

State of New Mexico

Town of Silver City

**FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT THEREON**

For The Fiscal Year Ended June 30, 2011

Town of Silver City
TABLE OF CONTENTS
 June 30, 2011

	<u>PAGE</u>
INTRODUCTORY SECTION:	
Directory of officials	1
 FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	2-3
REQUIRED SUPPLEMENTARY INFORMATION: Management's Discussion and Analysis	4-12
 BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	13-14
Statement of Activities	15-16
 <i>Fund Financial Statements:</i>	
Balance Sheet--Governmental Funds	17
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis) General Fund	21
Statement of Net Assets--Proprietary Funds	22-23
Statement of Revenues, Expenses and Changes in Net Assets--Proprietary Funds	24
Statement of Cash Flows--Proprietary Funds	25-26
Statement of Fiduciary Assets and Liabilities-Agency Funds	27
Notes to Basic Financial Statements	28-50

OTHER SUPPLEMENTARY INFORMATION:

Fund Descriptions	51-53
Combining Balance Sheet--Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Governmental Funds	55
Combining Balance Sheet--Nonmajor Special Revenue Funds	56-58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Special Revenue Funds	59-61
Combining Balance Sheet--Nonmajor Debt Service Funds	62-63
Combining Statement of Revenues, Expenditures and Changes in Fund Balance--Nonmajor Debt Service Funds	64-65
Combining Balance Sheet--Nonmajor Capital Projects Funds	66-67
Combining Statement of Revenues, Expenditures and Changes in Fund Balance--Nonmajor Capital Projects Funds	68-69
Statements of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis):	
Special Revenue Funds:	
Fire protection	70
Juvenile recreation	71
Lodgers tax	72
EMS	73
Correction fees	74
Golf course surcharge	75
Law enforcement protection	76
Library memorial	77
Drug task force	78
Forward estate	79
Century Cable capital	80
HIDTA	81
Debt Service funds:	
Paving 11	82
GO Bond retirement	83
2002 Retirement	85
2002 Reserve	85
Fire substation	86
Fire equipment	87
Ladder fire truck	88
Class A fire pumper	89
Police vehicles #2	90
Capital Projects Funds:	
CDBG planning grant	91
ARRA Silver StreetCDBG Colonias	92
Hope IV Vistas de Plata	93
1995 B capital	94
CDBG Chihuahua Hill	95
Highway COOP Projects	96

Freeport McMoran Waterwork	97
DFA Colonias Housing	98
NMDOT Mountain View Road	99
MAP College/Texas/Black	100

Enterprise Funds:	
Water and Sewer	101
Sanitation	102

OTHER SUPPLEMENTAL DATA:

Schedule of changes in assets and liabilities--Agency Funds	103
Schedule of Depository Collateral	104
Schedule of Individual Deposit Accounts and Investments	105-106
Schedule of Legislative Allocations	107-110
Schedule of Expenditures of Federal Awards	111-112
Notes to Schedule of Expenditures of Federal Awards	113

ADDITIONAL REPORTING REQUIREMENTS:

Summary Schedule of Prior Audit Findings	114
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	115-116
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	117-118
Schedule of Findings and Questioned Costs	119-120

Town of Silver City
DIRECTORY OF OFFICIALS
June 30, 2011

Elected Officials

James Marshall	Mayor
Joe Ray	Councilor
Mike Morones	Councilor
Cynthia Bettison	Councilor
Jamie K. Thompson	Councilor

Administrative Staff

Alex C. Brown	City Manager/ Finance Director
Linda Flores	Deputy Finance Director
Anita Norero	Purchasing Agent

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.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@qwestoffice.net

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, the aggregate remaining fund information, and the budgetary comparisons for the General Fund of the Town of Silver City (Town) as of and for the year ended June 30, 2011, 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 funds, and the budgetary comparisons for the non-major special revenue funds, the debt service funds, the capital projects funds, and the 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, 2011, 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 statement 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, 2011, 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, 2011, 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 21 2011, 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 on pages 4 through 12 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 21, 2011

Stone, McGee & Co.
Certified Public Accountants

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, 2011. 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 fees, 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 reconciliations following 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 2011 and 2010 is as follows:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>
Governmental Activities:			
Cash and cash equivalents	\$ 1,468,864	\$ 1,799,555	\$ (330,691)
Receivables, net	2,687,800	2,181,898	505,902
Inventory	25,870	21,384	4,486
Interfund receivable	-0-	83,124	(83,124)
Capital assets, net of depreciation	<u>50,739,363</u>	<u>50,886,508</u>	<u>(147,145)</u>
Total assets	<u>\$54,921,897</u>	<u>\$54,972,469</u>	<u>\$ (50,572)</u>
Current liabilities	\$ 846,419	\$ 759,207	\$ (87,212)
Noncurrent liabilities	<u>1,119,538</u>	<u>1,416,304</u>	<u>296,766</u>
Total liabilities	<u>\$ 1,965,957</u>	<u>\$ 2,175,511</u>	<u>\$ 209,554</u>
Net assets	<u>\$52,955,940</u>	<u>\$52,796,958</u>	<u>\$ 158,982</u>

Net assets in governmental activities increased less than 1% in 2011, indicating fiscal stability. The unrestricted portion of net assets which is the amount available for ongoing operations, decreased less than 1% to \$1,971,919, again indicating fiscal stability.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>
Business-type Activities:			
Current assets	\$ 1,805,377	\$ 1,883,218	\$ (77,841)
Noncurrent assets	<u>11,570,645</u>	<u>11,845,540</u>	<u>(274,895)</u>
Total assets	<u>\$13,376,022</u>	<u>\$13,728,758</u>	<u>\$ (352,736)</u>

Current liabilities	\$ 967,006	\$ 814,267	\$ (152,739)
Noncurrent liabilities	<u>2,796,167</u>	<u>3,336,282</u>	<u>540,115</u>
Total liabilities	<u>\$ 3,763,173</u>	<u>\$ 4,150,549</u>	<u>\$ 387,376</u>
Net assets	<u>\$ 9,612,849</u>	<u>\$ 9,578,209</u>	<u>\$ 34,640</u>

Net assets in business type activities remained unchanged, primarily due to capital assets financed from grants offsetting depreciation. Unrestricted net assets, those available for ongoing operations, increased 20% to \$1,524,234, principally due to the reduction in amounts invested in capital assets.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>
Governmental Activities:			
Revenues:			
Charges for services	\$ 546,922	\$ 382,057	\$ 164,865
Operating grants and contributions	1,395,016	868,373	526,643
Capital grants and contributions	1,671,508	1,451,532	219,976
General revenues and transfers	<u>9,640,820</u>	<u>8,571,545</u>	<u>1,069,275</u>
Total revenues	<u>\$13,254,266</u>	<u>\$11,273,507</u>	<u>\$ 1,980,759</u>
Expenses:			
General government	\$ 3,141,521	\$ 2,740,645	\$ 400,876
Public safety	6,194,014	5,498,042	695,972
Public works	880,557	806,002	74,555
Health and welfare	422,610	181,037	241,573
Culture-recreation	2,402,456	2,384,388	18,068
Interest expense	<u>54,126</u>	<u>75,144</u>	<u>(21,018)</u>
	<u>\$13,095,284</u>	<u>\$11,685,258</u>	<u>\$ 1,410,026</u>
Change in net assets	<u>\$ 158,982</u>	<u>\$ (411,751)</u>	<u>\$ 570,733</u>

Total revenues increased \$1,980,759 primarily due to increased grants, and tax levies. Expenditures increased due to operating expenses, and increased operating grants.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>
Business-type activities:			
Revenues:			
Charges for services	\$ 6,220,014	\$ 6,183,374	\$ 36,640
Capital grants and contributions	61,872	1,274,074	(1,212,202)
General revenues and transfers	<u>468,928</u>	<u>1,015,338</u>	<u>(546,410)</u>
Total revenues	<u>\$ 6,750,814</u>	<u>\$ 8,472,786</u>	<u>\$ (1,721,972)</u>
Expenses:			
Personnel	\$ 2,447,183	\$ 2,476,997	\$ (29,814)
Operating	3,227,581	2,895,864	331,717
Depreciation	964,594	902,527	62,067
Interest expense	<u>76,816</u>	<u>104,316</u>	<u>(27,500)</u>
Total expenses	<u>\$ 6,716,174</u>	<u>\$ 6,379,704</u>	<u>\$ 336,470</u>
Change in net assets	<u>\$ 34,640</u>	<u>\$ 2,093,082</u>	<u>\$ (2,058,442)</u>

The primary reason for the decrease in net assets was increased operating expenses as well as decreased capital grants.

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, 2011 and

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

	<u>For Year End</u>	<u>%</u>	<u>Increase</u>	<u>Percentage</u>
	<u>2011 Amount</u>	<u>of Total</u>	<u>(Decrease)</u>	<u>Increase</u>
			<u>From FYE 2010</u>	<u>(Decrease)</u>
Revenues:				
Taxes	\$ 8,948,904	71%	\$ 498,616	6%
Intergovernmental	2,949,890	23%	899,343	44%
Charges for services	475,959	4%	154,532	48%
Fines and licenses	170,729	1%	39,632	30%
Miscellaneous	<u>107,501</u>	<u>1%</u>	<u>(24,107)</u>	<u>(18%)</u>
Total revenues	<u>\$12,652,983</u>	<u>100%</u>	<u>\$ 1,568,016</u>	<u>14%</u>

Taxes increased primarily from gross receipts tax collections. Intergovernmental revenue increased due to increased grant funding. Other increases and decreases are within operating norms.

	<u>For Year End</u>	<u>%</u>	<u>Increase</u>	<u>Percentage</u>
	<u>2011 Amount</u>	<u>of Total</u>	<u>(Decrease)</u>	<u>Increase</u>
			<u>From</u>	<u>(Decrease)</u>
			<u>FYE 2010</u>	<u>(Decrease)</u>
General government	\$ 2,642,299	20%	\$ 362,372	16%
Public safety	5,222,865	39%	644,915	14%
Public works	742,496	6%	71,378	10%
Health and welfare	356,350	3%	205,609	136%
Culture-recreation	2,025,778	15%	40,415	2%
Capital outlay	1,896,317	14%	544,520	40%
Debt service	<u>348,198</u>	<u>3%</u>	<u>(330,473)</u>	<u>(49%)</u>
Total expenditures	<u>\$13,234,303</u>	<u>100%</u>	<u>\$1,538,736</u>	<u>13%</u>

Increased expenditures for capital outlay were due to funding of new projects. Debt service expenditures are a function of debt maturities. General government and public safety expenditures were increased due to cost increases, and additional funding, while public works expenditures were within normal range. Health and welfare expenditures increased due to the addition of new programs. Others are within operating norms.

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 \$491,110 during the year. This was done to recognize changes not anticipated in the original budget, and utilize increased revenues.

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 2011-2012 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2011, the Town had \$108,858,187 invested in capital assets, as shown below. This represents a net increase of \$2,425,179 or 2%, funded primarily through grant revenues.

	<u>2011</u>	<u>2010</u>
Governmental activities:		
Land	\$ 7,409,603	\$ 6,926,027
Buildings and infrastructure	58,564,945	57,518,195
Equipment	4,987,590	5,069,123
Construction in progress	<u>860,662</u>	<u>532,620</u>
	<u>\$ 71,822,800</u>	<u>\$ 70,045,965</u>
Business-type Activities:		
Land	\$ 961,403	\$ 945,870
Buildings and utility plant	31,648,233	30,248,010
Equipment	4,365,517	3,823,552
Construction in progress	<u>60,234</u>	<u>1,369,611</u>
	<u>\$ 37,035,387</u>	<u>\$ 36,387,043</u>
	<u>\$108,858,187</u>	<u>\$106,433,008</u>

This year's major additions included:

Buildings and improvements (\$1,309,377 transferred from construction in progress)	<u>\$ 2,446,973</u>
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Land	<u>\$ 499,109</u>
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Debt

At year-end, the Town had \$4,231,014 in outstanding general obligation bonds, capital leases and notes payable compared to \$4,994,120 last year. That is a decrease of 15% as shown in the following table:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General obligation bonds	\$ 175,000	\$ 230,000
Notes payable	825,399	1,011,308
Capital leases	<u>170,184</u>	<u>222,098</u>
	\$ 1,170,583	\$ 1,463,406
Business-Type Activities:		
Notes payable	<u>3,060,431</u>	<u>3,530,714</u>
Total	<u>\$ 4,231,014</u>	<u>\$ 4,994,120</u>

No significant 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 financial statements as of the 2007 fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the unemployment rate in Grant County is 9 percent; that is a 1 percent decrease from the same time last year. Although, the history of Grant County has shown that the unemployment is mostly affected by the unemployment rate at the mines, the unemployment levels have actually begun to rise even though the mines currently have not ramped up mining operations in Grant County. Specifically, this is primarily due to the fact that other areas of employment have begun to increase in the region such as the increase in the number of border patrol officers hired in Southwest New Mexico.

At the end of the second quarter of fiscal year 2011, the mines ramped up operations and employ an additional 570 miners in the area. This should have a very positive gross-receipts tax impact in Silver City for the remainder of the fiscal year 2012. Even though, the national and state economy have been very sluggish in recent months, the local

economy has begun to get stronger at a faster rate than the state economy. We expect to see this in fiscal year 2012 through fiscal year 2013.

If the Town's gross receipts revenues remain constant, the Town would be in a situation where we have very little outstanding debt and would be able to issue significant debt for infrastructure and quality of life projects. We also have a one-quarter of one percent (1.4%) gross receipts tax increments that can be imposed by ordinance and can be used to help alleviate shortfalls. It could also be used to subsidize the number of capital projects that Town does, as well. The current level of one-quarter percent gross receipts tax brings in approximately \$750,000, annually.

The Enterprise Funds currently are strong and expected to remain very strong. The Water/Sewer Fund has allowed the Town to complete many capital improvement projects in the last few years, and the Town does not expect to issue any debt that would impact the fund. The Sanitation Fund is also in very good financial shape, although, there is a loan outstanding with the NM Finance Authority that was used to automate the system. The rate structure that was put in place has been able to pay the debt and build capital reserves to pay to replace equipment to be used in the future.

Although, the Town's budget is very sound, much is dependent on the State and what they do. If the Town is left unharmed by what happens during the legislative session, the Town can face a bright future during the next two years.

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, 2011

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current:			
Cash and investments	\$ 1,468,864	\$ 199,871	\$ 1,668,735
Inventory	25,870	213,790	239,660
Receivables, net	2,687,800	1,137,492	3,825,292
Notes receivable due currently		14,743	14,743
Total current assets	\$ 4,182,534	\$ 1,565,896	\$ 5,748,430
Noncurrent assets:			
Restricted:			
Cash and investments	\$ -	\$ 497,038	\$ 497,038
Notes receivable, net of current amounts		120,325	120,325
Capital assets, net	50,739,363	11,192,763	61,932,126
Total noncurrent assets	\$ 50,739,363	\$ 11,810,126	\$ 62,549,489
Total assets	\$ 54,921,897	\$ 13,376,022	\$ 68,297,919
LIABILITIES			
Current:			
Accounts payable	\$ 453,089	\$ 353,808	\$ 806,897
Accrued liabilities	88,394	54,956	143,350
Cash overdraft	262		262
Current maturities of long-term debt	304,674	558,242	862,916
Total current liabilities	\$ 846,419	\$ 967,006	\$ 1,813,425
Noncurrent:			
Payable from restricted assets:			
Customer deposits	\$ -	\$ 213,756	\$ 213,756
Bonds payable	120,000		120,000
Notes payable	629,975	2,502,189	3,132,164
Lease payable	115,934		115,934

Town of Silver City
STATEMENT OF NET ASSETS (concluded)
June 30, 2011

	Governmental Activities	Business- Type Activities	Total
Compensated absences	\$ 253,629	\$ 80,222	\$ 333,851
Total noncurrent liabilities	\$ 1,119,538	\$ 2,796,167	\$ 3,915,705
Total liabilities	\$ 1,965,957	\$ 3,763,173	\$ 5,729,130
NET ASSETS			
Invested in capital assets, net of related debt	\$ 49,568,780	\$ 7,805,313	\$ 57,374,093
Restricted for:			
Capital projects	32,174		32,174
Debt service	297,124	283,302	580,426
Other purposes	1,085,943		1,085,943
Unrestricted	1,971,919	1,524,234	3,496,153
Total net assets	\$ 52,955,940	\$ 9,612,849	\$ 62,568,789

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, 2011

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<u>Functions/Programs</u>			
Governmental activities:			
General government	\$ 3,141,521	\$ 89,984	\$ 254,087
Public safety	6,194,014	346,139	825,849
Public works	880,557	32,330	2,982
Health and welfare	422,610	18,054	214,656
Culture-recreation	2,402,456	60,415	97,442
Unallocated interest expense	54,126		
Total governmental activities	\$ 13,095,284	\$ 546,922	\$ 1,395,016
Business-type activities:			
Water and sewer	\$ 4,952,552	\$ 4,373,008	\$ -
Sanitation	1,763,622	1,847,006	
Total business-type activities	\$ 6,716,174	\$ 6,220,014	\$ -
Total government	\$ 19,811,458	\$ 6,766,936	\$ 1,395,016

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

<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Total</u>
\$ -	\$ (2,797,450)	\$ -	\$ (2,797,450)
	(5,022,026)		(5,022,026)
1,671,508	826,263		826,263
	(189,900)		(189,900)
	(2,244,599)		(2,244,599)
	(54,126)		(54,126)
<u>\$ 1,671,508</u>	<u>\$ (9,481,838)</u>	<u>\$ -</u>	<u>\$ (9,481,838)</u>
\$ 61,872	\$ -	\$ (517,672)	\$ (517,672)
		83,384	83,384
<u>\$ 61,872</u>	<u>\$ -</u>	<u>\$ (434,288)</u>	<u>\$ (434,288)</u>
<u>\$ 1,733,380</u>	<u>\$ (9,481,838)</u>	<u>\$ (434,288)</u>	<u>\$ (9,916,126)</u>
	\$ 332,955	\$ -	\$ 332,955
	7,706,253	960,889	8,667,142
	182,625		182,625
	67,476		67,476
	358,607		358,607
	286,200		286,200
	3,302	7,476	10,778
	104,199		104,199
	99,766		99,766
	499,437	(499,437)	-
	<u>\$ 9,640,820</u>	<u>\$ 468,928</u>	<u>\$ 10,109,748</u>
	\$ 158,982	\$ 34,640	\$ 193,622
	<u>52,796,958</u>	<u>9,578,209</u>	<u>62,375,167</u>
	<u>\$ 52,955,940</u>	<u>\$ 9,612,849</u>	<u>\$ 62,568,789</u>

Town of Silver City
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Hope VI	Other Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 45,028	\$ -	\$ 1,423,836	\$ 1,468,864
Inventory	25,870			25,870
Interest receivable				-
Taxes receivable	1,465,209		108,342	1,573,551
Accounts receivable	116,167			116,167
Assessments receivable			2,206	2,206
Allowance for doubtful accounts			(2,206)	(2,206)
Due from other governments	560,143	225,155	212,784	998,082
Interfund receivable	406,910			406,910
	\$ 2,619,327	\$ 225,155	\$ 1,744,962	\$ 4,589,444
 Liabilities and Fund Balance				
Accounts payable	\$ 310,790	\$ 50,423	\$ 91,876	\$ 453,089
Cash overdraft			262	262
Interfund payable		174,731	232,179	406,910
Salary payable	82,989			82,989
Deferred revenue	112,986	225,155	188,236	526,377
	\$ 506,765	\$ 450,309	\$ 512,553	\$ 1,469,627
 Fund balance:				
Non-spendable:				
Inventory	\$ 25,870	\$ -	\$ -	\$ 25,870
Restricted:				
Public safety	7,891		178,348	186,239
Culture and recreation	149,650		223,840	373,490
Land acquisition			680,427	680,427
Debt service			187,080	187,080
Equipment purchases			68,116	68,116
Construction			32,119	32,119
Assigned:				
Culture and recreation			79,415	79,415
Unassigned	1,929,151	(225,154)	(216,936)	1,487,061
	\$ 2,112,562	\$ (225,154)	\$ 1,232,409	\$ 3,119,817
	\$ 2,619,327	\$ 225,155	\$ 1,744,962	\$ 4,589,444

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**

June 30, 2011

Total governmental fund balances	\$	3,119,817
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		50,739,363
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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		74,923
Intergovernmental grants subject to the 60 day availability period		451,454

Long-term liabilities are not reported in the funds.		
Bonds payable		(175,000)
Notes payable		(825,399)
Lease payable		(170,184)
Accrued interest payable		(5,405)
Compensated absences		(253,629)

<i>Net assets of governmental activities</i>	\$	<u><u>52,955,940</u></u>
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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, 2011

	General Fund	Hope VI	Other Funds	Governmental Funds Total
Revenues:				
Property taxes	\$ 342,026	\$ -	\$ -	\$ 342,026
Gross receipts taxes	7,706,253			7,706,253
Gas taxes	182,625			182,625
Motor vehicle taxes	73,193			73,193
Franchise taxes	358,607			358,607
Other taxes	5		286,195	286,200
Intergovernmental	1,615,693	209,685	1,124,512	2,949,890
Fines, licenses and permits	67,279		103,450	170,729
Charges for services	475,959			475,959
Miscellaneous	15,111		92,390	107,501
Total revenues	\$ 10,836,751	\$ 209,685	\$ 1,606,547	\$ 12,652,983
Expenditures:				
Current:				
General government	\$ 2,639,114	\$ -	\$ 3,185	\$ 2,642,299
Public safety	4,565,082		657,783	5,222,865
Public works	713,817		28,679	742,496
Health and welfare	346,170		10,180	356,350
Culture recreation	1,715,007		310,771	2,025,778
Debt service:				
Principal	30,950		261,873	292,823
Interest			55,375	55,375
Capital outlay	1,044,351	184,735	667,231	1,896,317
Total expenditures	\$ 11,054,491	\$ 184,735	\$ 1,995,077	\$ 13,234,303
Revenues over (under) expenditures	\$ (217,740)	\$ 24,950	\$ (388,530)	\$ (581,320)
Other financing sources (uses):				
Transfer in	415,866		415,395	831,261
Transfer out	(227,427)		(104,397)	(331,824)
Net change in fund balances	\$ (29,301)	\$ 24,950	\$ (77,532)	\$ (81,883)
Fund balance, July 1, 2010	2,141,863	(250,104)	1,309,941	3,201,700
Fund balance, June 30, 2011	<u>\$ 2,112,562</u>	<u>\$ (225,154)</u>	<u>\$ 1,232,409</u>	<u>\$ 3,119,817</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**
June 30, 2011

Net change in fund balances-total governmental funds \$ (81,883)

*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	1,896,317
Depreciation expense.	(2,043,462)

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	(9,071)
Motor vehicle taxes subject to the 60 day availability period	(5,717)
Intergovernmental grants subject to the 60 day availability period	116,634

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

292,823

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.

1,249

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.

(7,908)

Change in Net Assets of Governmental Activities

\$ 158,982

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 7,875,330	\$ 8,458,320	\$ 8,461,152	\$ 2,832
Intergovernmental	2,696,796	2,696,796	1,173,754	(1,523,042)
Fines, licenses and permits	69,121	71,381	67,279	(4,102)
Charges for services	392,478	445,328	515,065	69,737
Miscellaneous	<u>387,317</u>	<u>387,317</u>	<u>15,111</u>	<u>(372,206)</u>
 Total revenues	 <u>\$ 11,421,042</u>	 <u>\$ 12,059,142</u>	 <u>\$ 10,232,361</u>	 <u>\$ (1,826,781)</u>
Expenditures:				
Current:				
General government	\$ 2,144,623	\$ 2,463,345	\$ 2,457,499	\$ 5,846
Public safety	4,305,913	4,478,301	4,556,058	(77,757)
Public works	727,788	727,788	740,476	(12,688)
Health and welfare	120,158	120,158	114,354	5,804
Culture recreation	1,859,887	1,859,887	1,705,870	154,017
Principle	30,951	30,951	30,950	1
Interest				-
Capital outlay	<u>2,412,059</u>	<u>2,412,059</u>	<u>1,211,187</u>	<u>1,200,872</u>
 Total expenditures	 <u>\$ 11,601,379</u>	 <u>\$ 12,092,489</u>	 <u>\$ 10,816,394</u>	 <u>\$ 1,276,095</u>
Revenues over (under) expenditures	\$ (180,337)	\$ (33,347)	\$ (584,033)	\$ (550,686)
Other financing sources (uses):				
Transfer in	332,176	336,888	561,594	224,706
Transfer out	<u>(288,864)</u>	<u>(373,156)</u>	<u>(373,153)</u>	<u>3</u>
Net change in fund balance	\$ (137,025)	\$ (69,615)	\$ (395,592)	\$ (325,977)
Fund balance, July 1, 2010	<u>792,534</u>	<u>792,534</u>	<u>796,071</u>	<u>3,537</u>
Fund balance, June 30, 2011	<u>\$ 655,509</u>	<u>\$ 722,919</u>	<u>\$ 400,479</u>	<u>\$ (322,440)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (29,301)
Revenue accruals (net)				(604,390)
Expenditure accruals (net)				238,097
Other financing sources (net)				<u>2</u>
Net change in fund balance, NON-GAAP budgetary basis				<u>\$ (395,592)</u>

Town of Silver City
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2011

Assets	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Current:			
Cash and investments	\$ 130,191	\$ 69,680	\$ 199,871
Inventory	213,790		213,790
Receivables, net of allowances:			
Accounts	745,486	221,007	966,493
Taxes	136,799	34,200	170,999
Notes receivable due currently		14,743	14,743
Total current assets	<u>\$ 1,226,266</u>	<u>\$ 339,630</u>	<u>\$ 1,565,896</u>
Noncurrent assets:			
Restricted:			
Cash and investments	\$ 282,185	\$ 214,853	\$ 497,038
Notes receivable, net of current amounts		120,325	120,325
Deferral on advance refunding			-
Capital assets (net)	10,005,410	1,187,353	11,192,763
Total noncurrent assets	<u>\$ 10,287,595</u>	<u>\$ 1,522,531</u>	<u>\$ 11,810,126</u>
Total assets	<u>\$ 11,513,861</u>	<u>\$ 1,862,161</u>	<u>\$ 13,376,022</u>
 Liabilities			
Current:			
Accounts payable	\$ 190,476	\$ 163,332	\$ 353,808
Accrued liabilities	50,176	4,780	54,956
Current maturities of long-term debt	374,694	183,548	558,242
Total current liabilities	<u>\$ 615,346</u>	<u>\$ 351,660</u>	<u>\$ 967,006</u>
Noncurrent liabilities:			
Payable from restricted assets:			
Customer deposits	\$ 213,756	\$ -	\$ 213,756
Notes payable	2,114,543	387,646	2,502,189
Compensated absences	77,519	2,703	80,222

Town of Silver City
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (concluded)
 June 30, 2011

	Water & Sewer	Sanitation	Total
Total noncurrent liabilities	\$ 2,405,818	\$ 390,349	\$ 2,796,167
Total liabilities	\$ 3,021,164	\$ 742,009	\$ 3,763,173
Net Assets			
Invested in capital assets, net of related debt	\$ 7,516,173	\$ 289,140	\$ 7,805,313
Restricted for debt service	68,449	214,853	283,302
Unrestricted	908,075	616,159	1,524,234
Total net assets	\$ 8,492,697	\$ 1,120,152	\$ 9,612,849

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, 2011

	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenues:			
Charges for services	<u>\$ 4,373,008</u>	<u>\$ 1,847,006</u>	<u>\$ 6,220,014</u>
Operating expenses:			
Personnel	\$ 1,930,828	\$ 516,355	\$ 2,447,183
Operating	2,053,371	1,174,210	3,227,581
Depreciation	<u>916,364</u>	<u>48,230</u>	<u>964,594</u>
Total operating expenses	<u>\$ 4,900,563</u>	<u>\$ 1,738,795</u>	<u>\$ 6,639,358</u>
Net operating income	<u>\$ (527,555)</u>	<u>\$ 108,211</u>	<u>\$ (419,344)</u>
Nonoperating revenue (expense):			
Investment income	\$ 116	\$ 7,360	\$ 7,476
Gross receipts taxes	768,711	192,178	960,889
Intergovernmental grants	61,872		61,872
Miscellaneous revenue			-
Interest expense	<u>(51,989)</u>	<u>(24,827)</u>	<u>(76,816)</u>
Total nonoperating revenue (expense)	<u>\$ 778,710</u>	<u>\$ 174,711</u>	<u>\$ 953,421</u>
Net income before operating transfers	\$ 251,155	\$ 282,922	\$ 534,077
Transfers:			
In			-
Out	<u>(374,121)</u>	<u>(125,316)</u>	<u>(499,437)</u>
Change in net assets	\$ (122,966)	\$ 157,606	\$ 34,640
Net assets, beginning of year	<u>8,615,663</u>	<u>962,546</u>	<u>9,578,209</u>
Net assets, end of year	<u>\$ 8,492,697</u>	<u>\$ 1,120,152</u>	<u>\$ 9,612,849</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, 2011

	Water & Sewer	Sanitation	Total
Cash flows from operating activities:			
Receipts from customers	\$ 4,411,595	\$ 1,836,578	\$ 6,248,173
Payments to suppliers	(2,081,255)	(1,055,686)	(3,136,941)
Payments to employees	(1,919,167)	(518,471)	(2,437,638)
Net cash provided (used) by operating activities	<u>\$ 411,173</u>	<u>\$ 262,421</u>	<u>\$ 673,594</u>
Cash flows from noncapital financing activities:			
Dedicated tax receipts	\$ 757,138	\$ 189,285	\$ 946,423
Intergovernmental grants	210,846		210,846
Collections of notes receivable		14,053	14,053
Interfund activity	\$ (83,124)		(83,124)
Miscellaneous collections			-
Transfers from other funds			-
Transfers to other funds	(374,121)	(125,316)	(499,437)
Net cash provided (used) by noncapital financing activities	<u>\$ 510,739</u>	<u>\$ 78,022</u>	<u>\$ 588,761</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	\$ (361,655)	\$ (286,689)	\$ (648,344)
Borrowings on capital debt	4,074		4,074
Principal paid on capital debt	(297,210)	(177,147)	(474,357)
Interest paid on capital debt	(56,320)	(25,822)	(82,142)
Net cash provided (used) by capital and related financing activities	<u>\$ (711,111)</u>	<u>\$ (489,658)</u>	<u>\$ (1,200,769)</u>
Cash flows from investing activities:			
Earnings on investments	\$ 116	\$ 7,360	\$ 7,476
Net cash provided (used) by investing activities	<u>\$ 116</u>	<u>\$ 7,360</u>	<u>\$ 7,476</u>
Net increase (decrease) in cash and equivalents	\$ 210,917	\$ (141,855)	\$ 69,062
Cash and equivalents, beginning of year	<u>201,459</u>	<u>426,388</u>	<u>627,847</u>
Cash and equivalents, end of year	<u><u>\$ 412,376</u></u>	<u><u>\$ 284,533</u></u>	<u><u>\$ 696,909</u></u>

Town of Silver City
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (concluded)
For the Fiscal Year Ended June 30, 2011

	Water & Sewer	Sanitation	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (527,555)	\$ 108,211	\$ (419,344)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	916,364	48,230	964,594
Changes in assets and liabilities:			
Inventory	(59,667)		(59,667)
Receivables, net	27,082	(10,428)	16,654
Accounts payable	30,991	118,524	149,515
Accrued expenses	1,110	(481)	629
Customer deposits	12,297		12,297
Compensated absences	10,551	(1,635)	8,916
Net cash provided (used) by operating activities	\$ 411,173	\$ 262,421	\$ 673,594

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, 2011

	Agency Funds
Assets	
Cash and investments	\$ 10,831
Receivables	900
Total assets	\$ 11,731
 Liabilities and Fund Equity	
Deposits held for others	\$ 10,831
Interfund payable	900
Total liabilities	\$ 11,731

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

Town of Silver City
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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.

Capital Project Fund – Hope VI Vistas de Plata – Accounts for a HUD grant to provide affordable housing to Town residents. The assistance that is the subject of this grant agreement is authorized by, and required to be used in accordance with, Section 24 of the U.S. Housing Act of 1937 (the “HOPE VI Authorization”). Funding for the HOPE VI Authorization is appropriated by the Consolidated Appropriations Act, 2008 (Pub. L. 110-161, approved December 26, 2007) under the heading “Revitalization of Severely Distressed Public Housing (HOPE VI)”.

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. Revenues not received within sixty days are presented as deferred revenue. 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 and Proprietary Funds

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

During the year ended June 30, 2011, the Town implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance- amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Town Council establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Council. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Town Council through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

N. REVENUES, EXPENDITURES AND EXPENSES

Gross Receipts Tax

The Town levies a 7.375% 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.

The Town is permitted to levy taxes for general operating purposes based on a state formula, per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the Town is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Town. The Town's total tax rate to finance general government services for the year ended June 30, 2011 was \$1.083 per \$1,000 for non-residential property and \$2.137 for residential property. The Town's tax rate for debt service was .394 per \$1,000 for both residential and nonresidential property.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred revenue in the fund statements.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services, primarily water, sewer and sanitation services. It also included all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Program revenues in governmental activities are primarily charges for services such as copies, police services, and charges for recreational activities and special events.

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 \$27,530 on deposit in the pool at June 30, 2011. The pool is AAAM rated, and has a 36 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 deposits total \$509,497.

Note 3 Investments

At June 30, 2011, the Town had no investments.

Note 4 Receivables

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accounts receivable:		
Franchise	\$ 81,394	\$
Services (net) of allowance for doubtful accounts of \$(24,329)	<u>33,873</u>	<u>918,418</u>
	<u>\$ 115,270</u>	<u>\$ 918,418</u>
Due from other governments:		
Intergovernmental grants	<u>\$ 1,106,421</u>	<u>\$ 48,075</u>
Taxes receivable:		
Property taxes	\$ 43,259	\$
Gross receipts tax	1,378,932	170,999
Motor Vehicle taxes	12,033	
Gasoline taxes	<u>30,985</u>	
	<u>\$ 1,465,209</u>	<u>\$ 170,999</u>
Total	<u>\$ 2,686,900</u>	<u>\$ 1,137,492</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 \$135,068 at June 30, 2011.

Note 5 Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,926,027	\$ 483,576	\$ -0-	\$ 7,409,603
Construction in progress	<u>532,620</u>	<u>947,192</u>	<u>619,150</u>	<u>860,662</u>
Total capital assets not being depreciated	<u>\$ 7,458,647</u>	<u>\$ 1,430,768</u>	<u>\$ 619,150</u>	<u>\$ 8,270,265</u>
Other capital assets:				
Buildings, improvements and other infrastructure	\$57,518,195	\$ 1,046,750	\$ -0-	\$58,564,945
Equipment	<u>5,069,123</u>	<u>37,949</u>	<u>119,482</u>	<u>4,987,590</u>
Total other assets at historical cost	<u>\$62,587,318</u>	<u>\$ 1,084,699</u>	<u>\$ 119,482</u>	<u>\$63,552,535</u>
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	\$15,608,319	\$ 1,770,840	\$	\$17,379,159
Equipment	<u>3,551,138</u>	<u>272,622</u>	<u>119,482</u>	<u>3,704,278</u>
Total accumulated depreciation	<u>\$19,159,457</u>	<u>\$ 2,043,462</u>	<u>\$ 119,482</u>	<u>\$21,083,437</u>
Other capital assets (net)	<u>\$43,427,861</u>	<u>\$ (958,763)</u>	<u>\$ -0-</u>	<u>\$42,469,098</u>
Governmental activities, capital assets, net	<u>\$50,886,508</u>	<u>\$ 472,005</u>	<u>\$ 619,150</u>	<u>\$50,739,363</u>

Business type activities:

Capital assets not being depreciated:

Construction in progress	\$ 1,369,611	\$ 90,846	\$ 1,400,223	\$ 60,234
Land	<u>945,870</u>	<u>15,533</u>	<u> </u>	<u>961,403</u>
	<u>\$ 2,315,481</u>	<u>\$ 106,379</u>	<u>\$ 1,400,223</u>	<u>\$ 1,021,637</u>

Other capital assets:

Buildings and utility

plant

\$30,248,010 \$ 1,400,223 \$ -0- \$31,648,233

Equipment

3,823,552 541,965 -0- 4,365,517

Total other capital assets at historical cost

\$34,071,562 \$ 1,942,188 \$ -0- \$36,013,750

Less accumulated depreciation for:

Buildings and utility

plant

\$21,955,353 \$ 758,931 \$ 22,714,284

Equipment

2,922,677 205,663 -0- 3,128,340

Total accumulated depreciation

\$24,878,030 \$ 964,594 \$ -0- \$25,842,624

Other capital assets, net

\$ 9,193,532 \$ 977,594 \$ -0- \$10,171,126

Business-type activities capital assets, net

\$11,509,013 \$ 1,083,973 \$ 1,400,223 \$11,192,763

The Town has various construction projects ongoing with future commitments totaling approximately \$2,000,000.

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 491,314
Public Safety	971,149
Public Works	138,061
Culture-Recreation	66,260
Health and Welfare	<u>376,678</u>
	<u>\$ 2,043,462</u>

Note 6 Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2011:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accrued salaries	\$ 82,989	\$ 16,718
Accrued interest	<u>5,405</u>	<u>38,238</u>
	<u>\$ 88,394</u>	<u>\$ 54,956</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>(1,610,000)</u>
Remaining post-closure liability	<u>\$ -0-</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. Ongoing monitoring will continue into future years as required by law, and will be paid from available funds.

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, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
1994 G.O. Bonds	\$ 230,000	\$	\$ 55,000	\$ 175,000	\$ 55,000
2001 Fire Equip Note	35,004		35,004	-0-	
2002 Fire Burn Bldg Note	4,554		4,554	-0-	
2002 Fire Station Note	26,783		26,783	-0-	
Environmental loan-Hospital	121,221		30,950	90,271	30,950
2008 Fire Pumper Note	665,244		10,561	654,683	84,029
2008 Police Vehicles Note	158,502		78,057	80,445	80,445
Capital Lease	<u>222,098</u>	<u> </u>	<u>51,914</u>	<u>170,184</u>	<u>54,250</u>
	\$ 1,463,406	\$	\$ 292,823	\$ 1,170,583	\$ 304,674
Compensated absences	<u>245,721</u>	<u>235,280</u>	<u>227,372</u>	<u>253,629</u>	<u>-0-</u>
	<u>\$ 1,709,127</u>	<u>\$ 235,280</u>	<u>\$ 520,195</u>	<u>\$ 1,424,212</u>	<u>\$ 304,694</u>
Business-Type Activities:					
1995 EID Note	\$ 126,144	\$	\$ 62,448	\$ 63,696	\$ 63,696
1995 NM EID Note	2,024,491		184,890	1,839,601	188,587
NMFA Water Project Note.	132,352		42,712	89,640	44,092
NMFA Sanitation Equip.	748,341		177,147	571,194	183,548
NMFA Utility System Improvements	<u>499,386</u>	<u>4,074</u>	<u>7,160</u>	<u>496,300</u>	<u>78,319</u>
	\$ 3,530,714	\$	\$ 474,357	\$ 3,060,431	\$ 558,242
Compensated absences	<u>71,306</u>	<u>61,821</u>	<u>52,905</u>	<u>80,222</u>	<u>-0-</u>
	<u>\$ 3,602,020</u>	<u>\$ 65,895</u>	<u>\$ 527,262</u>	<u>\$ 3,140,653</u>	<u>\$ 558,242</u>

1994 General Obligation Bonds

The bond and bond interest are paid from property taxes levies enacted specifically for the debt retirement. The revenues pledged totaled \$199,120, at June 30, 2011, and equal 100% of the tax levies enacted to repay the bonded indebtedness. The bonds were sold to construct a sanitary sewer system and fund other projects. The bonds bear interest at rates ranging from 6.7% to 10%, and maturity dates range from 2012 through 2014. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2011, the Town recognized \$-0- in property taxes pledged to retire the indebtedness, and retired \$70,410 in bond principal and interest.

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.

2008 Police Vehicles Note Payable

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%. Interest is due May 1st and November 1st, with principal due May 1st. The note matures May 1, 2012.

Capital Lease

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 the current book value is \$213,750.

Due in Year:

2012	\$ 61,908
2013	61,908
2014	<u>61,909</u>
	\$ 185,725
Less imputed interest at 4.5%	<u>15,541</u>
Net present value	<u>\$ 170,184</u>

The 2007 Environmental Department Note, the 2008 Police Vehicles Note, and the capital lease are being paid from gross receipts tax revenues pledged to secure the debts. The revenues pledged totaled \$358,812, at June 30, 2011, which is 2% of future gross receipts tax at their current rate. During the year ended June 30, 2011, the Town recognized \$7,706,253 in pledged revenues, and retired \$175,521 in principal and interest on the above stated liabilities.

2008 Fire Pumper Note Payable

The note and the associated interest are paid from fire protection funds pledged for that purpose. The revenues pledged totaled \$749,355 at June 30, 2011, equal to 45% of future fire protection funds at the current rate. The loan was obtained to purchase a fire pumper, and bears interest at rates ranging from 3.2% to 3.77%. Maturity dates range from 2012 to 2018.

During the year ended June 30, 2011 the Town recognized \$238,404 in pledged revenues, and retired \$33,305 in loan principal and interest.

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 \$64,971 including interest are due on December 2nd of each year. The note matures on December 2, 2011.

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 Wastewater Project Note Payable

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. The note was made available through NMFA PPRF Disadvantaged Program.

NMFA Utility System Note Payable

This note payable to the New Mexico Finance Authority is being used to construct improvements to the Town's utility system. The note bears interest at a rate of 1.75%. The note currently matures May 1, 2020, however, the funds are not fully disbursed, and the maturity date and scheduled payments are subject to change.

The 1995 Environmental Department Note Payable, the 1995 New Mexico Environmental Department Note Payable, the NMFA Wastewater Project Note Payable and the NMFA Utility System Note Payable are being paid from gross receipts tax revenues pledged for that purpose. The revenues pledged totaled \$2,701,761 at June 30, 2011, and equal 39% of future gross receipts tax at their current rate. During the year ended June 30, 2011, the Town recognized \$768,711 in pledged revenues, and retired \$353,531 in principal and interest on the aforementioned notes.

NMFA Sanitation Equipment Note Payable

This note and the associated interest are being paid from gross receipts tax revenues pledged for that purpose. The revenues pledged totaled \$611,559 at June 30, 2011, equal to 100% of future gross receipts tax collections at the current rate. The loan was obtained to acquire sanitation equipment. The loan bears interest 3.678%, and maturity dates range from 2012 to 2014.

During the year ended June 30, 2011, the Town recognized \$192,178 in pledged revenues, and retired \$202,969 in loan principal and interest.

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, 2011 is as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 304,674	\$ 44,160	\$ 558,242	\$ 64,316
2013	229,584	32,942	507,039	51,305
2014	242,603	23,860	472,952	39,093
2015	93,183	13,852	280,062	27,872
2016	96,532	10,719	284,617	23,516
2017-21	<u>204,007</u>	<u>11,171</u>	<u>957,519</u>	<u>46,787</u>
	<u>\$1,170,583</u>	<u>\$ 136,704</u>	<u>\$ 3,060,431</u>	<u>\$ 252,889</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	\$ 680,427
Lodgers Tax	111,363
Correction Fees	100,798
Library Memorial	96,757
Golf Course Surcharge	79,415
Other Special Revenue Funds	<u>17,183</u>
	<u>\$ 1,085,943</u>

The Town reports \$1,415,241 in restricted net assets in governmental activities, of which \$1,240,069 is restricted by enabling legislation.

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 3.29% to 16.3% of their gross salary, depending on employee classification. The Town of Silver City is required to contribute 9.15% to 21.25% of the gross 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, 2011, 2010 and 2009 were \$1,490,923, \$1,395,280, and \$1,404,990, 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. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee’s annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY2012	1.834%	.917%
FY2013	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3,4 and 5; municipal fire member coverage plan 3,4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee’s annual salary, and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY2012	2.292%	1.146%
FY2013	2.500%	1.250%

Also, employers joining the program after January 1, 1998 are 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, 2011, 2010 and 2009 were \$67,297, \$67,998 and \$73,983, 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 Deficit Fund Balances

The Town had the following deficit fund balances at June 30, 2011:

	<u>General</u>
Mountain View	\$ 19,065
Drug Task Force	58,963
Century Cable	20,232
MAP	34,141
Hope VI	225,154
HIDTA	86,148

These fund 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 15 Inter-fund Activity

Inter-fund balances at June 30, 2011, consisted of the following:

	<u>Inter-fund Payable</u>		
	<u>HOPE VI</u>	<u>All Other Funds</u>	<u>Total</u>
<u>Inter-fund Receivable</u>			
General Fund	\$ 174,731	\$ 232,179	\$ 406,910

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 2011:

	<u>Transfers From</u>				
	<u>General</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>All Others</u>	<u>Total</u>
<u>Transfers To</u>					
General	\$	\$ 352,734	\$ 57,076	\$ 6,056	\$ 415,866
All others	<u>227,427</u>	<u>21,387</u>	<u>68,240</u>	<u>98,341</u>	<u>415,395</u>
Total	<u>\$ 227,427</u>	<u>\$ 374,121</u>	<u>\$ 125,316</u>	<u>\$ 104,397</u>	<u>\$ 831,261</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.

HIDTA – to reduce drug trafficking and drug production in the United States by (a) facilitating cooperation among Federal, State, local, and tribal law enforcement agencies to share information and implement coordinated enforcement activities; (b) enhancing law enforcement intelligence sharing among Federal, State, local, and tribal law enforcement agencies; (c) providing reliable law enforcement intelligence to law enforcement agencies needed to design effective enforcement strategies and operations; and (d) supporting coordinated law enforcement strategies which maximize use of available resources to reduce the supply of illegal drugs in designated areas and in the United States as a whole. Authorized by P.L. 109-469.

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 General Fund transfers to be used for support of golf course operations. 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 General Fund transfers to be used for capital improvements. 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 and Reserve – 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. The bond issue is fully retired at June 30, 2011.

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.

Freport McMoran – to account for the donation to be used for historic preservation. Authroization for this fund was donation agreement.

DFA Colonies – to account for funds received from the State for utility systems improvements.

MAP Projects – to account for the funds received for road construction.

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, 2011

	<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	\$ 1,134,264	\$ 32,763	\$ 256,809	\$ 1,423,836
Taxes receivable	62,622		45,720	108,342
Interest receivable				-
NMFA receivable				-
Assessments receivable			2,206	2,206
Allowance for doubtful accounts			(2,206)	(2,206)
Due from other governments	<u>157,494</u>	<u>55,290</u>	<u> </u>	<u>212,784</u>
 Total assets	 <u><u>\$ 1,354,380</u></u>	 <u><u>\$ 88,053</u></u>	 <u><u>\$ 302,529</u></u>	 <u><u>\$ 1,744,962</u></u>
 Liabilities and Fund Balance				
Accounts payable	\$ 82,420	\$ 9,456	\$ -	\$ 91,876
Cash overdraft	262			262
Interfund payable	185,755	46,424		232,179
Deferred revenue	<u>89,256</u>	<u>53,260</u>	<u>45,720</u>	<u>188,236</u>
 Total liabilities	 <u><u>\$ 357,693</u></u>	 <u><u>\$ 109,140</u></u>	 <u><u>\$ 45,720</u></u>	 <u><u>\$ 512,553</u></u>
 Fund balance:				
Restricted	\$ 1,082,615	\$ 32,119	\$ 255,196	\$ 1,369,930
Assigned	79,415			79,415
Unassigned	<u>(165,343)</u>	<u>(53,206)</u>	<u>1,613</u>	<u>(216,936)</u>
 Total fund balance	 <u><u>\$ 996,687</u></u>	 <u><u>\$ (21,087)</u></u>	 <u><u>\$ 256,809</u></u>	 <u><u>\$ 1,232,409</u></u>
 Total liabilities and fund balance	 <u><u>\$ 1,354,380</u></u>	 <u><u>\$ 88,053</u></u>	 <u><u>\$ 302,529</u></u>	 <u><u>\$ 1,744,962</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, 2011

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Non-Major Governmental Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	286,195			286,195
Intergovernmental	551,865	572,647		1,124,512
Fines, licenses and permits	103,450			103,450
Miscellaneous	91,964		426	92,390
	<u>\$ 1,033,474</u>	<u>\$ 572,647</u>	<u>\$ 426</u>	<u>\$ 1,606,547</u>
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ 3,185	\$ 3,185
Public safety	657,783			657,783
Public works		28,679		28,679
Health and welfare	10,180			10,180
Culture recreation	310,771			310,771
Debt service:				
Principal			261,873	261,873
Interest			55,375	55,375
Capital outlay	61,338	605,893		667,231
	<u>\$ 1,040,072</u>	<u>\$ 634,572</u>	<u>\$ 320,433</u>	<u>\$ 1,995,077</u>
Revenues over (under) expenditures	\$ (6,598)	\$ (61,925)	\$ (320,007)	\$ (388,530)
Other financing sources (uses):				
Transfer in	91,234	82,095	242,066	415,395
Transfer (out)	(95,929)	(5,501)	(2,967)	(104,397)
Net change in fund balances	\$ (11,293)	\$ 14,669	\$ (80,908)	\$ (77,532)
Fund balance, July 1, 2010	1,007,980	(35,756)	337,717	1,309,941
Fund balance, June 30, 2011	<u>\$ 996,687</u>	<u>\$ (21,087)</u>	<u>\$ 256,809</u>	<u>\$ 1,232,409</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, 2011

	<u>Fire Protection</u>	<u>Juvenile Recreation</u>	<u>Lodgers Tax</u>	<u>Law Enforcement Protection</u>
Assets				
Cash and investments	\$ 90,182	\$ 15,720	\$ 56,433	\$ 13,270
Taxes receivable			62,622	
Interest receivable				
Due from other governments				
Total assets	<u>\$ 90,182</u>	<u>\$ 15,720</u>	<u>\$ 119,055</u>	<u>\$ 13,270</u>
Liabilities and Fund Balance				
Accounts payable	\$ 25,902	\$ -	\$ 7,692	\$ -
Cash overdraft				
Interfund payable				
Deferred revenue				
Total liabilities	<u>\$ 25,902</u>	<u>\$ -</u>	<u>\$ 7,692</u>	<u>\$ -</u>
Fund balances:				
Restricted:				
Public safety	\$ 64,280	\$ -	\$ -	\$ 13,270
Culture and recreation		15,720	111,363	
Land acquisition				
Assigned:				
Culture and recreation				
Unassigned				
Total fund balance	<u>\$ 64,280</u>	<u>\$ 15,720</u>	<u>\$ 111,363</u>	<u>\$ 13,270</u>
Total liabilities and fund balance	<u>\$ 90,182</u>	<u>\$ 15,720</u>	<u>\$ 119,055</u>	<u>\$ 13,270</u>

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

<u>Library Memorial</u>	<u>Correction Fees</u>	<u>Golf Course Surcharge</u>	<u>Drug Task Force</u>	<u>Forward Estate</u>
\$ 97,019	\$ 101,798	\$ 79,415	\$ -	\$ 680,427
			71,432	
<u>\$ 97,019</u>	<u>\$ 101,798</u>	<u>\$ 79,415</u>	<u>\$ 71,432</u>	<u>\$ 680,427</u>
\$ - 262	\$ 1,000	\$ -	\$ 5,421	\$ -
			121,780 3,194	
<u>\$ 262</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 130,395</u>	<u>\$ -</u>
\$ - 96,757	\$ 100,798	\$ -	\$ -	\$ -
		79,415	(58,963)	680,427
<u>\$ 96,757</u>	<u>\$ 100,798</u>	<u>\$ 79,415</u>	<u>\$ (58,963)</u>	<u>\$ 680,427</u>
<u>\$ 97,019</u>	<u>\$ 101,798</u>	<u>\$ 79,415</u>	<u>\$ 71,432</u>	<u>\$ 680,427</u>

Town of Silver City
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2011

	<u>Century Cable Capital</u>	<u>HIDTA</u>	<u>Total</u>
Assets			
Cash and investments	\$ -	\$ -	\$ 1,134,264
Taxes receivable			62,622
Interest receivable			-
Due from other governments		86,062	157,494
Total assets	\$ -	\$ 86,062	\$ 1,354,380
 Liabilities and Fund Balance			
Accounts payable	\$ 20,232	\$ 22,173	\$ 82,420
Cash overdraft			262
Interfund payable		63,975	185,755
Deferred revenue		86,062	89,256
Total liabilities	\$ 20,232	\$ 172,210	\$ 357,693
 Fund balance:			
Restricted:			
Public safety	\$ -	\$ -	\$ 178,348
Culture and recreation			223,840
Land acquisition			680,427
Assigned			
Culture and recreation			79,415
Unassigned	(20,232)	(86,148)	(165,343)
Total fund balance	\$ (20,232)	\$ (86,148)	\$ 996,687
Total liabilities and fund balance	\$ -	\$ 86,062	\$ 1,354,380

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, 2011

	Fire Protection	Juvenile Recreation	Lodgers Tax	Law Enforcement Protection
Revenues:				
Other taxes	\$ -	\$ 2	\$ 286,193	\$ -
Intergovernmental	238,404			37,400
Fines, licenses and permits				
Miscellaneous				
Total revenues	\$ 238,404	\$ 2	\$ 286,193	\$ 37,400
Expenditures:				
Current:				
Public safety	\$ 183,942	\$ -	\$ 19,147	\$ 50,192
Health and welfare				
Culture recreation		117	215,492	
Capital outlay	25,249	25,389		
Total expenditures	\$ 209,191	\$ 25,506	\$ 234,639	\$ 50,192
Revenues over (under) expenditures	\$ 29,213	\$ (25,504)	\$ 51,554	\$ (12,792)
Other financing sources (uses):				
Transfer in				
Transfer (out)	(95,929)			
Net changes in fund balances	\$ (66,716)	\$ (25,504)	\$ 51,554	\$ (12,792)
Fund balance, July 1, 2010	130,996	41,224	59,809	26,062
Fund balance, June 30, 2011	\$ 64,280	\$ 15,720	\$ 111,363	\$ 13,270

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>	<u>Forward Estate</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	103,450	10,180		265,881	
<u>89,466</u>			<u>135</u>		<u>2,363</u>
<u>\$ 89,466</u>	<u>\$ 103,450</u>	<u>\$ 10,180</u>	<u>\$ 135</u>	<u>\$ 265,881</u>	<u>\$ 2,363</u>
\$ -	\$ 47,447	\$ -	\$ -	\$ 270,907	\$ -
23,343		10,180			
			<u>10,700</u>		
<u>\$ 23,343</u>	<u>\$ 47,447</u>	<u>\$ 10,180</u>	<u>\$ 10,700</u>	<u>\$ 270,907</u>	<u>\$ -</u>
\$ 66,123	\$ 56,003	\$ -	\$ (10,565)	\$ (5,026)	\$ 2,363
			25,000	2,412	
<u>\$ 66,123</u>	<u>\$ 56,003</u>	<u>\$ -</u>	<u>\$ 14,435</u>	<u>\$ (2,614)</u>	<u>\$ 2,363</u>
<u>30,634</u>	<u>44,795</u>		<u>64,980</u>	<u>(56,349)</u>	<u>678,064</u>
<u>\$ 96,757</u>	<u>\$ 100,798</u>	<u>\$ -</u>	<u>\$ 79,415</u>	<u>\$ (58,963)</u>	<u>\$ 680,427</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, 2011

	Century Cable Capital	HIDTA	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Other taxes	\$ -	\$ -	\$ 286,195
Intergovernmental			551,865
Fines, licenses and permits			103,450
Miscellaneous			91,964
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,033,474</u>
Expenditures:			
Current:			
Public safety	\$ -	\$ 86,148	\$ 657,783
Health and welfare			10,180
Culture recreation	71,819		310,771
Capital outlay			61,338
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 71,819</u>	<u>\$ 86,148</u>	<u>\$ 1,040,072</u>
Revenues over (under) expenditures	\$ (71,819)	\$ (86,148)	\$ (6,598)
Other financing sources (uses):			
Transfer in	63,822		91,234
Transfer (out)			(95,929)
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	\$ (7,997)	\$ (86,148)	\$ (11,293)
Fund balance, July 1, 2010	<u>(12,235)</u>	<u>-</u>	<u>1,007,980</u>
Fund balance, June 30, 2011	<u><u>\$ (20,232)</u></u>	<u><u>\$ (86,148)</u></u>	<u><u>\$ 996,687</u></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, 2011

	GO Bond Retirement	Paving #11	2002 Reserve	Fire Substation
Assets				
Cash and investments	\$ 29,001	\$ -	\$ 1,613	\$ 20,757
Interest receivable				
Taxes receivable	45,720			
NMFA receivable				
Assessments receivable		2,206		
Allowance for doubtful accounts		(2,206)		
	<u>\$ 74,721</u>	<u>\$ -</u>	<u>\$ 1,613</u>	<u>\$ 20,757</u>
Total assets	\$ 74,721	\$ -	\$ 1,613	\$ 20,757
 Liabilities and Fund Balance				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	45,720			
	<u>\$ 45,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	\$ 45,720	\$ -	\$ -	\$ -
Fund balance:				
Restricted:				
Debt service	\$ 29,001	\$ -	\$ -	\$ 20,757
Equipment purchase				
Unassigned			1,613	
	<u>\$ 29,001</u>	<u>\$ -</u>	<u>\$ 1,613</u>	<u>\$ 20,757</u>
Total fund balance	\$ 29,001	\$ -	\$ 1,613	\$ 20,757
Total liabilities and fund balance	\$ 74,721	\$ -	\$ 1,613	\$ 20,757

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

<u>Fire Equipment</u>	<u>Fire Pumper</u>	<u>Police Vehicles</u>	<u>Total</u>
\$ 22,341	\$ 67,999	\$ 115,098	\$ 256,809
			-
			45,720
			-
			2,206
			(2,206)
<u>\$ 22,341</u>	<u>\$ 67,999</u>	<u>\$ 115,098</u>	<u>\$ 302,529</u>

\$ -	\$ -	\$ -	\$ -
			45,720
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,720</u>

\$ 22,341	\$ 67,999	\$ 46,982	\$ 187,080
		68,116	68,116
			1,613
<u>\$ 22,341</u>	<u>\$ 67,999</u>	<u>\$ 115,098</u>	<u>\$ 256,809</u>
<u>\$ 22,341</u>	<u>\$ 67,999</u>	<u>\$ 115,098</u>	<u>\$ 302,529</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, 2011

	<u>GO Bond Retirement</u>	<u>Paving #11</u>	<u>2002 Retirement</u>	<u>2002 Reserve</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous				23
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	\$ -	\$ -	\$ -	\$ 23
Expenditures:				
Current:				
General government	\$ 400	\$ -	\$ 560	\$ -
Debt service:				
Principal	55,000			
Interest	15,410			
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 70,810	\$ -	\$ 560	\$ -
Revenues over (under) expenditures	\$ (70,810)	\$ -	\$ (560)	\$ 23
Other financing sources (uses):				
Transfer in			560	
Transfer out		(1)	(2,966)	
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	\$ (70,810)	\$ (1)	\$ (2,966)	\$ 23
Fund balance, July 1, 2010	99,811	1	2,966	1,590
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2011	<u>\$ 29,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,613</u>

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

<u>Fire Substation</u>	<u>Fire Equipment</u>	<u>Ladder Truck</u>	<u>Fire Pumper</u>	<u>Police Vehicles</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>69</u>	<u>79</u>		<u>102</u>	<u>153</u>	<u>426</u>
<u>\$ 69</u>	<u>\$ 79</u>	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 153</u>	<u>\$ 426</u>
\$ 78	\$ 88	\$ -	\$ 1,663	\$ 396	\$ 3,185
31,337	35,004	51,914	10,561	78,057	261,873
<u>1,288</u>	<u>1,333</u>	<u>9,994</u>	<u>22,744</u>	<u>4,606</u>	<u>55,375</u>
<u>\$ 32,703</u>	<u>\$ 36,425</u>	<u>\$ 61,908</u>	<u>\$ 34,968</u>	<u>\$ 83,059</u>	<u>\$ 320,433</u>
\$ (32,634)	\$ (36,346)	\$ (61,908)	\$ (34,866)	\$ (82,906)	\$ (320,007)
32,129	28,869	61,908	34,931	83,669	242,066
					<u>(2,967)</u>
\$ (505)	\$ (7,477)	\$ -	\$ 65	\$ 763	\$ (80,908)
<u>21,262</u>	<u>29,818</u>	<u>-</u>	<u>67,934</u>	<u>114,335</u>	<u>337,717</u>
<u>\$ 20,757</u>	<u>\$ 22,341</u>	<u>\$ -</u>	<u>\$ 67,999</u>	<u>\$ 115,098</u>	<u>\$ 256,809</u>

Town of Silver City
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
 June 30, 2011

	Freeport McMoran	DFA Colonias	NMDOT Mountain View
Assets			
Cash and investments	\$ 32,763	\$ -	\$ -
Due from other governments		2,030	19,065
Total assets	\$ 32,763	\$ 2,030	\$ 19,065
 Liabilities and Fund Balance			
Interfund payable	\$ -	\$ 2,030	\$ 19,065
Accounts payable	644		
Deferred revenue			19,065
Total liabilities	\$ 644	\$ 2,030	\$ 38,130
Fund balance:			
Restricted:			
Construction	\$ 32,119	\$ -	\$ -
Unassigned			(19,065)
Total fund balance	\$ 32,119	\$ -	\$ (19,065)
Total liabilities and fund balance	\$ 32,763	\$ 2,030	\$ 19,065

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

<u>MAP College/Texas</u>	<u>Total</u>
\$ -	\$ 32,763
<u>34,195</u>	<u>55,290</u>
<u><u>\$ 34,195</u></u>	<u><u>\$ 88,053</u></u>
\$ 25,329	\$ 46,424
8,812	9,456
<u>34,195</u>	<u>53,260</u>
<u><u>\$ 68,336</u></u>	<u><u>\$ 109,140</u></u>
\$ -	\$ 32,119
<u>(34,141)</u>	<u>(53,206)</u>
<u><u>\$ (34,141)</u></u>	<u><u>\$ (21,087)</u></u>
<u><u>\$ 34,195</u></u>	<u><u>\$ 88,053</u></u>

Town of Silver City
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
June 30, 2011

	<u>Highway Coop</u>	<u>Freeport McMoran</u>	<u>DFA Colonias</u>	<u>NMDOT Mountain View</u>
Revenues:				
Intergovernmental	\$ 41,566	\$ 39,200	\$ 2,030	\$ -
Total revenues	<u>\$ 41,566</u>	<u>\$ 39,200</u>	<u>\$ 2,030</u>	<u>\$ -</u>
Expenditures:				
Current:				
Public works	\$ 21,598	\$ 7,081	\$ -	\$ -
Capital outlay	<u>33,823</u>	<u>-</u>	<u>2,030</u>	<u>19,065</u>
Total expenditures	<u>\$ 55,421</u>	<u>\$ 7,081</u>	<u>\$ 2,030</u>	<u>\$ 19,065</u>
Revenues over (under) expenditures	\$ (13,855)	\$ 32,119	\$ -	\$ (19,065)
Other financing sources (uses):				
Transfer in	13,855			
Transfer out				
Net change in fund balance	\$ -	\$ 32,119	\$ -	\$ (19,065)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ 32,119</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (19,065)</u></u>

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

<u>MAP College/Black</u>	<u>1995 B Capital</u>	<u>CDBG Planning</u>	<u>CDBG Chihuahua</u>	<u>Silver Street</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 458,912	\$ 30,939	\$ 572,647
\$ -	\$ -	\$ -	\$ 458,912	\$ 30,939	\$ 572,647
\$ - 34,141	\$ -	\$ -	\$ - 488,791	\$ - 28,043	\$ 28,679 605,893
\$ 34,141	\$ -	\$ -	\$ 488,791	\$ 28,043	\$ 634,572
\$ (34,141)	\$ -	\$ -	\$ (29,879)	\$ 2,896	\$ (61,925)
			68,240		82,095
	(1)	(5,500)			(5,501)
\$ (34,141)	\$ (1)	\$ (5,500)	\$ 38,361	\$ 2,896	\$ 14,669
-	1	5,500	(38,361)	(2,896)	(35,756)
<u>\$ (34,141)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,087)</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 244,500	\$ 244,500	\$ 238,404	\$ (6,096)
Expenditures:				
Current:				
Public safety	\$ 275,498	\$ 295,551	\$ 166,729	\$ 128,822
Capital outlay		83,949	25,249	58,700
Total expenditures	\$ 275,498	\$ 379,500	\$ 191,978	\$ 187,522
Revenues over (under) expenditures	\$ (30,998)	\$ (135,000)	\$ 46,426	\$ 181,426
Other financing sources (uses):				
Transfer out	(104,002)		(95,929)	(95,929)
Net change in fund balance	\$ (135,000)	\$ (135,000)	\$ (49,503)	\$ 85,497
Fund balance, June 30, 2010	139,685	139,685	139,685	-
Fund balance, June 30, 2011	\$ 4,685	\$ 4,685	\$ 90,182	\$ 85,497
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (66,716)	
Revenue accruals (net)				
Expenditure accruals (net)			17,213	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (49,503)	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ -	\$ 1,733	\$ 1,732	\$ (1)
Expenditures:				
Current:				
Culture recreation	\$ 38,174	\$ 38,174	\$ 25,506	\$ 12,668
Total expenditures	\$ 38,174	\$ 38,174	\$ 25,506	\$ 12,668
Net change in fund balance	\$ (38,174)	\$ (36,441)	\$ (23,774)	\$ 12,667
Fund balance, July 1, 2010	<u>39,494</u>	<u>39,494</u>	<u>39,494</u>	<u>-</u>
Fund balance, June 30, 2011	<u>\$ 1,320</u>	<u>\$ 3,053</u>	<u>\$ 15,720</u>	<u>\$ 12,667</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (25,504)	
Revenue accruals (net)			1,730	
Expenditure accruals (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (23,774)</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 224,355	\$ 272,825	\$ 272,821	\$ (4)
Expenditures:				
Current:				
Culture and recreation	\$ 224,355	\$ 235,572	\$ 212,545	\$ 23,027
Public safety		12,918	19,147	(6,229)
Total expenditures	\$ 224,355	\$ 248,490	\$ 231,692	\$ 16,798
Revenues over (under) expenditures	\$ -	\$ 24,335	\$ 41,129	\$ 16,794
Other financing sources (uses):				
Transfer in	-	-		-
Net change in fund balance	\$ -	\$ 24,335	\$ 41,129	\$ 16,794
Fund balance, June 30, 2010			15,304	15,304
Fund balance, June 30, 2011	\$ -	\$ 24,335	\$ 56,433	\$ 32,098
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 51,554	
Revenue accruals (net)			(13,372)	
Expenditure accruals (net)			2,947	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 41,129	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 10,000	\$ 10,180	\$ 10,180	\$ -
Expenditures:				
Current:				
Health and welfare	\$ 10,000	\$ 10,180	\$ 10,180	\$ -
Capital outlay				-
Total expenditures	<u>\$ 10,000</u>	<u>\$ 10,180</u>	<u>\$ 10,180</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in	<u>-</u>			<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, June 30, 2010				-
Fund balance, June 30, 2011	<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			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
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
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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines, licenses and permits	\$ 105,556	\$ 105,556	\$ 103,450	\$ (2,106)
Expenditures:				
Current:				
Public safety	136,556	136,556	46,447	90,109
Net change in fund balance	\$ (31,000)	\$ (31,000)	\$ 57,003	\$ 88,003
Fund balance, July 1, 2010	44,795	44,795	44,795	-
Fund balance, June 30, 2011	\$ 13,795	\$ 13,795	\$ 101,798	\$ 88,003
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 56,003	
Revenue accruals (net)			-	
Expenditure accruals (net)			1,000	
Net change in fund balance, NON-GAAP budgetary basis			\$ 57,003	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 135	\$ 135	\$ 135	\$ -
Expenditures:				
Current:				
Culture and recreation	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
Capital outlay	64,931	64,931	10,700	54,231
Total expenditures	\$ 114,931	\$ 114,931	\$ 10,700	\$ 104,231
Revenues over (under) expenditures	\$ (114,796)	\$ (114,796)	\$ (10,565)	\$ 104,231
Other financing sources (uses):				
Transfer in	25,000	25,000	25,000	-
Net change in fund balance	\$ (89,796)	\$ (89,796)	\$ 14,435	\$ 104,231
Fund balance, June 30, 2010	89,796	89,796	64,980	(24,816)
Fund balance, June 30, 2011	\$ -	\$ -	\$ 79,415	\$ 79,415
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 14,435	
Revenue accruals (net)				
Transfer accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 14,435	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 37,400	\$ 37,400	\$ 37,400	\$ -
Expenditures:				
Current:				
Public safety	\$ 38,000	\$ 38,000	\$ 52,189	\$ (14,189)
Capital outlay	<u>27,165</u>	<u>27,165</u>	<u> </u>	<u>27,165</u>
Total expenditures	<u>\$ 65,165</u>	<u>\$ 65,165</u>	<u>\$ 52,189</u>	<u>\$ 12,976</u>
Net change in fund balance	\$ (27,765)	\$ (27,765)	\$ (14,789)	\$ 12,976
Fund balance, July 1, 2010	<u>28,059</u>	<u>28,059</u>	<u>28,059</u>	<u>-</u>
Fund balance, June 30, 2011	<u>\$ 294</u>	<u>\$ 294</u>	<u>\$ 13,270</u>	<u>\$ 12,976</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (12,792)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>(1,997)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (14,789)</u>	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 31,450	\$ 89,467	\$ 89,466	\$ (1)
Expenditures:				
Current:				
Culture recreation	61,853	61,853	23,343	38,510
Net change in fund balance	\$ (30,403)	\$ 27,614	\$ 66,123	\$ 38,509
Fund balance, July 1, 2010	30,634	30,634	30,634	-
Fund balance, June 30, 2011	\$ 231	\$ 58,248	\$ 96,757	\$ 38,509
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 66,123	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 66,123	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 236,126	\$ 236,126	\$ 236,125	\$ (1)
Expenditures:				
Current:				
Public safety	\$ 268,428	\$ 268,428	\$ 268,427	\$ 1
Total expenditures	\$ 268,428	\$ 268,428	\$ 268,427	\$ 1
Revenues over (under) expenditures	\$ (32,302)	\$ (32,302)	\$ (32,302)	\$ -
Other financing sources (uses):				
Transfer in	2,412	2,412	2,412	-
Net change in fund balance	\$ (29,890)	\$ (29,890)	\$ (29,890)	\$ -
Fund balance, June 30, 2010	29,890	29,890	(39,531)	(69,421)
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (69,421)</u>	<u>\$ (69,421)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,614)	
Revenue accruals (net)			(29,756)	
Expenditure accruals (net)			2,480	
Transfer accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (29,890)</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 2,294	\$ 2,294	\$ 2,363	\$ 69
Expenditures:				
Capital outlay	\$ 678,470	\$ 678,470	\$ -	\$ 678,470
Total expenditures	\$ 678,470	\$ 678,470	\$ -	\$ 678,470
Revenues over (under) expenditures	\$ (676,176)	\$ (676,176)	\$ 2,363	\$ 678,539
Other financing sources (uses):				
Transfer in (out)				-
Net change in fund balance	\$ (676,176)	\$ (676,176)	\$ 2,363	\$ 678,539
Fund balance, June 30, 2010	678,064	678,064	678,064	-
Fund balance, June 30, 2011	<u>\$ 1,888</u>	<u>\$ 1,888</u>	<u>\$ 680,427</u>	<u>\$ 678,539</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 2,363	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Transfer accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 2,363</u>	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Culture recreation	\$ 66,000	\$ 68,390	\$ 68,389	\$ 1
Capital outlay				-
Total expenditures	\$ 66,000	\$ 68,390	\$ 68,389	\$ 1
Other financing sources (uses):				
Transfer in	55,600	63,822	63,822	-
Net change in fund balance	\$ (10,400)	\$ (4,568)	\$ (4,567)	\$ 1
Fund balance, July 1, 2010	10,400	4,568	4,567	(1)
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (7,997)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>3,430</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (4,567)</u>	

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

Town of Silver City
SPECIAL REVENUE FUND - HIDTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 63,975	\$ 63,975	\$ -	\$ (63,975)
Expenditures:				
Current:				
Public Safety	\$ 63,975	\$ 63,975	\$ 63,975	\$ -
Capital outlay				-
Total expenditures	\$ 63,975	\$ 63,975	\$ 63,975	\$ -
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ (63,975)	\$ (63,975)
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,975)</u>	<u>\$ (63,975)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (86,148)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>22,173</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (63,975)</u>	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 100	\$ 100	\$ -	\$ (100)
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ 100	\$ 100	\$ -	\$ (100)
Other financing sources (uses):				
Transfer out	-	(1)	(1)	-
Net change in fund balance	\$ 100	\$ 99	\$ (1)	\$ (100)
Fund balance, June 30, 2010	-	-	1	1
Fund balance, June 30, 2011	\$ 100	\$ 99	\$ -	\$ (99)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (1)	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
Administration	\$ -	\$ 400	\$ 400	\$ -
Principal	55,000	55,000	55,000	-
Interest	<u>15,410</u>	<u>15,410</u>	<u>15,410</u>	<u>-</u>
Total expenditures	<u>\$ 70,410</u>	<u>\$ 70,810</u>	<u>\$ 70,810</u>	<u>\$ -</u>
Net change in fund balance	\$ (70,410)	\$ (70,810)	\$ (70,810)	\$ -
Fund balance, July 1, 2010	<u>99,811</u>	<u>99,811</u>	<u>99,811</u>	<u>-</u>
Fund balance, June 30, 2011	<u><u>\$ 29,401</u></u>	<u><u>\$ 29,001</u></u>	<u><u>\$ 29,001</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (70,810)	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (70,810)</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ -	\$ 560	\$ 560	\$ -
Principal				-
Interest				-
Total expenditures	\$ -	\$ 560	\$ 560	\$ -
Revenues over (under) expenditures	\$ -	\$ (560)	\$ (560)	\$ -
Other financing sources (uses):				
Transfer in		(2,406)	(2,406)	-
Net change in fund balance	\$ -	\$ (2,966)	\$ (2,966)	\$ -
Fund balance, July 1, 2010	-	2,966	2,966	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,966)	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			\$ (2,966)	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ 24	\$ 23	\$ (1)
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ -	\$ -
Principal				-
Interest				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ 24	\$ 23	\$ (1)
Other financing sources (uses):				
Transfer out				-
Net change in fund balance	\$ -	\$ 24	\$ 23	\$ (1)
Fund balance, July 1, 2010			1,590	1,590
Fund balance, June 30, 2011	\$ -	\$ 24	\$ 1,613	\$ 1,589
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 23	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			\$ 23	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -		\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ -	\$ -
Principal	31,337	31,337	31,337	-
Interest	792	792	792	-
Total expenditures	\$ 32,129	\$ 32,129	\$ 32,129	\$ -
Revenues over (under) expenditure:	\$ (32,129)	\$ (32,129)	\$ (32,129)	\$ -
Other financing sources (uses):				
Transfer in	32,129	32,129	32,129	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (505)	
Revenue accruals (net)			(69)	
Expenditure accruals (net)			574	
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
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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ -	\$ -
Principal	28,869	28,869	28,869	-
Interest	-	-	-	-
Total expenditures	\$ 28,869	\$ 28,869	\$ 28,869	\$ -
Revenues over (under) expenditures	\$ (28,869)	\$ (28,869)	\$ (28,869)	\$ -
Other financing sources (uses):				
Transfer in	28,869	28,869	28,869	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (7,477)	
Revenue accruals (net)			(79)	
Expenditure accruals (net)			7,556	
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
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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Principal	\$ 51,914	\$ 51,914	\$ 51,914	\$ -
Interest	9,999	9,999	9,994	5
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>61,908</u>	<u>(1)</u>
Net change in fund balance	\$ (4)	\$ (4)	\$ -	\$ 4
Fund balance, July 1, 2010	<u>4</u>	<u>4</u>	<u>-</u>	<u>(4)</u>
Fund balance, June 30, 2011	<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			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			<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
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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ 1,663	\$ 1,663	\$ 1,626	\$ 37
Principle	10,561	10,561	10,561	-
Interest	<u>22,744</u>	<u>22,744</u>	<u>22,744</u>	<u>-</u>
Total expenditures	<u>\$ 34,968</u>	<u>\$ 34,968</u>	<u>\$ 34,931</u>	<u>\$ 37</u>
Revenues over (under) expenditures	\$ (34,968)	\$ (34,968)	\$ (34,931)	\$ 37
Other financing sources (uses):				
Transfer in	<u>34,968</u>	<u>34,968</u>	<u>34,931</u>	<u>(37)</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<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	
Revenue accruals (net)			(102)	
Expenditure accruals (net)			37	
Other financing sources			<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
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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public safety	\$ 396	\$ 396	\$ -	\$ 396
Principal	78,668	78,668	81,250	(2,582)
Interest	4,606	4,606	2,419	2,187
Total expenditures	\$ 83,670	\$ 83,670	\$ 83,669	\$ 1
Revenues over (under) expenditures	\$ (83,670)	\$ (83,670)	\$ (83,669)	\$ 1
Other financing sources (uses):				
Loan proceeds				-
Transfer in	83,670	83,670	83,669	(1)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 763	
Revenue accruals (net)			(153)	
Expenditure accruals (net)			(610)	
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 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, 2011

	<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	(5,502)	(5,502)	(5,500)	2
Net change in fund balance	\$ (5,502)	\$ (5,502)	\$ (5,500)	\$ 2
Fund balance, July 1, 2010	5,502	5,502	5,500	(2)
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (5,500)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (5,500)</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - ARRA SILVER STREET
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ 152,460	\$ 152,460	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	143,878	143,877	1
Total expenditures	\$ -	\$ 143,878	\$ 143,877	\$ 1
Revenues over (under) expenditures	\$ -	\$ 8,582	\$ 8,583	\$ 1
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balance	\$ -	\$ 8,582	\$ 8,583	\$ 1
Fund balance, July 1, 2010	-	-	(8,583)	(8,583)
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ 8,582</u>	<u>\$ -</u>	<u>\$ (8,582)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 2,896	
Revenue accruals (net)			121,521	
Expenditure accruals (net)			(115,834)	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 8,583</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - HOPE VI VISTAS DE PLATA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 209,685	\$ (790,315)
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	759,950	759,950	165,137	594,813
Total expenditures	<u>\$ 759,950</u>	<u>\$ 759,950</u>	<u>\$ 165,137</u>	<u>\$ 594,813</u>
Revenues over (under) expenditures	\$ 240,050	\$ 240,050	\$ 44,548	\$ (195,502)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ 240,050	\$ 240,050	\$ 44,548	\$ (195,502)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>(219,279)</u>	<u>(219,279)</u>
Fund balance, June 30, 2011	<u><u>\$ 240,050</u></u>	<u><u>\$ 240,050</u></u>	<u><u>\$ (174,731)</u></u>	<u><u>\$ (414,781)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 24,950	
Revenue accruals (net)				
Expenditure accruals (net)			19,598	
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 44,548</u></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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer out	(1)	(1)	(1)	-
Net change in fund balance	\$ (1)	\$ (1)	\$ (1)	\$ -
Fund balance, July 1, 2010	1	1	1	-
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1)	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1)</u>	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 1,458,000	\$ 1,458,912	\$ 458,912	#####
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	1,251,930	1,251,930	491,978	759,952
Total expenditures	<u>\$ 1,251,930</u>	<u>\$ 1,251,930</u>	<u>\$ 491,978</u>	<u>\$ 759,952</u>
Revenues over (under) expenditures	\$ 206,070	\$ 206,982	\$ (33,066)	\$ (240,048)
Other financing sources (uses):				
Transfer in		68,241	68,240	(1)
Net change in fund balance	\$ 206,070	\$ 275,223	\$ 35,174	\$ (240,049)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>(35,174)</u>	<u>(35,174)</u>
Fund balance, June 30, 2011	<u>\$ 206,070</u>	<u>\$ 275,223</u>	<u>\$ -</u>	<u>\$ (275,223)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 38,361	
Revenue accruals (net)				
Expenditure accruals (net)			(3,187)	
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 35,174</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - HIGHWAY CO-OP PROJECTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 41,566	\$ 41,566	\$ 41,566	\$ -
Expenditures:				
Current:				
Public works	\$ 10,000	\$ 10,000	\$ 21,598	\$ (11,598)
Capital outlay	45,421	45,421	33,823	11,598
Total expenditures	<u>\$ 55,421</u>	<u>\$ 55,421</u>	<u>\$ 55,421</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (13,855)	\$ (13,855)	\$ (13,855)	\$ -
Other financing sources (uses):				
Transfer in	<u>13,855</u>	<u>13,855</u>	<u>13,855</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<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			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
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 - FREEPORT MCMORAN WATERWORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 39,200	\$ 39,200	\$ 39,200	\$ -
Expenditures:				
Capital outlay	6,440	6,440	6,437	3
Net change in fund balance	\$ 32,760	\$ 32,760	\$ 32,763	\$ 3
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ 32,760	\$ 32,760	\$ 32,763	\$ 3
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 32,119	
Revenue accruals (net)			-	
Expenditure accruals (net)			644	
Net change in fund balance, NON-GAAP budgetary basis			\$ 32,763	

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

Town of Silver City
CAPITAL PROJECTS FUND - DFA COLONIAS HOUSING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 270,000	\$ 270,000	\$ -	\$ (270,000)
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	270,000	270,000	2,030	267,970
Total expenditures	<u>\$ 270,000</u>	<u>\$ 270,000</u>	<u>\$ 2,030</u>	<u>\$ 267,970</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ (2,030)	\$ (2,030)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ -	\$ -	\$ (2,030)	\$ (2,030)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,030)</u>	<u>\$ (2,030)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(2,030)	
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (2,030)</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - NMDOT MOUNTAIN VIEW ROAD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ -	\$ 19,065	\$ -	\$ (19,065)
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	19,065	19,065	-
Total expenditures	\$ -	\$ 19,065	\$ 19,065	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ (19,065)	\$ (19,065)
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ (19,065)	\$ (19,065)
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,065)</u>	<u>\$ (19,065)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (19,065)	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (19,065)</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - MAP COLLEGE/TEXAS/BLACK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ -	\$ 25,329	\$ -	\$ (25,329)
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	25,329	25,329	-
Total expenditures	\$ -	\$ 25,329	\$ 25,329	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ (25,329)	\$ (25,329)
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ (25,329)	\$ (25,329)
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ (25,329)	\$ (25,329)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (34,141)	
Revenue accruals (net)				
Expenditure accruals (net)			8,812	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (25,329)	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 700,527	\$ 747,510	\$ 757,138	\$ 9,628
Intergovernmental	741,488	741,488	194,753	(546,735)
Charges for services	4,478,646	4,478,646	4,427,688	(50,958)
Earnings on investments				-
Miscellaneous				-
	\$ 5,920,661	\$ 5,967,644	\$ 5,379,579	\$ (588,065)
Expenses:				
Personnel	\$ 1,864,856	\$ 1,864,856	\$ 1,919,167	\$ (54,311)
Operating	2,638,033	2,638,033	2,080,055	557,978
Capital outlay	674,259	674,259	366,616	307,643
Debt service:				
Principal	291,298	291,298	290,280	1,018
Interest	55,800	55,800	55,415	385
	\$ 5,524,246	\$ 5,524,246	\$ 4,711,533	\$ 812,713
Revenues over (under) expenses	\$ 396,415	\$ 443,398	\$ 668,046	\$ 224,648
Other financing sources (uses):				
Transfers in	350,776	366,694	350,587	(16,107)
Transfers out	(657,522)	(740,817)	(724,708)	16,109
Loan proceeds	332,754	332,754		(332,754)
Net changes in retained earnings	\$ 422,423	\$ 402,029	\$ 293,925	\$ (108,104)
Retained earnings, July 1, 2010	-	-	50,002	50,002
Retained earnings, June 30, 2011	\$ 422,423	\$ 402,029	\$ 343,927	\$ (58,102)
Budgetary reconciliation:				
Net change in retained earnings, GAAP basis			\$ (122,966)	
Revenue accruals (net)			174,260	
Expenditure accruals (net)			240,019	
Other financing sources (uses)				
Net change in retained earnings, NON-GAAP budgetary basis			\$ 291,313	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 175,132	\$ 189,285	\$ 189,285	\$ -
Charges for services	1,798,281	1,852,565	1,836,578	(15,987)
Miscellaneous			178	178
	<u>\$ 1,973,413</u>	<u>\$ 2,041,850</u>	<u>\$ 2,026,041</u>	<u>\$ (15,809)</u>
Expenses:				
Personnel	\$ 523,487	\$ 523,487	\$ 518,471	\$ 5,016
Operating	1,241,491	1,316,456	1,320,604	(4,148)
Principle	177,172	177,172	190,050	(12,878)
Interest	25,821	25,821	13,810	12,011
	<u>\$ 1,967,971</u>	<u>\$ 2,042,936</u>	<u>\$ 2,042,935</u>	<u>\$ 1</u>
Revenues over (under) expenses	\$ 5,442	\$ (1,086)	\$ (16,894)	\$ (15,808)
Other financing sources (uses):				
Transfer in	204,864	204,864	204,864	-
Transfers out	(261,915)	(330,181)	(330,180)	1
Net change in retained earnings	\$ (51,609)	\$ (126,403)	\$ (142,210)	\$ (15,807)
Retained earnings, July 1, 2010	<u>161,890</u>	<u>161,890</u>	<u>211,890</u>	<u>50,000</u>
Retained earnings, June 30, 2011	<u>\$ 110,281</u>	<u>\$ 35,487</u>	<u>\$ 69,680</u>	<u>\$ 34,193</u>
Budgetary reconciliation:				
Net change in retained earnings, GAAP basis			\$ 157,606	
Revenue accruals (net)			(20,503)	
Expenditure accruals (net)			(279,313)	
Other financing sources (uses)			<u>-</u>	
Net change in retained earnings, NON-GAAP budgetary basis			<u>\$ (142,210)</u>	

Town of Silver City
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Teen Court				
Assets				
Cash and investments	\$ 2,346	\$ 9,086	\$ 11,432	\$ -
Receivables	-	900		900
Total assets	<u>\$ 2,346</u>	<u>\$ 9,986</u>	<u>\$ 11,432</u>	<u>\$ 900</u>
Liabilities				
Due to others	<u>\$ 2,346</u>	<u>\$ 9,986</u>	<u>\$ 11,432</u>	<u>\$ 900</u>
Municipal Court Bond				
Assets				
Cash and investments	\$ 3,665	\$ 30,206	\$ 23,040	\$ 10,831
Total assets	<u>\$ 3,665</u>	<u>\$ 30,206</u>	<u>\$ 23,040</u>	<u>\$ 10,831</u>
Liabilities				
Due to others	<u>\$ 3,665</u>	<u>\$ 30,206</u>	<u>\$ 23,040</u>	<u>\$ 10,831</u>
Total all agency funds				
Assets				
Cash and investments	\$ 6,011	\$ 39,292	\$ 34,472	\$ 10,831
Receivables	-	900	-	900
Total assets	<u>\$ 6,011</u>	<u>\$ 40,192</u>	<u>\$ 34,472</u>	<u>\$ 11,731</u>
Liabilities				
Due to others	<u>\$ 6,011</u>	<u>\$ 40,192</u>	<u>\$ 34,472</u>	<u>\$ 11,731</u>

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

Town on Silver City
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2011

	<u>First Savings</u>	<u>Western Bank</u>	<u>First NM Bank</u>	<u>Wells Fargo</u>	<u>Total</u>
Checking and CD's	\$ 102,017	\$ 100,346	\$ 126,642	\$ 1,800,257	\$ 2,129,262
Less: FDIC insurance	<u>102,017</u>	<u>100,346</u>	<u>126,642</u>	<u>1,579,084</u>	<u>1,908,089</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,173</u>	<u>\$ 221,173</u>
50% collateralization requirement (Section 6-10-17 NMSA)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,587</u>	<u>\$ 110,587</u>
Pledged Securities:					
FN 257004 31371NNN3 12-1-37	\$ -	\$ -	\$ -	\$ 10,122	\$ 10,122
FN 891601 31410MRW2 6-1-36	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,045</u>	<u>407,045</u>
Total pledged securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,167</u>	<u>\$ 417,167</u>
Pledged securities over (under) requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (306,581)</u>	<u>\$ (306,581)</u>

Securities pledged by Wells Fargo are held by the Wells Fargo trust department in Minneapolis, Minnesota. Safekeeping receipts are held by the Town.

Town of Silver City
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2011

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Wells Fargo</u>			
General	Checking	\$ 1,217,755	\$ 724,865
CDBG 95	Checking	50,000	50,000
CDBG 2000	Checking	50,000	50,000
Municipal Bond	Checking	11,328	10,833
Library Memorial	Checking	-	(262)
General	Savings	471,174	471,174
2002 Refunding Reserve	CD		
2002 Refunding Reserve	CD		
		<u>\$ 1,800,257</u>	<u>\$ 1,306,610</u>
<u>LGIP</u>			
Forward Estate	LGIP	\$ 25,940	\$ 25,940
2002 Refunding Reserve	LGIP	1,590	1,590
		<u>\$ 27,530</u>	<u>\$ 27,530</u>
<u>First New Mexico Bank</u>			
Forward Estate	CD	\$ 112,402	\$ 112,402
Forward Estate	CD	14,240	14,240
		<u>\$ 126,642</u>	<u>\$ 126,642</u>

SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS (concluded)
June 30, 2011

	Type of Account	Bank Balance	Reconciled Balance
<u>First Savings Bank</u>			
Golf Course Surcharge	CD	\$ 102,017	\$ 102,017
<u>Western Bank</u>			
Sanitation Fund	CD	\$ 50,178	\$ 50,178
Forward Estate	CD	50,168	50,168
Total Western Bank		\$ 100,346	\$ 100,346
<u>NMFA</u>			
Cash on deposit with paying agent	NMFA	\$ 509,497	\$ 509,497
Cash on hand			\$ 3,700
Total cash and investments		\$ 2,666,289	\$ 2,176,342

Town of Silver City
SCHEDULE OF LEGISLATIVE GRANTS & SEVERANCE TAX BONDS PROJECTS
 June 30, 2011

	PNM Bldg Museum Annex <u>STB 07-3710</u>	La Capilla <u>06-L-G-1658</u>	Grant Co Health Facility <u>07-L-G-6052</u>	WWTP Digester <u>07-4475-G-F</u>	La Capilla Heritage Park <u>05-L-G-1489</u>
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, 2011	\$ 20,000	\$ 20,000	\$ 727,897	\$ 468,620	\$ 288,000
Encumbrances	_____	_____	_____	_____	_____
Total committed	<u><u>\$ 20,000</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 727,897</u></u>	<u><u>\$ 468,620</u></u>	<u><u>\$ 288,000</u></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	\$ 100,000	\$ 13,900	\$ 30,164	\$ -
<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>
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, 2011

	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>(30,000)</u>	<u>(22,447)</u>	<u> </u>
Appropriation remaining	<u>\$ -</u>	<u>\$ 58,781</u>	<u>\$ 25,000</u>	<u>\$ 130,000</u>	<u>\$ 177,553</u>	<u>\$ 50,000</u>
Expended through June 30, 2011	\$ -	\$ 58,781	\$ -	\$ 129,194	\$ 152,961	\$ 50,000
Encumbrances	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>24,592</u>	<u> </u>
Total committed	<u>\$ -</u>	<u>\$ 58,781</u>	<u>\$ -</u>	<u>\$ 129,194</u>	<u>\$ 177,553</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	Memory Lane 09-L-G-3431
\$ 30,000	\$ 100,000	\$ 150,000	\$ 170,000	\$ 100,000	\$ 10,000	\$ 10,000	\$ 160,000
<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>	<u>\$ 160,000</u>
\$ 30,000	\$ 100,000	\$ 150,000	\$ 170,000	\$ 85,568	\$ 10,000	\$ 10,000	\$ 160,000
<u>\$ 30,000</u>	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 170,000</u>	<u>\$ 85,568</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 160,000</u>
06/30/09	06/30/09	06/30/10	06/30/10	06/30/11	06/30/09	06/30/09	06/30/12

Town of Silver City
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2011

<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	10-C-NR-I-01-G-19	\$ 420,551
Affordable Housing Development in Main Street Project:	14.878	NM02URD88062M08	184,736
Passed through New Mexico Mortgage Finance Authority: Home Partnership	14.239	N/A	<u>188,406</u>
Total U.S. Dept. of Housing and Urban Development			<u>\$ 793,693</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct: ARRA-Byrne Memorial Justice Assistance Grant	16.804	N/A	\$ 84,728
Passed through N.M. Dept. of Public Safety: Byrne Memorial Justice Assistance Grant	16.738	N/A	270,907
Passed through N.M. Dept. of Children, Youth & Families and Luna County: Juvenile Justice and Delinquency Prevention	16.540	N \ A	<u>100,000</u>
Total U.S. Department of Justice			<u>\$ 455,635</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct: Historic Preservation Grant	15.904	N \ A	<u>\$ 20,684</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct: Congressionally Mandated Projects	66.202	N/A	<u>\$ 25,774</u>

Town of Silver City
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2011

<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 TRANSPORTATION</u>			
Passed Through N.M. Highway Department: ARRA-Highway Planning and Construction Grants	20.205	TPE-090-1(3)42	<u>\$ 31,025</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through N.M. Department of Education: State Fiscal Stability	84.397	N/A	<u>\$ 50,000</u>
<u>EXECUTIVE OFFICE OF THE PREIDENT</u>			
Direct: High Intensity Drug Trafficking Areas Program	95.001	N/A	<u>\$ 86,062</u>
Total expenditures of federal awards			<u><u>\$ 1,462,873</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, 2011

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 coverage during the year ended June 30, 2011:

Workers compensation	\$ Unlimited
Employer's liability	1,050,000
Personal injury:	
Per person	400,000
Per occurrence	750,000
Per occurrence fire legal liability damage	100,000
Auto Liability	Limits
Auto physical damage	Per auto
Property physical damage:	
Per property	200,000
Per occurrence	750,000

Note 3 Loans and Loan Guarantees

The Town has received a commitment of \$1,300,000 from the New Mexico Finance Authority for improvements to the Town's utility system. The funding source indicates that some portion of this loan is funded by the U.S. Environmental Protection Agency. The New Mexico Environmental Protection Agency has a revolving loan fund which was at least initially funded in some part by federal funds. However, state contributions and loan repayments have, over the years, made the federal portion of the funding untraceable. Therefore, this loan has not been included in the accompanying schedule of federal financial assistance, since the federal participation is unknown.

Town of Silver City
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011

Findings – Financial Statement Audit

Current Year
Status

2010-1 This finding , required by the New Mexico State Auditor, indicated that Town had pooled cash overdrafts in certain capital projects funds. After issuance of the audit report, it was determined that no comment was required on these overdrafts.

Resolved

2010-2 This finding , required by the New Mexico State Auditor, indicated that the audit report had not been filed by the mandated deadline. It was later determined that the audit report was, in fact, timely, and this comment was not required.

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.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE [575] 388-1777
[575] 538-3795
FAX [575] 388-5040
E-MAIL: stonemcgee@qwestoffice.net

**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, the aggregate remaining fund information, and the budgetary comparisons of the General Fund of Town of Silver City as of and for the year ended June 30, 2011, which collectively comprise Town of Silver City's basic financial statements and have issued our report thereon dated November 21, 2011. We have also audited the financial statements of each of the City's non-major governmental funds and related budgetary comparisons presented as other supplementary information as of and for the year ended June 30, 2011 and have issued our report thereon dated November 21, 2011. 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 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 Town of Silver City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Silver City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 management, the Mayor and Town Council, others within the organization, the New Mexico Department of Finance and Administration, 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 21, 2011

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.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@qwestoffice.net

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Town of Silver City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of Silver City's major federal programs for the year ended June 30, 2011. 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 Town of Silver City's management. Our responsibility is to express an opinion on 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 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 of Town of Silver City's compliance with those requirements.

In our opinion, the Town of Silver City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of 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 Town of Silver City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Silver City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider 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 entity, the New Mexico Department of Finance and Administration, 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 21, 2011

Town of Silver City
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

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 *Independent Auditor's Report on Compliance With Requirements That Could have a Direct and Material Effect on 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: Community Development Block Grants – States Program, CFDA No. 14.228.
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 18, 2011. 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
Anita Norero	Purchasing Agent	Town of Silver City
Linda Nunez	Utility Billing Supervisor	Town of Silver City
Mike Stone	Shareholder	Stone, McGee & Co., CPA's