

State of New Mexico

Town of Silver City

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

For The Fiscal Year Ended June 30, 2013

Town of Silver City  
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Town of Silver City  
**DIRECTORY OF OFFICIALS**  
June 30, 2013

**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
Anita Norero	Deputy Finance Director
Lee Ann Misquez	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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Town of Silver City, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Town of Silver City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Town of Silver City's nonmajor governmental funds, and the budgetary comparisons for the nonmajor special revenue funds, the debt service funds, the capital projects funds, and the enterprise funds presented as other supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud

or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Silver City as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town of Silver City as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the nonmajor special revenue funds, the debt service funds, the capital projects funds, and the enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13 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 consist 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Town of Silver City's financial statements that collectively comprise the Town's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules presented as

other supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, 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 agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Silver City's internal control over financial reporting and compliance.

Stone, McGee & Co CPAs

Silver City, New Mexico  
November 22, 2013

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, 2013. 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 Position 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 Position 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 Position 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 position and changes in them. You can think of the Town's net position—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 position 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 Position 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 Position 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 Position and the Statement 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 Position. 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 position balances between 2013 and 2012 is as follows:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Change</u>
Governmental Activities:			
Cash and cash equivalents	\$ 36,956	\$ 4,605,635	\$ (4,568,679)
Receivables, net	2,563,680	2,511,810	51,870
Inventory	43,564	46,471	(2,907)
Interfund receivable	-0-	73,807	(73,807)
Bond issue costs	156,307	129,161	27,146
Capital assets, net of depreciation	<u>56,125,097</u>	<u>54,136,962</u>	<u>1,988,115</u>
Total assets	<u>\$58,925,584</u>	<u>\$61,503,846</u>	<u>\$ (2,578,262)</u>
Current liabilities	\$ 1,805,791	\$ 2,723,017	\$ 917,226
Noncurrent liabilities	<u>6,107,451</u>	<u>6,502,555</u>	<u>395,104</u>
Total liabilities	<u>\$ 7,913,242</u>	<u>\$ 9,225,572</u>	<u>\$ 1,312,330</u>
Net position	<u>\$51,012,342</u>	<u>\$52,278,274</u>	<u>\$ (1,265,932)</u>

Net position in governmental activities decreased less than 2% in 2013, which is an acceptable percentage change. The unrestricted portion of net position which is the amount available for ongoing operations, decreased 23% to \$296,380.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Change</u>
Business-type Activities:			
Current assets	\$ 1,536,323	\$ 1,304,571	\$ 231,752
Noncurrent assets	<u>12,469,316</u>	<u>12,598,092</u>	<u>(128,776)</u>
Total assets	<u>\$14,005,639</u>	<u>\$13,902,663</u>	<u>\$ 102,976</u>

Current liabilities	\$ 703,277	\$ 788,394	\$ 85,117
Noncurrent liabilities	<u>2,841,031</u>	<u>2,621,981</u>	<u>(219,050)</u>
Total liabilities	<u>\$ 3,544,308</u>	<u>\$ 3,410,375</u>	<u>\$ (133,933)</u>
Net position	<u>\$10,461,331</u>	<u>\$10,492,288</u>	<u>\$ (30,957)</u>

Net position in business type activities remained unchanged, primarily due to capital assets financed from grants offsetting depreciation. Unrestricted net position, those available for ongoing operations, increased 33% to \$1,078,878, principally due to the additions in amounts invested in capital assets.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Change</u>
Governmental Activities:			
Revenues:			
Charges for services	\$ 532,069	\$ 578,166	\$ (46,097)
Operating grants and contributions	910,003	1,625,411	(715,408)
Capital grants and contributions	1,232,101	2,024,316	(792,215)
General revenues and transfers	<u>10,547,724</u>	<u>10,069,849</u>	<u>477,875</u>
Total revenues	<u>\$13,221,897</u>	<u>\$14,297,742</u>	<u>\$ (1,075,845)</u>
Expenses:			
General government	\$ 2,748,179	\$ 3,504,991	\$ 756,812
Public safety	7,273,275	7,125,633	(147,642)
Public works	1,534,208	1,340,032	(194,176)
Health and welfare	102,219	183,394	81,175
Culture-recreation	2,590,193	2,646,402	56,209
Interest expense	<u>239,755</u>	<u>174,956</u>	<u>(64,799)</u>
	<u>\$14,487,829</u>	<u>\$14,975,408</u>	<u>\$ 487,579</u>
Change in net position	<u>\$ (1,265,932)</u>	<u>\$ (677,666)</u>	<u>\$ (588,266)</u>

Total revenues decreased \$1,075,845 primarily due to fewer grants. Expenditures decreased due to the decreased revenues.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Change</u>
Business-type activities:			
Revenues:			
Charges for services	\$ 6,497,116	\$ 6,289,739	\$ 207,377
Capital grants and contributions	240,913	448,538	(207,625)
General revenues and transfers	<u>486,986</u>	<u>745,850</u>	<u>(258,864)</u>
Total revenues	<u>\$ 7,225,015</u>	<u>\$ 7,484,127</u>	<u>\$ (259,112)</u>
Expenses:			
Personnel	\$ 2,769,361	\$ 2,745,423	\$ (23,938)
Operating	3,513,485	3,489,758	(23,727)
Depreciation	931,213	316,991	(614,222)
Interest expense	<u>41,913</u>	<u>52,516</u>	<u>10,603</u>
Total expenses	<u>\$ 7,255,972</u>	<u>\$ 6,604,688</u>	<u>\$ (651,284)</u>
Change in net position	<u>\$ (30,957)</u>	<u>\$ 879,439</u>	<u>\$ (910,396)</u>

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

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

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

## **THE TOWN'S FUNDS**

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

The following schedule presents a summary of General, Special Revenue, Capital Project and Debt Service revenues and expenditures for the fiscal year ended June 30, 2013 and

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

	<u>For Year End</u>	<u>%</u>	<u>Increase</u>	<u>Percentage</u>
	<u>2013 Amount</u>	<u>of Total</u>	<u>(Decrease)</u>	<u>Increase</u>
			<u>From FYE 2012</u>	<u>(Decrease)</u>
Revenues:				
Taxes	\$10,055,292	75%	\$ 270,228	(27%)
Intergovernmental	2,524,581	19%	(1,156 960)	110%
Charges for services	471,709	3%	(48,907)	5%
Fines and licenses	164,823	1%	13,735	(1%)
Miscellaneous	<u>234,368</u>	<u>2%</u>	<u>(132,939)</u>	<u>13%</u>
Total revenues	<u>\$13,450,773</u>	<u>100%</u>	<u>\$(1,054,843)</u>	<u>100%</u>

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

	<u>For Year End</u>	<u>%</u>	<u>Increase</u>	<u>Percentage</u>
	<u>2013 Amount</u>	<u>of Total</u>	<u>From</u>	<u>Increase</u>
			<u>FYE 2012</u>	<u>(Decrease)</u>
General government	\$ 2,167,517	13%	\$ (585,786)	21%
Public safety	6,197,664	36%	442,782	(16%)
Public works	1,377,348	8%	237,217	(8)%
Health and welfare	34,993	1%	(62,729)	2%
Culture-recreation	2,186,839	13%	54,469	(2%)
Capital outlay	4,228,972	25%	(2 033,859)	73%
Debt service	<u>951,471</u>	<u>4%</u>	<u>(850,840)</u>	<u>30%</u>
Total expenditures	<u>\$17,144,804</u>	<u>100%</u>	<u>\$(2,798,746)</u>	<u>100%</u>

Decreased expenditures for capital outlay was due to less funding of new projects. Debt service expenditures are a function of debt maturities. Public works and public safety expenditures were increased due to cost increases, and additional funding, while culture recreation expenditures were within normal range. Health and welfare expenditures decreased due to funding. 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 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 2013-2014 fiscal year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2013, the Town had \$120,894,103 invested in capital assets, as shown below. This represents a net increase of \$4,783,086 or 4%, funded primarily through grant revenues and bond proceeds.

	<u>2013</u>	<u>2012</u>
Governmental activities:		
Land	\$ 7,811,031	\$ 7,811,031
Buildings and infrastructure	61,979,006	58,847,269
Equipment	5,135,990	5,121,872
Construction in progress	<u>6,723,170</u>	<u>5,950,697</u>
	<u>\$ 81,649,197</u>	<u>\$ 77,730,869</u>
Business-type Activities:		
Land	\$ 961,403	\$ 961,403
Buildings and utility plant	32,206,159	31,787,560
Equipment	4,821,355	4,821,355
Construction in progress	<u>1,255,989</u>	<u>809,800</u>
	<u>\$ 39,244,906</u>	<u>\$ 38,380,148</u>
	<u>\$120,894,103</u>	<u>\$116,111,017</u>

This year's major additions included:

Buildings and improvements (\$3,131,737 transferred from construction in progress)	<u>\$ 3,550,336</u>
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## Debt

At year-end, the Town had \$9,200,768 in outstanding revenue bonds, general obligation bonds, capital leases and notes payable compared to \$9,466,196 last year. That is an decrease of 3% as shown in the following table:

	<u>2013</u>	<u>2012</u>
Governmental Activities:		
Revenue bonds	\$ 6,030,000	\$ 6,615,000
General obligation bonds	65,000	120,000
Notes payable	274,870	59,321
Capital leases	<u>59,243</u>	<u>115,934</u>
	\$ 6,429,113	\$ 6,910,255
Business-Type Activities:		
Notes payable	<u>2,771,655</u>	<u>2,555,941</u>
Total	<u>\$ 9,200,768</u>	<u>\$ 9,466,196</u>

New debt was incurred this year in the amount of \$654,572.

## 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, 2013 was 7.6%; that is a .3% increase from the same time last year. This equates to an increase of 102 new jobs since the same time last year, and a growth of the labor force by 138 workers. 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. One example that local events impact Town revenues much more than they used to is, recently there were major changes in management at Gila Regional Medical Center. As a result of the changes and the related uncertainty, the Town's gross receipts tax revenue dropped by as much as 8.4% during the last quarter or fiscal 2012. Since then the management change was completed and as of November 2013 gross receipts taxes have rebounded to 1.3 percent below projections.



As of the end of fiscal year 2013, the Town had received a total of \$9.43 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 2012. Gross receipts taxes have been steadily increasing since the first quarter of fiscal year 2011. This has shown that the local economy was more affected by regional influences, and less by the weak national economy. As of the fourth quarter of fiscal 2013, we have seen increases in sales in all areas of the economy, although we did see a drop during the first quarter of fiscal 2013 that was caused by the hospital issue that has since been fixed.

During the 2013 New Mexico Legislative session, the State passed legislation that phases out the hold-harmless on food and medical sales over a period of fifteen years. In exchange the State gave local entities 3/8th percent gross receipts tax that we can impose by ordinance to offset the loss of the hold-harmless. In the case of the Town of Silver City, the loss of hold-harmless equals 22 percent of total gross receipts taxes based on fiscal 2012 numbers. So when the Town is in a position of having to impose the tax over time, the tax will not offset the total loss of hold-harmless. Due to the Town's conservative approach to imposing both gross receipts taxes as well as property taxes, the Town does have a ¼ percent gross receipts tax available and 5 mills of property tax available to impose to help offset the difference. There have been discussions at the State level to make fixes to the legislation during the 2014 Session that will help entities such as the Town of Silver City who will have to impose additional taxes. The Town will be monitoring all aspects of these discussions so that we can plan appropriately.

During year 2013, 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 2013 due in part to helping the General fund make some Capital purchase needs during fiscal year 2013. During fiscal year 2012, an ordinance was adopted requiring water, sewer, and waste water rates to be reviewed annually during the budget process and amended as necessary to cover operating, capital, and debt service expenses; while maintaining a one twelve reserve. As a result of this ordinance, the Town increased rates by an average of 15 percent for fiscal 2014. This was also done to help increase revenues, so that the Town may rededicate the 1/8<sup>th</sup> percent municipal infrastructure tax .currently dedicated to the Water and Sewer Fund to the General Fund to help offset future hold-harmless liabilities. Although the Town raised rates by 15 percent, the Town's rates are still well below those of the entities in the region and near the average in the State.

## **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 POSITION**  
June 30, 2013

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Current:			
Cash and investments	\$ 36,956	\$ 41,490	\$ 78,446
Inventory	43,564	268,038	311,602
Receivables, net	2,563,680	1,210,570	3,774,250
Notes receivable due currently		16,225	16,225
 Total current assets	 \$ 2,644,200	 \$ 1,536,323	 \$ 4,180,523
Noncurrent assets:			
Restricted:			
Cash and investments	\$ -	\$ 226,575	\$ 226,575
Notes receivable, net of current amounts		88,633	88,633
Bond issue costs	158,156		158,156
Capital assets, net	56,125,077	12,154,108	68,279,185
 Total noncurrent assets	 \$ 56,283,233	 \$ 12,469,316	 \$ 68,752,549
 Total assets	 \$ 58,927,433	 \$ 14,005,639	 \$ 72,933,072
<b>LIABILITIES</b>			
Current:			
Cash overdraft	\$ 266,530	\$ -	\$ 266,530
Accounts payable	724,515	399,974	1,124,489
Accrued liabilities	83,323	41,434	124,757
Deferred revenue	1,325		1,325
Current maturities of long-term debt	730,098	261,869	991,967
 Total current liabilities	 \$ 1,805,791	 \$ 703,277	 \$ 2,509,068
Noncurrent:			
Payable from restricted assets:			
Customer deposits	\$ -	\$ 226,575	\$ 226,575
Bonds payable	5,480,000		5,480,000
Notes payable	219,015	2,509,786	2,728,801
Lease payable			-
Bond premiums	45,639		45,639

Town of Silver City  
**STATEMENT OF NET POSITION (concluded)**  
June 30, 2013

	Governmental Activities	Business- Type Activities	Total
Compensated absences	\$ 362,797	\$ 104,670	\$ 467,467
Total noncurrent liabilities	\$ 6,107,451	\$ 2,841,031	\$ 8,948,482
Total liabilities	\$ 7,913,242	\$ 3,544,308	\$ 11,457,550
<b>NET POSITION</b>			
Net investment in capital assets	\$ 50,209,486	\$ 9,382,453	\$ 59,591,939
Restricted for:			
Capital projects	46,047		46,047
Debt service	74,485		74,485
Other purposes	385,944		385,944
Unrestricted	298,229	1,078,878	1,377,107
Total net position	\$ 51,014,191	\$ 10,461,331	\$ 61,475,522

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, 2013

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<u>Functions/Programs</u>			
Governmental activities:			
General government	\$ 2,748,179	\$ 75,104	\$ 400,015
Public safety	7,273,275	329,882	480,399
Public works	1,534,208	33,137	
Health and welfare	102,219	25,887	
Culture-recreation	2,590,193	68,059	29,589
Unallocated interest expense	237,906		
	<u>\$ 14,485,980</u>	<u>\$ 532,069</u>	<u>\$ 910,003</u>
Business-type activities:			
Water and sewer	\$ 5,312,319	\$ 4,535,354	\$ 240,913
Sanitation	1,943,653	1,961,762	
	<u>\$ 7,255,972</u>	<u>\$ 6,497,116</u>	<u>\$ 240,913</u>
	<u>\$ 21,741,952</u>	<u>\$ 7,029,185</u>	<u>\$ 1,150,916</u>

General revenues:  
Property taxes  
Gross receipts taxes  
Gas taxes  
Motor vehicle taxes  
Franchise taxes  
Lodgers taxes  
Interest and investment earnings  
Miscellaneous  
Loss on disposition of assets  
Rents and leases  
Transfers

Total general revenues

Change in net position

Net position--beginning

Net position--ending

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

Net (Expenses) Revenue  
and Changes in Net Position

<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Total</u>
\$ -	\$ (2,273,060)	\$ -	\$ (2,273,060)
	(6,462,994)		(6,462,994)
1,232,101	(268,970)		(268,970)
	(76,332)		(76,332)
	(2,492,545)		(2,492,545)
	(237,906)		(237,906)
<u>\$ 1,232,101</u>	<u>\$ (11,811,807)</u>	<u>\$ -</u>	<u>\$ (11,811,807)</u>
\$ -	\$ -	\$ (536,052)	\$ (536,052)
		18,109	18,109
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (517,943)</u>	<u>\$ (517,943)</u>
<u>\$ 1,232,101</u>	<u>\$ (11,811,807)</u>	<u>\$ (517,943)</u>	<u>\$ (12,329,750)</u>
	\$ 362,839	\$ -	\$ 362,839
	8,704,506	618,562	9,323,068
	215,561		215,561
	67,599		67,599
	417,782		417,782
	273,471		273,471
	1,433	5,514	6,947
	232,935	30,045	262,980
	104,463		104,463
	167,135	(167,135)	-
	<u>\$ 10,547,724</u>	<u>\$ 486,986</u>	<u>\$ 11,034,710</u>
	\$ (1,264,083)	\$ (30,957)	\$ (1,295,040)
	<u>52,278,274</u>	<u>10,492,288</u>	<u>62,770,562</u>
	<u>\$ 51,014,191</u>	<u>\$ 10,461,331</u>	<u>\$ 61,475,522</u>

Town of Silver City  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

	General Fund	HIDTA	2011 Bond Projects
<b>Assets</b>			
Cash and investments	\$ -	\$ -	\$ 1,915
Inventory	43,564		
Interest receivable			
Taxes receivable	1,422,952		
Accounts receivable	128,978		
Assessments receivable			
Allowance for doubtful accounts			
Due from other governments	101,604	109,315	
Interfund receivable	75,797		
	<u>\$ 1,772,895</u>	<u>\$ 109,315</u>	<u>\$ 1,915</u>
<b>Liabilities and Fund Balance</b>			
Cash overdraft	\$ -	\$ -	\$ -
Accounts payable	203,856	177,513	-
Interfund payable	50,507	247,671	
Salary payable	66,139		
Deferred revenue	1,330		
	<u>\$ 321,832</u>	<u>\$ 425,184</u>	<u>\$ -</u>
Fund balance:			
Non-spendable:			
Inventory	\$ 43,564	\$ -	\$ -
Restricted:			
Public safety			
Culture and recreation			
Land acquisition			
Debt service			
Construction			1,915
Assigned:			
Culture and recreation			
Unassigned	1,407,499	(315,869)	
	<u>\$ 1,451,063</u>	<u>\$ (315,869)</u>	<u>\$ 1,915</u>
Total liabilities and fund balance	<u>\$ 1,772,895</u>	<u>\$ 109,315</u>	<u>\$ 1,915</u>

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

Hope VI	Other Funds	Total Governmental Funds
\$ -	\$ 35,041	\$ 36,956
		43,564
		-
	214,055	1,637,007
		128,978
	1,927	1,927
	(1,927)	(1,927)
355,631	231,145	797,695
	922,499	998,296
<u>\$ 355,631</u>	<u>\$ 1,402,740</u>	<u>\$ 3,642,496</u>
\$ 266,530	\$ -	\$ 266,530
2,498	340,648	724,515
94,346	605,772	998,296
		66,139
2,498	118,512	122,340
<u>\$ 365,872</u>	<u>\$ 1,064,932</u>	<u>\$ 2,177,820</u>
\$ -	\$ -	\$ 43,564
	75,816	75,816
	88,601	88,601
	64,818	64,818
	521,344	521,344
	118,228	120,143
	45,450	45,450
(10,241)	(576,449)	504,940
<u>\$ (10,241)</u>	<u>\$ 337,808</u>	<u>\$ 1,464,676</u>
<u>\$ 355,631</u>	<u>\$ 1,402,740</u>	<u>\$ 3,642,496</u>

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

June 30, 2013

Total governmental fund balances	\$	1,464,676
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		56,125,077
Bond issue costs are capitalized and amortized over the life of the bonds.		158,156
Bond premiums are capitalized and amortized over the life of the bonds		(45,639)
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		83,852
Intergovernmental grants subject to the 60 day availability period		37,163
Long-term liabilities are not reported in the funds.		
Bonds payable		(6,095,000)
Notes payable		(274,870)
Lease payable		(59,243)
Accrued interest payable		(17,184)
Compensated absences		(362,797)
		(6,809,094)
<i>Net position of governmental activities</i>	<b>\$</b>	<b>51,014,191</b>

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, 2013

	<u>General Fund</u>	<u>HIDTA</u>	<u>2011 Bond Projects</u>
Revenues:			
Property taxes	\$ 312,843	\$ -	\$ -
Gross receipts taxes	8,285,919		
Gas taxes	215,561		
Motor vehicle taxes	67,599		
Franchise taxes	417,782		
Other taxes			
State intergovernmental	286,067		
Federal intergovernmental	476,449	523,786	
Fines, licenses and permits	85,610		
Charges for services	471,709		
Miscellaneous	211,401		908
	<u>\$ 10,830,940</u>	<u>\$ 523,786</u>	<u>\$ 908</u>
Total revenues			
Expenditures:			
Current:			
General government	\$ 2,150,246	\$ -	\$ -
Public safety	5,122,451	635,409	
Public works	1,003,100		
Health and welfare	34,993		
Culture recreation	1,797,126		
Debt service:			
Principal	30,950		
Interest			
Loan issue costs			
Capital outlay	740,002		2,261,896
	<u>\$ 10,878,868</u>	<u>\$ 635,409</u>	<u>\$ 2,261,896</u>
Total expenditures			
Revenues over (under) expenditures	\$ (47,928)	\$ (111,623)	\$ (2,260,988)
Other financing sources (uses):			
Loan proceeds			
Bond premiums			
Transfer in	193,333		
Transfer out	(303,013)		(7,915)
	<u>\$ (157,608)</u>	<u>\$ (111,623)</u>	<u>\$ (2,268,903)</u>
Net change in fund balances			
Fund balance, July 1, 2012	1,608,671	(204,246)	2,270,818
	<u>\$ 1,451,063</u>	<u>\$ (315,869)</u>	<u>\$ 1,915</u>
Fund balance, June 30, 2013			

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

<u>Hope VI</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ -	\$ 63,530	\$ 376,373
	418,587	8,704,506
		215,561
		67,599
		417,782
	273,471	273,471
	628,744	914,811
353,133	256,402	1,609,770
	79,213	164,823
		471,709
	22,059	234,368
<u>\$ 353,133</u>	<u>\$ 1,742,006</u>	<u>\$ 13,450,773</u>
\$ -	\$ 17,271	\$ 2,167,517
	439,804	6,197,664
355,631	18,617	1,377,348
		34,993
	389,713	2,186,839
	696,691	727,641
	221,981	221,981
	1,849	1,849
7,743	1,219,331	4,228,972
<u>\$ 363,374</u>	<u>\$ 3,005,257</u>	<u>\$ 17,144,804</u>
\$ (10,241)	\$ (1,263,251)	\$ (3,694,031)
	246,499	246,499
		-
	530,572	723,905
	(245,842)	(556,770)
<u>\$ (10,241)</u>	<u>\$ (732,022)</u>	<u>\$ (3,280,397)</u>
	1,069,830	4,745,073
<u>\$ (10,241)</u>	<u>\$ 337,808</u>	<u>\$ 1,464,676</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, 2013

Net change in fund balances-total governmental funds	\$ (3,280,397)
<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	4,228,972
Depreciation expense.	(2,240,857)
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	(13,534)
Intergovernmental grants subject to the 60 day availability period	(382,477)
Bond and loan proceeds are reported as financing sources in the funds. In the Statement of Activities, however, issuing debt increases long-term liabilities.	
	(246,499)
Bond issues costs and premiums are expenditures or revenue in the funds but are capitalized and amortized in the Statement of Activities	
Loan issue costs	1,849
Amortization	(18,493)
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.	
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	
	727,641
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.	
	2,568
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.	
	(42,856)
<i>Change in Net Position of Governmental Activities</i>	<b>\$ (1,264,083)</b>

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 9,309,072	\$ 9,309,072	\$ 9,312,678	\$ 3,606
State sources	297,933	297,933	272,124	(25,809)
Federal sources	354,079	354,079	352,450	(1,629)
Fines, licenses and permits	114,998	114,998	85,610	(29,388)
Charges for services	501,193	501,193	471,672	(29,521)
Miscellaneous	217,756	217,756	203,651	(14,105)
Total revenues	\$ 10,795,031	\$ 10,795,031	\$ 10,698,185	\$ (96,846)
Expenditures:				
Current:				
General government	\$ 3,187,427	\$ 3,187,427	\$ 2,211,994	\$ 975,433
Public safety	4,446,434	4,446,434	5,080,598	(634,164)
Public works	1,238,895	1,238,895	1,017,889	221,006
Health and welfare	11,000	11,000	8,493	2,507
Culture recreation	1,520,781	1,520,781	1,806,287	(285,506)
Principle	30,950	30,950	30,950	-
Interest				-
Capital outlay	566,168	566,168	755,312	(189,144)
Total expenditures	\$ 11,001,655	\$ 11,001,655	\$ 10,911,523	\$ 90,132
Revenues over (under) expenditures	\$ (206,624)	\$ (206,624)	\$ (213,338)	\$ (6,714)
Other financing sources (uses):				
Transfer in	277,068	277,068	200,088	(76,980)
Transfer out	(466,175)	(466,175)	(431,916)	34,259
Net change in fund balance	\$ (395,731)	\$ (395,731)	\$ (445,166)	\$ (49,435)
Fund balance, July 1, 2012	400,393	400,393	394,659	(5,734)
Fund balance, June 30, 2013	\$ 4,662	\$ 4,662	\$ (50,507)	\$ (55,169)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ (157,608)
Revenue accruals (net)				(132,755)
Expenditure accruals (net)				(32,655)
Other financing sources (net)				(122,148)
Net change in fund balance, NON-GAAP budgetary basis				\$ (445,166)

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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 675,624	\$ 675,624	\$ 414,471	\$ (261,153)
Expenditures:				
Current:				
Public Safety	\$ 587,699	\$ 587,699	\$ 469,514	\$ 118,185
Capital outlay	72,000	72,000		72,000
Total expenditures	\$ 659,699	\$ 659,699	\$ 469,514	\$ 190,185
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ 15,925	\$ 15,925	\$ (55,043)	\$ (70,968)
Fund balance, July 1, 2012	<u>(15,925)</u>	<u>(15,925)</u>	<u>(192,628)</u>	<u>(176,703)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (247,671)</u>	<u>\$ (247,671)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (111,623)	
Revenue accruals (net)			(109,315)	
Expenditure accruals (net)			<u>165,895</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (55,043)</u>	

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

Town of Silver City  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2013

<b>Assets</b>	<u>Water &amp; Sewer</u>	<u>Sanitation</u>	<u>Total</u>
<b>Current:</b>			
Cash and investments	\$ 41,490	\$ -	\$ 41,490
Inventory	222,717	45,321	268,038
Receivables, net of allowances:			
Accounts	864,034	245,024	1,109,058
Taxes	67,675	33,837	101,512
Notes receivable due currently	<u>16,225</u>	<u>16,225</u>	<u>16,225</u>
 Total current assets	 <u>\$ 1,195,916</u>	 <u>\$ 340,407</u>	 <u>\$ 1,536,323</u>
<b>Noncurrent assets:</b>			
<b>Restricted:</b>			
Cash and investments	\$ 226,575	\$ -	\$ 226,575
Notes receivable, net of current amounts		88,633	88,633
Deferral on advance refunding			-
Capital assets (net)	<u>10,743,205</u>	<u>1,410,903</u>	<u>12,154,108</u>
 Total noncurrent assets	 <u>\$ 10,969,780</u>	 <u>\$ 1,499,536</u>	 <u>\$ 12,469,316</u>
 Total assets	 <u>\$ 12,165,696</u>	 <u>\$ 1,839,943</u>	 <u>\$ 14,005,639</u>
 <b>Liabilities</b>			
<b>Current:</b>			
Accounts payable	\$ 260,067	\$ 139,907	\$ 399,974
Accrued liabilities	40,008	1,426	41,434
Interfund payable			-
Current maturities of long-term debt	<u>261,869</u>	<u>          </u>	<u>261,869</u>
 Total current liabilities	 <u>\$ 561,944</u>	 <u>\$ 141,333</u>	 <u>\$ 703,277</u>
<b>Noncurrent liabilities:</b>			
<b>Payable from restricted assets:</b>			
Customer deposits	\$ 226,575	\$ -	\$ 226,575
Notes payable	2,509,786		2,509,786
Compensated absences	<u>98,764</u>	<u>5,906</u>	<u>104,670</u>

Town of Silver City  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS (concluded)**  
 June 30, 2013

	Water & Sewer	Sanitation	Total
Total noncurrent liabilities	\$ 2,835,125	\$ 5,906	\$ 2,841,031
Total liabilities	\$ 3,397,069	\$ 147,239	\$ 3,544,308
<b>Net Position</b>			
Net investment in capital assets	\$ 7,971,550	\$ 1,410,903	\$ 9,382,453
Unrestricted	797,077	281,801	1,078,878
Total net position	\$ 8,768,627	\$ 1,692,704	\$ 10,461,331

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

Town of Silver City  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2013

	<u>Water &amp; Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 4,535,354	\$ 1,961,762	\$ 6,497,116
Operating expenses:			
Personnel	\$ 2,094,976	\$ 674,385	\$ 2,769,361
Operating	2,302,633	1,210,852	3,513,485
Depreciation	872,797	58,416	931,213
Total operating expenses	<u>\$ 5,270,406</u>	<u>\$ 1,943,653</u>	<u>\$ 7,214,059</u>
Net operating income	<u>\$ (735,052)</u>	<u>\$ 18,109</u>	<u>\$ (716,943)</u>
Nonoperating revenue (expense):			
Investment income	\$ 5	\$ 5,509	\$ 5,514
Gross receipts taxes	412,375	206,187	618,562
State grants	153,349		153,349
Federal grants	87,564		87,564
Miscellaneous revenue	30,045		30,045
Interest expense	(41,913)		(41,913)
Total nonoperating revenue (expense)	<u>\$ 641,425</u>	<u>\$ 211,696</u>	<u>\$ 853,121</u>
Net income before operating transfers	\$ (93,627)	\$ 229,805	\$ 136,178
Transfers:			
In	160,363		160,363
Out	(77,838)	(249,660)	(327,498)
Change in net position	\$ (11,102)	\$ (19,855)	\$ (30,957)
Net position, beginning of year	<u>8,779,729</u>	<u>1,712,559</u>	<u>10,492,288</u>
Net position, end of year	<u>\$ 8,768,627</u>	<u>\$ 1,692,704</u>	<u>\$ 10,461,331</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, 2013

	Water & Sewer	Sanitation	Total
Cash flows from operating activities:			
Receipts from customers	\$ 4,531,487	\$ 1,912,341	\$ 6,443,828
Payments to suppliers	(2,424,596)	(1,222,609)	(3,647,205)
Payments to employees	(2,094,592)	(674,528)	(2,769,120)
Net cash provided (used) by operating activities	<u>\$ 12,299</u>	<u>\$ 15,204</u>	<u>\$ 27,503</u>
Cash flows from noncapital financing activities:			
Dedicated tax receipts	\$ 419,862	\$ 209,931	\$ 629,793
Intergovernmental grants	142,360		142,360
Collections of notes receivable		15,467	15,467
Interfund activity			-
Miscellaneous collections	30,045		30,045
Transfers from other funds	266,347		266,347
Transfers to other funds	(183,822)	(205,434)	(389,256)
Net cash provided (used) by noncapital financing activities	<u>\$ 674,792</u>	<u>\$ 19,964</u>	<u>\$ 694,756</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	\$ (760,729)	\$ (44,226)	\$ (804,955)
Borrowings on capital debt	404,033		404,033
Principal paid on capital debt	(209,541)		(209,541)
Interest paid on capital debt	(51,682)		(51,682)
Net cash provided (used) by capital and related financing activities	<u>\$ (617,919)</u>	<u>\$ (44,226)</u>	<u>\$ (662,145)</u>
Cash flows from investing activities:			
Earnings on investments	\$ -	\$ 5,509	\$ 5,509
Net cash provided (used) by investing activities	<u>\$ -</u>	<u>\$ 5,509</u>	<u>\$ 5,509</u>
Net increase (decrease) in cash and equivalents	\$ 69,172	\$ (3,549)	\$ 65,623
Cash and equivalents, beginning of year	<u>198,893</u>	<u>3,549</u>	<u>202,442</u>
Cash and equivalents, end of year	<u><u>\$ 268,065</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 268,065</u></u>

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (concluded)**  
For the Fiscal Year Ended June 30, 2013

	Water & Sewer	Sanitation	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (735,052)	\$ 18,109	\$ (716,943)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	872,797	58,416	931,213
Changes in assets and liabilities:			
Inventory	(52,808)	2,385	(50,423)
Receivables, net	20,790	(49,421)	(28,631)
Accounts payable	(95,831)	(14,142)	(109,973)
Accrued expenses	7,025	708	7,733
Customer deposits	2,019		2,019
Compensated absences	(6,641)	(851)	(7,492)
Net cash provided (used) by operating activities	\$ 12,299	\$ 15,204	\$ 27,503

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, 2013

	Agency Funds
<b>Assets</b>	
Cash and investments	\$ 8,929
Receivables	
	\$ 8,929
 <b>Liabilities and Fund Equity</b>	
Deposits held for others	\$ 8,929
Interfund payable	
	\$ 8,929

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

Town of Silver City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

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's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements) and interpretations. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**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 Position 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, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. 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 proprietary 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 one agency fund. 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.

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

Proprietary:

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

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

#### *Non-major Funds*

Fund 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 Position 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 position (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 position. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is complete.
- 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 Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expensed are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains,

losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Derived tax revenues are recognized when the exchange takes place, and grants are recognized when all eligibility requirements are 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 are 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. Revenue not collected within sixty days of year end is recorded as deferred revenue in the fund statements. 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.

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 Position, “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 “interfund receivables and payables”. Inter-fund receivables and payables between funds within governmental activities and between funds within business-type activities are eliminated in the Statement of Net Position. All inter-fund receivables and payables are eliminated in the total primary government column in the Statement of Net Position.

## **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.

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 Position. 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 position and displayed in three components:

- a. Net investment in capital assets – 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 positions – Consists of net position 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 position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

### *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 "Taxes Receivable."

### *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, 2013 was \$2.225 per \$1,000 for non-residential property and \$1.07 for residential property. The Town's tax rate for debt service was .328 per \$1,000 for both residential and nonresidential property.

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

### *Operating Revenues and Expenses*

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

*Expenditures/Expenses*

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Fund – By Character:    Current (further classified by function)
  - Debt Service
  - Capital Outlay
- Proprietary Fund – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

The Town first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The Town does not allocate indirect costs.

**O. INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity are classified as inter-fund transfers. For the purpose of the Statement of Activities, all inter-fund transfers between individual governmental funds and individual proprietary funds have been eliminated.

**P. USE OF ESTIMATES**

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

**Q. INVENTORIES**

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

**Note 2    Custodial Credit Risk**

Custodial credit risk is the risk in the event of a bank failure the government’s deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2013, \$-0- of the government’s bank balance of \$395,633 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ -0-</u>
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The State Treasurer Local Governmental Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Section 6-10-10I

through 6-10-10P and Sections 6-10-10.1 A and E, NMSA 1978. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.IF, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested.

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

Participation in the pool is voluntary. The Town had \$26,464 on deposit in the pool at June 30, 2013. The pool is AAAM rated, and has a 59 day weighted average maturity.

The cash on deposit with NMFA is, in effect, loan payments made by the Town but not yet applied or loan proceeds not yet disbursed. Such deposits are subject to the collateral requirements of NMFA. Such deposits total \$190,503.

Note 3 Investments

At June 30, 2013, the Town had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Money Market	\$ 7,102	\$ 7,102
Mutual Funds	<u>11,817</u>	<u>12,608</u>
	<u>\$ 18,919</u>	<u>\$ 19,710</u>

The investments do not have maturity dates, so the weighted average maturity has not been calculated.

*Interest Rate Risk* – The Town limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates by limiting its investment portfolio to readily marketable mutual funds.

*Credit Risk* – The Town has no investment policy beyond that prescribed by New Mexico law. As of June 30, 2013, the Town invests only in highly rated mutual funds. The County’s investment in mutual funds was rated A-1+ by Standards & Poors, and P-1 by Moody’s.

*Concentration of Credit Risk* – The Town places no limits on the amount it may invest in any one issuer. The Town currently has 36% invested in government money markets, and 74% invested in MOTDAZ Funds.

*Custodial Credit Risk* – The Town is not subject to custodial credit risk for its investments, since all are held in the name of the Town.

Note 4 Receivables

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accounts receivable:		
Franchise	\$ 95,429	\$
Services (net) of allowance for doubtful accounts of \$(296,612)	<u>128,978</u>	<u>1,109,058</u>
	<u>\$ 224,407</u>	<u>\$ 1,109,058</u>
Due from other governments:		
Intergovernmental grants	<u>\$ 797,695</u>	<u>\$ -0-</u>
Taxes receivable:		
Property taxes	\$ 8,224	\$
Gross receipts tax	1,426,893	101,512
Motor Vehicle taxes	12,110	
Gasoline taxes	38,030	
Lodger's Tax	<u>797,695</u>	<u>-0-</u>
	<u>\$ 1,541,578</u>	<u>\$ 101,512</u>
 Total	 <u>\$ 2,563,680</u>	 <u>\$ 1,210,570</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 \$104,858 at June 30, 2013.

Note 5 Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,811,031	\$ -0-	\$ -0-	\$ 7,811,031
Construction in progress	<u>5,950,697</u>	<u>3,904,210</u>	<u>3,131,737</u>	<u>6,723,170</u>
 Total capital assets not being depreciated	 <u>\$13,761,728</u>	 <u>\$ 3,904,210</u>	 <u>\$ 3,131,737</u>	 <u>\$14,534,201</u>

Other capital assets:				
Buildings, improvements and other infrastructure	\$58,847,269	\$ 3,131,737	\$	\$61,979,006
Equipment	<u>5,121,872</u>	<u>324,762</u>	<u>310,644</u>	<u>5,135,990</u>
Total other assets at historical cost	<u>\$63,969,141</u>	<u>\$ 3,456,499</u>	<u>\$ 310,644</u>	<u>\$67,114,996</u>
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	\$19,605,317	\$ 2,136,849	\$	\$21,742,166
Equipment	<u>3,988,590</u>	<u>104,008</u>	<u>310,644</u>	<u>3,781,954</u>
Total accumulated depreciation	<u>\$23,593,907</u>	<u>\$ 2,240,857</u>	<u>\$ 310,644</u>	<u>\$25,524,120</u>
Other capital assets (net)	<u>\$40,375,234</u>	<u>\$ 1,215,642</u>	<u>\$ -0-</u>	<u>\$41,590,876</u>
Governmental activities, capital assets, net	<u>\$54,136,962</u>	<u>\$ 5,119,852</u>	<u>\$ 3,131,737</u>	<u>\$56,125,077</u>
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 809,800	\$ 446,189	\$ -0-	\$ 1,255,989
Land	<u>961,403</u>	<u>-0-</u>	<u>-0-</u>	<u>961,403</u>
	<u>\$ 1,771,203</u>	<u>\$ 446,189</u>	<u>\$ -0-</u>	<u>\$ 2,217,392</u>
Other capital assets:				
Buildings and utility plant	\$31,787,560	\$ 418,599	\$ -0-	\$32,206,159
Equipment	<u>4,821,385</u>	<u>-0-</u>	<u>-0-</u>	<u>4,821,385</u>
Total other capital assets at historical cost	<u>\$36,608,945</u>	<u>\$ 418,599</u>	<u>\$ -0-</u>	<u>\$37,027,541</u>
Less accumulated depreciation for:				
Buildings and utility plant	\$22,990,908	\$ 929,005	\$ -0-	\$23,919,913
Equipment	<u>3,168,707</u>	<u>2,208</u>	<u>-0-</u>	<u>3,170,915</u>
Total accumulated depreciation	<u>\$26,159,615</u>	<u>\$ 931,213</u>	<u>\$ -0-</u>	<u>\$27,090,828</u>
Other capital assets, net	<u>\$10,449,330</u>	<u>\$ (512,614)</u>	<u>\$ -0-</u>	<u>\$ 9,936,716</u>
Business-type activities capital assets, net	<u>\$12,220,533</u>	<u>\$ (66,425)</u>	<u>\$ -0-</u>	<u>\$12,154,108</u>



The Town has various construction projects ongoing with future commitments totaling approximately \$1,500,000.

Depreciation was charged to the Governmental Activities as follows:

General Government	\$ 537,806
Public Safety	1,075,611
Public Works	156,860
Culture-Recreation	403,354
Health and Welfare	<u>67,226</u>
	<u>\$ 2,240,857</u>

Note 6 Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2013:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Accrued salaries	\$ 66,139	\$ 14,692
Accrued interest	<u>17,184</u>	<u>26,742</u>
	<u>\$ 83,323</u>	<u>\$ 41,434</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, 2013:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
<b>Governmental Activities:</b>					
1994 G.O. Bonds	\$ 120,000	\$	\$ 55,000	\$ 65,000	\$ 65,000
Environmental loan-Hosp	59,321		30,950	28,371	28,371
Silco Theatre	-0-	246,499	-0-	246,499	27,484
2011A GRT Revenue Bonds	5,280,000		200,000	5,080,000	200,000
2011B GRT Revenue Bonds	670,000		260,000	410,000	220,000
2012 GRT Revenue Bonds	665,000		125,000	540,000	130,000
Capital Lease	<u>115,934</u>	<u>-0-</u>	<u>56,691</u>	<u>59,243</u>	<u>59,243</u>
	\$ 6,910,255	\$ 246,499	\$ 727,641	\$ 6,429,113	\$ 730,098
Compensated absences	<u>319,941</u>	<u>294,994</u>	<u>252,138</u>	<u>362,797</u>	<u>-0-</u>
	<u>\$ 7,230,196</u>	<u>\$ 541,493</u>	<u>\$ 979,779</u>	<u>\$ 6,791,910</u>	<u>\$ 730,098</u>
<b>Business-Type Activities:</b>					
1995 NM EID Note	\$ 1,651,014	\$	\$ 192,359	\$ 1,458,655	\$ 196,206
NMFA Utility System Improvements	<u>904,927</u>	<u>408,073</u>	<u>-0-</u>	<u>1,313,000</u>	<u>65,663</u>
	\$ 2,555,941	\$ 408,073	\$ 192,359	\$ 2,771,655	\$ 261,869
Compensated absences	<u>112,162</u>	<u>64,109</u>	<u>71,601</u>	<u>104,670</u>	<u>-0-</u>
	<u>\$ 2,668,103</u>	<u>\$ 472,182</u>	<u>\$ 263,960</u>	<u>\$ 2,876,325</u>	<u>\$ 261,869</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 \$69,355, at June 30, 2013, 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%, matures in 2014. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2013, the Town recognized \$63,530 in property taxes pledged to retire the indebtedness, and retired \$63,040 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 May 15, 2014.

#### 2012 GRT Revenue Bonds

These bonds were issued to make improvements to the Town's facilities. The bonds are payable from gross receipts tax pledged to secure the debt. The bonds bear interest at an interest rate of 2.32%, and maturity dates range from 2014 through 2017.

#### 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 \$163,750.

#### Due in Year:

2014	\$ 61,909
	<u>\$ 61,909</u>
Less imputed interest at 4.5%	\$ (2,666)
Net present value	<u>\$ 59,243</u>

The 2007 Environmental Department Note, the 2012 GRT Revenue Bonds, and the Capital Lease are being paid from gross receipts tax revenues pledged to secure the debts. The revenues pledged totaled \$661,968, at June 30, 2013, which is 2% of future gross receipts tax at their current rate. During the year ended June 30, 2013, the Town collected \$8,285,919 in pledged revenues, and retired \$232,319 in principal and interest on the above stated liabilities.

#### 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 \$7,634,765 at June 30, 2013, equal to 2% 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 2014 through 2032.

During the year ended June 30, 2013, the Town collected \$4,527,027 in pledged revenues, and retired \$654,263 in bond principal and interest.

Silco Theatre Note

Note payable to the New Mexico Finance Authority. Proceeds of the note were utilized to acquire real property. The note is payable from an enacted 1/16% gross receipts tax pledged to secure the debt. The revenues pledged totaled \$267,545 at June 30, 2013, equal to 16% of future gross receipts collections at the current rate. The note bears interest at rates ranging from .51% to 2.4%, and maturity rates range from 2014 to 2021.

During the year ended June 30, 2013, the Town recognized \$6,212 in pledged revenue, and retired \$-0- in bond principal and interest.

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 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%, with maturity dates ranging from 2014 to 2033.

The 1995 New Mexico Environmental Department 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 \$3,046,850 at June 30, 2013, and equal 37% of future gross receipts tax at their current rate. During the year ended June 30, 2013, the Town collected \$412,375 in pledged revenues, and retired \$238,591 in principal and interest on the aforementioned notes.

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, 2013 is as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 730,098	\$ 208,189	\$ 261,869	\$ 48,027
2015	395,032	189,927	259,163	38,660
2016	400,293	181,933	263,810	34,012

2017	410,650	173,157	268,546	29,278
2018	371,110	162,248	273,369	24,453
2019-2023	1,316,930	682,208	752,681	60,298
2024-2028	1,435,000	458,888	332,693	29,526
2029-2033	<u>1,370,000</u>	<u>147,950</u>	<u>359,524</u>	<u>10,941</u>
	<u>\$6,429,113</u>	<u>\$2,204,500</u>	<u>\$ 2,771,655</u>	<u>\$ 275,195</u>

Note 9 Restricted Net Position

The net position “Restricted for Other Purposes” in the Statement of Net Position consist of the special revenue fund balances, which are restricted to each fund’s specific purpose, as follows:

Forward Estate	\$ 64,818
Regional Water System	111,259
Fire Protection	65,732
Library Memorial	88,601
Golf Course Surcharge	45,450
Law Enforcement	<u>10,084</u>
	<u>\$ 385,944</u>

The Town reports \$506,476 in restricted net position in governmental activities, of which \$166,348 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](http://www.pera.state.nm.us).

*Funding Policy*

Plan members are required to contribute 3.83% to 16.65% of their gross salary, depending upon the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general municipal police, municipal fire, municipal detention officer of their gross salary. The Town of Silver City if 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, 2013, 2012 and 2011 were \$1,630,819, \$1,611,220, and \$1,490,923, 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](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended **June 30, 2013**, the statute required each participating employer to contribute **2.0%** of each participating employee's annual salary; each participating employee was required to contribute **1.0%** of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Town of Silver City's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$124,635, \$112,411 and \$67,297, 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, 2013:

	<u>General</u>
HIDTA	\$ 315,869
HOPE VI	10,241
Drug Task Force	60,229
2012 Retirement	244,241
2011 Retirement	153,732
NM EMNRD	28,101
MAP College/Texas	30,144
Lodgers Tax	3,395
Correction Fees	6,943
EMS Grant	170
Century Cable	14,849
CDBG Chihuahua	34,665

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, 2013, consisted of the following:

	<u>Inter-fund Payable</u>				
	<u>General</u>	<u>HOPE VI</u>	<u>HIDTA</u>	<u>All Other Funds</u>	<u>Total</u>
<u>Inter-fund Receivable</u>					
General Fund	\$ -0-	\$	\$	\$ 75,797	\$ 75,797
All Other Funds	<u>50,507</u>	<u>94,346</u>	<u>247,671</u>	<u>529,975</u>	<u>922,499</u>
	<u>\$ 50,507</u>	<u>\$ 94,346</u>	<u>\$ 247,671</u>	<u>\$ 605,772</u>	<u>\$ 998,296</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 2013:

	<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	\$	\$ 77,838	\$ 7,915	\$ 89,297	\$ 18,283	\$ 193,333
Water/Sewer				160,363		160,363
All others	<u>303,018</u>				<u>227,589</u>	<u>530,572</u>
Total	<u>\$ 303,013</u>	<u>\$ 77,838</u>	<u>\$ 7,915</u>	<u>\$ 249,660</u>	<u>\$ 245,842</u>	<u>\$ 884,268</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 received \$2,000 per month. Subsequent to completion of the new facility, the Town receives 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%. The facility became operational February 3, 2013.

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 investment in the project is \$500,000. The Town lease income for the year ended June 30, 2013 was \$26,500.

The Town's future rent income under the contract is as follows:

2014	\$ 30,000
2015	30,000
2016	30,000
2017	30,000
2018	30,000
2019-2023	150,000
2024-2028	150,000
2029-2033	150,000
2034-2038	<u>72,500</u>
	<u>\$ 672,500</u>

Note 17 Evaluation of Subsequent Events

The Town has evaluated subsequent events through November 22, 2013, the date which the financial statements were available to be issued.

Note 18 Expenditures in Excess of Budgetary Authority

The Town incurred expenditures in excess of budgetary authority in the following funds:

Drug Task Force	\$	2
2011 Bond projects	\$	7,915

The Town intends to continue to monitor its budget management process to prevent any budget overruns in the future.

## **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.

**Regional Water System** – to account for revenues and expenditures to research water supply for the Town residents. Authorized by Town resolution.

## **DEBT SERVICE FUNDS**

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

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

**2002 Refunding 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.

**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.

**Silco Theatre** – to account for state gross receipts tax pledged to repay the loan to NMFA.

## CAPITAL PROJECTS FUNDS

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

**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.

**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.

**NM Recycling Development** – state sources for development of recycling.

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

**Silco Theatre** – to account for funds received to purchase and renovate the Silco Theatre.

## **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, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets</b>				
Cash and investments	\$ -	\$ 7,751	\$ 27,290	\$ 35,041
Taxes receivable	56,321		157,734	214,055
Interfund receivable	434,657		487,842	922,499
Assessments receivable			1,927	1,927
Allowance for doubtful accounts			(1,927)	(1,927)
Due from other governments	<u>21,480</u>	<u>209,665</u>		<u>231,145</u>
 Total assets	 <u>\$ 512,458</u>	 <u>\$ 217,416</u>	 <u>\$ 672,866</u>	 <u>\$ 1,402,740</u>
 <b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 130,201	\$ 210,447	\$ -	\$ 340,648
Interfund payable	81,879	58,245	465,648	605,772
Deferred revenue		34,665	83,847	118,512
 Total liabilities	 <u>\$ 212,080</u>	 <u>\$ 303,357</u>	 <u>\$ 549,495</u>	 <u>\$ 1,064,932</u>
 Fund balance:				
Restricted	\$ 340,494	\$ 6,969	\$ 521,344	\$ 868,807
Assigned	45,450			45,450
Unassigned	<u>(85,566)</u>	<u>(92,910)</u>	<u>(397,973)</u>	<u>(576,449)</u>
 Total fund balance	 <u>\$ 300,378</u>	 <u>\$ (85,941)</u>	 <u>\$ 123,371</u>	 <u>\$ 337,808</u>
 Total liabilities and fund balance	 <u>\$ 512,458</u>	 <u>\$ 217,416</u>	 <u>\$ 672,866</u>	 <u>\$ 1,402,740</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, 2013

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Non-Major Governmental Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ 63,530	\$ 63,530
Gross receipt taxes			418,587	418,587
Other taxes	273,471			273,471
State sources	409,237	219,507		628,744
Federal sources	93,037	163,365		256,402
Fines, licenses and permits	79,213			79,213
Miscellaneous	13,049	8,000	1,010	22,059
	<u>\$ 868,007</u>	<u>\$ 390,872</u>	<u>\$ 483,127</u>	<u>\$ 1,742,006</u>
Total revenues				
Expenditures:				
Current:				
General government	\$ 16,840	\$ -	\$ 431	\$ 17,271
Public safety	439,804			439,804
Public works		18,617		18,617
Health and welfare				-
Culture recreation	389,713			389,713
Debt service:				
Principal			696,691	696,691
Interest			221,981	221,981
Loan issue costs			1,849	1,849
Capital outlay	504,755	714,576		1,219,331
	<u>\$ 1,351,112</u>	<u>\$ 733,193</u>	<u>\$ 920,952</u>	<u>\$ 3,005,257</u>
Total expenditures				
Revenues over (under) expenditures	\$ (483,105)	\$ (342,321)	\$ (437,825)	\$ (1,263,251)
Other financing sources (uses):				
Loan proceeds		204,891	41,608	246,499
Transfer in	67,694	111,454	351,424	530,572
Transfer (out)	(148,412)	(54,290)	(43,140)	(245,842)
	<u>\$ (563,823)</u>	<u>\$ (80,266)</u>	<u>\$ (87,933)</u>	<u>\$ (732,022)</u>
Net change in fund balances				
Fund balance, July 1, 2012	864,201	(5,675)	211,304	1,069,830
	<u>\$ 300,378</u>	<u>\$ (85,941)</u>	<u>\$ 123,371</u>	<u>\$ 337,808</u>
Fund balance, June 30, 2013				

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



Town of Silver City  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2013

	<u>Fire Protection</u>	<u>Juvenile Recreation</u>	<u>Lodgers Tax</u>	<u>Law Enforcement Protection</u>
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Taxes receivable			56,321	
Interfund receivable	74,093			16,205
Due from other governments				
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 74,093</u>	<u>\$ -</u>	<u>\$ 56,321</u>	<u>\$ 16,205</u>
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 8,361	\$ -	\$ 59,696	\$ 6,121
Cash overdraft				
Interfund payable				
Deferred revenue				
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 8,361</u>	<u>\$ -</u>	<u>\$ 59,696</u>	<u>\$ 6,121</u>
Fund balances:				
Restricted:				
Public safety	\$ 65,732	\$ -	\$ -	\$ 10,084
Culture and recreation				
Public works				
Construction				
Assigned:				
Culture and recreation				
Unassigned			(3,375)	
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<u>\$ 65,732</u>	<u>\$ -</u>	<u>\$ (3,375)</u>	<u>\$ 10,084</u>
Total liabilities and fund balance	<u>\$ 74,093</u>	<u>\$ -</u>	<u>\$ 56,321</u>	<u>\$ 16,205</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
88,601	24,618		45,450	21,480	65,852
<u>\$ 88,601</u>	<u>\$ 24,618</u>	<u>\$ -</u>	<u>\$ 45,450</u>	<u>\$ 21,480</u>	<u>\$ 65,852</u>
\$ -	\$ 31,561	\$ -	\$ -	\$ -	\$ 1,034
		170		81,709	
<u>\$ -</u>	<u>\$ 31,561</u>	<u>\$ 170</u>	<u>\$ -</u>	<u>\$ 81,709</u>	<u>\$ 1,034</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
88,601					64,818
	(6,943)	(170)	45,450	(60,229)	
<u>\$ 88,601</u>	<u>\$ (6,943)</u>	<u>\$ (170)</u>	<u>\$ 45,450</u>	<u>\$ (60,229)</u>	<u>\$ 64,818</u>
<u>\$ 88,601</u>	<u>\$ 24,618</u>	<u>\$ -</u>	<u>\$ 45,450</u>	<u>\$ 21,480</u>	<u>\$ 65,852</u>

Town of Silver City  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEETS (concluded)**  
June 30, 2013

	Century Cable Capital	Regional Water System	Total
<b>Assets</b>			
Cash and investments	\$ -	\$ -	\$ -
Taxes receivable			56,321
Interfund receivable		119,838	434,657
Due from other governments			21,480
Total assets	\$ -	\$ 119,838	\$ 512,458
<b>Liabilities and Fund Balance</b>			
Accounts payable	\$ 14,849	\$ 8,579	\$ 130,201
Cash overdraft			-
Interfund payable			81,879
Deferred revenue			-
Total liabilities	\$ 14,849	\$ 8,579	\$ 212,080
Fund balance:			
Restricted:			
Public safety	\$ -	\$ -	\$ 75,816
Culture and recreation			88,601
Construction		111,259	111,259
Land acquisition			64,818
Assigned			
Culture and recreation			45,450
Unassigned	(14,849)		(85,566)
Total fund balance	\$ (14,849)	\$ 111,259	\$ 300,378
Total liabilities and fund balance	\$ -	\$ 119,838	\$ 512,458

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, 2013

	Fire Protection	Juvenile Recreation	Lodgers Tax	Law Enforcement Protection
Revenues:				
Other taxes	\$ -	\$ -	\$ 273,471	\$ -
State sources	229,611			39,200
Federal sources				
Fines, licenses and permits				
Miscellaneous				
Total revenues	\$ 229,611	\$ -	\$ 273,471	\$ 39,200
Expenditures:				
Current:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	121,270		18,923	43,021
Health and welfare				
Culture recreation		442	297,370	
Capital outlay				
Total expenditures	\$ 121,270	\$ 442	\$ 316,293	\$ 43,021
Revenues over (under) expenditures	\$ 108,341	\$ (442)	\$ (42,822)	\$ (3,821)
Other financing sources (uses):				
Transfer in		4,670	4,630	
Transfer (out)	(77,143)			
Net changes in fund balances	\$ 31,198	\$ 4,228	\$ (38,192)	\$ (3,821)
Fund balance, July 1, 2012	34,534	(4,228)	34,817	13,905
Fund balance, June 30, 2013	\$ 65,732	\$ -	\$ (3,375)	\$ 10,084

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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		12,327		93,037	
12,654	79,213		22		373
<u>\$ 12,654</u>	<u>\$ 79,213</u>	<u>\$ 12,327</u>	<u>\$ 22</u>	<u>\$ 93,037</u>	<u>\$ 373</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	156,401	12,497		87,692	
5,024					13,331
					504,755
<u>\$ 5,024</u>	<u>\$ 156,401</u>	<u>\$ 12,497</u>	<u>\$ -</u>	<u>\$ 87,692</u>	<u>\$ 518,086</u>
\$ 7,630	\$ (77,188)	\$ (170)	\$ 22	\$ 5,345	\$ (517,713)
					-71269
<u>\$ 7,630</u>	<u>\$ (77,188)</u>	<u>\$ (170)</u>	<u>\$ 22</u>	<u>\$ 5,345</u>	<u>\$ (588,982)</u>
80,971	70,245		45,428	(65,574)	653,800
<u>\$ 88,601</u>	<u>\$ (6,943)</u>	<u>\$ (170)</u>	<u>\$ 45,450</u>	<u>\$ (60,229)</u>	<u>\$ 64,818</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, 2013

	Century Cable Capital	Regional Water System	Total
Revenues:			
Other taxes	\$ -	\$ -	\$ 273,471
State sources		128,099	409,237
Federal sources			93,037
Fines, licenses and permits			79,213
Miscellaneous			13,049
Total revenues	\$ -	\$ 128,099	\$ 868,007
Expenditures:			
Current:			
General government	\$ -	\$ 16,840	\$ 16,840
Public safety			439,804
Health and welfare			-
Culture recreation	73,546		389,713
Capital outlay			504,755
Total expenditures	\$ 73,546	\$ 16,840	\$ 1,351,112
Revenues over (under) expenditures	\$ (73,546)	\$ 111,259	\$ (483,105)
Other financing sources (uses):			
Transfer in	58,394		67,694
Transfer (out)			(148,412)
Net change in fund balances	\$ (15,152)	\$ 111,259	\$ (563,823)
Fund balance, July 1, 2012	303	-	864,201
Fund balance, June 30, 2013	\$ (14,849)	\$ 111,259	\$ 300,378

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

Town of Silver City  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEETS**  
June 30, 2013

	GO Bond Retirement	Paving #11	2012 Retirement	2011 Retirement
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Interfund receivable				
Taxes receivable	83,847			67,675
NMFA receivable				
Assessments receivable		1,927		
Allowance for doubtful accounts		(1,927)		
Total assets	\$ 83,847	\$ -	\$ -	\$ 67,675
 <b>Liabilities and Fund Balance</b>				
Interfund payable	\$ -	\$ -	\$ 244,241	\$ 221,407
Deferred revenue	83,847			
Total liabilities	\$ 83,847	\$ -	\$ 244,241	\$ 221,407
 Fund balance:				
Restricted:				
Debt service	\$ -	\$ -	\$ -	\$ -
Unassigned			(244,241)	(153,732)
Total fund balance	\$ -	\$ -	\$ (244,241)	\$ (153,732)
Total liabilities and fund balance	\$ 83,847	\$ -	\$ -	\$ 67,675

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>Ladder Truck</u>	<u>Silco Debt</u>	<u>Total</u>
\$ 612	\$ - 474,753	\$ -	\$ -	\$ -	\$ 26,678 13,089 6,212	\$ 27,290 487,842 157,734 - 1,927 (1,927)
<u>\$ 612</u>	<u>\$ 474,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,979</u>	<u>\$ 672,866</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,648 83,847
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,495</u>
\$ 612	\$ 474,753	\$ -	\$ -	\$ -	\$ 45,979	\$ 521,344 (397,973)
<u>\$ 612</u>	<u>\$ 474,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,979</u>	<u>\$ 123,371</u>
<u>\$ 612</u>	<u>\$ 474,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,979</u>	<u>\$ 672,866</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, 2013

	GO Bond Retirement	Paving #11	2012 Retirement	2011 Retirement
Revenues:				
Property taxes	\$ 63,530	\$ -	\$ -	\$ -
Gross receipts taxes				412,375
Miscellaneous				8
Total revenues	\$ 63,530	\$ -	\$ -	\$ 412,383
Expenditures:				
Current:				
General government	\$ 431	\$ -	\$ -	\$ -
Debt service:				
Principal	55,000		125,000	460,000
Interest	8,040		14,461	194,263
Loan issue costs				
Total expenditures	\$ 63,471	\$ -	\$ 139,461	\$ 654,263
Revenues over (under) expenditures	\$ 59	\$ -	\$ (139,461)	\$ (241,880)
Other financing sources (uses):				
Bond proceeds				
Transfer in	34,233		35,000	220,283
Transfer out				
Loan proceeds				
Net change in fund balances	\$ 34,292	\$ -	\$ (104,461)	\$ (21,597)
Fund balance, July 1, 2012	(34,292)		(139,780)	(132,135)
Fund balance, June 30, 2013	\$ -	\$ -	\$ (244,241)	\$ (153,732)

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>Ladder Truck</u>	<u>Silco Debt</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,530
1	990	2	1		6,212	418,587
<u>\$ 1</u>	<u>\$ 990</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 1,010</u>
<u>\$ 1</u>	<u>\$ 990</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 6,220</u>	<u>\$ 483,127</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 431
				56,691		696,691
				5,217		221,981
					1,849	1,849
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,908</u>	<u>\$ 1,849</u>	<u>\$ 920,952</u>
\$ 1	\$ 990	\$ 2	\$ 1	\$ (61,908)	\$ 4,371	\$ (437,825)
				61,908		-
		(20,774)	(22,366)			351,424
					41,608	(43,140)
						41,608
<u>\$ 1</u>	<u>\$ 990</u>	<u>\$ (20,772)</u>	<u>\$ (22,365)</u>	<u>\$ -</u>	<u>\$ 45,979</u>	<u>\$ (87,933)</u>
<u>611</u>	<u>473,763</u>	<u>20,772</u>	<u>22,365</u>			<u>211,304</u>
<u>\$ 612</u>	<u>\$ 474,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,979</u>	<u>\$ 123,371</u>

Town of Silver City  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEETS**  
June 30, 2013

	Silco Theater	Freeport McMoran	NMDOT Cactus	NMDOT Mountain View
<b>Assets</b>				
Cash and investments	\$ -	\$ 7,751	\$ -	\$ -
Due from other governments	175,000			
Total assets	<u>\$ 175,000</u>	<u>\$ 7,751</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>Liabilities and Fund Balance</b>				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	175,000	782		
Deferred revenue				
Total liabilities	<u>\$ 175,000</u>	<u>\$ 782</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:				
Restricted:				
Construction	\$ -	\$ 6,969	\$ -	\$ -
Unassigned				
Total fund balance	<u>\$ -</u>	<u>\$ 6,969</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 175,000</u>	<u>\$ 7,751</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>2012 Bond Projects</u>	<u>NM Recycling</u>	<u>CDBG Chihuahua</u>	<u>NM EMNRD</u>	<u>MAP College/Texas</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,751
		34,665			209,665
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,416</u>
\$ -	\$ -	\$ -	\$ 28,101	\$ 30,144	\$ 58,245
		34,665			210,447
		34,665			34,665
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,330</u>	<u>\$ 28,101</u>	<u>\$ 30,144</u>	<u>\$ 303,357</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,969
		(34,665)	(28,101)	(30,144)	(92,910)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,665)</u>	<u>\$ (28,101)</u>	<u>\$ (30,144)</u>	<u>\$ (85,941)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,416</u>

Town of Silver City  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
June 30, 2013

	<u>Silco Theater</u>	<u>Freeport McMoran</u>	<u>NMDOT Cactus</u>	<u>NMDOT Mountain View</u>
Revenues:				
State sources	\$ 175,000	\$ -	\$ 44,507	\$ -
Federal sources				
Miscellaneous		8,000		
	<u>\$ 175,000</u>	<u>\$ 8,000</u>	<u>\$ 44,507</u>	<u>\$ -</u>
Total revenues				
Expenditures:				
Current:				
Public works	\$ -	\$ 7,904	\$ -	\$ 1,247
Bond issue costs				
Capital outlay	379,891		140,584	1,870
	<u>\$ 379,891</u>	<u>\$ 7,904</u>	<u>\$ 140,584</u>	<u>\$ 3,117</u>
Total expenditures				
Revenues over (under) expenditures	\$ (204,891)	\$ 96	\$ (96,077)	\$ (3,117)
Other financing sources (uses):				
Loan proceeds	204,891			
Transfer in			108,337	3,117
Transfer out				
	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ 12,260</u>	<u>\$ -</u>
Net change in fund balance				
Fund balance, July 1, 2012		6,873	(12,260)	
	<u>\$ -</u>	<u>\$ 6,969</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, June 30, 2013				

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

<u>2012 Bond Projects</u>	<u>NM Recycling Development</u>	<u>CDBG Chihuahua</u>	<u>NM EMNRD</u>	<u>MAP College/Texas</u>	<u>Total</u>
\$ -	\$ - 90,529	\$ -	\$ - 72,836	\$ -	\$ 219,507 163,365 8,000
<u>\$ -</u>	<u>\$ 90,529</u>	<u>\$ -</u>	<u>\$ 72,836</u>	<u>\$ -</u>	<u>\$ 8,000</u>
\$ -	\$ - 90,529	\$ - 34,665	\$ 8,561 67,037	\$ 905	\$ 18,617 - 714,576
<u>\$ -</u>	<u>\$ 90,529</u>	<u>\$ 34,665</u>	<u>\$ 75,598</u>	<u>\$ 905</u>	<u>\$ 733,193</u>
\$ -	\$ -	\$ (34,665)	\$ (2,762)	\$ (905)	\$ (342,321)
(54,290)					204,891 111,454 (54,290)
<u>\$ (54,290)</u>	<u>\$ -</u>	<u>\$ (34,665)</u>	<u>\$ (2,762)</u>	<u>\$ (905)</u>	<u>\$ (80,266)</u>
<u>54,290</u>			<u>(25,339)</u>	<u>(29,239)</u>	<u>(5,675)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (34,665)</u></u>	<u><u>\$ (28,101)</u></u>	<u><u>\$ (30,144)</u></u>	<u><u>\$ (85,941)</u></u>

Town of Silver City  
**SPECIAL REVENUE FUND - FIRE PROTECTION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 238,000	\$ 238,000	\$ 229,611	\$ (8,389)
Expenditures:				
Current:				
Public safety	\$ 161,000	\$ 161,000	\$ 128,072	\$ 32,928
Capital outlay	35,000	35,000		35,000
Total expenditures	<u>\$ 196,000</u>	<u>\$ 196,000</u>	<u>\$ 128,072</u>	<u>\$ 67,928</u>
Revenues over (under) expenditures	\$ 42,000	\$ 42,000	\$ 101,539	\$ 59,539
Other financing sources (uses):				
Transfer in (out)	<u>(77,143)</u>	<u>(77,143)</u>	<u>(77,143)</u>	<u>-</u>
Net change in fund balance	\$ (35,143)	\$ (35,143)	\$ 24,396	\$ 59,539
Fund balance, June 30, 2012	<u>35,143</u>	<u>35,143</u>	<u>49,697</u>	<u>14,554</u>
Fund balance, June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 74,093</u></u>	<u><u>\$ 74,093</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 31,198	
Revenue accruals (net)				
Expenditure accruals (net)			(6,802)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 24,396</u></u>	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Other taxes	\$ 4,670	\$ 4,670	\$ -	\$ (4,670)
Expenditures:				
Current:				
Culture and recreation	\$ 450	\$ 450	\$ 450	\$ -
Capital outlay				-
Total expenditures	\$ 450	\$ 450	\$ 450	\$ -
Revenues over (under) expenditures	\$ 4,220	\$ 4,220	\$ (450)	\$ (4,670)
Other financing sources (uses):				
Transfer in (out)			4,670	4,670
Net change in fund balance	\$ 4,220	\$ 4,220	\$ 4,220	\$ -
Fund balance, June 30, 2012	(4,220)	(4,220)	(4,220)	-
Fund balance, June 30, 2013	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 4,228	
Revenue accruals (net)				
Expenditure accruals (net)			(8)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 4,220	



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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 274,550	\$ 274,550	\$ 269,567	\$ (4,983)
Expenditures:				
Current:				
Culture and recreation	\$ 306,213	\$ 306,213	\$ 269,449	\$ 36,764
Public safety	15,071	15,071	18,923	(3,852)
Total expenditures	\$ 321,284	\$ 321,284	\$ 288,372	\$ 32,912
Revenues over (under) expenditures	\$ (46,734)	\$ (46,734)	\$ (18,805)	\$ 27,929
Other financing sources (uses):				
Transfer in	4,629	4,629	4,630	1
Net change in fund balance	\$ (42,105)	\$ (42,105)	\$ (14,175)	\$ 27,930
Fund balance, June 30, 2012	42,105	42,105	14,175	(27,930)
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (38,192)	
Revenue accruals (net)			(3,904)	
Expenditure accruals (net)			27,921	
Other financing sources (net)			<u>          </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (14,175)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 12,327	\$ 12,327	\$ 12,327	\$ -
Expenditures:				
Current:				
Health and welfare	\$ 12,497	\$ 12,497	\$ 12,497	\$ -
Capital outlay				-
Total expenditures	\$ 12,497	\$ 12,497	\$ 12,497	\$ -
Revenues over (under) expenditures	\$ (170)	\$ (170)	\$ (170)	\$ -
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ (170)	\$ (170)	\$ (170)	\$ -
Fund balance, June 30, 2012	170	170	-	(170)
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (170)</u>	<u>\$ (170)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (170)	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (170)</u>	

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

Town of Silver City  
**SPECIAL REVENUE FUND - CORRECTION FEES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines, licenses and permits	\$ 79,212	\$ 79,212	\$ 79,213	\$ 1
Expenditures:				
Current:				
Public safety	133,500	133,500	124,840	8,660
Net change in fund balance	\$ (54,288)	\$ (54,288)	\$ (45,627)	\$ 8,661
Fund balance, July 1, 2012	54,288	54,288	70,245	15,957
Fund balance, June 30, 2013	\$ -	\$ -	\$ 24,618	\$ 24,618
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (77,188)	
Revenue accruals (net)				
Expenditure accruals (net)			31,561	
Net change in fund balance, NON-GAAP budgetary basis			\$ (45,627)	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 22	\$ 22
Expenditures:				
Current:				
Culture and recreation	\$ -	\$ -	\$ -	\$ -
Capital outlay	35,000	35,000		35,000
Total expenditures	\$ 35,000	\$ 35,000	\$ -	\$ 35,000
Revenues over (under) expenditures	\$ (35,000)	\$ (35,000)	\$ 22	\$ 35,022
Other financing sources (uses):				
Transfer in	70,000	70,000		(70,000)
Net change in fund balance	\$ 35,000	\$ 35,000	\$ 22	\$ (34,978)
Fund balance, June 30, 2012			45,428	45,428
Fund balance, June 30, 2013	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 45,450</u>	<u>\$ 10,450</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 22	
Revenue accruals (net)				
Transfer accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 22</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 39,200	\$ 39,200	\$ 39,200	\$ -
Expenditures:				
Current:				
Public safety	\$ 50,200	\$ 50,200	\$ 39,079	\$ 11,121
Capital outlay				-
Total expenditures	\$ 50,200	\$ 50,200	\$ 39,079	\$ 11,121
Net change in fund balance	\$ (11,000)	\$ (11,000)	\$ 121	\$ 11,121
Fund balance, July 1, 2012	11,000	11,000	16,084	5,084
Fund balance, June 30, 2013	\$ -	\$ -	\$ 16,205	\$ 16,205
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (3,821)	
Revenue accruals (net)				
Expenditure accruals (net)			3,942	
Net change in fund balance, NON-GAAP budgetary basis			\$ 121	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ 12,655	\$ 12,655	\$ 12,654	\$ (1)
Expenditures:				
Current:				
Culture recreation	\$ 92,971	\$ 92,971	\$ 5,024	\$ 87,947
Capital outlay				-
Total expenditures	\$ 92,971	\$ 92,971	\$ 5,024	\$ 87,947
Revenues over (under) expenditures	\$ (80,316)	\$ (80,316)	\$ 7,630	\$ 87,946
Other financing sources (uses):				
Transfer in (out)				-
Net change in fund balance	\$ (80,316)	\$ (80,316)	\$ 7,630	\$ 87,946
Fund balance, June 30, 2012	80,316	80,316	80,971	655
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,601</u>	<u>\$ 88,601</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 7,630	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 7,630</u>	

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

Town of Silver City  
**SPECIAL REVENUE FUND - DRUG TASK FORCE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 108,089	\$ 108,089	\$ 108,088	\$ (1)
Expenditures:				
Current:				
Public safety	\$ 100,745	\$ 100,745	\$ 100,747	\$ (2)
Total expenditures	\$ 100,745	\$ 100,745	\$ 100,747	\$ (2)
Revenues over (under) expenditures	\$ 7,344	\$ 7,344	\$ 7,341	\$ (3)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ 7,344	\$ 7,344	\$ 7,341	\$ (3)
Fund balance, June 30, 2012			(36,691)	(36,691)
Fund balance, June 30, 2013	<u>\$ 7,344</u>	<u>\$ 7,344</u>	<u>\$ (29,350)</u>	<u>\$ (36,694)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 5,345	
Revenue accruals (net)			15,051	
Expenditure accruals (net)			(13,055)	
Transfer accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 7,341</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 373	\$ 373
Expenditures:				
Capital outlay	\$ 530,263	\$ 530,263	\$ 517,052	\$ 13,211
Total expenditures	\$ 530,263	\$ 530,263	\$ 517,052	\$ 13,211
Revenues over (under) expenditures	\$ (530,263)	\$ (530,263)	\$ (516,679)	\$ 13,584
Other financing sources (uses):				
Transfer in (out)			(71,269)	(71,269)
Net change in fund balance	\$ (530,263)	\$ (530,263)	\$ (587,948)	\$ (57,685)
Fund balance, June 30, 2012	530,263	530,263	653,800	123,537
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,852</u>	<u>\$ 65,852</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (588,982)	
Revenue accruals (net)			-	
Expenditure accruals (net)			1,034	
Transfer accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (587,948)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Culture recreation	\$ -	\$ -	\$ -	\$ -
Capital outlay	<u>68,250</u>	<u>68,250</u>	<u>58,697</u>	<u>9,553</u>
Total expenditures	\$ 68,250	\$ 68,250	\$ 58,697	\$ 9,553
Other financing sources (uses):				
Transfer in	<u>68,250</u>	<u>68,250</u>	<u>58,394</u>	<u>(9,856)</u>
Net change in fund balance	\$ -	\$ -	\$ (303)	\$ (303)
Fund balance, July 1, 2012	<u>          </u>	<u>          </u>	<u>303</u>	<u>303</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (15,152)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>14,849</u>	
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 RETIRMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 147,238	\$ 147,238	\$ 63,530	\$ (83,708)
Expenditures:				
Current:				
General governemnt	\$ -	\$ -	\$ 400	\$ (400)
Principle	63,040	63,040	55,000	8,040
Interest	8,040	8,040	8,040	-
Total expenditures	<u>\$ 71,080</u>	<u>\$ 71,080</u>	<u>\$ 63,440</u>	<u>\$ 7,640</u>
Revenues over (under) expenditures	\$ 76,158	\$ 76,158	\$ 90	\$ (76,068)
Other financing sources (uses):				
Transfer in	<u>                    </u>	<u>                    </u>	38,034	38,034
Net change in fund balance	\$ 76,158	\$ 76,158	\$ 38,124	\$ (38,034)
Fund balance, July 1, 2012	<u>                    </u>	<u>                    </u>	(38,124)	(38,124)
Fund balance, June 30, 2013	<u><u>\$ 76,158</u></u>	<u><u>\$ 76,158</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (76,158)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 34,292	
Revenue accruals (net)			-	
Expenditure accruals (net)			31	
Transfer accruals (net)			<u>3,801</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 38,124</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ -	\$ -
Principal	125,000	125,000	125,000	-
Interest	15,428	15,428	14,461	967
Total expenditures	\$ 140,428	\$ 140,428	\$ 139,461	\$ 967
Revenues over (under) expenditures	\$ (140,428)	\$ (140,428)	\$ (139,461)	\$ 967
Other financing sources (uses):				
Bond proceeds				
Transfer in (out)	281,615	281,615	35,000	(246,615)
Net change in fund balance	\$ 141,187	\$ 141,187	\$ (104,461)	\$ (245,648)
Fund balance, July 1, 2012	(139,780)	(139,780)	(139,780)	-
Fund balance, June 30, 2013	<u>\$ 1,407</u>	<u>\$ 1,407</u>	<u>\$ (244,241)</u>	<u>\$ (245,648)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (104,461)	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (104,461)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 1	\$ 1
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ -	\$ -
Principal				-
Interest				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ 1	\$ 1
Other financing sources (uses):				
Transfer out				-
Net change in fund balance	\$ -	\$ -	\$ 1	\$ 1
Fund balance, July 1, 2012			611	611
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612</u>	<u>\$ 612</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 1</u>	

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

Town of Silver City  
**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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 387,338	\$ 387,338	\$ 419,870	\$ 32,532
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ -	\$ -
Principal	557,132	557,132	460,000	97,132
Interest	97,131	97,131	194,263	(97,132)
Total expenditures	\$ 654,263	\$ 654,263	\$ 654,263	\$ -
Revenues over (under) expenditures	\$ (266,925)	\$ (266,925)	\$ (234,393)	\$ 32,532
Other financing sources (uses):				
Bond proceeds			\$ 43,140	\$ 43,140
Transfer in (out)	481,143	481,143	177,143	(304,000)
Net change in fund balance	\$ 214,218	\$ 214,218	\$ (14,110)	\$ (228,328)
Fund balance, July 1, 2012	(207,297)	(207,297)	(207,297)	-
Fund balance, June 30, 2013	<u>\$ 6,921</u>	<u>\$ 6,921</u>	<u>\$ (221,407)</u>	<u>\$ (228,328)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (21,597)	
Revenue accruals (net)			7,487	
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (14,110)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ 600	\$ 600	\$ 990	\$ 390
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ -	\$ -
Principal				-
Interest				-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ 600	\$ 600	\$ 990	\$ 390
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ 600	\$ 600	\$ 990	\$ 390
Fund balance, July 1, 2012			<u>473,763</u>	<u>473,763</u>
Fund balance, June 30, 2013	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 474,753</u>	<u>\$ 474,153</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 990	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 990</u>	

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

Town of Silver City  
**DEBT SERVICE FUND - LADDER FIRE TRUCK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Principal	\$ 56,692	\$ 56,692	\$ 56,691	\$ 1
Interest	5,217	5,217	5,217	-
Total expenditures	<u>\$ 61,909</u>	<u>\$ 61,909</u>	<u>\$ 61,908</u>	<u>\$ 1</u>
Revenues over (under) expenditures	\$ (61,909)	\$ (61,909)	\$ (61,908)	\$ 1
Other financing sources (uses):				
Transfer in	66,668	66,668	61,908	(4,760)
Net change in fund balance	\$ 4,759	\$ 4,759	\$ -	\$ (4,759)
Fund balance, July 1, 2012	<u>                    </u>	<u>                    </u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2013	<u><u>\$ 4,759</u></u>	<u><u>\$ 4,759</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,759)</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  
**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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 908	\$ 908
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	3,296,016	3,296,016	3,303,931	(7,915)
Total expenditures	<u>\$ 3,296,016</u>	<u>\$ 3,296,016</u>	<u>\$ 3,303,931</u>	<u>\$ (7,915)</u>
Revenues over (under) expenditures	\$ (3,296,016)	\$(3,296,016)	\$ (3,303,023)	\$ (7,007)
Other financing sources (uses):				
Transfer in (out)	<u>(7,915)</u>	<u>(7,915)</u>	<u>(7,915)</u>	<u>-</u>
Net change in fund balance	\$ (3,303,931)	\$(3,303,931)	\$ (3,310,938)	\$ (7,007)
Fund balance, July 1, 2012	<u>3,303,931</u>	<u>3,303,931</u>	<u>3,312,853</u>	<u>8,922</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,915</u>	<u>\$ 1,915</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,268,903)	
Revenue accruals (net)				
Expenditure accruals (net)			(1,042,035)	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (3,310,938)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 195,141	\$ 195,141	\$ 195,141	\$ -
Expenditures:				
Capital outlay	\$ 90,529	\$ 90,529	\$ 90,529	\$ -
Total expenditures	\$ 90,529	\$ 90,529	\$ 90,529	\$ -
Revenues over (under) expenditures	\$ 104,612	\$ 104,612	\$ 104,612	\$ -
Other financing sources (uses):				
Transfer out				-
Net change in fund balance	\$ 104,612	\$ 104,612	\$ 104,612	\$ -
Fund balance, July 1, 2012	<u>(104,612)</u>	<u>(104,612)</u>	<u>(104,612)</u>	<u>-</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 - CDBG CHIHUAHUA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay				-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2012				-
Fund balance, June 30, 2013	<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			\$ (34,665)	
Revenue accruals (net)				
Expenditure accruals (net)			34,665	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Town of Silver City  
**CAPITAL PROJECTS FUND - 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 427,033	\$ 427,033	\$ -	\$ (427,033)
Expenditures:				
Current:				
Public works	\$ 427,033	\$ 427,033	\$ 353,133	\$ 73,900
Capital outlay			7,743	(7,743)
Total expenditures	<u>\$ 427,033</u>	<u>\$ 427,033</u>	<u>\$ 360,876</u>	<u>\$ 66,157</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ (360,876)	\$ (360,876)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ -	\$ -	\$ (360,876)	\$ (360,876)
Fund balance, July 1, 2012				-
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (360,876)</u>	<u>\$ (360,876)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (10,241)	
Revenue accruals (net)			(353,133)	
Expenditure accruals (net)			2,498	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (360,876)</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	<u>196,917</u>	<u>196,917</u>	<u>196,917</u>	<u>-</u>
Total expenditures	<u>\$ 196,917</u>	<u>\$ 196,917</u>	<u>\$ 196,917</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (196,917)	\$ (196,917)	\$ (196,917)	\$ -
Other financing sources (uses):				
Transfer in (out)	<u>(54,290)</u>	<u>(54,290)</u>	<u>(54,290)</u>	<u>-</u>
Net change in fund balance	\$ (251,207)	\$ (251,207)	\$ (251,207)	\$ -
Fund balance, July 1, 2012	<u>251,207</u>	<u>251,207</u>	<u>251,207</u>	<u>-</u>
Fund balance, June 30, 2013	<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			\$ (54,290)	
Revenue accruals (net)				
Expenditure accruals (net)			(196,917)	
Other financing sources			<u>                    </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (251,207)</u></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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 44,507	\$ 44,507	\$ 44,507	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	144,659	144,659	144,659	-
Total expenditures	<u>\$ 144,659</u>	<u>\$ 144,659</u>	<u>\$ 144,659</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (100,152)	\$ (100,152)	\$ (100,152)	\$ -
Other financing sources (uses):				
Transfer in	108,337	108,337	108,337	-
Net change in fund balance	\$ 8,185	\$ 8,185	\$ 8,185	\$ -
Fund balance, July 1, 2012	<u>(8,185)</u>	<u>(8,185)</u>	<u>(8,185)</u>	<u>-</u>
Fund balance, June 30, 2013	<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			\$ 12,260	
Revenue accruals (net)				
Expenditure accruals (net)			(4,075)	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 8,185</u></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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 87,862	\$ 87,862	\$ 76,787	\$ (11,075)
Expenditures:				
Current:				
Public works	\$ 72,862	\$ 72,862	\$ 8,561	\$ 64,301
Capital outlay	2,736	2,736	67,037	(64,301)
Total expenditures	<u>\$ 75,598</u>	<u>\$ 75,598</u>	<u>\$ 75,598</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ 12,264	\$ 12,264	\$ 1,189	\$ (11,075)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	\$ 12,264	\$ 12,264	\$ 1,189	\$ (11,075)
Fund balance, July 1, 2012	<u>(5,852)</u>	<u>(5,852)</u>	<u>(5,852)</u>	<u>-</u>
Fund balance, June 30, 2013	<u><u>\$ 6,412</u></u>	<u><u>\$ 6,412</u></u>	<u><u>\$ (4,663)</u></u>	<u><u>\$ (11,075)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,762)	
Revenue accruals (net)			3,951	
Expenditure accruals (net)				
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 1,189</u></u>	

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

Town of Silver City  
**CAPITAL PROJECTS FUND - FREEPORT MCMORAN WATERWORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Expenditures:				
Capital outlay	10,147	10,147	10,147	-
Net change in fund balance	\$ (2,147)	\$ (2,147)	\$ (2,147)	\$ -
Fund balance, July 1, 2012	-	-	9,898	9,898
Fund balance, June 30, 2013	\$ (2,147)	\$ (2,147)	\$ 7,751	\$ 9,898
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 96	
Revenue accruals (net)				
Expenditure accruals (net)			(2,243)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (2,147)	

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

Town of Silver City  
**CAPITAL PROJECTS FUND - NMED SILCO THEATER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	204,891	204,891	204,891	-
Total expenditures	<u>\$ 204,891</u>	<u>\$ 204,891</u>	<u>\$ 204,891</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (204,891)	\$ (204,891)	\$ (204,891)	\$ -
Other financing sources (uses):				
Loan proceeds	204,891	204,891	204,891	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2013	<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  
**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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	3,117	3,117	3,117	-
Total expenditures	<u>\$ 3,117</u>	<u>\$ 3,117</u>	<u>\$ 3,117</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ (3,117)	\$ (3,117)	\$ (3,117)	\$ -
Other financing sources (uses):				
Transfer in	37,739	37,739	3,117	(34,622)
Net change in fund balance	\$ 34,622	\$ 34,622	\$ -	\$ (34,622)
Fund balance, July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2013	<u><u>\$ 34,622</u></u>	<u><u>\$ 34,622</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (34,622)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Town of Silver City  
**CAPITAL PROJECTS FUND - 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ 2,700	\$ (2,700)
Capital outlay	30,145	30,145	27,444	2,701
Total expenditures	<u>\$ 30,145</u>	<u>\$ 30,145</u>	<u>\$ 30,144</u>	<u>\$ 1</u>
Revenues over (under) expenditures	\$ (30,145)	\$ (30,145)	\$ (30,144)	\$ 1
Other financing sources (uses):				
Transfer in	56,006	56,006		(56,006)
Net change in fund balance	\$ 25,861	\$ 25,861	\$ (30,144)	\$ (56,005)
Fund balance, July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2013	<u>\$ 25,861</u>	<u>\$ 25,861</u>	<u>\$ (30,144)</u>	<u>\$ (56,005)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (905)	
Revenue accruals (net)				
Expenditure accruals (net)			(29,239)	
Other financing sources			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (30,144)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 387,338	\$ 387,338	\$ 419,862	\$ 32,524
State sources				-
Federal sources	365,853	365,853	118,608	(247,245)
Charges for services	4,615,586	4,615,586	4,555,239	(60,347)
Earnings on investments				-
Miscellaneous	30,045	30,045	30,045	-
	<u>\$ 5,398,822</u>	<u>\$ 5,398,822</u>	<u>\$ 5,123,754</u>	<u>\$ (275,068)</u>
Total revenues				
Expenses:				
Personnel	\$ 2,094,593	\$ 2,094,593	\$ 2,094,592	\$ 1
Operating	2,937,121	2,937,121	2,537,768	399,353
Capital outlay	942,693	942,693	748,032	194,661
Debt service:				
Principal	209,541	209,541	209,541	-
Interest	51,681	51,681	51,682	(1)
	<u>\$ 6,235,629</u>	<u>\$ 6,235,629</u>	<u>\$ 5,641,615</u>	<u>\$ 594,014</u>
Total expenses				
Revenues over (under) expenses	\$ (836,807)	\$ (836,807)	\$ (517,861)	\$ 318,946
Other financing sources (uses):				
Transfers in	514,311	514,311	266,347	(247,964)
Transfers out	(821,015)	(821,015)	(105,984)	715,031
Loan proceeds	404,033	404,033	404,033	-
	<u>\$ (739,478)</u>	<u>\$ (739,478)</u>	<u>\$ 46,535</u>	<u>\$ 786,013</u>
Net changes in retained earnings				
Retained earnings, July 1, 2012	935,933	935,933	198,893	(737,040)
Retained earnings, June 30, 2013	<u>\$ 196,455</u>	<u>\$ 196,455</u>	<u>\$ 245,428</u>	<u>\$ 48,973</u>
Budgetary reconciliation:				
Net change in retained earnings, GAAP basis			\$ (11,102)	
Revenue accruals (net)			(94,938)	
Expenditure accruals (net)			(329,296)	
Other financing sources (uses)			481,871	
Net change in retained earnings, NON-GAAP budgetary basis			<u>\$ 46,535</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 209,932	\$ 209,932	\$ 209,931	\$ (1)
Charges for services	1,935,201	1,935,201	1,912,341	(22,860)
Miscellaneous			71	71
	<u>\$ 2,145,133</u>	<u>\$ 2,145,133</u>	<u>\$ 2,122,343</u>	<u>\$ (22,790)</u>
Total revenues				
Expenses:				
Personnel	\$ 674,528	\$ 674,528	\$ 674,528	\$ -
Operating	1,335,698	1,335,698	1,201,704	133,994
Capital outlay	135,000	135,000	44,226	90,774
Principle				-
Interest				-
	<u>\$ 2,145,226</u>	<u>\$ 2,145,226</u>	<u>\$ 1,920,458</u>	<u>\$ 224,768</u>
Total expenses				
Revenues over (under) expenses	\$ (93)	\$ (93)	\$ 201,885	\$ 201,978
Other financing sources (uses):				
Transfer in				-
Transfers out	<u>(344,223)</u>	<u>(344,223)</u>	<u>(205,434)</u>	<u>138,789</u>
Net change in retained earnings	\$ (344,316)	\$ (344,316)	\$ (3,549)	\$ 340,767
Retained earnings, July 1, 2012	<u>344,316</u>	<u>344,316</u>	<u>3,549</u>	<u>(340,767)</u>
Retained earnings, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in retained earnings, GAAP basis			\$ (19,855)	
Revenue accruals (net)			(51,115)	
Expenditure accruals (net)			23,195	
Other financing sources (uses)			<u>44,226</u>	
Net change in retained earnings, NON-GAAP budgetary basis			<u>\$ (3,549)</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, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Municipal Court Bond</b>				
Cash and investments	\$ 4,383	\$ 40,304	\$ 35,758	\$ 8,929
Receivables				-
Total assets	<u>\$ 4,383</u>	<u>\$ 40,304</u>	<u>\$ 35,758</u>	<u>\$ 8,929</u>
<b>Liabilities</b>				
Due to others	<u>\$ 4,383</u>	<u>\$ 40,304</u>	<u>\$ 35,758</u>	<u>\$ 8,929</u>

Town on Silver City  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
June 30, 2013

	Wells Fargo	Western Bank	First NM Bank	Total
Checking and CD's	\$ 331,012	\$ 50,259	\$ 14,362	\$ 395,633
Less: FDIC insurance	250,000	50,259	14,362	314,621
Total uninsured public funds	\$ 81,012	\$ -	\$ -	\$ 81,012
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 40,506	\$ -	\$ -	\$ 40,506
Pledged Securities:				
FNMA 3138ANHX4 8/1/41	\$ 7,445	\$ -	\$ -	\$ 7,445
FNMA 3138W7GH1 3/1/43	223,545	-	-	223,545
FNMA 3138WTRR9 6/1/43	19,616	-	-	19,616
Total pledged securities	\$ 250,606	\$ -	\$ -	\$ 19,616
Pledged securities over (under) requirement	\$ 210,100	\$ -	\$ -	\$ 210,100

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, 2013

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Wells Fargo</u>			
General	Checking	\$ 321,581	\$ (266,530)
Sweep	Checking	7	7
CDBG 95	Checking	-	-
CDBG 2000	Checking	-	-
Municipal Bond	Checking	9,408	8,929
Library Memorial	Checking	-	-
General	Savings	16	16
		<u>331,012</u>	<u>(257,578)</u>
Total Wells Fargo		<u>\$ 331,012</u>	<u>\$ (257,578)</u>
 <u>LGIP</u>			
Forward Estate	LGIP	\$ 25,877	\$ 25,877
2002 Refunding Reserve	LGIP	587	587
		<u>26,464</u>	<u>26,464</u>
Total LGIP		<u>\$ 26,464</u>	<u>\$ 26,464</u>
 <u>Edward Jones</u>			
General Fund and Library Memorial	Money Market	\$ 7,102	\$ 7,102
	Mutual Funds	12,608	12,608
		<u>19,710</u>	<u>19,710</u>
Total Edward Jones		<u>\$ 19,710</u>	<u>\$ 19,710</u>
 <u>First New Mexico Bank</u>			
General Fund	CD	\$ 14,362	\$ 14,362
 <u>Western Bank</u>			
General Fund	CD	\$ 50,259	\$ 50,259
 <u>NMFA</u>			
Cash on deposit with paying agent	NMFA	\$ 190,503	\$ 190,503
Cash on hand			<u>\$ 3,700</u>
Total cash and investments		<u>\$ 632,310</u>	<u>\$ 47,420</u>



Town of Silver City  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
For the Fiscal Year Ended June 30, 2013

**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, 2013

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, 2013

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, 2013

Amount of project                      Arenas Valley Water Association shall pay the Town based on a tiered system ranging from \$6.30 to \$5.29 per varying thousands of gallons of water.

Audit responsibility                      Town of Silver City

**Rosedale Mutual Domestic Water Consumers Association**

Participants                              Town of Silver City  
     Rosedale Mutual Domestic Water Consumers Association

Responsible party                      Town of Silver City  
     Rosedale Mutual Domestic Water Consumers Association

Description                              Town of Silver City shall provide water to the Association.

Dates of agreement                      Indefinite

Amount of project                      Association will pay the Town based on a tiered system ranging from \$7.95 to \$5.30 per varying thousands of gallons of water.

Audit responsibility                      Town of Silver City

**Water and Wastewater Service**

Participants                              Town of Silver City  
     Tyrone Property Owners Association

Responsible party                      Town of Silver City  
     Tyrone Property Owners Association

Description                              To provide wastewater treatment services to Tyrone Property Owners Association

Dates of agreement                      Indefinite

Audit responsibility                      Town of Silver City

Amount of project                      Provided by Tyrone Property Owners Association

Town of Silver City  
**SCHEDULE OF JOINT POWERS AGREEMENTS (continued)**  
 For the Fiscal Year Ended June 30, 2013

**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, 2013

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, 2013

<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>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Passed through New Mexico Dept. of Finance and Administration: Community Development Block Grants-States Program	14.228	N/A	\$ 34,665
Affordable Housing Development in Main Street Project:	14.878	N/A	355,631
Passed through New Mexico Mortgage Finance Authority: Home Partnership	14.239	N/A	<u>215,446</u>
Total U.S. Dept. of Housing and Urban Development			<u>\$ 605,742</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Passed through N.M. Dept. of Public Safety: Byrne Memorial Justice Assistance Grant	16.738	N/A	104,417
Passed through N.M. Dept. of Children, Youth & Families and Luna County: Juvenile Justice and Delinquency Prevention	16.540	N \ A	<u>100,000</u>
Total U.S. Department of Justice			<u>\$ 204,417</u>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>			
Direct:			
Historic Preservation Grant	15.904	N \ A	\$ 20,221
Outdoor Recreation Acquisition Development & Plannir	15.916	N/A	<u>47,497</u>
Total U.S. Department of the Interior			<u>\$ 67,718</u>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>			
Direct:			
Congressionally Mandated Projects	66.202	N/A	<u>\$ 87,325</u>

Town of Silver City  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (concluded)**  
For The Fiscal Year Ended June 30, 2013

<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>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed Through N.M. Highway Department: Minimum Penalties for Repeat DWI Offenders	20.608	N/A	<u>\$ 19,709</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed Through N.M. Department of Energy, Minerals and Cooperative Forestry Assistance	10.664	N/A	<u>\$ 370</u>
<b><u>EXECUTIVE OFFICE OF THE PRESIDENT</u></b>			
Direct: High Intensity Drug Trafficking Areas Program	95.001	N/A	<u>\$ 612,683</u>
Total expenditures of federal awards			<u><u>\$ 1,597,964</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, 2013

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, 2013:

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 \$1,313,000 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, 2013

**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 MONTROYA, C.P.A.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Town of Silver City as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise The Town of Silver City's basic financial statements, and the combining and individual fund financial statements and related budgetary comparisons of the Town presented as other supplementary information, and have issued our report thereon dated November 22, 2013.

**Internal Control Over financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Silver City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of The Town of Silver City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Town 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item 2013-1.

### **Town of Silver City's Responses to Findings**

The Town of Silver City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stone, McGee & Co CPAs

Silver City, New Mexico  
November 22, 2013

Stone, McGee & Co.  
Certified Public Accountants

MIKE STONE, C.P.A.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Silver City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Silver City's major federal programs for the year ended June 30, 2013. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Silver City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Silver City's compliance.

### Opinion on Each Major Federal Program

In our opinion, Town of Silver City complied, in all material respects, with the types of 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, 2013.

### Report on Internal Control over Compliance

Management of the Town of Silver City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Silver City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Stone, McGee & Co CPAs*

Silver City, New Mexico  
November 22, 2013

*Stone, McGee & Co.*  
*Certified Public Accountants*

Town of Silver City  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2013

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified 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 *Independent Auditor's 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 for Each Major Program and on Internal Control Over Compliance Required by 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 unmodified 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: Affordable Housing Development in Main Street Projects, CFDA No. 14.878; and the Outdoor Recreation Acquisition, Development and Planning Grant, CFDA No. 15.916.
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**

2013-1 Budgetary Controls (Other)

Condition – The Town incurred expenditures in excess of budgetary authority in the following funds:

Drug Task Force	\$ 2
2011 Bond Projects	7,915

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The Town did not request the budget adjustments to alleviate these budget overruns.

Recommendation – We recommend that the Town adhere to their policy of reviewing expenditures and requesting budget adjustments where necessary.

Agency Response – We continue to adhere to our policy of reviewing expenditures and making the appropriate budgetary adjustments. These were unusual circumstances where either transfers were not considered or the overrun was, in the case of the Drug Task Force, not considered enough to warrant a budget adjustment.

## **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 22, 2013. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
James Marshall	Mayor	Town of Silver City
Mike Morones	City Councilor	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