

State of New Mexico

Town of Silver City

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

For The Fiscal Year Ended June 30, 2012

Town of Silver City
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Town of Silver City
DIRECTORY OF OFFICIALS
June 30, 2012

Elected Officials

James R. Marshall	Mayor
Jose A. Ray, Jr.	Councilor
Michael S. Morones	Councilor
Cynthia Ann Bettison	Councilor
Pauline N. Hasfler-Cook	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.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds of the Town of Silver City (Town) as of and for the year ended June 30, 2012, 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, 2012, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and HIDTA funds 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, 2012, 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 26, 2012, 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Stone, McGee & Co CPA's

November 26, 2012

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, 2012. 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 2012 and 2011 is as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Change</u>
Governmental Activities:			
Cash and cash equivalents	\$ 4,605,635	\$ 1,468,864	\$ 3,136,771
Receivables, net	2,511,810	2,687,800	(175,990)
Inventory	46,471	25,870	20,601
Interfund receivable	73,807	-0-	73,807
Bond issue costs	129,161	-0-	129,161
Capital assets, net of depreciation	<u>54,136,962</u>	<u>50,739,363</u>	<u>3,397,599</u>
Total assets	<u>\$61,503,846</u>	<u>\$54,921,897</u>	<u>\$ 6,581,949</u>
Current liabilities	\$ 2,723,017	\$ 846,419	\$ (1,876,598)
Noncurrent liabilities	<u>6,502,555</u>	<u>1,119,538</u>	<u>(5,383,017)</u>
Total liabilities	<u>\$ 9,225,572</u>	<u>\$ 1,965,957</u>	<u>\$ (7,259,615)</u>
Net assets	<u>\$52,278,274</u>	<u>\$52,955,940</u>	<u>\$ (677,666)</u>

Net assets in governmental activities decreased less than 1% in 2012, which is an acceptable percentage change. The unrestricted portion of net assets which is the amount available for ongoing operations, decreased less than 1% to \$1,287,827, again indicating fiscal stability.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Change</u>
Business-type Activities:			
Current assets	\$ 1,304,571	\$ 1,805,377	\$ (500,806)
Noncurrent assets	<u>12,598,092</u>	<u>11,570,645</u>	<u>1,027,447</u>

Total assets	<u>\$13,902,663</u>	<u>\$13,376,022</u>	<u>\$ 526,641</u>
Current liabilities	\$ 788,394	\$ 967,006	\$ 178,612
Noncurrent liabilities	<u>2,621,981</u>	<u>2,796,167</u>	<u>174,186</u>
Total liabilities	<u>\$ 3,410,375</u>	<u>\$ 3,763,173</u>	<u>\$ 352,798</u>
Net assets	<u>\$10,492,288</u>	<u>\$ 9,612,849</u>	<u>\$ 879,439</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, decreased 8% to \$827,696, principally due to the additions in amounts invested in capital assets.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Change</u>
Governmental Activities:			
Revenues:			
Charges for services	\$ 578,166	\$ 546,922	\$ 31,244
Operating grants and contributions	1,625,411	1,395,016	230,395
Capital grants and contributions	2,024,316	1,671,508	352,808
General revenues and transfers	<u>10,069,849</u>	<u>9,640,820</u>	<u>429,029</u>
Total revenues	<u>\$14,297,742</u>	<u>\$13,254,266</u>	<u>\$ 1,043,476</u>
Expenses:			
General government	\$ 3,504,991	\$ 3,141,521	\$ 363,470
Public safety	7,125,633	6,194,014	931,619
Public works	1,340,032	880,557	459,475
Health and welfare	183,394	422,610	(239,216)
Culture-recreation	2,646,402	2,402,456	243,946
Interest expense	<u>174,956</u>	<u>54,126</u>	<u>120,830</u>
	<u>\$14,975,408</u>	<u>\$13,095,284</u>	<u>\$ 1,880,124</u>
Change in net assets	<u>\$ (677,666)</u>	<u>\$ 158,982</u>	<u>\$ 836,648</u>

Total revenues increased \$1,043,476 primarily due to increased grants, and tax levies. Expenditures increased due to operating expenses, and increased operating grants.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Change</u>
Business-type activities:			
Revenues:			
Charges for services	\$ 6,289,739	\$ 6,220,014	\$ 69,725
Capital grants and contributions	448,538	61,872	386,666
General revenues and transfers	<u>745,850</u>	<u>468,928</u>	<u>276,922</u>
Total revenues	<u>\$ 7,484,127</u>	<u>\$ 6,750,814</u>	<u>\$ 733,313</u>
Expenses:			
Personnel	\$ 2,745,423	\$ 2,447,183	\$ 298,240
Operating	3,489,758	3,227,581	262,177
Depreciation	316,991	964,594	(647,603)
Interest expense	<u>52,516</u>	<u>76,816</u>	<u>(24,300)</u>
Total expenses	<u>\$ 6,604,688</u>	<u>\$ 6,716,174</u>	<u>\$ (111,486)</u>
Change in net assets	<u>\$ 879,439</u>	<u>\$ 34,640</u>	<u>\$ 844,799</u>

The primary reason for the increase in net assets was decreased operating expenses as well as increased 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, 2012 and

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

	<u>For Year End 2012 Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) From FYE 2011</u>	<u>Percentage Increase (Decrease)</u>
Revenues:				
Taxes	\$ 9,785,064	67%	\$ 836,160	9%
Intergovernmental	3,681,541	25%	731,651	20%
Charges for services	520,616	4%	44,657	9%
Fines and licenses	151,088	1%	(19,641)	(13%)
Miscellaneous	<u>367,307</u>	<u>3%</u>	<u>259,806</u>	<u>71%</u>
Total revenues	<u>\$14,505,616</u>	<u>100%</u>	<u>\$ 1,852,633</u>	<u>13%</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 2012 Amount</u>	<u>% of Total</u>	<u>Increase (Decrease) From FYE 2011</u>	<u>Percentage Increase (Decrease)</u>
General government	\$ 2,753,303	14%	\$ 111,004	4%
Public safety	5,754,882	29%	532,017	9%
Public works	1,140,131	6%	397,635	35%
Health and welfare	97,722	1%	(258,628)	(165%)
Culture-recreation	2,132,370	11%	106,592	5%
Capital outlay	6,262,831	30%	4,366,514	70%
Debt service	<u>1,802,311</u>	<u>9%</u>	<u>1,454,113</u>	<u>81%</u>
Total expenditures	<u>\$19,943,550</u>	<u>100%</u>	<u>\$6,709,247</u>	<u>66%</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 \$410,322 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 2012-2013 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2012, the Town had \$116,111,017 invested in capital assets, as shown below. This represents a net increase of \$7,252,830 or 6%, funded primarily through grant revenues and bond proceeds.

	<u>2012</u>	<u>2011</u>
Governmental activities:		
Land	\$ 7,811,031	\$ 7,409,603
Buildings and infrastructure	58,847,269	58,564,945
Equipment	5,121,872	4,987,590
Construction in progress	<u>5,950,697</u>	<u>860,662</u>
	<u>\$ 77,730,869</u>	<u>\$ 71,822,800</u>
Business-type Activities:		
Land	\$ 961,403	\$ 961,403
Buildings and utility plant	31,787,560	31,648,233
Equipment	4,821,355	4,365,517
Construction in progress	<u>809,800</u>	<u>60,234</u>
	<u>\$ 38,380,148</u>	<u>\$ 37,035,387</u>
	<u>\$116,111,017</u>	<u>\$108,858,187</u>

This year's major additions included:

Buildings and improvements (\$577,525 transferred from construction in progress)	<u>\$ 1,357,063</u>
Land	<u>\$ 410,928</u>

Debt

At year-end, the Town had \$9,466,196 in outstanding revenue bonds, general obligation bonds, capital leases and notes payable compared to \$4,231,014 last year. That is an increase of 45% as shown in the following table:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
Revenue bonds	\$ 6,615,000	\$
General obligation bonds	120,000	175,000
Notes payable	59,321	825,399
Capital leases	<u>115,934</u>	<u>170,184</u>
	\$ 6,910,255	\$ 1,170,583
Business-Type Activities:		
Notes payable	<u>2,555,941</u>	<u>3,060,431</u>
Total	<u>\$ 9,466,196</u>	<u>\$ 4,231,014</u>

New debt was incurred this year in the amount of \$7,608,627.

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 as of July, 2012 was 7.3%; that is a 1.1% decrease from the same time last year. This equates to an increase of 560 new jobs since the same time last year. This has much to do with the fact that our local economy has become much more diversified than it has been historically. In the past the economy primarily relied on the mining jobs. Currently we have seen that our local economy has become much more regionalized, relying more on what happens in Southwest New Mexico. In fact, as of September 2012, the unemployment rate has dropped to 6.2%, with an increase of 615 jobs from the same time last year.

As of the end of fiscal year 2012 the Town had received a total of \$8.79 million in gross receipts tax, this to date is the highest level of gross receipts tax the Town has ever received. These revenues are more than our previous high in fiscal year 2009. Gross

receipts taxes have been steadily increasing since the first quarter of fiscal year 2011, but we have been realizing sharp increases to revenues since the fourth quarter of fiscal 2012. When the mines ramped up production in late 2010, the Town did see increases in retail sales and food and accommodations almost immediately, but not in any other areas of the economy. This showed that the economy was affected by the jobs, but not that the economy was still weak. As of the fourth quarter of fiscal 2012, we have seen increases in sales in all areas of the economy and it has continued through the first quarter of fiscal 2013.

Revenues are expected to continue to increase and get stronger. This is only if the national issues can be resolved before the end of calendar year 2013.

During fiscal year 2012 the Enterprise Funds continued to remain strong. Sanitation fund revenues remain strong due to a 3% automatic rate increase that has been adopted. Sanitation fund expenses were higher than normal in fiscal year 2012 due to some remediation requirements to the Town's old landfill. No further remediation to the old landfill is expected so, expenses are expected. During fiscal year 2012 an ordinance was adopted requiring water, sewer, and waste water rates are to be reviewed annually during the budget process and amended as necessary to cover all operating, capital, and debt service expenses; while maintaining a one twelve reserve. As for expenses, there has been a substantial increase in electric rates which is the largest cost associated to the Water/Sewer Fund. We have installed a solar array to operate the Waste Water Treatment Plant which uses 30% of the total electric costs for the fund. This installation will keep our electric rate at 6.9 cents a kilowatt hour for the next twenty years and shield us from any future rate increases during this period.

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, 2012

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current:			
Cash and investments	\$ 4,605,635	\$ 51,693	\$ 4,657,328
Inventory	46,471	217,615	264,086
Interfund receivable	73,807	(73,807)	-
Receivables, net	2,511,810	1,067,941	3,579,751
Notes receivable due currently		15,466	15,466
	\$ 7,237,723	\$ 1,278,908	\$ 8,516,631
Total current assets			
Noncurrent assets:			
Restricted:			
Cash and investments	\$ -	\$ 224,556	\$ 224,556
Notes receivable, net of current amounts		104,859	104,859
Bond issue costs	178,930		
Capital assets, net	54,136,962	12,220,533	66,357,495
	\$ 54,315,892	\$ 12,549,948	\$ 66,865,840
Total noncurrent assets			
	\$ 61,553,615	\$ 13,828,856	\$ 75,382,471
Total assets			
LIABILITIES			
Current:			
Accounts payable	\$ 1,911,695	\$ 405,888	\$ 2,317,583
Accrued liabilities	61,441	38,021	99,462
Deferred revenue	22,240		22,240
Current maturities of long-term debt	727,641	270,678	998,319
	\$ 2,723,017	\$ 714,587	\$ 3,437,604
Total current liabilities			
Noncurrent:			
Payable from restricted assets:			
Customer deposits	\$ -	\$ 224,556	\$ 224,556
Bonds payable	6,095,000		6,095,000
Notes payable	28,371	2,285,263	2,313,634
Lease payable	59,243		59,243
Bond premiums	49,769		49,769

Town of Silver City
STATEMENT OF NET ASSETS (concluded)
June 30, 2012

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Compensated absences	\$ 319,941	\$ 112,162	\$ 432,103
Total noncurrent liabilities	<u>\$ 6,552,324</u>	<u>\$ 2,621,981</u>	<u>\$ 9,174,305</u>
Total liabilities	<u>\$ 9,275,341</u>	<u>\$ 3,336,568</u>	<u>\$ 12,611,909</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 49,967,373	\$ 9,664,592	\$ 59,631,965
Restricted for:			
Capital projects	65,078		65,078
Debt service	23,996		23,996
Other purposes	934,003		934,003
Unrestricted	<u>1,287,824</u>	<u>827,696</u>	<u>2,115,520</u>
Total net assets	<u>\$ 52,278,274</u>	<u>\$ 10,492,288</u>	<u>\$ 62,770,562</u>

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, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 3,504,991	\$ 78,979	\$ 245,568
Public safety	7,125,633	372,525	1,047,620
Public works	1,340,032	27,018	
Health and welfare	183,394	42,119	325,760
Culture-recreation	2,646,402	57,525	6,463
Unallocated interest expense	174,956		
Total governmental activities	<u>\$ 14,975,408</u>	<u>\$ 578,166</u>	<u>\$ 1,625,411</u>
Business-type activities:			
Water and sewer	\$ 4,853,424	\$ 4,439,526	\$ -
Sanitation	1,751,264	1,850,213	
Total business-type activities	<u>\$ 6,604,688</u>	<u>\$ 6,289,739</u>	<u>\$ -</u>
Total government	<u>\$ 21,580,096</u>	<u>\$ 6,867,905</u>	<u>\$ 1,625,411</u>

General revenues:
Property taxes
Gross receipts taxes
Gas taxes
Motor vehicle taxes
Franchise taxes
Lodgers taxes
Cigarette taxes
Interest and investment earnings
Miscellaneous
Loss on disposition of assets
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>
\$ -	\$ (3,180,444)	\$ -	\$ (3,180,444)
	(5,705,488)		(5,705,488)
2,024,316	711,302		711,302
	184,485		184,485
	(2,582,414)		(2,582,414)
	(174,956)		(174,956)
<u>\$ 2,024,316</u>	<u>\$ (10,747,515)</u>	<u>\$ -</u>	<u>\$ (10,747,515)</u>
\$ 448,538	\$ -	\$ 34,640	\$ 34,640
		98,949	98,949
<u>\$ 448,538</u>	<u>\$ -</u>	<u>\$ 133,589</u>	<u>\$ 133,589</u>
<u>\$ 2,472,854</u>	<u>\$ (10,747,515)</u>	<u>\$ 133,589</u>	<u>\$ (10,613,926)</u>
	\$ 402,587	\$ -	\$ 402,587
	8,491,349	601,648	9,092,997
	181,231		181,231
	69,645		69,645
	392,694		392,694
	269,999		269,999
	22		22
	8,259	7,392	15,651
	306,835		306,835
	(9,500)		(9,500)
	93,538		93,538
	(136,810)	136,810	-
	<u>\$ 10,069,849</u>	<u>\$ 745,850</u>	<u>\$ 10,815,699</u>
	\$ (677,666)	\$ 879,439	\$ 201,773
	<u>52,955,940</u>	<u>9,612,849</u>	<u>62,568,789</u>
	<u>\$ 52,278,274</u>	<u>\$ 10,492,288</u>	<u>\$ 62,770,562</u>

Town of Silver City
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	HIDTA	2011 Bond Projects
Assets			
Cash and investments	\$ 60,550	\$ -	\$ 3,312,853
Inventory	46,471		
Interest receivable			
Taxes receivable	1,579,664		
Accounts receivable	126,582		
Assessments receivable			
Allowance for doubtful accounts			
Due from other governments	243,152	158,366	
Interfund receivable	386,468		
	<u>\$ 2,442,887</u>	<u>\$ 158,366</u>	<u>\$ 3,312,853</u>
 Total assets	<u>\$ 2,442,887</u>	<u>\$ 158,366</u>	<u>\$ 3,312,853</u>
 Liabilities and Fund Balance			
Accounts payable	\$ 539,168	\$ 11,618	\$ 1,042,035
Interfund payable	3,801	192,628	
Salary payable	41,689		
Deferred revenue	249,558	158,366	
	<u>\$ 834,216</u>	<u>\$ 362,612</u>	<u>\$ 1,042,035</u>
 Total liabilities	<u>\$ 834,216</u>	<u>\$ 362,612</u>	<u>\$ 1,042,035</u>
 Fund balance:			
Non-spendable:			
Inventory	\$ 46,471	\$ -	\$ -
Restricted:			
Public safety	4,289		
Culture and recreation	24,452		
Land acquisition			
Debt service			
Construction			2,270,818
Assigned:			
Culture and recreation			
Unassigned	1,533,459	(204,246)	
	<u>1,533,459</u>	<u>(204,246)</u>	<u>2,270,818</u>
 Total fund balance	<u>\$ 1,608,671</u>	<u>\$ (204,246)</u>	<u>\$ 2,270,818</u>
 Total liabilities and fund balance	<u>\$ 2,442,887</u>	<u>\$ 158,366</u>	<u>\$ 3,312,853</u>

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

<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 1,232,232	\$ 4,605,635
	46,471
	-
209,721	1,789,385
	126,582
1,788	1,788
(1,788)	(1,788)
194,325	595,843
480,888	867,356
<u>\$ 2,117,166</u>	<u>\$ 8,031,272</u>
\$ 318,874	\$ 1,911,695
597,120	793,549
	41,689
131,342	539,266
<u>\$ 1,047,336</u>	<u>\$ 3,286,199</u>
\$ -	\$ 46,471
118,684	122,973
116,091	140,543
653,800	653,800
517,511	517,511
61,163	2,331,981
45,428	45,428
(442,847)	886,366
<u>\$ 1,069,830</u>	<u>\$ 4,745,073</u>
<u>\$ 2,117,166</u>	<u>\$ 8,031,272</u>

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

June 30, 2012

Total governmental fund balances	\$	4,745,073
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		54,136,962
Bond issue costs are capitalized and amortized over the life of the bonds.		178,930
Bond premiums are capitalized and amortized over the life of the bonds		(49,769)
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		97,386
Intergovernmental grants subject to the 60 day availability period		419,640
Long-term liabilities are not reported in the funds.		
Bonds payable		(6,735,000)
Notes payable		(59,321)
Lease payable		(115,934)
Accrued interest payable		(19,752)
Compensated absences		(319,941)
		(319,941)
<i>Net assets of governmental activities</i>	\$	52,278,274

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, 2012

	<u>General Fund</u>	<u>HIDTA</u>	<u>2011 Bond Projects</u>
Revenues:			
Property taxes	\$ 376,292	\$ -	\$ -
Gross receipts taxes	8,090,250		
Gas taxes	181,231		
Motor vehicle taxes	69,645		
Franchise taxes	392,694		
Other taxes	15		
State intergovernmental	659,350		
Federal intergovernmental	596,772	394,690	
Fines, licenses and permits	59,412		
Charges for services	520,616		
Miscellaneous	286,206		5,992
	<u>\$ 11,232,483</u>	<u>\$ 394,690</u>	<u>\$ 5,992</u>
Total revenues			
Expenditures:			
Current:			
General government	\$ 2,750,935	\$ -	\$ -
Public safety	4,869,646	403,963	
Public works	963,612		
Health and welfare	84,472		
Culture recreation	1,718,053		
Debt service:			
Principal	30,950		
Interest			
Bond issue costs			154,364
Capital outlay	1,253,500	112,595	2,740,474
	<u>\$ 11,671,168</u>	<u>\$ 516,558</u>	<u>\$ 2,894,838</u>
Total expenditures			
Revenues over (under) expenditures	\$ (438,685)	\$ (121,868)	\$ (2,888,846)
Other financing sources (uses):			
Bond proceeds			5,926,237
Bond premiums			52,213
Transfer in	172,279	3,770	
Transfer out	(237,485)		(818,786)
	<u>\$ (503,891)</u>	<u>\$ (118,098)</u>	<u>\$ 2,270,818</u>
Net change in fund balances			
Fund balance, July 1, 2011	2,112,562	(86,148)	
	<u>\$ 1,608,671</u>	<u>\$ (204,246)</u>	<u>\$ 2,270,818</u>
Fund balance, June 30, 2012			

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

<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ 3,832	\$ 380,124
401,099	8,491,349
	181,231
	69,645
	392,694
270,006	270,021
831,376	1,490,726
1,199,353	2,190,815
91,676	151,088
	520,616
22,896	315,094
<u>\$ 2,820,238</u>	<u>\$ 14,453,403</u>
\$ 2,368	\$ 2,753,303
481,273	5,754,882
176,519	1,140,131
13,250	97,722
414,317	2,132,370
1,429,378	1,460,328
151,649	151,649
35,970	190,334
2,156,262	6,262,831
<u>\$ 4,860,986</u>	<u>\$ 19,943,550</u>
\$ (2,040,748)	\$ (5,490,147)
1,273,763	7,200,000
884,423	1,060,472
(141,011)	(1,197,282)
<u>\$ (23,573)</u>	<u>\$ 1,625,256</u>
1,093,403	3,119,817
<u>\$ 1,069,830</u>	<u>\$ 4,745,073</u>

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, 2012

Net change in fund balances-total governmental funds	\$ 1,625,256
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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	6,262,831
Depreciation expense.	(2,855,732)
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	22,463
Intergovernmental grants subject to the 60 day availability period	(31,814)
Bond and loan proceeds are reported as financing sources in the funds. In the Statement of Activities, however, issuing debt increases long-term liabilities.	
	(7,200,000)
Bond issues costs and premiums are expenditures or revenue in the funds but are capitalized and amortized in the Statement of Activities	
Bond issue costs	190,334
Bond premiums	(52,213)
Amortization	(8,960)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the basis in the assets disposed of.	
	(9,500)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	
	1,460,328
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.	
	(14,347)
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.	
	(66,312)
<i>Change in Net Assets of Governmental Activities</i>	\$ (677,666)

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 8,842,440	\$ 8,842,440	\$ 8,828,376	\$ (14,064)
State sources	1,008,566	1,008,566	1,130,398	121,832
Federal sources	970,033	1,310,257	552,889	(757,368)
Fines, licenses and permits	74,800	74,800	59,412	(15,388)
Charges for services	481,133	481,133	512,825	31,692
Miscellaneous	310,499	310,499	317,230	6,731
Total revenues	\$ 11,687,471	\$ 12,027,695	\$ 11,401,130	\$ (626,565)
Expenditures:				
Current:				
General government	\$ 2,635,243	\$ 3,045,565	\$ 2,645,782	\$ 399,783
Public safety	4,278,184	4,278,184	4,886,156	(607,972)
Public works	1,252,551	1,252,551	982,256	270,295
Health and welfare	170,978	170,978	103,886	67,092
Culture recreation	1,725,580	1,725,580	1,736,594	(11,014)
Principle	30,955	30,955	30,950	5
Interest				-
Capital outlay	1,551,711	1,551,711	973,201	578,510
Total expenditures	\$ 11,645,202	\$ 12,055,524	\$ 11,358,825	\$ 696,699
Revenues over (under) expenditures	\$ 42,269	\$ (27,829)	\$ 42,305	\$ 70,134
Other financing sources (uses):				
Transfer in	457,419	457,419	230,085	(227,334)
Transfer out	(349,565)	(349,565)	(278,210)	71,355
Net change in fund balance	\$ 150,123	\$ 80,025	\$ (5,820)	\$ (85,845)
Fund balance, July 1, 2011	399,001	399,001	400,479	1,478
Fund balance, June 30, 2012	\$ 549,124	\$ 479,026	\$ 394,659	\$ (84,367)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (503,891)
Revenue accruals (net)				168,647
Expenditure accruals (net)				312,343
Other financing sources (net)				17,081
Net change in fund balance, NON-GAAP budgetary basis				\$ (5,820)

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 394,690	\$ 394,690	\$ 394,690	\$ -
Expenditures:				
Current:				
Public Safety	\$ 414,518	\$ 414,518	\$ 414,518	\$ -
Capital outlay	<u>112,595</u>	<u>112,595</u>	<u>112,595</u>	<u>-</u>
Total expenditures	\$ 527,113	\$ 527,113	\$ 527,113	\$ -
Other financing sources (uses):				
Transfer in	<u>3,770</u>	<u>3,770</u>	<u>3,770</u>	<u>-</u>
Net change in fund balance	\$ (128,653)	\$ (128,653)	\$ (128,653)	\$ -
Fund balance, July 1, 2011	<u>128,653</u>	<u>128,653</u>	<u>(63,975)</u>	<u>(192,628)</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (192,628)</u></u>	<u><u>\$ (192,628)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (118,098)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>(10,555)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (128,653)</u></u>	

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

Town of Silver City
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2012

Assets	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Current:			
Cash and investments	\$ 48,144	\$ 3,549	\$ 51,693
Inventory	169,909	47,706	217,615
Receivables, net of allowances:			
Accounts	759,595	195,603	955,198
Taxes	75,162	37,581	112,743
Notes receivable due currently	<u>15,466</u>	<u>15,466</u>	<u>15,466</u>
 Total current assets	 <u>\$ 1,052,810</u>	 <u>\$ 299,905</u>	 <u>\$ 1,352,715</u>
Noncurrent assets:			
Restricted:			
Cash and investments	\$ 224,556	\$ -	\$ 224,556
Notes receivable, net of current amounts		104,859	104,859
Deferral on advance refunding			-
Capital assets (net)	<u>10,751,214</u>	<u>1,469,319</u>	<u>12,220,533</u>
 Total noncurrent assets	 <u>\$ 10,975,770</u>	 <u>\$ 1,574,178</u>	 <u>\$ 12,549,948</u>
 Total assets	 <u>\$ 12,028,580</u>	 <u>\$ 1,874,083</u>	 <u>\$ 13,902,663</u>
 Liabilities			
Current:			
Accounts payable	\$ 251,839	\$ 154,049	\$ 405,888
Accrued liabilities	37,303	718	38,021
Interfund payable	73,807		73,807
Current maturities of long-term debt	<u>270,678</u>		<u>270,678</u>
 Total current liabilities	 <u>\$ 633,627</u>	 <u>\$ 154,767</u>	 <u>\$ 788,394</u>
Noncurrent liabilities:			
Payable from restricted assets:			
Customer deposits	\$ 224,556	\$ -	\$ 224,556
Notes payable	2,285,263		2,285,263
Compensated absences	<u>105,405</u>	<u>6,757</u>	<u>112,162</u>

Town of Silver City
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (concluded)
 June 30, 2012

	Water & Sewer	Sanitation	Total
Total noncurrent liabilities	\$ 2,615,224	\$ 6,757	\$ 2,621,981
Total liabilities	\$ 3,248,851	\$ 161,524	\$ 3,410,375
Net Assets			
Invested in capital assets, net of related debt	\$ 8,195,273	\$ 1,469,319	\$ 9,664,592
Restricted for debt service			-
Unrestricted	584,456	243,240	827,696
Total net assets	\$ 8,779,729	\$ 1,712,559	\$ 10,492,288

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, 2012

	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 4,439,526	\$ 1,850,213	\$ 6,289,739
Operating expenses:			
Personnel	\$ 2,118,231	\$ 627,192	\$ 2,745,423
Operating	2,413,056	1,076,702	3,489,758
Depreciation	276,624	40,367	316,991
Total operating expenses	\$ 4,807,911	\$ 1,744,261	\$ 6,552,172
Net operating income	\$ (368,385)	\$ 105,952	\$ (262,433)
Nonoperating revenue (expense):			
Investment income	\$ 255	\$ 7,137	\$ 7,392
Gross receipts taxes	401,099	200,549	601,648
State grants	38,936		38,936
Federal grants	409,602		409,602
Miscellaneous revenue			-
Interest expense	(45,513)	(7,003)	(52,516)
Total nonoperating revenue (expense)	\$ 804,379	\$ 200,683	\$ 1,005,062
Net income before operating transfers	\$ 435,994	\$ 306,635	\$ 742,629
Transfers:			
In	11,923	315,772	327,695
Out	(160,885)	(30,000)	(190,885)
Change in net assets	\$ 287,032	\$ 592,407	\$ 879,439
Net assets, beginning of year	8,492,697	1,120,152	9,612,849
Net assets, end of year	<u>\$ 8,779,729</u>	<u>\$ 1,712,559</u>	<u>\$ 10,492,288</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, 2012

	Water & Sewer	Sanitation	Total
Cash flows from operating activities:			
Receipts from customers	\$ 4,409,391	\$ 1,875,618	\$ 6,285,009
Payments to suppliers	(2,307,812)	(1,133,692)	(3,441,504)
Payments to employees	(2,099,351)	(623,891)	(2,723,242)
Net cash provided (used) by operating activities	<u>\$ 2,228</u>	<u>\$ 118,035</u>	<u>\$ 120,263</u>
Cash flows from noncapital financing activities:			
Dedicated tax receipts	\$ 462,736	\$ 197,168	\$ 659,904
Intergovernmental grants	475,364		475,364
Collections of notes receivable		14,743	14,743
Interfund activity	73,807		73,807
Miscellaneous collections			-
Transfers from other funds	11,923	315,772	327,695
Transfers to other funds	(160,885)	(30,000)	(190,885)
Net cash provided (used) by noncapital financing activities	<u>\$ 862,945</u>	<u>\$ 497,683</u>	<u>\$ 1,360,628</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	\$ (1,022,428)	\$ (322,333)	\$ (1,344,761)
Borrowings on capital debt	408,627		408,627
Principal paid on capital debt	(341,923)	(571,194)	(913,117)
Interest paid on capital debt	(49,380)	(10,312)	(59,692)
Net cash provided (used) by capital and related financing activities	<u>\$ (1,005,104)</u>	<u>\$ (903,839)</u>	<u>\$ (1,908,943)</u>
Cash flows from investing activities:			
Earnings on investments	\$ 255	\$ 7,137	\$ 7,392
Net cash provided (used) by investing activities	<u>\$ 255</u>	<u>\$ 7,137</u>	<u>\$ 7,392</u>
Net increase (decrease) in cash and equivalents	\$ (139,676)	\$ (280,984)	\$ (420,660)
Cash and equivalents, beginning of year	<u>412,376</u>	<u>284,533</u>	<u>696,909</u>
Cash and equivalents, end of year	<u><u>\$ 272,700</u></u>	<u><u>\$ 3,549</u></u>	<u><u>\$ 276,249</u></u>

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (concluded)
For the Fiscal Year Ended June 30, 2012

	Water & Sewer	Sanitation	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (368,385)	\$ 105,952	\$ (262,433)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	276,624	40,367	316,991
Changes in assets and liabilities:			
Inventory	43,881	(47,706)	(3,825)
Receivables, net	(40,935)	25,405	(15,530)
Accounts payable	61,363	(9,284)	52,079
Accrued expenses	(9,006)	(753)	(9,759)
Customer deposits	10,800		10,800
Compensated absences	27,886	4,054	31,940
Net cash provided (used) by operating activities	\$ 2,228	\$ 118,035	\$ 120,263

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, 2012

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 4,383
Receivables	
	<hr/>
Total assets	<u>\$ 4,383</u>
 Liabilities and Fund Equity	
Deposits held for others	\$ 4,383
Interfund payable	
	<hr/>
Total liabilities	<u>\$ 4,383</u>

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

Town of Silver City
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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.

Special Revenue Fund – 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.

Capital Project Fund – 2011 Bond Projects – to account for revenue bond proceeds and expenditures for several capital projects.

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 descriptions 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. The Paving 11 Debt Service Fund is not budgeted, since the fund is dormant, and no further collections are expected.

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, 2012 was \$2.225 per \$1,000 for non-residential property and \$1.042 for residential property. The Town’s tax rate for debt service was .542 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

Q. INVENTORIES

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

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2012, \$104,243 of the government's bank balance of \$3,390,962 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 104,243</u>
--------------------------------	-------------------

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 \$1,833,268 on deposit in the pool at June 30, 2012. The pool is AAAM rated, and has a 60 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 \$43,137.

Note 3 Investments

At June 30, 2012, the Town had no investments.

Note 4 Receivables

	Business Governmental <u>Activities</u>	Type <u>Activities</u>
Accounts receivable:		
Franchise	\$ 93,070	\$
Services (net) of allowance for doubtful accounts of \$(24,329)	<u>33,512</u>	<u>955,198</u>
	\$ <u>126,582</u>	\$ <u>955,198</u>
Due from other governments:		
Intergovernmental grants	\$ <u>805,564</u>	\$ <u>-0-</u>
Taxes receivable:		
Property taxes	\$ 18,326	\$
Gross receipts tax	1,515,002	112,743
Motor Vehicle taxes	11,832	
Gasoline taxes	<u>34,504</u>	
	\$ <u>1,579,664</u>	\$ <u>112,743</u>
 Total	 \$ <u>2,511,810</u>	 \$ <u>1,067,941</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 \$120,325 at June 30, 2012.

Note 5 Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2012</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 7,409,603	\$ 410,928	\$ 9,500	\$ 7,811,031
Construction in progress	<u>860,662</u>	<u>5,528,233</u>	<u>438,198</u>	<u>5,950,697</u>
Total capital assets not being depreciated	\$ <u>8,270,265</u>	\$ <u>5,939,161</u>	\$ <u>447,698</u>	\$ <u>13,761,728</u>
Other capital assets: Buildings, improve- ments and other in-				

frastructure	\$58,564,945	\$ 438,198	\$ 155,874	\$58,847,269
Equipment	<u>4,987,590</u>	<u>323,670</u>	<u>189,388</u>	<u>5,121,872</u>
Total other assets at historical cost	<u>\$63,552,535</u>	<u>\$ 761,868</u>	<u>\$ 345,262</u>	<u>\$63,969,141</u>
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	\$17,379,159	\$ 2,382,032	\$ 155,874	\$19,605,317
Equipment	<u>3,704,278</u>	<u>473,700</u>	<u>189,388</u>	<u>3,988,590</u>
Total accumulated depreciation	<u>\$21,083,437</u>	<u>\$ 2,855,732</u>	<u>\$ 345,262</u>	<u>\$23,593,907</u>
Other capital assets (net)	<u>\$42,469,098</u>	<u>\$ (2,093,864)</u>	<u>\$ -0-</u>	<u>\$40,375,234</u>
Governmental activities, capital assets, net	<u>\$50,739,363</u>	<u>\$ 3,845,297</u>	<u>\$ 447,698</u>	<u>\$54,136,962</u>
Business type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 60,234	\$ 888,893	\$ 139,327	\$ 809,800
Land	<u>961,403</u>	<u>-0-</u>	<u>-0-</u>	<u>961,403</u>
	<u>\$ 1,021,637</u>	<u>\$ 888,893</u>	<u>\$ 139,327</u>	<u>\$ 1,771,203</u>
Other capital assets:				
Buildings and utility plant	\$31,648,233	\$ 139,327	\$ -0-	\$31,787,560
Equipment	<u>4,365,517</u>	<u>455,868</u>	<u>-0-</u>	<u>4,821,385</u>
Total other capital assets at historical cost	<u>\$36,013,750</u>	<u>\$ 595,195</u>	<u>\$ -0-</u>	<u>\$36,608,945</u>
Less accumulated depreciation for:				
Buildings and utility plant	\$22,714,284	\$ 276,624	\$ -0-	\$22,990,908
Equipment	<u>3,128,340</u>	<u>40,367</u>	<u>-0-</u>	<u>3,168,707</u>
Total accumulated depreciation	<u>\$25,842,624</u>	<u>\$ 316,991</u>	<u>\$ -0-</u>	<u>\$26,159,615</u>
Other capital assets, net	<u>\$10,171,126</u>	<u>\$ 278,204</u>	<u>\$ -0-</u>	<u>\$10,449,330</u>
Business-type activities capital assets, net	<u>\$11,192,763</u>	<u>\$ 1,167,097</u>	<u>\$ 139,327</u>	<u>\$12,220,533</u>

The Town has various construction projects ongoing with future commitments totaling approximately \$4,000,000.

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 685,376
Public Safety	1,370,751
Public Works	199,901
Culture-Recreation	514,032
Health and Welfare	<u>85,672</u>
	<u>\$ 2,855,732</u>

Note 6 Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2012:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accrued salaries	\$ 41,689	\$ 6,959
Accrued interest	<u>19,752</u>	<u>31,062</u>
	<u>\$ 61,441</u>	<u>\$ 38,021</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, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
1994 G.O. Bonds	\$ 175,000	\$	\$ 55,000	\$ 120,000	\$ 55,000
Environmental loan-Hospital	90,721		30,950	59,321	30,950
2008 Fire Pumper Note	654,683		654,683	-0-	
2008 Police Vehicles Note	80,445		80,445	-0-	
2011A GRT Revenue Bonds		5,480,000	200,000	5,280,000	200,000
2011B GRT Revenue Bonds		920,000	250,000	670,000	260,000
2012 GRT Revenue Bonds		800,000	135,000	665,000	125,000
Capital Lease	<u>170,184</u>	<u>-0-</u>	<u>54,250</u>	<u>115,934</u>	<u>56,691</u>
	\$ 1,170,583	\$ 7,200,000	\$ 1,460,328	\$ 6,910,255	\$ 727,641
Compensated absences	<u>253,629</u>	<u>316,332</u>	<u>250,020</u>	<u>319,941</u>	<u>-0-</u>
	<u>\$ 1,424,212</u>	<u>\$ 7,516,332</u>	<u>\$ 1,710,348</u>	<u>\$ 7,230,196</u>	<u>\$ 727,641</u>
Business-Type Activities:					
1995 EID Note	\$ 63,696	\$	\$ 63,696	\$ -0-	\$
1995 NM EID Note	1,839,601		188,587	1,651,014	192,359
NMFA Water Project Note.	89,640		89,640	-0-	
NMFA Sanitation Equip.	571,194		571,194	-0-	
NMFA Utility System Improvements	<u>496,300</u>	<u>408,627</u>	<u>-0-</u>	<u>904,927</u>	<u>78,319</u>
	\$ 3,060,431	\$ 408,627	\$ 913,117	\$ 2,555,941	\$ 270,678
Compensated absences	<u>80,222</u>	<u>102,057</u>	<u>70,117</u>	<u>112,162</u>	<u>-0-</u>
	<u>\$ 3,140,653</u>	<u>\$ 510,684</u>	<u>\$ 983,234</u>	<u>\$ 2,668,103</u>	<u>\$ 270,678</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 \$132,395, at June 30, 2012, 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 2013 through 2014. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2012, the Town recognized \$3,832 in property taxes pledged to retire the indebtedness, and retired \$66,725 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 matured May 1, 2012, and is fully retired as of June 30, 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 \$168,750.

Due in Year:

2013	\$	61,908
2014		<u>61,909</u>
	\$	123,817
Less imputed interest at 4.5%		<u>(7,883)</u>
Net present value	\$	<u>115,934</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 \$183,138, at June 30, 2012, which is 1% of future gross receipts tax at their current rate. During the year ended June 30, 2012, the Town collected \$7,950,863 in pledged revenues, and retired \$174,534 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 \$-0- at June 30, 2012, equal to 0% 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 ranged from 2012 to 2018, however, the note was fully retired in the current fiscal year.

During the year ended June 30, 2012 the Town recognized \$233,637 in pledged revenues, and retired \$666,321 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 matured on December 2, 2011, and was fully retired during the current fiscal year.

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 \$12,797,373 at June 30, 2012, and equal 86% of future gross receipts tax at their current rate. During the year ended June 30, 2012, the Town collected \$462,736 in pledged revenues, and retired \$391,303 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 \$-0- at June 30, 2012. The loan was obtained to acquire sanitation equipment. The loan bears interest 3.678%, and

maturity dates ranged from 2012 to 2014, however, the note was fully retired in the current fiscal year.

During the year ended June 30, 2012, the Town recognized \$197,168 in pledged revenues, and retired \$581,506 in loan principal and interest.

2011A and B GRT Revenue Bonds

These bonds were issued to make improvements to the Town’s facilities, and to retire debt for which gross receipts tax had been pledged. The bonds are payable from gross receipts taxes pledged to secure the debt. The revenues pledged totaled \$8,285,506 at June 30, 2012, equal to 5% of future gross receipts tax collections at the current rate. The bonds bear interest at rates ranging from 2% to 4.5%, and maturity dates range from 2013 through 2032.

During the year ended June 30, 2012, the Town collected \$325,937 in pledged revenues, and retired \$564,617 in bond principal and interest.

2012 GRT Revenue Bonds

These bonds were issued to make improvements to the Town’s facilities. The bonds are payable from an enacted 1/8% gross receipts tax pledged to secure the debt. The revenues pledged totaled \$712,096 at June 30, 2012, equal to 100% of future gross receipts tax collections at the current rate. The bonds bear interest at an interest rate of 2.32%, and maturity dates range from 2013 through 2017.

During the year ended June 30, 2012, the Town collected \$0- in pledged revenues, and retired \$139,780 in bond principal and interest. The gross receipts tax enacted to finance the bonds takes effect July 1, 2012, and is anticipated to be sufficient to retire the bonds.

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, 2012 is as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 727,641	\$ 222,948	\$ 270,678	\$ 57,997
2014	702,614	204,611	275,053	46,124
2015	365,000	186,175	279,516	35,249
2016	370,000	178,443	284,617	31,246
2017	380,000	166,502	289,263	27,164
2018-2022	1,300,000	717,151	1,156,814	65,580
2023-2027	1,385,000	509,275		

2028-2032	<u>1,680,000</u>	<u>217,775</u>	<u> </u>	<u> </u>
	<u>\$6,910,255</u>	<u>\$2,402,880</u>	<u>\$ 2,555,941</u>	<u>\$ 263,360</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	\$ 653,800
Lodgers Tax	34,817
Correction Fees	70,245
Library Memorial	80,971
Golf Course Surcharge	45,428
Other Special Revenue Funds	<u>48,742</u>
	<u>\$ 934,003</u>

The Town reports \$1,023,077 in restricted net assets in governmental activities, of which \$323,849 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 3.83% to 16.65% of their gross salary, depending on employee classification. The Town of Silver City is required to contribute 7.0% to 25.72% 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, 2012, 2011 and 2010 were \$1,611,220, \$1,490,923, and \$1,395,280, 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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending 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>
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, 2012, the statute required each participating employer to contribute 2.292% of each participating employee's annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending 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>
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, 2012, 2011 and 2010 were \$112,411, \$67,297 and \$67,998, 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, and risk of loss is transferred.

Note 14 Deficit Fund Balances

The Town had the following deficit fund balances at June 30, 2012:

	<u>General</u>
Juvenile Recreation	\$ 4,228
Drug Task Force	65,574
2012 Retirement	139,780
2011 Retirement	132,135
NMDOT Cactus	12,260
NM EMNRD	25,339
MAP Black/Texas	29,239

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, 2012, consisted of the following:

	<u>Inter-fund Payable</u>				
	<u>General</u>	<u>Water and Sewer</u>	<u>HIDTA</u>	<u>All Other Funds</u>	<u>Total</u>
<u>Inter-fund Receivable</u>					
General Fund	\$ -0-	\$ 73,807	\$ 192,628	\$ 120,033	\$ 386,468
All Other Funds	<u>3,801</u>	<u>-0-</u>	<u>-0-</u>	<u>477,087</u>	<u>480,888</u>
	<u>\$ 3,801</u>	<u>\$ 73,807</u>	<u>\$ 192,628</u>	<u>\$ 597,120</u>	<u>\$ 867,356</u>

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

Inter-fund transfers were as follows during the year ended June 30 2012:

	<u>Transfers From</u>					<u>Total</u>
	<u>General</u>	<u>Water and Sewer</u>	<u>2011 Bond Projects</u>	<u>Sanitation</u>	<u>All Others</u>	
<u>Transfers To</u>						
General Fund	\$	\$ 74,129	\$	\$ 30,000	\$ 68,150	\$ 172,279
HIDTA	3,770					3,770
Water/Sewer			11,923			11,923
Sanitation			315,772			315,772
All others	<u>233,715</u>	<u>86,756</u>	<u>491,091</u>		<u>72,861</u>	<u>884,423</u>
Total	<u>\$ 237,485</u>	<u>\$ 160,885</u>	<u>\$ 818,786</u>	<u>\$ 30,000</u>	<u>\$ 141,011</u>	<u>\$1,388,167</u>

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

Note 16 Land Lease

The Town entered into an agreement to lease land to Hidalgo Medical Services. This lease was entered into in contemplation of Hidalgo Medical Services erecting a new facility on the property.

Prior to completion of the new facility, the Town will receive \$2,000 per month. Subsequent to completion of the new facility, the Town will receive a monthly rent based on the percentage of the Town's contribution to the cost of the facility to the total cost of the facility, capitalized at 6%. Currently, the facility is still under construction, so future lease payments cannot be calculated.

Hidalgo Medical Services has an option, after the first four years of the lease, to purchase the Town's interest in the property at fair market value.

The Town's current investment in the land is \$400,000.

As currently calculated, the Town's future rent income under the contract is as follows:

2013	\$ 24,000
2014	24,000
2015	24,000
2016	24,000
2017	24,000
2018-2022	120,000
2023-2027	120,000
2028-2032	120,000
2033-2037	<u>70,000</u>
	<u>\$ 550,000</u>

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.

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.

EMS Grant – to account for the operations and maintenance of medical service equipment for the Town. Authority is NMSA 24-10A-6.

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/Ladder Truck – to account for local optional municipal gross receipts taxes levied to repay New Mexico Finance Authority.

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

2011 Retirement and Reserve – to account for the taxes liened specifically for repayment of revenue bonds and expenses therefrom.

2012 Retirement and Reserve – to account for the taxes liened specifically for repayment of revenue bonds and expenses therefrom.

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. Authorization for this fund was donation agreement.

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

MAP College/Texas – MAP Black/Texas – to account for the funds received for road construction.

NMDOT Cactus/Mountain View – State of New Mexico for road construction.

2012 Bond Projects – Bond issue.

NM Recycling Development – state sources for development of recycling.

NM EMNED – to account for federal revenue to be used for outdoor recreation projects.

HUD Vistas de Plata HOPE VI – 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)”.

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, 2012

	<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	\$ 453,616	\$ 261,105	\$ 517,511	\$ 1,232,232
Taxes receivable	52,417		157,304	209,721
Interfund receivable	477,087		3,801	480,888
Assessments receivable			1,788	1,788
Allowance for doubtful accounts			(1,788)	(1,788)
Due from other governments	<u>48,163</u>	<u>146,162</u>		<u>194,325</u>
 Total assets	 <u><u>\$ 1,031,283</u></u>	 <u><u>\$ 407,267</u></u>	 <u><u>\$ 678,616</u></u>	 <u><u>\$ 2,117,166</u></u>
 Liabilities and Fund Balance				
Accounts payable	\$ 62,180	\$ 256,694	\$ -	\$ 318,874
Interfund payable	93,270	118,649	385,201	597,120
Deferred revenue	<u>11,632</u>	<u>37,599</u>	<u>82,111</u>	<u>131,342</u>
 Total liabilities	 <u><u>\$ 167,082</u></u>	 <u><u>\$ 412,942</u></u>	 <u><u>\$ 467,312</u></u>	 <u><u>\$ 1,047,336</u></u>
 Fund balance:				
Restricted	\$ 888,575	\$ 61,163	\$ 517,511	\$ 1,467,249
Assigned	45,428			45,428
Unassigned	<u>(69,802)</u>	<u>(66,838)</u>	<u>(306,207)</u>	<u>(442,847)</u>
 Total fund balance	 <u><u>\$ 864,201</u></u>	 <u><u>\$ (5,675)</u></u>	 <u><u>\$ 211,304</u></u>	 <u><u>\$ 1,069,830</u></u>
 Total liabilities and fund balance	 <u><u>\$ 1,031,283</u></u>	 <u><u>\$ 407,267</u></u>	 <u><u>\$ 678,616</u></u>	 <u><u>\$ 2,117,166</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, 2012

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Property taxes	\$ -	\$ -	\$ 3,832	\$ 3,832
Gross receipt taxes			401,099	401,099
Other taxes	270,006			270,006
State sources	285,487	545,889		831,376
Federal sources	136,047	1,063,306		1,199,353
Fines, licenses and permits	91,676			91,676
Miscellaneous	12,490	10,000	406	22,896
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 795,706</u>	<u>\$ 1,619,195</u>	<u>\$ 405,337</u>	<u>\$ 2,820,238</u>
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ 2,368	\$ 2,368
Public safety	481,273			481,273
Public works		176,519		176,519
Health and welfare	13,250			13,250
Culture recreation	414,317			414,317
Debt service:				
Principal			1,429,378	1,429,378
Interest			151,649	151,649
Bond issue costs		35,970		35,970
Capital outlay	88,898	2,067,364		2,156,262
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 997,738</u>	<u>\$ 2,279,853</u>	<u>\$ 1,583,395</u>	<u>\$ 4,860,986</u>
Revenues over (under) expenditures	\$ (202,032)	\$ (660,658)	\$ (1,178,058)	\$ (2,040,748)
Other financing sources (uses):				
Bond proceeds		800,000	473,763	1,273,763
Transfer in	65,033	101,224	718,166	884,423
Transfer (out)	(81,635)		(59,376)	(141,011)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	\$ (218,634)	\$ 240,566	\$ (45,505)	\$ (23,573)
Fund balance, July 1, 2011	<u>1,082,835</u>	<u>(246,241)</u>	<u>256,809</u>	<u>1,093,403</u>
Fund balance, June 30, 2012	<u>\$ 864,201</u>	<u>\$ (5,675)</u>	<u>\$ 211,304</u>	<u>\$ 1,069,830</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, 2012

	<u>Fire Protection</u>	<u>Juvenile Recreation</u>	<u>Lodgers Tax</u>	<u>Law Enforcement Protection</u>
Assets				
Cash and investments	\$ 22,939	\$ -	\$ 14,175	\$ 16,084
Taxes receivable			52,417	
Interfund receivable	26,758			
Due from other governments				
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 49,697</u>	<u>\$ -</u>	<u>\$ 66,592</u>	<u>\$ 16,084</u>
Liabilities and Fund Balance				
Accounts payable	\$ 15,163	\$ 8	\$ 31,775	\$ 2,179
Cash overdraft				
Interfund payable		4,220		
Deferred revenue				
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 15,163</u>	<u>\$ 4,228</u>	<u>\$ 31,775</u>	<u>\$ 2,179</u>
Fund balances:				
Restricted:				
Public safety	\$ 34,534	\$ -	\$ -	\$ 13,905
Culture and recreation			34,817	
Land acquisition				
Assigned:				
Culture and recreation				
Unassigned		(4,228)		
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<u>\$ 34,534</u>	<u>\$ (4,228)</u>	<u>\$ 34,817</u>	<u>\$ 13,905</u>
Total liabilities and fund balance	<u>\$ 49,697</u>	<u>\$ -</u>	<u>\$ 66,592</u>	<u>\$ 16,084</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>
\$ 80,971	\$ 70,245	\$ 45,428	\$ -	\$ 203,471
			48,163	450,329
<u>\$ 80,971</u>	<u>\$ 70,245</u>	<u>\$ 45,428</u>	<u>\$ 48,163</u>	<u>\$ 653,800</u>
\$ -	\$ -	\$ -	\$ 13,055	\$ -
			89,050	
			11,632	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,737</u>	<u>\$ -</u>
\$ - 80,971	\$ 70,245	\$ -	\$ -	\$ -
		45,428	(65,574)	653,800
<u>\$ 80,971</u>	<u>\$ 70,245</u>	<u>\$ 45,428</u>	<u>\$ (65,574)</u>	<u>\$ 653,800</u>
<u>\$ 80,971</u>	<u>\$ 70,245</u>	<u>\$ 45,428</u>	<u>\$ 48,163</u>	<u>\$ 653,800</u>

Town of Silver City
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2012

	Century Cable Capital	Total
Assets		
Cash and investments	\$ 303	\$ 453,616
Taxes receivable		52,417
Interfund receivable		477,087
Due from other governments		48,163
Total assets	\$ 303	\$ 1,031,283
 Liabilities and Fund Balance		
Accounts payable	\$ -	\$ 62,180
Cash overdraft		-
Interfund payable		93,270
Deferred revenue		11,632
Total liabilities	\$ -	\$ 167,082
 Fund balance:		
Restricted:		
Public safety	\$ -	\$ 118,684
Culture and recreation	303	116,091
Land acquisition		653,800
Assigned		
Culture and recreation		45,428
Unassigned		(69,802)
Total fund balance	\$ 303	\$ 864,201
Total liabilities and fund balance	\$ 303	\$ 1,031,283

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, 2012

	<u>Fire Protection</u>	<u>Juvenile Recreation</u>	<u>Lodgers Tax</u>	<u>Law Enforcement Protection</u>
Revenues:				
Other taxes	\$ -	\$ 7	\$ 269,999	\$ -
State sources	233,637			38,600
Federal sources				
Fines, licenses and permits				
Miscellaneous				1,732
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 233,637</u>	<u>\$ 7</u>	<u>\$ 269,999</u>	<u>\$ 40,332</u>
Expenditures:				
Current:				
Public safety	\$ 155,522	\$ -	\$ 20,134	\$ 39,697
Health and welfare				
Culture recreation		115	326,411	
Capital outlay		19,840		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 155,522</u>	<u>\$ 19,955</u>	<u>\$ 346,545</u>	<u>\$ 39,697</u>
Revenues over (under) expenditures	\$ 78,115	\$ (19,948)	\$ (76,546)	\$ 635
Other financing sources (uses):				
Transfer in				
Transfer (out)	(107,861)			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net changes in fund balances	\$ (29,746)	\$ (19,948)	\$ (76,546)	\$ 635
Fund balance, July 1, 2011	<u>64,280</u>	<u>15,720</u>	<u>111,363</u>	<u>13,270</u>
Fund balance, June 30, 2012	<u>\$ 34,534</u>	<u>\$ (4,228)</u>	<u>\$ 34,817</u>	<u>\$ 13,905</u>

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

<u>Library Memorial</u>	<u>Correction Fees</u>	<u>EMS Grant</u>	<u>Golf Course Surcharge</u>	<u>Drug Task Force</u>	<u>Forward Estate</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		13,250		136,047	
8,987	91,676		71		1,700
<u>\$ 8,987</u>	<u>\$ 91,676</u>	<u>\$ 13,250</u>	<u>\$ 71</u>	<u>\$ 136,047</u>	<u>\$ 1,700</u>
\$ -	\$ 122,229	\$ -	\$ -	\$ 143,691	\$ -
15,999		13,250			28,327
			69,058		
<u>\$ 15,999</u>	<u>\$ 122,229</u>	<u>\$ 13,250</u>	<u>\$ 69,058</u>	<u>\$ 143,691</u>	<u>\$ 28,327</u>
\$ (7,012)	\$ (30,553)	\$ -	\$ (68,987)	\$ (7,644)	\$ (26,627)
(8,774)			35,000	1,033	
<u>\$ (15,786)</u>	<u>\$ (30,553)</u>	<u>\$ -</u>	<u>\$ (33,987)</u>	<u>\$ (6,611)</u>	<u>\$ (26,627)</u>
96,757	100,798		79,415	(58,963)	680,427
<u>\$ 80,971</u>	<u>\$ 70,245</u>	<u>\$ -</u>	<u>\$ 45,428</u>	<u>\$ (65,574)</u>	<u>\$ 653,800</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, 2012

	<u>Century Cable Capital</u>	<u>Total</u>
Revenues:		
Other taxes	\$ -	\$ 270,006
State sources		285,487
Federal sources		136,047
Fines, licenses and permits		91,676
Miscellaneous		12,490
Total revenues	<u>\$ -</u>	<u>\$ 795,706</u>
 Expenditures:		
Current:		
Public safety	\$ -	\$ 481,273
Health and welfare		13,250
Culture recreation	43,465	414,317
Capital outlay		88,898
Total expenditures	<u>\$ 43,465</u>	<u>\$ 997,738</u>
 Revenues over (under) expenditures	 \$ (43,465)	 \$ (202,032)
 Other financing sources (uses):		
Transfer in	64,000	65,033
Transfer (out)		(81,635)
Net change in fund balances	\$ 20,535	\$ (218,634)
 Fund balance, July 1, 2011	 (20,232)	 1,082,835
Fund balance, June 30, 2012	<u>\$ 303</u>	<u>\$ 864,201</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, 2012

	GO Bond Retirement	Paving #11	2002 Reserve	2011 Retirement
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Interfund receivable	3,801			
Taxes receivable	82,142			75,162
NMFA receivable				
Assessments receivable		1,788		
Allowance for doubtful accounts		(1,788)		
	<u>\$ 85,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,162</u>
Total assets	\$ 85,943	\$ -	\$ -	\$ 75,162
 Liabilities and Fund Balance				
Interfund payable	\$ 38,124	\$ -	\$ 139,780	\$ 207,297
Deferred revenue	82,111			
	<u>\$ 120,235</u>	<u>\$ -</u>	<u>\$ 139,780</u>	<u>\$ 207,297</u>
Total liabilities	\$ 120,235	\$ -	\$ 139,780	\$ 207,297
Fund balance:				
Restricted:				
Debt service	\$ -		\$ -	\$ -
Unassigned	(34,292)		(139,780)	(132,135)
	<u>\$ (34,292)</u>	<u>\$ -</u>	<u>\$ (139,780)</u>	<u>\$ (132,135)</u>
Total fund balance	\$ (34,292)	\$ -	\$ (139,780)	\$ (132,135)
Total liabilities and fund balance	\$ 85,943	\$ -	\$ -	\$ 75,162

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

<u>2002 Reserve</u>	<u>2011 Reserve</u>	<u>Fire Substation</u>	<u>Fire Equipment</u>	<u>Total</u>
\$ 611	\$ 473,763	\$ 20,772	\$ 22,365	\$ 517,511 3,801 157,304 - 1,788 (1,788)
<u>\$ 611</u>	<u>\$ 473,763</u>	<u>\$ 20,772</u>	<u>\$ 22,365</u>	<u>\$ 678,616</u>
\$ -	\$ -	\$ -	\$ -	\$ 385,201 82,111
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,312</u>
\$ 611	\$ 473,763	\$ 20,772	\$ 22,365	\$ 517,511 (306,207)
<u>\$ 611</u>	<u>\$ 473,763</u>	<u>\$ 20,772</u>	<u>\$ 22,365</u>	<u>\$ 211,304</u>
<u>\$ 611</u>	<u>\$ 473,763</u>	<u>\$ 20,772</u>	<u>\$ 22,365</u>	<u>\$ 678,616</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, 2012

	<u>GO Bond Retirement</u>	<u>2012 Retirement</u>	<u>2011 Retirement</u>	<u>2002 Reserve</u>
Revenues:				
Property taxes	\$ 3,832	\$ -	\$ -	\$ -
Gross receipts taxes		-	401,099	
Miscellaneous				1
Total revenues	<u>\$ 3,832</u>	<u>\$ -</u>	<u>\$ 401,099</u>	<u>\$ 1</u>
Expenditures:				
Current:				
General government	\$ 400	\$ -	\$ -	\$ 1,003
Debt service:				
Principal	55,000	135,000	450,000	
Interest	11,725	4,780	114,617	
Total expenditures	<u>\$ 67,125</u>	<u>\$ 139,780</u>	<u>\$ 564,617</u>	<u>\$ 1,003</u>
Revenues over (under) expenditures	\$ (63,293)	\$ (139,780)	\$ (163,518)	\$ (1,002)
Other financing sources (uses):				
Bond proceeds				
Transfer in			31,383	
Transfer out				
Net change in fund balances	\$ (63,293)	\$ (139,780)	\$ (132,135)	\$ (1,002)
Fund balance, July 1, 2011	<u>29,001</u>			<u>1,613</u>
Fund balance, June 30, 2012	<u>\$ (34,292)</u>	<u>\$ (139,780)</u>	<u>\$ (132,135)</u>	<u>\$ 611</u>

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

<u>2011 Reserve</u>	<u>Fire Substation</u>	<u>Fire Equipment</u>	<u>Ladder Truck</u>	<u>Fire Pumper</u>	<u>Police Vehicles</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,832
	23	24		222	136	401,099
<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 222</u>	<u>\$ 136</u>	<u>\$ 405,337</u>
\$ -	\$ 8	\$ -	\$ -	\$ 852	\$ 105	\$ 2,368
			54,250	654,683	80,445	1,429,378
			7,658	11,638	1,231	151,649
<u>\$ -</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 61,908</u>	<u>\$ 667,173</u>	<u>\$ 81,781</u>	<u>\$ 1,583,395</u>
\$ -	\$ 15	\$ 24	\$ (61,908)	\$ (666,951)	\$ (81,645)	\$ (1,178,058)
473,763			61,908	598,952	25,923	473,763
					(59,376)	718,166
<u>\$ 473,763</u>	<u>\$ 15</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ (67,999)</u>	<u>\$ (115,098)</u>	<u>\$ (45,505)</u>
	20,757	22,341		67,999	115,098	256,809
<u><u>\$ 473,763</u></u>	<u><u>\$ 20,772</u></u>	<u><u>\$ 22,365</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 211,304</u></u>

Town of Silver City
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
June 30, 2012

	Freeport McMoran	NMDOT Cactus	2012 Bond Projects	NM Recycling Development
Assets				
Cash and investments	\$ 9,898	\$ -	\$ 251,207	\$ -
Due from other governments		12,260		104,612
Total assets	\$ 9,898	\$ 12,260	\$ 251,207	\$ 104,612
 Liabilities and Fund Balance				
Interfund payable	\$ -	\$ 8,185	\$ -	\$ 104,612
Accounts payable	3,025	4,075	196,917	
Deferred revenue		12,260		
Total liabilities	\$ 3,025	\$ 24,520	\$ 196,917	\$ 104,612
Fund balance:				
Restricted:				
Construction	\$ 6,873	\$ -	\$ 54,290	\$ -
Unassigned		(12,260)		
Total fund balance	\$ 6,873	\$ (12,260)	\$ 54,290	\$ -
Total liabilities and fund balance	\$ 9,898	\$ 12,260	\$ 251,207	\$ 104,612

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

<u>NM EMNRD</u>	<u>MAP College/Texas</u>	<u>Total</u>
\$ -	\$ -	\$ 261,105
<u>29,290</u>	<u>-</u>	<u>146,162</u>
<u>\$ 29,290</u>	<u>\$ -</u>	<u>\$ 407,267</u>
\$ 5,852	\$ -	\$ 118,649
23,438	29,239	256,694
<u>25,339</u>	<u>-</u>	<u>37,599</u>
<u>\$ 54,629</u>	<u>\$ 29,239</u>	<u>\$ 412,942</u>
\$ -	\$ -	\$ 61,163
<u>(25,339)</u>	<u>(29,239)</u>	<u>(66,838)</u>
<u>\$ (25,339)</u>	<u>\$ (29,239)</u>	<u>\$ (5,675)</u>
<u>\$ 29,290</u>	<u>\$ -</u>	<u>\$ 407,267</u>

Town of Silver City
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
June 30, 2012

	<u>Freeport McMoran</u>	<u>DFA Colonias</u>	<u>NMDOT Mountain View</u>	<u>NMDOT Cactus</u>
Revenues:				
State sources	\$ -	\$ 267,970	\$ 49,900	\$ -
Federal sources				
Miscellaneous	<u>10,000</u>			
Total revenues	<u>\$ 10,000</u>	<u>\$ 267,970</u>	<u>\$ 49,900</u>	<u>\$ -</u>
Expenditures:				
Current:				
Public works	\$ 35,246	\$ 30,770	\$ 22,208	\$ -
Bond issue costs				
Capital outlay		<u>237,200</u>	<u>64,000</u>	<u>12,260</u>
Total expenditures	<u>\$ 35,246</u>	<u>\$ 267,970</u>	<u>\$ 86,208</u>	<u>\$ 12,260</u>
Revenues over (under) expenditures	\$ (25,246)	\$ -	\$ (36,308)	\$ (12,260)
Other financing sources (uses):				
Bond proceeds				
Transfer in			55,373	
Transfer out				
Net change in fund balance	\$ (25,246)	\$ -	\$ 19,065	\$ (12,260)
Fund balance, July 1, 2011	<u>32,119</u>		<u>(19,065)</u>	
Fund balance, June 30, 2012	<u>\$ 6,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,260)</u>

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

<u>2012 Bond Projects</u>	<u>NM Recycling Development</u>	<u>HUD Vistas de Plata</u>	<u>Hope VI</u>	<u>NM EMNRD</u>	<u>MAP Black/Texas</u>	<u>Total</u>
\$ -	\$ - 104,612	\$ - 584,400	\$ - 370,343	\$ - 3,951	\$ 228,019	\$ 545,889 1,063,306 10,000
<u>\$ -</u>	<u>\$ 104,612</u>	<u>\$ 584,400</u>	<u>\$ 370,343</u>	<u>\$ 3,951</u>	<u>\$ 228,019</u>	<u>\$ 10,000</u>
\$ - 35,970 709,740	\$ - 104,612	\$ - 584,400	\$ - 145,189	\$ 29,290	\$ 59,005 209,963	\$ 176,519 35,970 2,067,364
<u>\$ 745,710</u>	<u>\$ 104,612</u>	<u>\$ 584,400</u>	<u>\$ 145,189</u>	<u>\$ 29,290</u>	<u>\$ 268,968</u>	<u>\$ 2,279,853</u>
\$ (745,710)	\$ -	\$ -	\$ 225,154	\$ (25,339)	\$ (40,949)	\$ (660,658)
800,000					45,851	800,000 101,224 -
<u>\$ 54,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,154</u>	<u>\$ (25,339)</u>	<u>\$ 4,902</u>	<u>\$ 240,566</u>
			(225,154)		(34,141)	(246,241)
<u>\$ 54,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,339)</u>	<u>\$ (29,239)</u>	<u>\$ (5,675)</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 244,500	\$ 244,500	\$ 233,637	\$ (10,863)
Expenditures:				
Current:				
Public safety	\$ 199,000	\$ 199,000	\$ 166,261	\$ 32,739
Capital outlay	70,698	70,698		70,698
Total expenditures	\$ 269,698	\$ 269,698	\$ 166,261	\$ 103,437
Revenues over (under) expenditures	\$ (25,198)	\$ (25,198)	\$ 67,376	\$ 92,574
Other financing sources (uses):				
Transfer in (out)	(64,984)	(64,984)	(107,861)	(42,877)
Net change in fund balance	\$ (90,182)	\$ (90,182)	\$ (40,485)	\$ 49,697
Fund balance, June 30, 2011	90,182	90,182	90,182	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ 49,697	\$ 49,697
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (29,746)	
Revenue accruals (net)				
Expenditure accruals (net)			(10,739)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (40,485)	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ -	\$ 10	\$ 7	\$ (3)
Expenditures:				
Current:				
Culture recreation	\$ 15,720	\$ 19,948	\$ 19,947	\$ 1
Total expenditures	\$ 15,720	\$ 19,948	\$ 19,947	\$ 1
Net change in fund balance	\$ (15,720)	\$ (19,938)	\$ (19,940)	\$ (2)
Fund balance, July 1, 2011	<u>15,720</u>	<u>19,938</u>	<u>15,720</u>	<u>(4,218)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,220)</u>	<u>\$ (4,220)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (19,948)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>8</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (19,940)</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 256,427	\$ 280,205	\$ 280,204	\$ (1)
Expenditures:				
Current:				
Culture and recreation	\$ 262,246	\$ 311,321	\$ 302,328	\$ 8,993
Public safety	21,052	21,052	20,134	918
Total expenditures	\$ 283,298	\$ 332,373	\$ 322,462	\$ 9,911
Revenues over (under) expenditures	\$ (26,871)	\$ (52,168)	\$ (42,258)	\$ 9,910
Other financing sources (uses):				
Transfer in	-	-		-
Net change in fund balance	\$ (26,871)	\$ (52,168)	\$ (42,258)	\$ 9,910
Fund balance, June 30, 2011	56,433	56,433	119,055	62,622
Fund balance, June 30, 2012	<u>\$ 29,562</u>	<u>\$ 4,265</u>	<u>\$ 76,797</u>	<u>\$ 72,532</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (76,546)	
Revenue accruals (net)			10,205	
Expenditure accruals (net)			24,083	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (42,258)</u>	

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

Town of Silver City
SPECIAL REVENUE FUND - EMS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 10,180	\$ 13,250	\$ 13,250	\$ -
Expenditures:				
Current:				
Health and welfare	\$ 10,180	\$ 13,250	\$ 13,250	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ 10,180	\$ 13,250	\$ 13,250	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, June 30, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines, licenses and permits	\$ 107,667	\$ 107,667	\$ 91,676	\$ (15,991)
Expenditures:				
Current:				
Public safety	199,017	199,017	123,229	75,788
Net change in fund balance	\$ (91,350)	\$ (91,350)	\$ (31,553)	\$ 59,797
Fund balance, July 1, 2011	101,798	101,798	101,798	-
Fund balance, June 30, 2012	\$ 10,448	\$ 10,448	\$ 70,245	\$ 59,797
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (30,553)	
Revenue accruals (net)				
Expenditure accruals (net)			(1,000)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (31,553)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	<u> </u>	\$ 71	\$ 71	\$ -
Expenditures:				
Current:				
Culture and recreation		\$ -	\$ -	\$ -
Capital outlay	<u> </u>	125,099	69,058	56,041
Total expenditures	<u>\$ -</u>	<u>\$ 125,099</u>	<u>\$ 69,058</u>	<u>\$ 56,041</u>
Revenues over (under) expenditures	\$ -	\$ (125,028)	\$ (68,987)	\$ 56,041
Other financing sources (uses):				
Transfer in	<u> </u>	35,000	35,000	<u> </u>
Net change in fund balance	\$ -	\$ (90,028)	\$ (33,987)	\$ 56,041
Fund balance, June 30, 2011	<u> </u>	90,028	79,415	(10,613)
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 45,428</u></u>	<u><u>\$ 45,428</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (33,987)	
Revenue accruals (net)				
Transfer accruals (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (33,987)</u></u>	

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

Town of Silver City
SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 38,600	\$ 40,332	\$ 40,332	\$ -
Expenditures:				
Current:				
Public safety	\$ 37,500	\$ 37,518	\$ 37,518	\$ -
Capital outlay				-
Total expenditures	\$ 37,500	\$ 37,518	\$ 37,518	\$ -
Net change in fund balance	\$ 1,100	\$ 2,814	\$ 2,814	\$ -
Fund balance, July 1, 2011	13,270	13,270	13,270	-
Fund balance, June 30, 2012	\$ 14,370	\$ 16,084	\$ 16,084	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 635	
Revenue accruals (net)				
Expenditure accruals (net)			2,179	
Net change in fund balance, NON-GAAP budgetary basis			\$ 2,814	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 33,240	\$ 33,240	\$ 8,987	\$ (24,253)
Expenditures:				
Current:				
Culture recreation	\$ 132,240	\$ 132,240	\$ 15,999	\$ 116,241
Capital outlay				-
Total expenditures	\$ 132,240	\$ 132,240	\$ 15,999	\$ 116,241
Revenues over (under) expenditures	\$ (99,000)	\$ (99,000)	\$ (7,012)	\$ 91,988
Other financing sources (uses):				
Transfer in (out)		8,775	(8,774)	(17,549)
Net change in fund balance	\$ (99,000)	\$ (90,225)	\$ (15,786)	\$ 74,439
Fund balance, June 30, 2011	99,000	90,225	96,757	6,532
Fund balance, June 30, 2012	\$ -	\$ -	\$ 80,971	\$ 80,971
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (15,786)	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (15,786)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 167,754	\$ 167,754	\$ 167,754	\$ -
Expenditures:				
Current:				
Public safety	\$ 136,057	\$ 136,057	\$ 136,057	\$ -
Total expenditures	\$ 136,057	\$ 136,057	\$ 136,057	\$ -
Revenues over (under) expenditures	\$ 31,697	\$ 31,697	\$ 31,697	\$ -
Other financing sources (uses):				
Transfer in	1,033	1,033	1,033	-
Net change in fund balance	\$ 32,730	\$ 32,730	\$ 32,730	\$ -
Fund balance, June 30, 2011	(32,730)	(32,730)	(69,421)	(36,691)
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,691)</u>	<u>\$ (36,691)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (6,611)	
Revenue accruals (net)			31,707	
Expenditure accruals (net)			7,634	
Transfer accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 32,730</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 1,701	\$ 1,701	\$ 1,700	\$ (1)
Expenditures:				
Capital outlay	\$ 28,258	\$ 28,328	\$ 28,327	\$ 1
Total expenditures	<u>\$ 28,258</u>	<u>\$ 28,328</u>	<u>\$ 28,327</u>	<u>\$ 1</u>
Revenues over (under) expenditures	\$ (26,557)	\$ (26,627)	\$ (26,627)	\$ -
Other financing sources (uses):				
Transfer in (out)				-
Net change in fund balance	\$ (26,557)	\$ (26,627)	\$ (26,627)	\$ -
Fund balance, June 30, 2011	<u>680,427</u>	<u>680,427</u>	<u>680,427</u>	-
Fund balance, June 30, 2012	<u><u>\$ 653,870</u></u>	<u><u>\$ 653,800</u></u>	<u><u>\$ 653,800</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (26,627)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Transfer accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (26,627)</u></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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Culture recreation	\$ 60,147	\$ 63,697	\$ 63,697	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ 60,147	\$ 63,697	\$ 63,697	\$ -
Other financing sources (uses):				
Transfer in	68,250	68,250	64,000	(4,250)
Net change in fund balance	\$ 8,103	\$ 4,553	\$ 303	\$ (4,250)
Fund balance, July 1, 2011	(8,103)	(4,553)	-	4,553
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ 303</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 20,535	
Revenue accruals (net)				
Expenditure accruals (net)			(20,232)	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 303</u>	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 37,724	\$ 38,124	\$ -	\$ (38,124)
Total revenues	<u>\$ 37,724</u>	<u>\$ 38,124</u>	<u>\$ -</u>	<u>\$ (38,124)</u>
Expenditures:				
Current:				
Administration	\$ -	\$ 400	\$ 400	\$ -
Principal	55,000	55,000	55,000	-
Interest	<u>11,725</u>	<u>11,725</u>	<u>11,725</u>	<u>-</u>
Total expenditures	<u>\$ 66,725</u>	<u>\$ 67,125</u>	<u>\$ 67,125</u>	<u>\$ -</u>
Net change in fund balance	\$ (29,001)	\$ (29,001)	\$ (67,125)	\$ (38,124)
Fund balance, July 1, 2011	<u>29,001</u>	<u>29,001</u>	<u>29,001</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (38,124)</u></u>	<u><u>\$ (38,124)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (63,293)	
Revenue accruals (net)			(3,832)	
Expenditure accruals (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (67,125)</u></u>	

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

Town of Silver City
DEBT SERVICE FUND - 2012 RETIREMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 139,780	\$ 139,780	\$ -	\$ (139,780)
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ 35,970	\$ (35,970)
Principal	175,750	175,750	135,000	40,750
Interest			4,780	(4,780)
Total expenditures	<u>\$ 175,750</u>	<u>\$ 175,750</u>	<u>\$ 175,750</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (35,970)	\$ (35,970)	\$ (175,750)	\$ (139,780)
Other financing sources (uses):				
Bond proceeds	\$ 800,000	\$ 800,000	\$ 800,000	
Transfer (out)	<u>(764,030)</u>	<u>(764,030)</u>	<u>(764,030)</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ (139,780)	\$ (139,780)
Fund balance, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (139,780)</u></u>	<u><u>\$ (139,780)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (139,780)	
Revenue accruals (net)			(35,970)	
Expenditure accruals (net)			35,970	
Other financing sources			<u>35,970</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (139,780)</u></u>	

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

Town of Silver City
DEBT SERVICE FUND - 2002 RESERVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 5	\$ 5	\$ 1	\$ (4)
Expenditures:				
Current:				
Administration	\$ -	\$ 1,003	\$ 1,003	\$ -
Principal				-
Interest				-
Total expenditures	\$ -	\$ 1,003	\$ 1,003	\$ -
Revenues over (under) expenditures	\$ 5	\$ (998)	\$ (1,002)	\$ (4)
Other financing sources (uses):				
Transfer out				-
Net change in fund balance	\$ 5	\$ (998)	\$ (1,002)	\$ (4)
Fund balance, July 1, 2011	1,613	1,613	1,613	-
Fund balance, June 30, 2012	\$ 5	\$ 615	\$ 611	\$ (4)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,002)	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			\$ (1,002)	

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

Town of Silver City
DEBT SERVICE FUND - 2011 RETIREMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 207,299	\$ 207,299	\$ 325,937	\$ 118,638
Expenditures:				
Current:				
Administration	\$ -	\$ -		\$ -
Principal	564,618	564,618	450,000	114,618
Interest			114,617	(114,617)
Total expenditures	\$ 564,618	\$ 564,618	\$ 564,617	\$ 1
Revenues over (under) expenditures	\$ (357,319)	\$ (357,319)	\$ (238,680)	\$ 118,639
Other financing sources (uses):				
Bond proceeds	\$ 6,623,787	\$ 6,623,787	\$ 6,297,849	
Transfer (out)	(6,266,468)	(6,266,468)	(6,266,466)	2
Net change in fund balance	\$ -	\$ -	\$ (207,297)	\$ 118,641
Fund balance, July 1, 2011				-
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (207,297)</u>	<u>\$ 118,641</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (132,135)	
Revenue accruals (net)			(75,162)	
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (207,297)</u>	

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

Town of Silver City
DEBT SERVICE FUND - 2011 RESERVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ -	\$ -
Principal				-
Interest				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in	473,763	473,763	473,763	-
Net change in fund balance	\$ 473,763	\$ 473,763	\$ 473,763	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ 473,763	\$ 473,763	\$ 473,763	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 473,763	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 473,763	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -		\$ -	\$ -
Expenditures:				
Current:				
Administration				\$ -
Principal				-
Interest				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditure:	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011				-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 15	
Revenue accruals (net)			(23)	
Expenditure accruals (net)			8	
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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration				\$ -
Principal				-
Interest				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 24	
Revenue accruals (net)			(24)	
Expenditure accruals (net)				
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Town of Silver City
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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 4	\$ 4	\$ -	\$ (4)
Expenditures:				
Principal	\$ 54,255	\$ 54,255	\$ 54,250	\$ 5
Interest	7,658	7,658	7,658	-
Total expenditures	<u>\$ 61,913</u>	<u>\$ 61,913</u>	<u>\$ 61,908</u>	<u>\$ 5</u>
Revenues over (under) expenditures	\$ (61,909)	\$ (61,909)	\$ (61,908)	\$ 1
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	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2012	<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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 228	\$ 228	\$ 227	\$ (1)
Expenditures:				
Current:				
Administration	\$ 1,637	\$ 1,637	\$ 1,459	\$ 178
Principle	642,913	642,913	642,656	257
Interest	22,406	22,406	22,841	(435)
Total expenditures	<u>\$ 666,956</u>	<u>\$ 666,956</u>	<u>\$ 666,956</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (666,728)	\$ (666,728)	\$ (666,729)	\$ (1)
Other financing sources (uses):				
Transfer in	<u>599,162</u>	<u>599,162</u>	<u>666,729</u>	<u>67,567</u>
Net change in fund balance	\$ (67,566)	\$ (67,566)	\$ -	\$ 67,566
Fund balance, July 1, 2011	<u>67,566</u>	<u>67,566</u>	<u>-</u>	<u>(67,566)</u>
Fund balance, June 30, 2012	<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			\$ (67,999)	
Revenue accruals (net)			5	
Expenditure accruals (net)			216	
Other financing sources			<u>67,778</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ 103	\$ 103	\$ -
Expenditures:				
Current:				
Public safety		\$ 201	\$ 4	\$ 197
Principal		80,445	65,334	15,111
Interest		2,371	255	2,116
Total expenditures	\$ -	\$ 83,017	\$ 65,593	\$ 17,424
Revenues over (under) expenditures	\$ -	\$ (82,914)	\$ (65,490)	\$ 17,424
Other financing sources (uses):				
Transfer in		57,294	98,943	41,649
Transfer (out)		(28,647)	(33,453)	(4,806)
Net change in fund balance	\$ -	\$ (54,267)	\$ -	\$ 54,267
Fund balance, July 1, 2011	-	54,267	-	(54,267)
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (115,098)	
Revenue accruals (net)			(33)	
Expenditure accruals (net)			16,188	
Other financing sources			98,943	
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 - 2011 BOND PROJECTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 5,992	\$ 5,992	\$ 5,992	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	<u>3,505,182</u>	<u>3,505,182</u>	<u>1,698,439</u>	<u>1,806,743</u>
Total expenditures	<u>\$ 3,505,182</u>	<u>\$ 3,505,182</u>	<u>\$ 1,698,439</u>	<u>\$ 1,806,743</u>
Revenues over (under) expenditures	\$ (3,499,190)	\$ (3,499,190)	\$ (1,692,447)	\$ 1,806,743
Other financing sources (uses):				
Transfer in	<u>5,005,300</u>	<u>5,005,300</u>	<u>5,005,300</u>	<u>-</u>
Net change in fund balance	\$ 1,506,110	\$ 1,506,110	\$ 3,312,853	\$ 1,806,743
Fund balance, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ 1,506,110</u></u>	<u><u>\$ 1,506,110</u></u>	<u><u>\$ 3,312,853</u></u>	<u><u>\$ 1,806,743</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 2,270,818	
Revenue accruals (net)			(52,213)	
Expenditure accruals (net)			1,196,399	
Other financing sources			<u>(102,151)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 3,312,853</u></u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - NM RECYCLING DEVELOPMENT PROJECT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 104,612	\$ -	\$ (104,612)
Expenditures:				
Capital outlay	\$ -	\$ 104,612	\$ 104,612	\$ -
Total expenditures	\$ -	\$ 104,612	\$ 104,612	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ (104,612)	\$ (104,612)
Other financing sources (uses):				
Transfer out				-
Net change in fund balance	\$ -	\$ -	\$ (104,612)	\$ (104,612)
Fund balance, July 1, 2011				-
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (104,612)</u>	<u>\$ (104,612)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(104,612)	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (104,612)</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - HUD/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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 584,400	\$ 584,400	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	584,400	584,400	-
Total expenditures	\$ -	\$ 584,400	\$ 584,400	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Town of Silver City
CAPITAL PROJECTS FUND - 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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 632,557	\$ 632,557	\$ 370,343	\$ (262,214)
Expenditures:				
Current:				
Public works	\$ 532,557	\$ 532,557	\$ 195,612	\$ 336,945
Capital outlay				-
Total expenditures	<u>\$ 532,557</u>	<u>\$ 532,557</u>	<u>\$ 195,612</u>	<u>\$ 336,945</u>
Revenues over (under) expenditures	\$ 100,000	\$ 100,000	\$ 174,731	\$ 74,731
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ 100,000	\$ 100,000	\$ 174,731	\$ 74,731
Fund balance, July 1, 2011	<u>(100,000)</u>	<u>(100,000)</u>	<u>(174,731)</u>	<u>(74,731)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 225,154	
Revenue accruals (net)				
Expenditure accruals (net)			(50,423)	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 174,731</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - 2012 BOND PROJECTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay		486,973	486,972	1
Total expenditures	\$ -	\$ 486,973	\$ 486,972	\$ 1
Revenues over (under) expenditures	\$ -	\$ (486,973)	\$ (486,972)	\$ 1
Other financing sources (uses):				
Transfer in		738,179	738,179	-
Net change in fund balance	\$ -	\$ 251,206	\$ 251,207	\$ 1
Fund balance, July 1, 2011				-
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ 251,206</u>	<u>\$ 251,207</u>	<u>\$ 1</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 54,290	
Revenue accruals (net)			258,738	
Expenditure accruals (net)			(61,821)	
Other financing sources			<u>(61,821)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 251,207</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - NMDOT CACTUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 8,185	\$ -	\$ (8,185)
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	8,185	8,185	-
Total expenditures	\$ -	\$ 8,185	\$ 8,185	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ (8,185)	\$ (8,185)
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ (8,185)	\$ (8,185)
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,185)</u>	<u>\$ (8,185)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (12,260)	
Revenue accruals (net)				
Expenditure accruals (net)			4,075	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (8,185)</u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - NM EMNRD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 5,852	\$ 5,852	\$ -	\$ (5,852)
Expenditures:				
Current:				
Public works	\$ 5,852	\$ 5,852	\$ 5,852	\$ -
Capital outlay				-
Total expenditures	<u>\$ 5,852</u>	<u>\$ 5,852</u>	<u>\$ 5,852</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ (5,852)	\$ (5,852)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ -	\$ -	\$ (5,852)	\$ (5,852)
Fund balance, July 1, 2011				-
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,852)</u>	<u>\$ (5,852)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (25,339)	
Revenue accruals (net)			(3,951)	
Expenditure accruals (net)			23,438	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (5,852)</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 39,200	\$ 32,866	\$ 10,000	\$ (22,866)
Expenditures:				
Capital outlay	6,440	32,866	32,865	1
Net change in fund balance	\$ 32,760	\$ -	\$ (22,865)	\$ (22,865)
Fund balance, July 1, 2011	-	-	32,763	32,763
Fund balance, June 30, 2012	\$ 32,760	\$ -	\$ 9,898	\$ 9,898
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (25,246)	
Revenue accruals (net)				
Expenditure accruals (net)			2,381	
Net change in fund balance, NON-GAAP budgetary basis			\$ (22,865)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 270,000	\$ 270,000	\$ 270,000	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ 30,770	\$ (30,770)
Capital outlay	267,970	267,970	237,200	30,770
Total expenditures	\$ 267,970	\$ 267,970	\$ 267,970	\$ -
Revenues over (under) expenditures	\$ 2,030	\$ 2,030	\$ 2,030	\$ -
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ 2,030	\$ 2,030	\$ 2,030	\$ -
Fund balance, July 1, 2011	(2,030)	(2,030)	(2,030)	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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			\$ 2,030	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 49,900	\$ 49,900	\$ 49,900	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ 22,208	\$ (22,208)
Capital outlay	89,900	89,900	64,000	25,900
Total expenditures	<u>\$ 89,900</u>	<u>\$ 89,900</u>	<u>\$ 86,208</u>	<u>\$ 3,692</u>
Revenues over (under) expenditures	\$ (40,000)	\$ (40,000)	\$ (36,308)	\$ 3,692
Other financing sources (uses):				
Transfer in	<u>55,373</u>	<u>55,373</u>	<u>55,373</u>	<u>-</u>
Net change in fund balance	\$ 15,373	\$ 15,373	\$ 19,065	\$ 3,692
Fund balance, July 1, 2011	<u>(15,373)</u>	<u>(15,373)</u>	<u>(19,065)</u>	<u>(3,692)</u>
Fund balance, June 30, 2012	<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			\$ 19,065	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 19,065</u></u>	

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

Town of Silver City
CAPITAL PROJECTS FUND - MAP COLLEGE/BLACK/TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 228,019	\$ 228,019	\$ 228,019	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ 57,210	\$ (57,210)
Capital outlay	273,019	273,019	191,331	81,688
Total expenditures	<u>\$ 273,019</u>	<u>\$ 273,019</u>	<u>\$ 248,541</u>	<u>\$ 24,478</u>
Revenues over (under) expenditures	\$ (45,000)	\$ (45,000)	\$ (20,522)	\$ 24,478
Other financing sources (uses):				
Transfer in	<u>70,851</u>	<u>70,851</u>	<u>45,851</u>	<u>(25,000)</u>
Net change in fund balance	\$ 25,851	\$ 25,851	\$ 25,329	\$ (522)
Fund balance, July 1, 2011	<u>(25,851)</u>	<u>(25,851)</u>	<u>(25,329)</u>	<u>522</u>
Fund balance, June 30, 2012	<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			\$ 4,902	
Revenue accruals (net)			20,427	
Expenditure accruals (net)				
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 25,329</u></u>	

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

Town of Silver City
ENTERPRISE FUNDS - WATER AND SEWER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 771,955	\$ 771,955	\$ 462,736	\$ (309,219)
State sources			36,166	36,166
Federal sources	891,396	891,396	418,281	(473,115)
Charges for services	4,519,224	4,963,797	4,430,308	(533,489)
Earnings on investments	129	129	129	-
Miscellaneous				-
	<u>\$ 6,182,704</u>	<u>\$ 6,627,277</u>	<u>\$ 5,347,620</u>	<u>\$ (1,279,657)</u>
Total revenues				
Expenses:				
Personnel	\$ 1,892,795	\$ 1,892,795	\$ 2,099,351	\$ (206,556)
Operating	2,272,562	2,717,135	2,307,647	409,488
Capital outlay	1,997,577	1,997,577	1,018,382	979,195
Debt service:				
Principal	430,688	430,688	312,488	118,200
Interest	62,637	62,637	48,920	13,717
	<u>\$ 6,656,259</u>	<u>\$ 7,100,832</u>	<u>\$ 5,786,788</u>	<u>\$ 1,314,044</u>
Total expenses				
Revenues over (under) expenses	\$ (473,555)	\$ (473,555)	\$ (439,168)	\$ 34,387
Other financing sources (uses):				
Transfers in	507,953	507,953	363,073	(144,880)
Transfers out	(880,579)	(880,579)	(512,035)	368,544
Loan proceeds	816,614	816,614	404,581	(412,033)
	<u>\$ (29,567)</u>	<u>\$ (29,567)</u>	<u>\$ (183,549)</u>	<u>\$ (153,982)</u>
Net changes in retained earnings				
Retained earnings, July 1, 2011	77,581	77,581	343,927	266,346
Retained earnings, June 30, 2012	<u>\$ 48,014</u>	<u>\$ 48,014</u>	<u>\$ 160,378</u>	<u>\$ 112,364</u>
Budgetary reconciliation:				
Net change in retained earnings, GAAP basis			\$ 287,032	
Revenue accruals (net)			58,202	
Expenditure accruals (net)			(933,364)	
Other financing sources (uses)			<u>404,581</u>	
Net change in retained earnings, NON-GAAP budgetary basis			<u>\$ (183,549)</u>	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 175,132	\$ 192,988	\$ 197,168	\$ 4,180
Charges for services	1,936,467	2,001,399	1,875,617	(125,782)
Miscellaneous		419	566	147
Total revenues	<u>\$ 2,111,599</u>	<u>\$ 2,194,806</u>	<u>\$ 2,073,351</u>	<u>\$ (121,455)</u>
Expenses:				
Personnel	\$ 507,541	\$ 623,892	\$ 623,891	\$ 1
Operating	1,385,657	1,435,388	1,434,241	1,147
Principle	471,124	471,124	488,405	(17,281)
Interest	19,852	19,852	3,715	16,137
Total expenses	<u>\$ 2,384,174</u>	<u>\$ 2,550,256</u>	<u>\$ 2,550,252</u>	<u>\$ 4</u>
Revenues over (under) expenses	\$ (272,575)	\$ (355,450)	\$ (476,901)	\$ (121,451)
Other financing sources (uses):				
Transfer in	520,634	520,634	366,986	(153,648)
Transfers out	<u>(261,915)</u>	<u>(234,864)</u>	<u>(81,216)</u>	<u>153,648</u>
Net change in retained earnings	\$ (13,856)	\$ (69,680)	\$ (191,131)	\$ (121,451)
Retained earnings, July 1, 2011	<u>69,680</u>	<u>69,680</u>	<u>69,680</u>	<u>-</u>
Retained earnings, June 30, 2012	<u>\$ 55,824</u>	<u>\$ -</u>	<u>\$ (121,451)</u>	<u>\$ (121,451)</u>
Budgetary reconciliation:				
Net change in retained earnings, GAAP basis			\$ 592,407	
Revenue accruals (net)			15,452	
Expenditure accruals (net)			(798,988)	
Other financing sources (uses)			<u>(2)</u>	
Net change in retained earnings, NON-GAAP budgetary basis			<u>\$ (191,131)</u>	

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

Town of Silver City
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Teen Court				
Assets				
Cash and investments	\$ (900)	\$ 900	\$ -	\$ -
Receivables	<u>900</u>	<u>-</u>	<u>900</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ -</u>
Liabilities				
Due to others	<u>\$ -</u>	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ -</u>
Municipal Court Bond				
Assets				
Cash and investments	\$ 10,831	\$ 41,079	\$ 47,527	\$ 4,383
Total assets	<u>\$ 10,831</u>	<u>\$ 41,079</u>	<u>\$ 47,527</u>	<u>\$ 4,383</u>
Liabilities				
Due to others	<u>\$ 10,831</u>	<u>\$ 41,079</u>	<u>\$ 47,527</u>	<u>\$ 4,383</u>
Total all agency funds				
Assets				
Cash and investments	\$ 9,931	\$ 41,979	\$ 47,527	\$ 4,383
Receivables	<u>900</u>	<u>-</u>	<u>900</u>	<u>-</u>
Total assets	<u>\$ 10,831</u>	<u>\$ 41,979</u>	<u>\$ 48,427</u>	<u>\$ 4,383</u>
Liabilities				
Due to others	<u>\$ 10,831</u>	<u>\$ 41,979</u>	<u>\$ 48,427</u>	<u>\$ 4,383</u>

Town on Silver City
SCHEDULE OF DEPOSITORY COLLATERAL
 June 30, 2012

	<u>First Savings</u>	<u>Western Bank</u>	<u>First NM Bank</u>	<u>Wells Fargo</u>	<u>Total</u>
Checking and CD's	\$ 102,178	\$ 100,568	\$ 127,289	\$ 3,060,927	\$ 3,390,962
Less: FDIC insurance	<u>102,178</u>	<u>100,568</u>	<u>127,289</u>	<u>2,606,106</u>	<u>2,936,141</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,821</u>	<u>\$ 454,821</u>
50% collateralization requirement (Section 6-10-17 NMSA)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,411</u>	<u>\$ 227,411</u>
Pledged Securities: FNMA 31418ABC1 12/1/26	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,578</u>	<u>\$ 350,578</u>
Total pledged securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,578</u>	<u>\$ 350,578</u>
Pledged securities over (under) requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,168</u>	<u>\$ 123,168</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, 2012

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Wells Fargo</u>			
General	Checking	\$ 1,852,361	\$ 1,467,481
Sweep	Checking	499,251	499,251
CDBG 95	Checking	-	-
CDBG 2000	Checking	-	-
Municipal Bond	Checking	4,495	4,383
Library Memorial	Checking	-	92
General	Savings	231,057	231,057
2002 Refunding Reserve	CD	473,763	473,763
2002 Refunding Reserve	CD		
		<u>\$ 3,060,927</u>	<u>\$ 2,676,027</u>
<u>LGIP</u>			
Forward Estate	LGIP	\$ 25,940	\$ 25,940
Bond Projects	LGIP	1,806,741	1,806,741
2002 Refunding Reserve	LGIP	1,590	587
		<u>\$ 1,834,271</u>	<u>\$ 1,833,268</u>
<u>First New Mexico Bank</u>			
Forward Estate	CD	\$ 14,322	\$ 14,322
Forward Estate	CD	112,967	112,967
		<u>\$ 127,289</u>	<u>\$ 127,289</u>

Town of Silver City
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS (concluded)
 June 30, 2012

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>First Savings Bank</u>			
Golf Course Surcharge	CD	\$ 102,178	\$ 102,178
<u>Western Bank</u>			
Sanitation Fund	CD	\$ 50,326	\$ 50,326
Forward Estate	CD	50,242	50,242
Total Western Bank		\$ 100,568	\$ 100,568
<u>NMFA</u>			
Cash on deposit with paying agent	NMFA	\$ 43,137	\$ 43,137
Cash on hand			\$ 3,800
Total cash and investments		\$ 5,268,370	\$ 4,886,267

Town of Silver City
SCHEDULE OF LEGISLATIVE GRANTS & SEVERANCE TAX BONDS PROJECTS
 June 30, 2012

	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, 2012	\$ 200,000	\$ 20,000	\$ 1,000,000	\$ 500,000	\$ 288,000
Encumbrances	_____	_____	_____	_____	_____
Total committed	<u><u>\$ 200,000</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 1,000,000</u></u>	<u><u>\$ 500,000</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, 2012

	La Capilla Retaining Wall <u>04-L-G-1607</u>	Public Library <u>06-L-G-1670</u>	Downtown Gateway Signage <u>04-L-G-336</u>	Memory Lane Cemetery <u>SP-GA-5850</u>	Big Ditch Park Phase III <u>06-L-7832</u>	Penny Park Skate Park <u>04-L-G-2174</u>
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, 2012	\$ -	\$ 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 JOINT POWERS AGREEMENTS
For the Fiscal Year Ended June 30, 2012

Emergency Medical Services

Participants	Town of Silver City Gila Regional Medical Center
Responsible party	Town of Silver City Gila Regional Medical Center
Description	To provide emergency medical response services within the municipal limits of the Town.
Dates of agreement	Indefinitely until terminated by parties.
Amount of project	Varies
Audit responsibility	Town of Silver City Gila Regional Medical Center

Extraterritorial Jurisdiction Advisory Board

Participants	Town of Silver City Grant County
Responsible party	Town of Silver City Grant County
Description	To create a single application for developers and others which would initiate a single procedure for the review and consideration of a request to subdivide land located within the extraterritorial jurisdiction.

Town of Silver City
SCHEDULE OF JOINT POWERS AGREEMENTS (continued)
 For the Fiscal Year Ended June 30, 2012

Dates of agreement Ongoing

Amount of project Unknown

Audit responsibility Unknown

Public Transportation

Participants Town of Silver City
 Grant County

Responsible party Grant County

Description To operate public transportation services to as many population areas of the County and Town as resources permit, thereby creating increased access to the enterprises, services and events of the area.

Dates of agreement Ongoing

Audit responsibility Grant County

Water Commission

Participants Town of Silver City
 Village of Santa Clara
 City of Bayard
 Town of Hurley
 Grant County

Responsible party Town of Silver City
 Village of Santa Clara
 City of Bayard
 Town of Hurley
 Grant County

Description Establishment of a water commission consisting of one member from each jurisdiction.

Dates of agreement Ongoing

Town of Silver City
SCHEDULE OF JOINT POWERS AGREEMENTS (continued)
 For the Fiscal Year Ended June 30, 2012

Amount of project Unknown

Audit responsibility Unknown

Southwest Solid Waste Authority

Participants Southwest Solid Waste Authority
 Town of Silver City

Description For the purpose of establishing terms and conditions for a financial investment by way of the loaning of funds to the Authority by the Town in order to insure continuing solid waste recycling and disposal services of the Authority for the benefit of Town residents.

Dates of agreement 15 years, commencing in April 2004.

Amount of project \$300,000 loan with 4.8% interest, payable monthly.

Audit responsibility Town of Silver City
 Southwest Solid Waste Authority

Arenas Valley Water Association

Participants Town of Silver City
 Arenas Valley Water Association

Responsible party Town of Silver City
 Arenas Valley Water Association

Description Town of Silver City shall provide not more than 200 acre feet of water per year to the Association.

Dates of agreement Indefinite

Town of Silver City
SCHEDULE OF JOINT POWERS AGREEMENTS (continued)
 For the Fiscal Year Ended June 30, 2012

Pinos Altos Mutual Domestic Water Consumers Association

Participants	Town of Silver City Pinos Altos Mutual Domestic Water Consumers Association
Responsible party	Town of Silver City Pinos Altos Mutual Domestic Water Consumers Association
Description	Town of Silver City shall provide water to the Association.
Dates of agreement	Ongoing
Amount of project	Association will pay the Town based on a tiered system ranging from \$6.99 to \$5.29 per varying thousands of gallons of water.
Audit responsibility	Town of Silver City

Joint Communications Center

Participants	Town of Silver City City of Bayard Town of Hurley Village of Santa Clara Grant County
Responsible party	Town of Silver City City of Bayard Town of Hurley Village of Santa Clara Grant County
Description	To establish the Grant County Regional Dispatch Authority.
Dates of agreement	Ongoing
Amount of project	Unknown

Town of Silver City
SCHEDULE OF JOINT POWERS AGREEMENTS (concluded)
 For the Fiscal Year Ended June 30, 2012

Agency contribution Provide a member for the Board.

Audit responsibility Grant County

Public Transportation "Corre Caminos"

Participants Town of Silver City
 County of Grant
 County of Luna
 City of Deming

Responsible party Grant County

Description To operate public transportation services within Grant, Luna,
 Silver City and Deming as resources permit.

Dates of agreement Ongoing

Audit responsibility Grant County

Town of Silver City
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2012

<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	N/A	\$ 357,397
Affordable Housing Development in Main Street Project:	14.878	N/A	729,589
Passed through New Mexico Mortgage Finance Authority: Home Partnership	14.239	N/A	<u>261,023</u>
Total U.S. Dept. of Housing and Urban Development			<u>\$ 1,348,009</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct: ARRA-Byrne Memorial Justice Assistance Grant	16.804	N/A	\$ 36,765
Passed through N.M. Dept. of Public Safety: Byrne Memorial Justice Assistance Grant	16.738	N/A	144,485
Passed through N.M. Dept. of Children, Youth & Families and Luna County: Juvenile Justice and Delinquency Prevention	16.540	N \ A	<u>99,948</u>
Total U.S. Department of Justice			<u>\$ 281,198</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct: Historic Preservation Grant	15.904	N \ A	\$ 16,069
Outdoor Recreation Acquisition Development & Plannir	15.916	N/A	<u>29,290</u>
Total U.S. Department of the Interior			<u>\$ 45,359</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct: Congressionally Mandated Projects	66.202	N/A	<u>\$ 52,443</u>

Town of Silver City
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (concluded)
For The Fiscal Year Ended June 30, 2012

<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>\$ 294,435</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed Through N.M. Department of Energy, Minerals and Natural Resources ARRA-Energy Efficiency and Conservation Block Grant	81.128	N/A	<u>\$ 104,612</u>
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>			
Direct: High Intensity Drug Trafficking Areas Program	95.001	N/A	<u>\$ 455,376</u>
Total expenditures of federal awards			<u><u>\$ 2,581,432</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, 2012

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, 2012:

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, 2012

Findings – Financial Statement Audit

None

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.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Town of Silver City as of and for the year ended June 30, 2012, which collectively comprise Town of Silver City's basic financial statements and have issued our report thereon dated November 26, 2012. 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, 2012 and have issued our report thereon dated November 26, 2012. 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

Management of the Town of Silver City is responsible for establishing and maintaining effective 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 CPA's

November 26, 2012

MIKE STONE, C.P.A.
LINDA STONE McGEE, C.P.A.
KAY STONE, C.P.A.
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**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, 2012. 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, 2012.

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 26, 2012

Town of Silver City
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012

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; Affordable Housing Development in Main Street Projects, CFDA No. 14.878; and the High Intensity Drug Trafficking Area Program, CFDA No. 95.001.
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 20, 2012. 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
Anita Norero	Deputy Finance Director	Town of Silver City
Leann Misquez	Acting Purchasing Agent	Town of Silver City
Linda Nunez	Utility Billing Supervisor	Town of Silver City
Steven Lopez	Payroll Accountant	Town of Silver City
Mike Stone	Shareholder	Stone, McGee & Co., CPA's