$ (168,615)
Other financing sources (uses):				
Transfer in	76,984	76,984	73,661	(3,323)
Net change in fund balance	\$ 171,938	\$ 171,938	\$ -	\$ (171,938)
Fund balance, July 1, 2008	-	-	-	-
Fund balance, June 30, 2009	<u>\$ 171,938</u>	<u>\$ 171,938</u>	<u>\$ -</u>	<u>\$ (171,938)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Town of Silver City
ENTERPRISE FUNDS - WATER AND SEWER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 751,820	\$ 751,820	\$ 760,259	\$ 8,439
Intergovernmental	388,270	388,270	388,269	(1)
Charges for services	3,856,410	4,137,070	3,946,069	(191,001)
Earnings on investments	27,200	27,200	1,926	(25,274)
Miscellaneous	13,230	13,230	24,879	11,649
Total revenues	\$ 5,036,930	\$ 5,317,590	\$ 5,121,402	\$ (196,188)
Expenses:				
Personnel	\$ 1,900,786	\$ 1,900,786	\$ 1,893,305	\$ 7,481
Operating	1,921,779	2,088,794	1,975,465	113,329
Capital outlay	618,085	618,085	316,218	301,867
Debt service:				
Principal	282,715	282,715	278,156	4,559
Interest	54,184	54,184	58,745	(4,561)
Total expenses	\$ 4,777,549	\$ 4,944,564	\$ 4,521,889	\$ 422,675
Revenues over (under) expenses	\$ 259,381	\$ 373,026	\$ 599,513	\$ 226,487
Other financing sources (uses):				
Transfers in	697,498	697,498	521,732	(175,766)
Transfers out	(1,230,125)	(1,368,355)	(1,281,064)	87,291
Net changes in retained earnings	\$ (273,246)	\$ (297,831)	\$ (159,819)	\$ 138,012
Retained earnings, July 1, 2008	330,088	330,088	330,088	-
Retained earnings, June 30, 2009	\$ 56,842	\$ 32,257	\$ 170,269	\$ 138,012
Budgetary reconciliation:				
Net change in retained earnings, GAAP basis			\$ 150,796	
Revenue accruals (net)			94,438	
Expenditure accruals (net)			310,957	
Other financing sources (uses)			(716,010)	
Net change in retained earnings, NON-GAAP budgetary basis			\$ (159,819)	

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

Town of Silver City
ENTERPRISE FUNDS - SANITATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 198,802	\$ 198,802	\$ 199,334	\$ 532
Charges for services	1,680,564	1,680,564	1,716,147	35,583
Miscellaneous	38,000	38,000		(38,000)
Total revenues	\$ 1,917,366	\$ 1,917,366	\$ 1,915,481	\$ (1,885)
Expenses:				
Personnel	\$ 697,196	\$ 697,196	\$ 585,401	\$ 111,795
Operating	832,821	958,431	944,603	13,828
Principle	165,147	165,147	165,645	(498)
Interest	37,008	37,008	36,519	489
Total expenses	\$ 1,732,172	\$ 1,857,782	\$ 1,732,168	\$ 125,614
Revenues over (under) expenses	\$ 185,194	\$ 59,584	\$ 183,313	\$ 123,729
Other financing sources (uses):				
Transfer in	204,866	315,576	315,572	4
Transfers out	(274,589)	(274,589)	(245,487)	29,102
Net change in retained earnings	\$ 115,471	\$ 100,571	\$ 253,398	\$ 152,835
Retained earnings, July 1, 2008	-	-	(236,586)	(236,586)
Retained earnings, June 30, 2009	<u>\$ 115,471</u>	<u>\$ 100,571</u>	<u>\$ 16,812</u>	<u>\$ (83,751)</u>
Budgetary reconciliation:				
Net change in retained earnings, GAAP basis			\$ 365,276	
Revenue accruals (net)			28,253	
Expenditure accruals (net)			(99,508)	
Other financing sources (uses)			-	
Net change in retained earnings, NON-GAAP budgetary basis			<u>\$ 294,021</u>	

Town of Silver City
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2009

	<u>Balance July 1, 2008</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Balance June 30, 2009</u>
Assets				
Cash and investments:				
Municipal Court Bond	\$ 4,404	\$ 16,027	\$ 17,332	\$ 3,099
Teen Court	<u>11,759</u>	<u>72,000</u>	<u>82,755</u>	<u>1,004</u>
Total assets	<u><u>\$ 16,163</u></u>	<u><u>\$ 88,027</u></u>	<u><u>\$ 100,087</u></u>	<u><u>\$ 4,103</u></u>
Liabilities				
Deposits held for others:				
Municipal Court Bond	\$ 4,404	\$ 16,027	\$ 17,332	\$ 3,099
Teen Court	<u>11,759</u>	<u>72,000</u>	<u>82,755</u>	<u>1,004</u>
Total liabilities	<u><u>\$ 16,163</u></u>	<u><u>\$ 88,027</u></u>	<u><u>\$ 100,087</u></u>	<u><u>\$ 4,103</u></u>

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

Town on Silver City
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2009

	<u>First Savings</u>	<u>Western Bank</u>	<u>First NM Bank</u>	<u>Wells Fargo</u>	<u>Total</u>
Checking and CD's	\$ 200,976	\$ 129,000	\$ 123,979	\$ 1,762,796	\$ 2,216,751
Less: FDIC insurance	<u>200,976</u>	<u>129,000</u>	<u>123,979</u>	<u>250,000</u>	<u>703,955</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,512,796</u>	<u>\$ 1,512,796</u>
50% collateralization requirement (Section 6-10-17 NMSA)	\$ -	\$ -	\$ -	\$ 641,495	\$ 641,495
102% collateralization requirement				<u>229,807</u>	<u>229,807</u>
Total collateralization requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,302</u>	<u>\$ 871,302</u>
Pledged Securities:					
FGIOH 3128M7G9 6-1-37	\$ -	\$ -	\$ -	\$ 251,757	\$ 251,757
FNCL 31371NNV3 10-1-37				295,122	295,122
Account Guarantees Program				<u>885,622</u>	<u>885,622</u>
Total pledged securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,432,501</u>	<u>\$ 1,432,501</u>
Pledged securities over (under) requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 561,199</u>	<u>\$ 561,199</u>

Securities pledged by Wells Fargo are held by the Wells Fargo trust department in Minneapolis, Minnesota, and by First Savings at the First National Bank trust department in Pierre, SD. Safekeeping receipts are held by the Town.

Town of Silver City
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2009

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Wells Fargo</u>			
General	Checking	\$ 882,118	\$ 686,141
CDBG 95	Checking	50,000	50,000
CDBG 2000	Checking	50,000	50,000
Municipal Bond	Checking	3,504	3,505
Library Memorial	Checking	-	(601)
Sweep	Interest Bearing	229,807	229,808
Penny Park	Savings	73,653	73,655
Forward Estate	Savings	284,891	284,892
Forward Estate	CD	112,746	112,747
Forward Estate	CD	26,077	26,078
2002 Refunding Reserve	CD	50,000	50,000
		<u>\$ 1,762,796</u>	<u>\$ 1,566,225</u>
<u>LGIP</u>			
Forward Estate	LGIP	\$ 25,940	\$ 25,940
2002 Refunding Reserve	LGIP	412,429	412,429
		<u>\$ 438,369</u>	<u>\$ 438,369</u>
<u>Kious & Company</u>			
2001 Refunding Bonds	Money Market	\$ 296	\$ 296
2002 Refunding Bonds	Treasury Bond	40,475	40,475
		<u>\$ 40,771</u>	<u>\$ 40,771</u>

Town of Silver City
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS (concluded)
 June 30, 2009

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>First Savings Bank</u>			
Forward Estate	CD	\$ 100,000	\$ 100,000
General	CD	56,077	56,077
Golf Course Surcharge	CD	44,899	44,899
Total First Savings Bank		<u>\$ 200,976</u>	<u>\$ 200,976</u>
<u>First New Mexico Bank</u>			
Forward Estate	CD	\$ 123,979	\$ 123,979
<u>Western Bank</u>			
2002 Refunding Reserve	CD	\$ 129,000	\$ 129,000
<u>NMFA</u>			
Cash on deposit with paying agent	NMFA	\$ 493,275	\$ 493,275
Total cash and investments		<u>\$ 3,189,166</u>	<u>\$ 2,992,595</u>

Town of Silver City
SCHEDULE OF LEGISLATIVE GRANTS & SEVERANCE TAX BONDS PROJECTS
 June 30, 2009

	PNM Bldg Museum Annex STB 07-3710	La Capilla 06-L-G-1658	Grant Co Health Facility 07-L-G-6052	WWTP Digester 07-4475-G-F	La Capilla Heritage Park 05-L-G-1489
Original appropriation	\$ 200,000	\$ 20,000	\$ 1,000,000	\$ 500,000	\$ 288,000
Funds reverted	-	-	-	-	-
Appropriation remaining	<u>\$ 200,000</u>	<u>\$ 20,000</u>	<u>\$ 1,000,000</u>	<u>\$ 500,000</u>	<u>\$ 288,000</u>
Expended through June 30, 2009	\$ 200,000	\$ 4,721	\$ -	\$ 4,786	\$ 288,000
Encumbrances	-	-	-	-	-
Total committed	<u>\$ 200,000</u>	<u>\$ 4,721</u>	<u>\$ -</u>	<u>\$ 4,786</u>	<u>\$ 288,000</u>
Project expiration date	06/30/11	06/30/10	06/30/11	06/30/11	06/30/10

Casa de Cuentos 05-L-G-1494	Parking Lot La Capilla Park 05-L-G-316	WWTP Colonias 07-L-G-5572	Skate Park 03-L-G-1021	Memory Lane 07-L-G-5275	Childhood Care 08-L-G-1079	La Capilla Gazebo 04-L-G-918	La Capilla Retaining Wall 04-L-G-2176
\$ 25,000	\$ 12,000	\$ 350,000	\$ 100,000	\$ 100,000	\$ 13,900	\$ 80,000	\$ 25,000
-	-	-	-	-	-	(49,836)	(25,000)
<u>\$ 25,000</u>	<u>\$ 12,000</u>	<u>\$ 350,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 13,900</u>	<u>\$ 30,164</u>	<u>\$ -</u>
\$ 25,000	\$ 12,000	\$ 350,000	\$ 100,000	\$ -	\$ 13,900	\$ 30,164	\$ -
-	-	-	-	-	-	-	-
<u>\$ 25,000</u>	<u>\$ 12,000</u>	<u>\$ 350,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 13,900</u>	<u>\$ 30,164</u>	<u>\$ -</u>

06/30/10

06/30/10

04/30/10

06/30/09

06/30/11

06/30/09

06/30/09

06/30/09

Town of Silver City
SCHEDULE OF LEGISLATIVE GRANTS & SEVERENCE TAX BONDS PROJECTS (concluded)
 June 30, 2009

	La Capilla Retaining Wall 04-L-G-1607	Public Library 06-L-G-1670	Downtown Gateway Signage 04-L-G-336	Memory Lane Cemetery SP-GA-5850	Big Ditch Park Phase III 06-L-7832	Penny Park Skate Park 04-L-G-2174
Original appropriation	\$ 50,000	\$ 100,000	\$ 25,000	\$ 160,000	\$ 200,000	\$ 50,000
Funds reverted	<u>(50,000)</u>	<u>(41,219)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriation remaining	<u>\$ -</u>	<u>\$ 58,781</u>	<u>\$ 25,000</u>	<u>\$ 160,000</u>	<u>\$ 200,000</u>	<u>\$ 50,000</u>
Expended through June 30, 2009	\$ -	\$ 58,781	\$ -	\$ -	\$ 152,961	\$ 50,000
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total committed	<u>\$ -</u>	<u>\$ 58,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,961</u>	<u>\$ 50,000</u>
Project expiration date	06/30/09	06/30/09	06/30/09	06/30/12	06/30/10	06/30/09

Penny Park Skate Park 04-L-G-914	Penny Park Skate Park 04-L-G-1603	Skate Park 05-L-G-1736	Skate Park 06-L-G-1660	Skate Park 07-L-G-5274	Skate Park 03-L-G-854	Skate Park 03-L-G-849
\$ 30,000	\$ 100,000	\$ 150,000	\$ 170,000	\$ 100,000	\$ 10,000	\$ 10,000
-	-	-	-	-	-	-
<u>\$ 30,000</u>	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 170,000</u>	<u>\$ 100,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
\$ 30,000	\$ 100,000	\$ 150,000	\$ 170,000	\$ 84,454	\$ 10,000	\$ 10,000
-	-	-	-	-	-	-
<u>\$ 30,000</u>	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 170,000</u>	<u>\$ 84,454</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
06/30/09	06/30/09	06/30/10	06/30/10	06/30/11	06/30/09	06/30/09

Town of Silver City
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through New Mexico Dept. of Finance and Administration:			
Community Development Block Grants-States Program	14.228	06-C-NR-I-6-G-68	\$ 420,000
Community Development Block Grants-Technical Assist	14.227	06-C-NR-I-6-G-59	12,620
Passed through New Mexico Mortgage Finance Authority: Home Partnership	14.239	N/A	<u>413,224</u>
Total U.S. Dept. of Housing and Urban Development			<u>\$ 845,844</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed through N.M. Dept. of Public Safety: Byrne Formula Grant Program	16.579	06-DCSI-PPA	\$ 178,826
Passed through N.M. Dept. of Children, Youth & Families and Luna County: Juvenile Justice and Delinquency Prevention	16.540	N\A	<u>122,836</u>
Total U.S. Department of Justice			<u>\$ 301,662</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct: Historic Preservation Grant	15.904	N\A	<u>\$ 21,389</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through N.M. Highway Department: Highway Planning and Construction Grants	20.205	TPE-090-1(3)42	<u>\$ 98,935</u>
Total expenditures of federal awards			<u><u>\$ 1,267,830</u></u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Town of Silver City
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Silver City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Insurance

The Town had the following insurance coverages during the year ended June 30, 2009:

Workers compensation	\$ Unlimited
Employer's liability	1,050,000
Persona injury:	
Per person	400,000
Per occurrence	750,000
Per occurrence property damage	100,000
Auto Liability	Limits
Auto physical damage	Per auto

Town of Silver City
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2009

Findings – Financial Statement Audit

Current Status

07-2 Expenditures exceeded budgetary authority

Resolved

Findings and Questioned Costs – Major Federal Award programs

None

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Hector H. Balderas, State Auditor
and
Mayor and Town Council
Town of Silver City
Silver City, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Town of Silver City as of and for the year ended June 30, 2009, which collectively comprise The Town of Silver City's basic financial statements and have issued our report thereon dated November 25, 2009. We have also audited the financial statements of each of the Town's non-major governmental funds and enterprise funds presented as other supplementary information as of and for the year ended June 30, 2009 and have issued our report thereon dated November 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Silver City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Silver City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Silver City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Silver City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the Town of

Silver City's financial statements that is more than inconsequential will not be prevented or detected by the Town of Silver City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Silver City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Silver City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor and Town Council, management, others within the organization, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co., CPAs

November 25, 2009

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas, State Auditor
and
Mayor and Town Council
Town of Silver City
Silver City, New Mexico

Compliance

We have audited the compliance of the Town of Silver City with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Town of Silver City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Silver City's management. Our responsibility is to express an opinion on the Town of Silver City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Silver City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Silver City's compliance with those requirements.

In our opinion, the Town of Silver City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Town of Silver City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Silver City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Silver City's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Mayor and Town Council, others within the organization, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co., CPAs

November 25, 2009

Town of Silver City
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2009

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Silver City.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Town of Silver City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the Town of Silver City expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: Home Partnership, CFDA No. 14.239.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. The Town of Silver City qualified as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s.

EXIT CONFERENCE

The contents of this report were discussed November 23, 2009. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
James Marshall	Mayor	Town of Silver City
Alex Brown	City Manager	Town of Silver City
Linda Flores	Deputy Finance Director	Town of Silver City
Eva Jaurequi	Purchasing Agent	Town of Silver City
Linda Nunez	Utility Billing Supervisor	Town of Silver City
Mike Stone	Shareholder	Stone, McGee & Co., CPA's