

STATE OF NEW MEXICO
Town of Silver City
ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2016



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Town of Silver City
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Town of Silver City
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TOWN COUNCIL

Ken Ladner Mayor
Cynthia Ann Bettison Councilor
Linda D. Aiman-Smith Councilor
Jose A. Ray, Jr. Councilor
Guadalupe Cano Councilor

ADMINISTRATIVE OFFICIALS

Alex Brown Town Manager / Finance Director
Anita Norero Deputy Finance Director
Stephen Lopez Payroll Accountant
Leann Misquez Purchasing Agent
Olivia Britton Utility Billing Supervisor

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FINANCIAL SECTION



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

INDEPENDENT AUDITORS' REPORT

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
Honorable Mayor and Town Council
Town of Silver City
Town of 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 the major special revenue funds of the Town of Silver City (the Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds, fiduciary funds and the budgetary comparisons for all nonmajor funds, major debt service fund and the proprietary funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinion 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 in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed.

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the 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 and fiduciary fund of the Town, as of June 30, 2016, and the respective changes in financial position, and the respective budgetary comparisons for all nonmajor governmental funds, major debt service fund and the proprietary funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America require that Schedule I and Schedule II and the Notes to the Schedule of Required Supplementary Information on pages 68-74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S Code of federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance), the introductory section, and Supporting Schedules III through VII required by 2.2.2 NMAC are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Supporting Schedules III through VI required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Supporting Schedules III through VI required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and Schedule VII have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
November 21, 2016

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Town of Silver City
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,494,199	\$ 319,648	\$ 1,813,847
Investments	26,464	-	26,464
Prepaid expense	1,878	892	2,770
Inventory	-	171,182	171,182
Restricted cash - current	-	977,205	977,205
Receivables:			
Property taxes	121,265	-	121,265
Other taxes	1,752,222	-	1,752,222
Other receivables, net	187,289	13,872	201,161
Customer receivables, net	-	1,023,586	1,023,586
Total current assets	3,583,317	2,506,385	6,089,702
Noncurrent assets			
Customer Deposits	-	281,995	281,995
Bond discounts	-	34,329	34,329
Capital assets	86,269,756	45,638,339	131,908,095
Less: Accumulated Depreciation	(40,752,512)	(29,839,876)	(70,592,388)
Total noncurrent assets	45,517,244	16,114,787	61,632,031
Deferred outflows of resources			
Deferred outflows of resources related to pension	1,649,519	262,467	1,911,986
Total deferred outflows of resources	1,649,519	262,467	1,911,986
Total assets, and deferred outflows of resources	\$ 50,750,080	\$ 18,883,639	\$ 69,633,719

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 262,152	\$ 754,662	\$ 1,016,814
Accrued salaries and benefits	225,808	39,764	265,572
Accrued interest expense	-	19,485	19,485
Notes payable	634,952	347,200	982,152
Total current liabilities	<u>1,122,912</u>	<u>1,161,111</u>	<u>2,284,023</u>
Noncurrent liabilities			
Notes payable	6,440,508	6,368,161	12,808,669
Accrued compensated absences	341,169	84,207	425,376
Customer deposits	-	281,995	281,995
Net pension liability	9,736,125	1,728,884	11,465,009
Total noncurrent liabilities	<u>16,517,802</u>	<u>8,463,247</u>	<u>24,981,049</u>
Total Liabilities	<u>17,640,714</u>	<u>9,624,358</u>	<u>27,265,072</u>
Deferred inflows of resources			
Deferred inflows of resources related to pension	823,719	16,851	840,570
Total deferred inflows of resources	<u>823,719</u>	<u>16,851</u>	<u>840,570</u>
Net Position			
Net investment in capital assets	45,517,244	15,798,463	61,315,707
Unrestricted	(13,231,597)	(6,556,033)	(19,787,630)
Total net position	<u>32,285,647</u>	<u>9,242,430</u>	<u>41,528,077</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 50,750,080</u>	<u>\$ 18,883,639</u>	<u>\$ 69,633,719</u>

STATE OF NEW MEXICO
Town of Silver City
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions and Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 11,090,073	\$ 447,221	\$ 360,817	\$ -
Public Safety	1,799,241	-	1,190,458	-
Public Works	625,181	-	-	1,153,784
Culture and Recreation	382,432	-	-	-
Health and Welfare	34,240	-	-	-
Interest on Long-Term Debt	247,352	-	-	-
Total Governmental Activities	14,178,519	447,221	1,551,275	1,153,784
Business-Type Activities				
Joint Utility	7,313,392	7,459,789	-	957,535
Total Business-Type Activities	7,313,392	7,459,789	-	957,535
Total primary government	\$ 21,491,911	\$ 7,907,010	\$ 1,551,275	\$ 2,111,319

General Revenues:

Taxes:

Property Taxes levied for general purposes

Gross receipt taxes

Gas taxes

Franchise taxes

Lodgers taxes

Miscellaneous Income

Transfers

Subtotal, General Revenues

Change in Net Position

Net Position - beginning

Net Position - restatement (Note 16)

Net Position - as restated

Net Position - ending

See Independent Auditors' Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Government Activities	Business- Type Activities	Total
\$(10,282,035)	\$ -	\$ (10,282,035)
(608,783)	-	(608,783)
528,603	-	528,603
(382,432)	-	(382,432)
(34,240)	-	(34,240)
<u>(247,352)</u>	<u>-</u>	<u>(247,352)</u>
<u>(11,026,239)</u>	<u>-</u>	<u>(11,026,239)</u>
<u>-</u>	<u>1,103,932</u>	<u>1,103,932</u>
<u>-</u>	<u>1,103,932</u>	<u>1,103,932</u>
<u>(11,026,239)</u>	<u>1,103,932</u>	<u>(9,922,307)</u>
571,365	-	571,365
9,664,930	202,554	9,867,484
320,708	-	320,708
428,808	-	428,808
292,621	-	292,621
312,877	-	312,877
<u>80,797</u>	<u>(80,797)</u>	<u>-</u>
<u>11,672,106</u>	<u>121,757</u>	<u>11,793,863</u>
645,867	1,225,689	1,871,556
37,128,756	7,542,376	44,671,132
<u>(5,488,976)</u>	<u>474,365</u>	<u>(5,014,611)</u>
31,639,780	8,016,741	39,656,521
<u>\$ 32,285,647</u>	<u>\$ 9,242,430</u>	<u>\$ 41,528,077</u>

STATE OF NEW MEXICO
Town of Silver City
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>HITDA Special Revenue Fund</u>	<u>Debt Service Fund</u>
Assets			
Cash and cash equivalents	\$ 577,437	\$ -	\$ 522,763
Investments	-	-	587
Prepaid expense	-	-	1,878
Property taxes receivable	121,265	-	-
Other taxes receivable	1,692,201	-	24,822
Grants receivable	36,741	69,046	-
'Due from other funds	205,339	-	-
Total assets	<u>\$ 2,632,983</u>	<u>\$ 69,046</u>	<u>\$ 550,050</u>
Liabilities, deferred inflows of resources and fund balance			
Liabilities			
Accounts payable	\$ 125,704	\$ 29,024	-
Accrued salaries and benefits	225,808	-	-
Due to other funds	-	125,690	-
Total liabilities	<u>351,512</u>	<u>154,714</u>	<u>-</u>
Deferred inflows of resources related to			
Property taxes	59,536	-	-
Total deferred inflows of resources	<u>59,536</u>	<u>-</u>	<u>-</u>
Fund balance			
Nonspendable			
Prepaid Expense	-	-	1,878
Spendable			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Debt service expenditures	-	-	548,172
Capital projects	-	-	-
Unassigned	2,221,935	(85,668)	-
Total fund balances	<u>2,221,935</u>	<u>(85,668)</u>	<u>550,050</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,632,983</u>	<u>\$ 69,046</u>	<u>\$ 550,050</u>

See Independent Auditors' Report and Notes to Financial Statements

Nonmajor Governmental Funds	Total
\$ 393,999	\$ 1,494,199
25,877	26,464
-	1,878
-	121,265
35,199	1,752,222
81,502	187,289
-	205,339
<u>\$ 536,577</u>	<u>\$ 3,788,656</u>
\$ 107,424	\$ 262,152
-	225,808
79,649	205,339
<u>187,073</u>	<u>693,299</u>
-	59,536
<u>-</u>	<u>59,536</u>
-	1,878
33,996	33,996
66,440	66,440
194,556	194,556
126,922	126,922
-	548,172
18,050	18,050
(90,460)	2,045,807
<u>349,504</u>	<u>3,035,821</u>
<u>\$ 536,577</u>	<u>\$ 3,788,656</u>

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**STATE OF NEW MEXICO
Town of Silver City
Governmental Funds**

Exhibit B-1
Page 2 of 2

**Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2016**

Total Fund Balance - Governmental Funds \$ 3,035,821

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Capital assets	86,269,756
Less: Accumulated depreciation	(40,752,512)

Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be "unavailable" revenue in the fund financial statements, but are considered revenue in the Statement of Activities. 59,536

Deferred outflows and inflows of resources relating to pension liabilities are not payable / collected in the current period and therefore are not reported in the fund financial statements. Deferred outflows and inflows of resources consist of the following:

Deferred outflows of resources	1,649,519
Deferred inflows of resources	(823,719)

Long-term liabilities and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Accrued compensated absences	(341,169)
Loans payable	(7,075,460)
Pension liability	(9,736,125)

Total net position of governmental activities 32,285,647

STATE OF NEW MEXICO
Town of Silver City
Statement of Revenues, Expenses, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>HIDTA</u>	<u>Debt Service Fund</u>
Revenues			
Property taxes	\$ 511,829	\$ -	\$ -
Gross receipt taxes	8,465,946	-	591,322
Gas tax	75,378	-	-
Franchise	428,808	-	-
Lodger's	-	-	-
State operating grants	330,515	-	-
State capital grants	-	-	-
Federal operating grants	-	650,528	-
Charges for services	307,168	-	-
Licenses and fees	139,030	-	-
Interest income	-	-	-
Miscellaneous income	104,876	-	-
Total revenue	<u>10,363,550</u>	<u>650,528</u>	<u>591,322</u>
Expenditures			
Current:			
General government	9,247,501	-	-
Public safety	25,519	506,455	-
Public works	186,320	-	-
Culture and recreation	-	-	-
Health and welfare	29,187	-	-
Capital outlay	198,023	-	-
Debt service:			
Principal	-	-	589,856
Interest	-	-	242,890
Total expenditures	<u>9,686,550</u>	<u>506,455</u>	<u>832,746</u>
Excess (deficiency) of revenues over expenditures	<u>677,000</u>	<u>144,073</u>	<u>(241,424)</u>
Other financing sources (uses)			
Transfers in	21,243	-	516,989
Transfers out	(152,564)	-	(37,275)
Total other financing sources (uses)	<u>(131,321)</u>	<u>-</u>	<u>479,714</u>
Net change in fund balance	545,679	144,073	238,290
Fund balance - beginning of year	1,607,180	(39,555)	256,423
Restatement (Note 16)	69,076	(190,186)	55,337
Fund balance - beginning of year, restated	<u>1,676,256</u>	<u>(229,741)</u>	<u>311,760</u>
Fund balance - end of year	<u>\$ 2,221,935</u>	<u>\$ (85,668)</u>	<u>\$ 550,050</u>

See Independent Auditors' Report and Notes to Financial Statements

Nonmajor Governmental Funds	Total
\$ -	\$ 511,829
607,662	9,664,930
245,330	320,708
-	428,808
292,621	292,621
337,675	668,190
1,153,784	1,153,784
232,557	883,085
140,053	447,221
11,670	150,700
42	42
57,259	162,135
<u>3,078,653</u>	<u>14,684,053</u>
205,810	9,453,311
1,001,721	1,533,695
346,592	532,912
325,990	325,990
-	29,187
1,376,110	1,574,133
28,047	617,903
4,462	247,352
<u>3,288,732</u>	<u>14,314,483</u>
<u>(210,079)</u>	<u>369,570</u>
277,506	815,738
<u>(545,102)</u>	<u>(734,941)</u>
<u>(267,596)</u>	<u>80,797</u>
<u>(477,675)</u>	<u>450,367</u>
<u>646,866</u>	<u>2,470,914</u>
<u>180,313</u>	<u>114,540</u>
<u>827,179</u>	<u>2,585,454</u>
<u>\$ 349,504</u>	<u>\$ 3,035,821</u>

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Reconciliation of the Statement or Revenues, Expenses and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Year Ended June 30, 2016

Net Change in Fund Balance - Governmental Funds \$ 450,367

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay	1,574,133
Depreciation expense	(2,458,351)

Expenses reported in the statement of activities that do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Decrease in deferred inflows of resources related to property taxes	59,536
Net change in inflows / outflows related to pension liability	354,344

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Decrease in accrued compensated absences	47,935
Decrease in accrued interest	-
Principal payments on bonds and loans payable	<u>617,903</u>

Change in Net Position of Governmental Activities \$ 645,867

**STATE OF NEW MEXICO
Town of Silver City
General Fund**

Exhibit C-1

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Favorable (Unfavorable) Final to actual</u>
Revenues				
Taxes:				
Property Taxes	554,425	571,365	571,365	-
Gross receipts	8,228,046	8,479,452	8,479,452	-
Gasoline and Motor vehicle	73,143	75,378	75,378	-
Other	-	-	-	-
Franchise tax	326,171	336,137	336,137	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	370,700	382,027	293,774	88,253
State capital grants	-	-	-	-
Charges for services	298,061	307,168	307,168	-
Licenses and fees	134,908	139,030	139,030	-
Interest income (loss)	-	-	-	-
Miscellaneous	101,767	104,876	104,876	-
Total revenue	<u>10,087,221</u>	<u>10,395,433</u>	<u>10,307,180</u>	<u>88,253</u>
Expenditures				
Current				
General government	9,408,617	9,743,072	9,743,072	-
Public safety	24,643	25,519	25,519	-
Public works	179,924	186,320	186,320	-
Culture and recreation	-	-	-	-
Health and welfare	28,185	29,187	29,187	-
Capital outlay	-	-	-	-
Debt Service:	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>9,641,369</u>	<u>9,984,098</u>	<u>9,984,098</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>445,852</u>	<u>411,335</u>	<u>323,082</u>	<u>(88,253)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(445,852)	(411,335)	-	-
Transfers in	-	-	21,243	21,243
Transfers out	-	(152,564)	(152,564)	-
Total other financing sources (uses)	<u>-</u>	<u>(152,564)</u>	<u>(131,321)</u>	<u>21,243</u>
Net Change in fund balance	445,852	258,771	191,761	191,761
Fund balance - beginning of year	-	-	1,676,256	1,676,256
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,868,017</u>	<u>\$ 1,868,017</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>191,761</u>	
Adjustments to revenue for taxes and grants			56,370	
Adjustment to expenses for supplies and maintenance			297,548	
Net Change in fund balance (GAAP basis)			<u>\$ 545,679</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
Town of Silver City
HITDA**

Exhibit C-2

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Favorable (Unfavorable) Final to actual</u>
Revenues				
Taxes:				
Property taxes	-	-	-	-
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	464,045	581,482	581,482	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>464,045.0</u>	<u>581,482.0</u>	<u>581,482.0</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	488,620	516,986	516,986	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>488,620</u>	<u>516,986</u>	<u>516,986</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(24,575)</u>	<u>64,496</u>	<u>64,496</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	24,575	(64,496)		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(24,575)	64,496	64,496	64,496
Fund balance - beginning of year	-	-	(229,741)	(229,741)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (165,245)</u>	<u>\$ (165,245)</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>64,496</u>	
Adjustments to revenue for grants			79,577	
Adjustment to expenses				
Net Change in fund balance (GAAP basis)			<u>\$ 144,073</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Town of Silver City
Statement of Net Position
Proprietary Funds
June 30, 2016

	Joint Utility
Assets	
Current assets	
Cash and cash equivalents	\$ 319,648
Investments	-
Prepaid expense	892
Accounts receivable, net	1,023,586
Other receivable	13,872
Inventory	171,182
Due from other funds	-
Restricted cash and cash equivalents	977,205
Total current assets	2,506,385
Noncurrent assets	
Bond discounts, net of accumulated amortization of \$7,362	34,329
Customer deposits	281,995
Capital assets	45,638,339
Less: accumulated depreciation	(29,839,876)
Total noncurrent assets	16,114,787
Deferred outflows of resources related to pension	262,467
Total deferred outflows of resources	262,467
Total assets, and deferred outflows of resources	\$ 18,883,639

See Independent Auditors' Report and Notes to Financial Statements

	<u>Joint Utility</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 754,662
Accrued salaries and benefits	39,764
Accrued interest payable	19,485
Notes payable	347,200
Total current liabilities	<u>1,161,111</u>
Noncurrent liabilities	
Customer Deposits	281,995
Notes payable	6,368,161
Compensated absences	84,207
Net pension liability	1,728,884
Total noncurrent liabilities	<u>8,463,247</u>
Total liabilities	<u>9,624,358</u>
Deferred inflows of resources related to pension	16,851
Total deferred inflows of resources	<u>16,851</u>
Net position	
Net investment in capital asset	15,798,463
Unrestricted	(6,556,033)
Total net position	<u>9,242,430</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,883,639</u>

STATE OF NEW MEXICO

Exhibit D-2

Town of Silver City

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016**

	<u>Joint Utility</u>
Operating revenues	
Charges for services	\$ 7,459,789
Total operating revenues	<u>7,459,789</u>
Operating expenses:	
Depreciation and amortization	617,878
Personnel services	3,265,381
Contractual services	1,261,096
Supplies	256,516
Maintenance	416,712
Utilities	390,995
Miscellaneous	916,242
Total operating expense	<u>7,124,820</u>
Operating income (loss)	<u>334,969</u>
Non-operating revenues (expense)	
Gross receipts taxes	202,554
Interest expense	(188,572)
Total non-operating revenues (expense)	<u>13,982</u>
Income (loss) before contributions and transfers	<u>348,951</u>
Contributions and transfers	
Governmental contributions	957,535
Transfers in	494,869
Transfers out	(575,666)
Total contributions and transfers	<u>876,738</u>
Change in net position	1,225,689
Net position, beginning of year	7,542,376
Restatement (Note 16)	474,365
Net position - beginning of the year, restated	<u>8,016,741</u>
Net position - end of the year	<u>\$ 9,242,430</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Town of Silver City
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

Exhibit D-3

	<u>Joint Utility</u>
Cash flow from operating activities	
Cash received from customers	\$ 7,242,211
Cash payments to employees for services	(3,094,112)
Cash payments to suppliers for goods and services	<u>(2,794,298)</u>
Net cash provided by operating activities	<u>1,353,801</u>
Cash flow from noncapital financing activities	
Governmental contributions	1,179,292
Transfers	<u>(80,797)</u>
Net cash flows provided by noncapital financing activities	<u>1,098,495</u>
Cash Flows from capital and related financing activities:	
Issuance of debt	5,615,000
Principal payments	(1,232,328)
Interest payments	(158,960)
Acquisition of capital assets	<u>(5,379,018)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,155,306)</u>
Net increase (decrease) in cash and cash equivalents	1,296,990
Cash & cash equivalents - beginning of year	<u>281,858</u>
Cash & cash equivalents - end of year	<u>\$ 1,578,848</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 334,969
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	617,878
Employer pension contributions	172,763
Changes in assets & liabilities:	
Receivables	(121,051)
Inventory	71,373
Accounts payable	375,890
Accrued salaries and benefits	16,043
Compensated absences	(17,537)
Customer deposits	<u>(96,527)</u>
Net cash provided by operating activities	<u>\$ 1,353,801</u>

See Independent Auditors' Report and Notes to Financial Statements

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FIDUCIARY FUNDS

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STATE OF NEW MEXICO
Town of Silver City
Fiduciary Funds
Statement of Fiduciary Assets & Liabilities
June 30, 2016

Exhibit E-1

Assets	Municipal Court Bonds	Toad Creek	Total
Cash and cash equivalents	\$ 3,663	\$ 74,787	\$ 78,450
Total assets	<u>3,663</u>	<u>74,787</u>	<u>78,450</u>
Liabilities			
Deposits held in trust for others	3,663	74,787	78,450
Total liabilities	<u>\$ 3,663</u>	<u>\$ 74,787</u>	<u>\$ 78,450</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

The Town of Silver Town, 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 is a body political and corporate under the name and form of government selected by its qualified electors. The Town may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Town is presented to assist in the understanding of Town's financial statements. The financial statements and notes are the representation of Town's management who is responsible for their integrity and objectivity.

The financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the Town's accounting policies are described below.

During the year ended June 30, 2015, the Town adopted GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 (“GASB 68”), and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- A. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- B. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

- C. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability ("NPL") measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate.

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects of this statement.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statements No. 39 and No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Town does not have any component units required to be reported under GASB Statements No. 14, No. 39 and No. 61.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's Net Position is reported in three parts-net investments in capital assets; restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Town facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Town does not currently employ indirect cost allocation systems. Depreciation expense is allocated to separate functions on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town reports the following major governmental funds:

Governmental funds include:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

HIDTA – Accounts for a grant from the U.S. Department of Justice to combat drug trafficking in a high intensity drug trafficking area (HIDTA). Authorization for this fund is a grant from the Department of Justice.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Debt Service - To account for the accumulation of resources for, and the payment of, general long term principal, interest and related costs of bonds and notes payable. The primary source of revenue is gross receipts taxes (GRT).

The Town reports the following proprietary fund as a major fund. Proprietary funds include:

The Joint Utility accounts for the fees generated and the expenditures incurred for water sales, sewer services, and sanitation services.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Town's enterprise fund is charges for services for the Town's utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance

Cash and Cash Equivalents: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in certificates of deposit, obligations of the U.S. Government, interest-bearing savings accounts, certificates of deposit, bonds or other obligations of the U.S. Government that are guaranteed as to principal and interest by the U.S. government and the State Treasurer's Investment Pool.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered 100% collectible. The allowance for doubtful accounts for customer receivables is calculated based on the aging of the customer accounts receivable and the Town's historical experience with these receivables.

Property taxes are levied on November 1st based on the assessed value of property as listed on the previous January 1st and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Town may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

Inventory: Inventory is stated at the lower of cost or market. Cost is determined primarily by the average cost method. The costs of governmental fund-type inventory items are recorded as expenditures when purchased and are not recorded as assets in these funds. Inventory is adjusted annually utilizing the consumption method.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements. As of June 30 2016, the Town had \$2,770 in prepaid expenses.

Capital Assets: Capital assets, which include property, plant, utility systems, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the Town during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

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

<u>Asset</u>	<u>Years</u>
Buildings	25-50
Improvements	10-50
Machinery and Equipment	3-20
Utility System	25-75
Infrastructure	25-75

Accrued Expenses: Accrued expenses are comprised primarily of payroll expenditures based on amounts earned by the employees through June 30, 2016, along with applicable PERA and Retiree Health Care.

Deferred Inflows of Resources Related to Property Taxes: Governmental funds report deferred inflows of resources for revenue due and receivable but not considered to be available to liquidate liabilities of the current period. At the end of the fiscal year, there were property taxes receivable in the amount \$59,536 that were not received within the period of availability, and as required by GASB 65, are classified as deferred inflows.

Deferred Outflows of Resources Related to Pension: In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Town has three types of item that qualify for reporting in this category: difference between expected and actual experience in the amount of \$395,357, change in assumptions in the amount of \$87,192 and employer contributions subsequent to the measurement date in the amount of \$1,492,437. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become due.

Deferred Inflows of Resources Related to Pension: In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measureable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Town has four types of deferred inflows of resources presented on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, difference between expected and actual experience in the amount of \$88,666, net difference between projected and actual investment earnings in the amount of \$26,867, change in assumptions in the amount of \$139,245, and changes in proportion and differences between employer contributions and proportionate share of employer contributions in the amount of \$585,892. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Pensions: The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows for purposes of measuring the net pension liability. Deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Employees other than fire department earn vacation leave at various rates depending on the employee's length of service. Employees employed from 1 to 9 years of service earn 80 hours of leave per year, employee's employed from 10 to 15 years of service earn 120 hours of leave per year, and employees employed for 16 and more years of service earn 160 hours per year. The maximum hours an employee can carry over to the next year are 2 times their hours earned in one year.

Fire department employees accrue hours as follows: Employees employed with 1 to 9 years of service earn 144 hours per year, employees with 10 to 19 years of service they earn 168 hours per year, and employees employed 20 and more years of service earn 216 hours per year.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as bond insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets - Net investment in capital assets consist of 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.

Restricted Net Position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

Fund Balance: During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. Fund balance is reported in these five classifications:

Non-spendable – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans. At June 30, 2016 the Town reported \$1,878 in nonspendable fund balances, related prepaid expenses in the debt service fund.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

At June 30, 2016, the Town has presented restricted and committed fund balance on the governmental funds balance sheet (Exhibit B-1) in the amount of \$988,136 for various Town operations as restricted by enabling legislation in the special revenue funds, debt service, and for capital projects. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 18-19.

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds and permanent funds.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned. The Town presents unassigned fund balances on the governmental funds balance sheet in the amount of (\$176,128).

The Town applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance (continued)

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Town's financial statements include the allowance for uncollectible accounts in the enterprise funds, the current portion of accrued compensated absences, the net pension liability and related amounts, and the useful lives of capital assets.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the Town are prepared prior to June 1 and must be approved by resolution of the Town Council, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Town Councilors and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual and Statement of Revenues, Expenses and Changes in Net Position (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2016 is presented.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 3. Deposits and investments

State statutes authorize the investment of Towns funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Town properly followed State investment requirements as of June 30, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Town. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the Town's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2016, \$3,028,204 of the Town's cash and CD account deposits of \$3,343,097 were exposed to custodial credit risk. \$1,968,430 of the Town's cash and CD account deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Town's name and \$1,059,774 was uninsured and uncollateralized.

	<u>Wells Fargo</u>	<u>1st NM Bank</u>	<u>Western Bank</u>	<u>Total</u>
Deposits	\$ 3,278,204	\$ 14,435	\$ 50,458	\$ 3,343,097
Less: FDIC Coverage	<u>(250,000)</u>	<u>(14,435)</u>	<u>(50,458)</u>	<u>(314,893)</u>
Total uninsured public funds	3,028,204	-	-	3,028,204
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Town's name	<u>1,968,430</u>	<u>-</u>	<u>-</u>	<u>1,968,430</u>
Uninsured and uncollateralized	1,059,774	-	-	1,059,774
Collateral requirements (50% of uninsured funds)	1,514,102	-	-	1,514,102
Pledged Collateral	<u>1,968,430</u>	<u>-</u>	<u>-</u>	<u>1,968,430</u>
Over (under) collateralized	<u>\$ 454,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,328</u>

The collateral pledged is listed on Schedule IV in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 3. Deposits and investments (continued)

Investments

The Town's investments at June 30, 2016 include the following:

<u>Investments</u>	<u>Rating*</u>	<u>Weighted Average</u>	<u>Fair Value</u>	<u>Level</u>
State LGIP Investments*	AAAm	>1 Year	\$ 26,464	1
Money Market Mutual Funds*	AA+	>1 Year	21,984	1
Money Market Mutual Funds**	AAA	>1 Year	40,242	1
			<u>\$ 88,690</u>	

* Based Off Standard & Poor's rating

** Wells Fargo Certificates fully covered by securities

The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Section 6-10-10 I through 6-10-10 P and Sections 6-10-10-.1 A and E, NMSA 1978. The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The New Mexico State Treasurer is responsible for approving all changes in the pledged collateral and monitoring the collateral requirements for all deposits maintained by the State Treasurer. The State Treasurer's office issues separate financial statements which disclose the collateral pledged to secure those deposits.

LGIP does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in this pool is voluntary. The independent auditor's report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditor's report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

The investments are listed on Schedule III of this report.

Interest Rate Risk – Investments. All of the towns Investments have maturity dates of less than one year. Schedule III in this report specifically identifies the investment type and amount of investment for these securities. The Town's policy related to interest rate risk with investments is to comply with the statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 3. Deposits and investments (continued)

The Carrying Amount of deposits and investments shown above are included in the Town's Statement of Net position are as follows:

Cash and cash equivalents - Governmental Activities per Exhibit A-1	\$ 1,494,199
Investments - Governmental Funds per Exhibit A-1	26,464
Cash and cash equivalents - Business-Type Activities per Exhibit A-1	319,648
Restricted cash and cash equivalents - Business Type Activities per Exhibit A-1	977,205
Customer Deposits - Business-type Activities per Exhibit A-1	281,995
Cash and cash equivalents - Fiduciary Funds per Exhibit E-1	<u>78,450</u>
 Total cash and cash equivalents	 <u>3,177,961</u>
 Add: Outstanding checks	 297,824
Less: Outstanding deposits	(18,048)
Less: Petty Cash	(200)
Less: Cash held at the NMFA	(65,992)
Less: Other Investments	(21,984)
Less: State LGIP Funds	<u>(26,464)</u>
Bank balance of deposits	<u><u>\$ 3,343,097</u></u>

NOTE 4. Accounts and Taxes Receivable

Receivables as of June 30, 2016 are as follows:

	Governmental Funds	Proprietary Funds
Property taxes	\$ 121,265	\$ -
Gross receipts taxes	1,624,352	-
Franchise tax	92,671	-
Gasoline tax	35,199	-
Other receivables:		
Customer receivables, net	-	1,023,586
Grants receivable	\$ 187,289	\$ 13,872
Total net receivables	<u><u>2,060,776</u></u>	<u><u>1,037,458</u></u>

The above governmental receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenues receivables not collected within the period of availability was determined to be \$59,536 and is classified as deferred inflow of resources in the governmental fund financial statements (Exhibit B-1). The Town accrued an allowance for doubtful accounts in the amount of \$241,100 in their Joint Utility.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 5. Interfund Receivables, Payables, and Transfers

The Town records temporary interfund receivables and payables to enable the funds to operate until grant monies are available.

The composition of interfund balances during the year ended June 30, 2016 is as follows:

Due from other funds	Due to other funds	Amount
General Fund	Lodgers Tax	\$ 19,890
General Fund	HITDA	125,690
General Fund	Fueling Station	21,926
General Fund	USDA Rule Energy Grant	6,029
General Fund	Juvenile	31,804
Total		\$ 205,339

Transfers

Operating transfers are made to close out funds and supplement other funding sources in the normal course of operations. Transfers for the year ended June 30, 2016 were as follows:

Transfer In	Transfer Out	Amount
General Fund	Library	\$ 2,216.00
General Fund	Debt Service Fund	19,027
Water Works Historic Preservation	Library	566
Correction Fees	General Fund	39,282
Century Cable Capital	General Fund	60,778
Vista De Plata	General Fund	32,237
NMDOT Tap Cooper	General Fund	2,667
Debt Service Fund	General Fund	516,989
Silco Improvements	Joint Utility	8,012
Vista De Plata	Joint Utility	3,894
2014 Colonias	Joint Utility	19,527
Silco Improvements	Joint Utility	44,844
Joint Utility	CDBG	493,213
NMDOT Tap Cooper	Municipal Street	17,569
2014 Colonias	Municipal Street	31,537
Public Safety GRT	Debt Service Fund	16,592
Vista De Plata	Lodgers Tax	1
Joint Utility	Debt Service Fund	1,656
Total		\$ 1,310,607

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows (land and construction in progress is not subject to depreciation):

	Balance June 30, 2015	June 30, 2015 Restatement	June 30, 2015 Restated	Additions	CIP Transfers	Deletions	Balance June 30, 2016
Governmental Activities:							
Capital assets not being depreciated:							
Construction in progress (CIP)	\$ 6,034,077	\$ (4,237,732)	\$ 1,796,345	\$ 1,489,485	\$ (2,228,772)	\$ -	\$ 1,057,058
Land	7,811,031	-	7,811,031	-	-	-	7,811,031
Total capital assets, not depreciated	13,845,108	(4,237,732)	9,607,376	1,489,485	(2,228,772)	-	8,868,089
Capital assets depreciated:							
Buildings and improvements	67,544,659	1,503,504	69,048,163	84,648	2,228,772	-	71,361,583
Equipment	5,695,865	725,950	6,421,815	-	-	(381,731)	6,040,084
Total capital assets, depreciated	73,240,524	2,229,454	75,469,978	84,648	2,228,772	(381,731)	77,401,667
Total capital assets	87,085,632						86,269,756
Less accumulated depreciation:							
Buildings and improvements	30,905,114	2,750,401	33,655,515	2,192,669	-	-	35,848,184
Equipment	4,722,843	297,534	5,020,377	265,682	-	(381,731)	4,904,328
Total accumulated depreciation	35,627,957	3,047,935	38,675,892	2,458,351	-	(381,731)	40,752,512
Capital Assets, Net	\$ 51,457,675						\$ 45,517,244

Depreciation expense was charged to Governmental Activities as follows:

General Government	\$ 1,956,999
Public Safety	317,502
Public Works	110,322
Culture and Recreation	67,486
Health and welfare	6,042
Total depreciation expense, governmental activities	\$ 2,458,351

	Balance June 30, 2015	June 30, 2015 Restatement	June 30, 2015 Restated	Additions	CIP Transfers	Deletions	Balance June 30, 2016
Business-type Activities:							
Capital assets not being depreciated:							
Construction in progress (CIP)	\$ 152,948	\$ 1,204,974	\$ 1,357,922	\$ 1,362,272	\$ (2,393,310)	\$ -	\$ 326,884
Land	961,403	-	961,403	-	-	-	961,403
Total capital assets, not depreciated	1,114,351	1,204,974	2,319,325	1,362,272	(2,393,310)	-	1,288,287
Capital assets depreciated:							
Buildings and improvements	34,274,242	444,281	34,718,523	4,016,746	2,393,310	-	41,128,579
Equipment	4,829,205	(1,290,790)	3,538,415	-	-	(316,942)	3,221,473
Total capital assets, depreciated	39,103,447	(846,509)	38,256,938	4,016,746	2,393,310	(316,942)	44,350,052
Total capital assets	40,217,798						45,638,339
Less accumulated depreciation:							
Buildings and improvements	25,800,443	416,958	26,217,401	564,780	-	-	26,782,181
Equipment	3,290,433	31,106	3,321,539	53,098	-	(316,942)	3,057,695
Total accumulated depreciation	29,090,876	448,064	29,538,940	617,878	-	(316,942)	29,839,876
Capital Assets, Net	\$ 11,126,922						\$ 15,798,463

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 7. Long-term Debt

During the year ended June 30, 2016, the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

Governmental Activities

	Balance June 30, 2015	Restatement	Balance June 30, 2015 Restated	Additions	Retirements	Balance June 30, 2016	Due Within One Year
2011A & B GRT Revenue Bonds	\$ 4,840,000	\$ -	\$ 4,840,000	\$ -	\$ 235,000	\$ 4,605,000	\$ 240,000
2012 GRT Revenue Bonds	275,000	-	275,000	-	135,000	140,000	140,000
2014 NBH	1,055,000	-	1,055,000	-	100,000	955,000	105,000
Silco Theater (Silver City 11)	188,983	-	188,983	-	30,293	158,690	30,650
Govt Refueling Station (Silver City 13)	170,121	-	170,121	-	20,233	149,888	20,367
Sports Complex (Silver City 12)	703,529	-	703,529	-	48,576	654,953	48,896
Silco Renovation (Silver City 16)	340,066	1,988	342,054	-	20,754	321,300	20,937
Fire Truck	-	118,676	118,676	-	28,047	90,629	29,102
Total Long Term Debt	<u>\$ 7,572,699</u>	<u>\$ 120,664</u>	<u>\$ 7,693,363</u>	<u>\$ -</u>	<u>\$ 617,903</u>	<u>\$ 7,075,460</u>	<u>\$ 634,952</u>
Compensated Absences	<u>\$ 389,104</u>	<u>\$ -</u>	<u>\$ 389,104</u>	<u>\$ 276,225</u>	<u>\$ 324,160</u>	<u>\$ 341,169</u>	<u>\$ 324,160</u>

2011A and B GRT Revenue Bonds

These bonds were issued in November of 2011 to make improvements to the Town's facilities. The bonds are payable from gross receipts taxes pledged to secure the debt. The bonds bear interest at rates ranging from 2% to 4.5%. The bonds fully mature in June of 2032.

2012 GRT Revenue Bonds

These bonds were issued in June of 2012 to make improvements to the Town's facilities. The bonds are payable and secured by GRT revenues. The bonds bear interest at an interest rate of 2.32%. The bonds fully mature in June of 2017.

Series 2014 NBH Revenue Bonds

These bonds were issued in June of 2015 for various capital improvements in the Town and are secured and payable from GRT revenues. These bonds bear an average interest rate of 3.36%. The bonds fully mature on June 1, 2024.

Silco Theater (Silver City 11)

Monies were borrowed from the NMFA in November of 2013 and were used to purchase the SILCO Theater in Down Town Silver City. This debt issuance has an interest rate of 1.85% and will be fully paid in May of 2021.

Government Refueling Station (Silver City 13)

Monies were borrowed from the NMFA in May of 2014 to purchase equipment and make capital improvements to the refueling station. The debt issuance has an interest rate of 1.87% and will be paid in full on May 1, 2023.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

Sports Complex (Silver City 12)

Monies were borrowed from the NMFA in May of 2014 to make improvements to Scott Park Sports Complex. The debt issuance has an interest rate of 2.32% and will be paid in full in June of 2017.

Silco Renovations (Silver City 16)

Monies were borrowed from the NMFA in November of 2014 to renovate the SILCO Theater in downtown Silver City. The debt issuance has an interest rate of 3.15% and will be paid in full in May of 2029.

Fire Truck

In January of 2015 the Town entered into a debt agreement to purchase a fire truck. The debt is payable and secured by the state fire allotment grant. The debt issuance has an interest rate of 3.76% and will be paid in full in February of 2019.

2016 Colonias Drainage Project

As of June 30, 2016 the Town was approved for a loan grant agreement by the NMFA. The loan portion was for \$96,365. The Town will incur liabilities related to this debt issuance as the Town makes capital expenditures on drainage improvements. As of June 30, 2016 the Town has not made any Capital expenditures on this project.

The annual debt service requirements to maturities, including principal and interest, for the above long-term debt for Governmental Activities as of June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 634,952	\$ 232,546	\$ 867,498
2018	602,481	215,793	818,274
2019	500,564	199,774	700,338
2020	476,647	185,458	662,105
2021	494,545	171,101	665,646
2022-2026	2,184,088	631,124	2,815,212
2027-2031	1,817,183	291,108	2,108,291
2032-2036	365,000	15,512	380,512
Total	<u>\$ 7,075,460</u>	<u>\$ 1,942,416</u>	<u>\$ 9,017,876</u>

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 7. Long-term Debt (continued)

Business-Type Activities

The Joint Utility has incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedules show the changes to its various forms of debt during the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Restatement	Balance June 30, 2015 Restated	Additions	Retirements	Balance June 30, 2016	Due Within One Year
2015A Revenue Bonds	\$ -	\$ -	\$ -	\$ 3,910,000	\$ -	\$ 3,910,000	\$ -
2015B Revenue Bonds	-	-	-	905,000	72,917	832,083	179,583
Municipal GRT Revenue Bonds	-	-	-	800,000	-	800,000	104,397
1995 NM EID	1,062,318	-	1,062,318	-	1,062,318	-	-
NMFA Wastewater	34,414	-	34,414	-	34,414	-	-
Colonias (Silver City 18)	58,045	-	58,045	-	3,055	54,990	3,055
NMFA Utility System (Silver City 9)	1,198,234	(20,322)	1,177,912	-	59,624	1,118,288	60,165
Total Long Term Debt	\$ 2,353,011	\$ (20,322)	\$ 2,332,689	\$ 5,615,000	\$ 1,232,328	\$ 6,715,361	\$ 347,200
Compensated Absences	\$ 101,744	\$ -	\$ 101,744	\$ 81,278	\$ 98,815	\$ 84,207	\$ 84,207

2015A Revenue Bonds

These bonds were issued on October 6, 2015 for the purposes of upgrading the Town's water meter system. The bonds have an average interest rate of 4.65% and will fully mature on December 1, 2035. The bonds are secured by the revenues of the Joint Utility.

2015B Revenue Bonds

These bonds were issued in October of 2015 for the purposes of refunding the 1995 EID bonds. The bonds have an average interest rate of 2% and will fully mature on December 1 2019. The bonds are secured by the revenues of the Joint Utility.

Municipal GRT revenue Bonds

These bonds were issued in May of 2015 to purchase recycling equipment for the Town's Sanitation Department in the Joint Utility. The bonds have an average interest rate of 2% and are secured by a 1/16 increment of Municipal GRT Tax. The bonds will fully mature in June of 2023.

Colonias (Silver City 18)

Monies were borrowed from the NMFA in June of 2015 to make capital improvements to the waste water facility under the Joint Utility. The debt issuance is a zero interest loan, and will be paid in full in June of 2034.

NMFA Utility System (Silver City 9)

Monies were borrowed from the NMFA in November of 2013 to make improvements to the Towns SCADA system in the Joint Utility. The debt issuance has an interest rate of 1.12% and will be paid in full in May of 2033.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 7. Long-term Debt (continued)

Business-Type Activities (continued)

The annual debt service requirements to maturities, including principal and interest, for the above long-term debt for Business-Type Activities as of June 30, 2016 are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 347,200	\$ 220,345	\$ 567,545
2018	439,002	212,887	651,889
2019	437,190	204,514	641,704
2020	312,832	196,197	509,029
2021	411,038	187,088	598,126
2022-2026	1,733,013	775,264	2,508,277
2027-2031	1,570,182	498,818	2,069,000
2032-2036	1,464,904	152,565	1,617,469
Total	<u>\$ 6,715,361</u>	<u>\$ 2,447,678</u>	<u>\$ 9,163,039</u>

Note 8. Other Required Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance/net position of individual funds. The deficit fund balances as of June 30, 2016 were as follows:

<u>Fund</u>	<u>Amount</u>
HITDA	\$ (85,668)
Lodgers Tax	(35,003)
Juvenile	(31,804)
Fueling Station	(21,926)
USDA Rural Energy Grant	(1,727)
	<u>\$ (176,128)</u>

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 9. Joint Utility Revenues and Expenses

Operating revenues and expenses in the Joint utility were derived from the following activities:

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Charges for services	5,462,765	1,997,024	7,459,789
Operating expenses	<u>(5,089,870)</u>	<u>(2,034,950)</u>	<u>(7,124,820)</u>
Operating income (loss)	<u>372,895</u>	<u>(37,926)</u>	<u>334,969</u>
Non-operating revenues (expense)			
Gross receipts taxes	-	202,554	202,554
Interest expense	(188,572)	-	(188,572)
Contributions and transfers			
Governmental contributions	957,535	-	957,535
Transfers in	494,869	-	494,869
Transfers out	<u>(393,112)</u>	<u>(182,554)</u>	<u>(575,666)</u>
Change in Net Position	<u><u>1,243,615</u></u>	<u><u>(17,926)</u></u>	<u><u>890,720</u></u>

NOTE 10. 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. No losses in excess of available coverage have been incurred.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 11. Pension Plan- Public Employees Retirement Association

General Information about the Pension Plan

Plan description:

The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/>.

Benefits provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202015.pdf).

Contributions

The contribution requirements of defined benefit plan members and the Town are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at: [http://osanm.org/media/audits/366 Public Employees Retirement Association 2015.pdf](http://osanm.org/media/audits/366%20Public%20Employees%20Retirement%20Association%202015.pdf).

The PERA coverage options that apply to the Town are: Municipal General, Municipal Police, and the Municipal Fire Division. Statutorily required contributions to the pension plan from the Town were \$769,815 for the year ended June 30, 2016 and employer contributions were \$659,622.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 11. Pension Plan- Public Employees Retirement Association (continued)

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2016, the Town reported a liability of \$4,002,897 (with an allotment for proprietary funds) for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion was .3926 percent, which was slightly changed from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Town recognized PERA Fund Division Municipal General Pension expense of \$572,952. At June 30, 2016, the Town reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 88,666
Changes of assumptions	-	1,559
Net difference between projected and actual earnings on pension plan investments	-	12,662
Changes in proportion and differences between Town's contributions and proportionate share of contributions	-	53,016
Town's contributions subsequent to the measurement date	<u>572,952</u>	<u>-</u>
Total	<u>\$ 572,952</u>	<u>\$ 155,903</u>

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 11. Pension Plan- Public Employees Retirement Association (continued)

\$572,952 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2017	\$ 106,021
2018	106,021
2019	106,021
2020	(215,175)
<u>Thereafter</u>	<u>-</u>
Total	<u>\$ 102,888</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For PERA Fund Division Municipal Police, at June 30, 2016, the Town reported a liability of \$3,328,005 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion was .6921 percent, which was slightly changed from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Town recognized PERA Fund Division Municipal Police pension expense of \$477,420. At June 30, 2016, the Town reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 232,547	\$ -
Changes of assumptions	-	137,686
Net difference between projected and actual earnings on pension plan investments	-	9,232
Changes in proportion and differences between Town's contributions and proportionate share of contributions	-	189,929
Town's contributions subsequent to the measurement date	<u>477,420</u>	<u>-</u>
Total	<u>\$ 709,967</u>	<u>\$ 336,847</u>

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 11. Pension Plan- Public Employees Retirement Association (continued)

\$477,420 reported as deferred outflows of resources related to pensions, resulting in the Town's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2017	\$ 28,337
2018	28,337
2019	28,337
2020	(170,641)
Thereafter	-
Total	<u>\$ (85,630)</u>

For PERA Fund Division Municipal Fire, at June 30, 2016, the Town reported a liability of \$4,134,107 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion was .8010 percent, which was slightly changed from its proportion measured as of June 30, 2016.

For the year ended June 30, 2016, the Town recognized PERA Fund Division Municipal Fire pension expense of \$379,065. At June 30, 2016, the Town reported PERA Fund Division Municipal Fire deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 162,810	\$ -
Changes of assumptions	87,192	-
Net difference between projected and actual earnings on pension plan investments	-	4,973
Changes in proportion and differences between Town's contributions and proportionate share of contributions	-	342,947
Town's contributions subsequent to the measurement date	<u>379,065</u>	<u>-</u>
Total	<u>\$ 629,067</u>	<u>\$ 347,920</u>

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 11. Pension Plan- Public Employees Retirement Association (continued)

\$379,065 reported as deferred outflows of resources related to pensions resulting in the Town's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2017	\$ (49,092)
2018	(49,092)
2019	(49,092)
2020	(56,956)
Thereafter	-
<u>Total</u>	<u>\$ (204,232)</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	Fair value
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality Assumption	RP-2000 Mortality Tables
Experience Study Dates	July 1, 2008 to June 30, 2013

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 11. Pension Plan- Public Employees Retirement Association (continued)

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	<u>4.0%</u>	4.15%
Total	100%	

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Town's net pension liability in each PERA Fund Division that the Town participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 11. Pension Plan- Public Employees Retirement Association (continued)

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Town's proportionate share of the net pension liability	\$ 6,815,346	\$ 4,002,897	\$ 1,664,537
<u>PERA Fund Division Municipal Police</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Town's proportionate share of the net pension liability	\$ 5,495,999	\$ 3,328,005	\$ 1,549,515
<u>PERA Fund Division Fire Government</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Town's proportionate share of the net pension liability	\$ 5,606,873	\$ 4,134,107	\$ 2,920,348

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

The Town had no PERA payables at June 30, 2016.

NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description: The Town contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit postemployment 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 RHCA plan 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; and 4) former governing authority members who served at least four years.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. 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, 2015, 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, 2015, 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's contributions to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$109,681, \$65,089, and \$57,507 respectively, which equal the required contributions for each year.

NOTE 13. Lease Income

The Town entered into an agreement to lease the Silco Theater in July of 2014 with Corporation For Down Town Development, a New Mexico not-for-profit. The lease is for purposes to operate the theater in Down Town Silver City. The lease is for duration of 15 years with a 5 year renewal option.

In fiscal year 2016 the town received rental payments in the amount of approximately \$37,275 per month. Rent is adjusted based on the amortized costs of the principal debt and interest thereon which the Town has assumed in order to purchase the Silco Theater plus any other costs the town incurs regarding the Silco Theater. In the fiscal year ending June 30, 2016 these costs amounted to \$65,243. The differences in the actual and agreed upon rent is due to the lack of operating revenue generated by this project.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 14. Leases

The Town has entered into a number of operating leases for copiers. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

Fiscal Year Ending	Amount
<u>June 30,</u>	<u>Amount</u>
2017	\$ 11,604
2018	23,208
2018	23,208
2020	15,472
2021	-
Total	<u>\$ 73,492</u>

NOTE 15. Related Party

As of June 30, 2016, the Town's management was not aware of any related party relationships.

NOTE 16. Restatements

The Town has recorded restatements to net position to prior year's financial statements to correct errors in fund classifications, transfers, expenses, revenues, cash, capital assets, reconciliations balances reported on the full accrual basis of accounting, and cutoff of payment dates of debt retirements.

Fund Name	Net position / Fund Balance June 30, 2015	Reclassification of Fund Financial Statements	Prior Period Expenses, Revenues and Transfers	Capital Assets	Correction of Government Wide Reconciling Items	Long-Term Debt	Restated Net Position/Fund Balance June 30, 2015
Government Wide Restatements:							
Governmental Activities	37,128,756	\$ (43,405)	\$ (170,587)	\$ (5,056,213)	\$ (98,107)	\$ (120,664)	\$ 31,639,780
Business-type Activities	7,542,376	43,405	540,881	(89,599)	-	(20,322)	8,016,741
Total	<u>44,671,132</u>	<u>-</u>	<u>370,294</u>	<u>(5,145,812)</u>	<u>(98,107)</u>	<u>(140,986)</u>	<u>39,656,521</u>
Major Governmental Funds Restatements:							
General Fund	1,607,180	28,819	40,257	-	-	-	1,676,256
HITDA	(39,555)	-	(190,186)	-	-	-	(229,741)
Debt Service Fund	256,423	65,253	(9,916)	-	-	-	311,760
Total Major Governmental Funds	<u>1,824,048</u>	<u>94,072</u>	<u>(159,845)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,758,275</u>
Non-major Governmental Funds							
Fire Protection	-	-	70,261	-	-	-	70,261
Lodgers Tax	-	-	(26,413)	-	-	-	(26,413)
Correction Fees	26,446	-	(26,447)	-	-	-	(1)
Drug Task Force	-	-	30	-	-	-	30
Fueling Station	5,947	-	5,855	-	-	-	11,802
Municipal Street	-	15,093	-	-	-	-	15,093
Drug Free Communities	-	-	8,000	-	-	-	8,000
Public Safety GRT	-	(22,818)	-	-	-	-	(22,818)
Library	123,791	-	264	-	-	-	124,055
Juvenile Fund	-	(21,094)	-	-	-	-	(21,094)
Vista De Plata	1	-	(69,769)	-	-	-	(69,768)
Silco Improvements	363,397	-	172,320	-	-	-	535,717
Scott Park Improvements	-	-	75,031	-	-	-	75,031
2012 Colonias	217,370	-	(217,370)	-	-	-	-
NM DOT Pavement	2,255	-	(2,255)	-	-	-	-
Black Hawk Sewer Line	43,405	(43,405)	-	-	-	-	-
Park Dedication Fund	247	-	(247)	-	-	-	-
Hope VI	2	-	(2)	-	-	-	-
2011 Retirement	65,253	(65,253)	-	-	-	-	-
Total Non-major Governmental Funds	<u>848,114</u>	<u>(137,477)</u>	<u>(10,742)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>699,895</u>
Proprietary Fund Restatements:							
Joint Utility	7,542,376	43,405	540,881	(89,599)	-	(20,322)	8,016,741
Total Proprietary Fund Restatements	<u>7,542,376</u>	<u>43,405</u>	<u>540,881</u>	<u>(89,599)</u>	<u>-</u>	<u>(20,322)</u>	<u>8,016,741</u>

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 16. Restatements (continued)

The Town had account balances reported in the prior year's financial statements that were inaccurately grouped which resulted in a net restatement between governmental funds and business type funds in the amount of \$43,405 which had a net effect of the Towns consolidated government wide net position of \$0. The Town had account balances reported in the prior year's financial statements in revenues, and expenses which were entered into the financial management system as balance sheet line items. This resulted in the prior year's net position in governmental funds being overstated by \$170,587 and business type funds being under stated by \$540,881. The Town recorded restatements to capital assets in in the government wide statement of net position in the amount of \$(5,145,812). This restatement was the result of the Town reconciling there capital assets in an electronic format which enabled them to accurately total all assets and properly calculate accumulative depreciation. In the prior year there were errors to reconciling items in the statement of Net Position resulting in a overstatement of \$98,107. The Town corrected balances in long term debt outstanding reported in the Statement of net position relating to a timing issue for the payment of outstanding debt.

NOTE 17. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 21, 2016 which is the date on which the financial statements were available to be issued.

NOTE 18. Subsequent Pronouncements

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 30, 2016. This pronouncement will not affect the Town's financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Town is still evaluating how this pronouncement will affect the Town.

GASB No. 72 – Fair Value Measurement and Application. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will not have a material impact on the Town's financial statements.

STATE OF NEW MEXICO
Town of Silver City
Notes to the Financial Statements
For the Year Ended June 30, 2016

NOTE 18. Subsequent Pronouncements (continued)

GASB No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement will not have a material impact on the Town's financial statements.

GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No.73. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

NOTE 19. Joint Powers Agreements

The Town has entered into various agreements as follows:

- Emergency Medical Services
- Extraterritorial Jurisdiction Advisory Board
- Public Transportation
- Water Commission
- Southwest Solid Waste
- Arenas Valley Water Association
- Rosedale Mutual Domestic Water Consumers Association
- Water and Waste Water Services
- Pinos Altos Mutual Domestic Water Consumers Association
- Joint Communication Center
- Public Transportation "Corre Caminos"

The details to the above agreements are on Schedule VI on pages 124-129.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Silver City

**Schedule of the Town's Proportionate Share of the Net Pension Liability of PERA
Fund Division – Municipal General
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years***

MUNICIPAL GENERAL FUND

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.3926	0.4020
Town's proportionate share of the net pension liability (asset)	\$ 4,002,897	\$ 3,132,131
Town's covered-employee payroll	\$ 3,185,485	\$ 3,063,784
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	125.66%	102.23%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available. No information available for 2007-2014.

See Independent Auditors' Report

Town of Silver City

**Schedule of the Town's Proportionate Share of the Net Pension Liability of PERA
Fund Division – Municipal Police
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years***

MUNICIPAL POLICE FUND

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.6921	0.7670
Town's proportionate share of the net pension liability (asset)	\$ 3,328,005	\$ 2,504,900
Town's covered-employee payroll	\$ 1,445,456	\$ 1,503,856
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	230.24%	166.57%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available. No information available for 2007-2014.

See Independent Auditors' Report

Town of Silver City

**Schedule of the Town's Proportionate Share of the Net Pension Liability of PERA
Fund Division – Municipal Fire
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years***

MUNICIPAL FIRE FUND

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.8010	0.9086
Town's proportionate share of the net pension liability (asset)	\$ 4,134,107	\$ 3,792,491
Town's covered-employee payroll	\$ 936,304	\$ 995,236
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	441.53%	381.06%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available. No information available for 2007-2014.

See Independent Auditors' Report

STATE OF NEW MEXICO
Town of Silver City
Schedule of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal General
Last 10 Years*

Schedule II

MUNICIPAL GENERAL FUND

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 304,214	\$ 292,591
Contributions in relation to the contractually required contribution	\$ 572,952	\$ 658,255
Contribution deficiency (excess)	\$ (268,738)	\$ (365,664)
Town's covered-employee payroll	\$ 3,185,485	\$ 3,063,784
Contributions as a percentage of covered-employee payroll	17.99%	21.49%

The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available. No information available for 2007-2014.

See Independent Auditors' Report

STATE OF NEW MEXICO
Town of Silver City
Schedule of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal Police
Last 10 Years*

Schedule II

MUNICIPAL POLICE FUND

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 273,191	\$ 284,229
Contributions in relation to the contractually required contribution	\$ 477,420	\$ 476,522
Contribution deficiency (excess)	\$ (204,229)	\$ (192,293)
Town's covered-employee payroll	\$ 1,435,456	\$ 1,503,856
Contributions as a percentage of covered-employee payroll	26.54%	31.69%

The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available. No information available for 2007-2014.

See Independent Auditors' Report

STATE OF NEW MEXICO
Town of Silver City
Schedule of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal Fire
Last 10 Years*

Schedule II

MUNICIPAL FIRE FUND

	<u>2016</u>	<u>2016</u>
Contractually required contribution	\$ 192,410	\$ 215,469
Contributions in relation to the contractually required contribution	\$ 379,065	\$ 362,555
Contribution deficiency (excess)	\$ (186,655)	\$ (147,086)
Town's covered-employee payroll	\$ 936,304	\$ 995,236
Contributions as a percentage of covered-employee payroll	22.28%	36.43%

The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available. No information available for 2007-2014.

See Independent Auditors' Report

STATE OF NEW MEXICO
Town of Silver City
Notes to the Schedule of Required Supplementary Information
For the Year Ended June 30, 2016

Changes of benefit terms.

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2014, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

See Independent Auditors' Report

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Town of Silver City
Nonmajor Fund Descriptions
June 30, 2016

SPECIAL REVENUE FUNDS

Fire Protection accounts for the accumulation of resources from the State's Fire Protection Fund. These funds are to be used for the operation, maintenance, and betterment of local fire districts under Section 59A-53-1 to 59A-53-17 NMSA 1978.

Lodger's Tax - accounts for the resources from the lodgers' tax levied by the Town under Sections 3-38-13 to 3-38-24 NMSA 1978. The occupancy tax is imposed and collected on certain revenues of lodging establishments. The funds may be used for tourist related facilities, advertising, promotions, collecting and administering the tax, and various other uses as cited in the state law.

Law Enforcement Protection – State Statutes Section 29-13 provides for the distribution of funds from the State Law Enforcement Protection Fund to municipal Police for the maintenance and improvement of those departments in order to enhance the efficiency and effectiveness of law enforcement services provided. The fund is used to account for specific law enforcement expenditures not included in the general fund. Financing is provided by a state allocation and can only be used for law enforcement equipment and personnel training (NMSA 29-13-3).

Corrections Fees - accounts for fees imposed upon conviction of an individual as stipulated under Section 35-14-11 NMSA 1978. The funds collected are restricted to use in the operation of the Town's jail facilities.

EMS Grant – accounts for state grant dedicated to emergency medical services. Authority NMSA 24-10A.

Drug Task Force – accounts for federal funds received from the Department of Justice for school security. Restriction is created by the federal grant agreement.

Fueling Station – accounts for the costs to fuel Town vehicles. This fund is authorized by Town resolution.

Municipal Street – accounts for resources received from the one-cent gasoline tax imposed by Section 7-1-6.27 NMSA 1978. The funds are to be used for the reconstruction, resurfacing, maintaining and repairing, or otherwise improvement of existing or new alleys, streets, roads, or bridges.

Drug Free Communities – to account for monies received for the Department of Health and Human Services for strategic planning related to prevention of underage drinking and drug use. Restriction is created by the federal grant agreement.

USDA Rural Energy Grant – to account for monies received federal government to conduct energy audits for small businesses in southwest New Mexico. Restriction is created by the federal grant agreement.

Water Works Historic Preservation – accounts for monies received for the Environmental Protection Agency (EPA) to clean up asbestos in old town buildings. Restriction is created by the federal grant agreement.

Public Safety GRT – To account for the 1/12 GRT tax dedicated to public safety salary expenses. Restriction passed through Town ordinance.

STATE OF NEW MEXICO
Town of Silver City
Nonmajor Fund Descriptions
June 30, 2016

NM Clean and Beautiful – accounts for a state grant that is dedicated for improvements of projects related to beautification of the Town. Restriction passed through Town ordinance.

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

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

Juvenile - Accounts the federal grant for Juvenile Justice Continuum program. Restriction is created by the federal grant agreement.

CAPITAL PROJECTS FUNDS

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.

Golf Course Surcharge – accounts for monies dedicated to the capital improvements for the Golf Course Club House. This fund is authorized by Town resolution.

Legislative Appropriations - accounts for the financial resources received from the State of New Mexico. Resources are restricted by project. Funds are received on a cost reimbursement basis, once the Town completes the project.

Century Cable Capital – to account for the General Fund transfers to be used for capital improvements. This fund was authorized by Town resolution.

CDBG – To account for federal capital grants which were used to make capital improvements to the Town's Joint Utility.

Vista De Plata – accounts for capital improvements in the Vista De Plata sub division. This fund is authorized by Town resolution.

Silco Improvements – To account for capital expenditures made to renovate the SILCO Theater. This fund is authorized by Town resolution.

NM Tap Cooper – accounts for state grant monies received for capital improvements to Cooper Street. This fund was authorized by Town resolution.

Scott Park Improvements – to account for the loan proceeds and expenditures for improvements to Town recreational facilities. This fund was authorized by Town resolution.

2014 Colonias – accounts for Silver Street phase II capital projects. This fund was authorized by Town resolution.

STATE OF NEW MEXICO
Town of Silver City
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>Special Revenue</u>			
	<u>Fire Protection</u>	<u>Lodgers Tax</u>	<u>Law Enforcement</u>	<u>Correction Fees</u>
Assets				
Cash and cash equivalents	\$ 86,755	\$ -	\$ 14,261	\$ 1
Investments	-	-	-	-
Other taxes receivable	-	-	-	-
Grants receivables	-	-	-	-
Total assets	<u>\$ 86,755</u>	<u>\$ -</u>	<u>\$ 14,261</u>	<u>\$ 1</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 35,641	\$ 15,113	\$ -	\$ -
Due to other funds	-	19,890	-	-
Total liabilities	<u>35,641</u>	<u>35,003</u>	<u>-</u>	<u>-</u>
Fund balance				
Spendable:				
Restricted for:				
General government	-	-	-	-
Public safety	51,114	-	14,261	1
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	(35,003)	-	-
Total fund balance	<u>51,114</u>	<u>(35,003)</u>	<u>14,261</u>	<u>1</u>
Total liabilities and fund balance	<u>\$ 86,755</u>	<u>\$ -</u>	<u>\$ 14,261</u>	<u>\$ 1</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

EMS Grant	Drug Task Force	Fueling Station	Municipal Street	Drug Free Communities	USDA Rural Energy Grant
\$ 1,033	\$ 30	\$ -	\$ 96,752	\$ 13,466	\$ -
-	-	-	-	-	-
-	-	-	35,199	-	-
-	-	-	-	27,271	4,302
<u>\$ 1,033</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 131,951</u>	<u>\$ 40,737</u>	<u>\$ 4,302</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,741	\$ -
-	-	21,926	-	-	6,029
-	-	21,926	-	6,741	6,029
-	-	-	-	33,996	-
1,033	30	-	-	-	-
-	-	-	131,951	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(21,926)	-	-	(1,727)
<u>1,033</u>	<u>30</u>	<u>(21,926)</u>	<u>131,951</u>	<u>33,996</u>	<u>(1,727)</u>
<u>\$ 1,033</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 131,951</u>	<u>\$ 40,737</u>	<u>\$ 4,302</u>

STATE OF NEW MEXICO
Town of Silver City
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Waterworks Historic Preservation	Public Safety GRT	NM Clean and Beautiful	Freeport McMoran
Assets				
Cash and cash equivalents	\$ -	1	\$ -	\$ 1,290
Investments	-	-	-	-
Other taxes receivable	-	-	-	-
Grants receivables	-	-	-	-
Total assets	\$ -	\$ 1	\$ -	\$ 1,290
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balance				
Spendable:				
Restricted for:				
General government	-	-	-	-
Public safety	-	1	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	1,290
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	-	1	-	1,290
Total liabilities and fund balance	\$ -	\$ 1	\$ -	\$ 1,290

See Independent Auditors' Report and Notes to Financial Statements

<u>Special Revenue</u>		<u>Capital Projects</u>			
<u>Library</u>	<u>Juvenile</u>	<u>Forward Estates</u>	<u>Golf Course Surcharge</u>	<u>Legislative Allocations</u>	<u>Century Cable Capital</u>
\$ 125,632	\$ -	\$ 36,728	\$ -	\$ -	\$ 1
-	-	25,877	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 125,632</u>	<u>\$ -</u>	<u>\$ 62,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	31,804	-	-	-	-
-	31,804	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	62,605	-	-	-
125,632	-	-	-	-	-
-	-	-	-	-	1
-	(31,804)	-	-	-	-
<u>125,632</u>	<u>(31,804)</u>	<u>62,605</u>	<u>-</u>	<u>-</u>	<u>1</u>
<u>\$ 125,632</u>	<u>\$ -</u>	<u>\$ 62,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

STATE OF NEW MEXICO
Town of Silver City
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Capital Projects			
	CDBG	Vista De Plata	Silco Improvements	NMDOT TAP Cooper
Assets				
Cash and cash equivalents	\$ -	\$ 1	\$ -	\$ 18,047
Investments	-	-	-	-
Other taxes receivable	-	-	-	-
Grants receivables	-	49,929	-	-
Total assets	-	49,930	-	18,047
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ 49,929	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	49,929	-	-
Fund balance				
Spendable:				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital projects	-	1	-	18,047
Unassigned	-	-	-	-
Total fund balance	-	1	-	18,047
Total liabilities and fund balance	\$ -	\$ 49,930	\$ -	\$ 18,047

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Scott Park Improvements</u>	<u>2014 Colonias</u>	
\$ -	\$ 1	\$ 393,999
-	-	25,877
-	-	35,199
-	-	81,502
<u>-</u>	<u>1</u>	<u>536,577</u>
\$ -	\$ -	\$ 107,424
-	-	79,649
<u>-</u>	<u>-</u>	<u>187,073</u>
-	-	33,996
-	-	66,440
-	-	194,556
-	-	126,922
-	1	18,050
-	-	(90,460)
<u>-</u>	<u>1</u>	<u>349,504</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 536,577</u>

STATE OF NEW MEXICO
Town of Silver City
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<u>Special Revenue</u>			
	<u>Fire Protection</u>	<u>Lodgers Tax</u>	<u>Law Enforcement</u>	<u>Correction Fees</u>
Revenues				
Taxes:				
Gross receipt taxes	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Lodger's tax	-	292,621	-	-
State operating grants	233,556	-	39,800	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	11,670
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenue	<u>233,556</u>	<u>292,621</u>	<u>39,800</u>	<u>11,670</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	220,194	-	44,036	50,950
Public works	-	-	-	-
Culture and recreation	-	301,210	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	28,047	-	-	-
Interest	4,462	-	-	-
Total expenditures	<u>252,703</u>	<u>301,210</u>	<u>44,036</u>	<u>50,950</u>
Excess (deficiency) of revenues over expenditures	<u>(19,147)</u>	<u>(8,589)</u>	<u>(4,236)</u>	<u>(39,280)</u>
Other financing sources (uses)				
Transfers in	-	-	-	39,282
Transfers out	-	(1)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>39,282</u>
Net change in fund balance	(19,147)	(8,590)	(4,236)	2
Fund balance - beginning of year	-	-	18,497	26,446
Restatement (Note 16)	70,261	(26,413)	-	(26,447)
Fund balance - beginning of year, restated	<u>70,261</u>	<u>(26,413)</u>	<u>18,497</u>	<u>(1)</u>
Fund balance - end of year	<u>\$ 51,114</u>	<u>\$ (35,003)</u>	<u>\$ 14,261</u>	<u>\$ 1</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

EMS Grant	Drug Task Force	Fueling Station	Municipal Street	Drug Free Communities	USDA Rural Energy Grant
\$ -	\$ -	\$ -	\$ 202,554	\$ -	\$ -
-	-	-	245,330	-	-
-	-	-	-	-	-
38,319	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	140,002	4,302
-	-	140,053	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	37,397	-
<u>38,319</u>	<u>-</u>	<u>140,053</u>	<u>447,884</u>	<u>177,399</u>	<u>4,302</u>
-	-	173,781	-	-	6,029
37,294	-	-	-	151,403	-
-	-	-	281,920	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>37,294</u>	<u>-</u>	<u>173,781</u>	<u>281,920</u>	<u>151,403</u>	<u>6,029</u>
<u>1,025</u>	<u>-</u>	<u>(33,728)</u>	<u>165,964</u>	<u>25,996</u>	<u>(1,727)</u>
-	-	-	-	-	-
-	-	-	(49,106)	-	-
-	-	-	(49,106)	-	-
<u>1,025</u>	<u>-</u>	<u>(33,728)</u>	<u>116,858</u>	<u>25,996</u>	<u>(1,727)</u>
<u>8</u>	<u>-</u>	<u>5,947</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>30</u>	<u>5,855</u>	<u>15,093</u>	<u>8,000</u>	<u>-</u>
<u>8</u>	<u>30</u>	<u>11,802</u>	<u>15,093</u>	<u>8,000</u>	<u>-</u>
<u>\$ 1,033</u>	<u>\$ 30</u>	<u>\$ (21,926)</u>	<u>\$ 131,951</u>	<u>\$ 33,996</u>	<u>\$ (1,727)</u>

STATE OF NEW MEXICO
Town of Silver City
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenues			
	Waterworks Historic Preservation	Public Safety GRT	NM Clean and Beautiful	Freeport McMoran
Revenues				
Taxes:				
Gross receipt taxes	\$ -	405,108	\$ -	\$ -
Gas tax	-	-	-	-
Lodger's tax	-	-	-	-
State operating grants	-	-	26,000	-
State capital grants	-	-	-	-
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenue	-	405,108	26,000	-
Expenditures				
Current:				
General government	-	-	26,000	-
Public safety	-	398,881	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	1,120
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	398,881	26,000	1,120
Excess (deficiency) of revenues over expenditures	-	6,227	-	(1,120)
Other financing sources (uses)				
Transfers in	566	16,592	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	566	16,592	-	-
Net change in fund balance	566	22,819	-	(1,120)
Fund balance - beginning of year	(566)	-	-	2,410
Restatement (Note 16)	-	(22,818)	-	-
Fund balance - beginning of year, restated	(566)	(22,818)	-	2,410
Fund balance - end of year	\$ -	\$ 1	\$ -	\$ 1,290

See Independent Auditors' Report and Notes to Financial Statements

Special Revenues		Capital Projects			
Library	Juvenile	Forward Estates	Golf Course Surcharges	Legislative Allocations	Century Cable Capital
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	88,253	-	-	-	-
-	-	-	-	-	-
-	-	42	-	-	-
18,487	-	-	1,375	-	-
<u>18,487</u>	<u>88,253</u>	<u>42</u>	<u>1,375</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	98,963	-	-	-	-
-	-	-	-	-	60,778
14,128	-	-	9,532	-	-
-	-	-	36,213	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,128</u>	<u>98,963</u>	<u>-</u>	<u>45,745</u>	<u>-</u>	<u>60,778</u>
4,359	(10,710)	42	(44,370)	-	(60,778)
-	-	-	-	-	60,778
(2,782)	-	-	-	-	-
<u>(2,782)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,778</u>
1,577	(10,710)	42	(44,370)	-	-
123,791	-	62,563	44,370	-	1
264	(21,094)	-	-	-	-
<u>124,055</u>	<u>(21,094)</u>	<u>62,563</u>	<u>44,370</u>	<u>-</u>	<u>1</u>
<u>\$ 125,632</u>	<u>\$ (31,804)</u>	<u>\$ 62,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

STATE OF NEW MEXICO
Town of Silver City
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Capital Projects			
	CDBG	Vista De Plata	Silco Improvements	NMDOT TAP Cooper
Revenues				
Taxes:				
Gross receipt taxes	\$ -	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Lodger's tax	-	-	-	-
State operating grants	-	-	-	-
State capital grants	493,213	149,929	19,164	3,319
Federal operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenue	493,213	149,929	19,164	3,319
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	3,894	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	112,398	607,737	5,509
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	116,292	607,737	5,509
Excess (deficiency) of revenues over expenditures	493,213	33,637	(588,573)	(2,190)
Other financing sources (uses)				
Transfers in	-	36,132	52,856	20,236
Transfers out	(493,213)	-	-	-
Total other financing sources (uses)	(493,213)	36,132	52,856	20,236
Net change in fund balance	-	69,769	(535,717)	18,046
Fund balance - beginning of year	-	1	363,397	1
Restatement (Note 16)	-	(69,769)	172,320	-
Fund balance - beginning of year, restated	-	(69,768)	535,717	1
Fund balance - end of year	\$ -	\$ 1	\$ -	\$ 18,047

See Independent Auditors' Report and Notes to Financial Statements

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Scott Park Improvements</u>	<u>2014 Colonias</u>	
\$ -	\$ -	\$ 607,662
-	-	245,330
-	-	292,621.00
-	-	337,675
-	488,159	1,153,784
-	-	232,557
-	-	140,053
-	-	11,670
-	-	42
-	-	57,259
<u>-</u>	<u>488,159</u>	<u>3,078,653</u>
-	-	205,810
-	-	1,001,721
-	-	346,592
-	-	325,990
75,031	539,222	1,376,110
-	-	28,047
-	-	4,462
<u>75,031</u>	<u>539,222</u>	<u>3,288,732</u>
<u>(75,031)</u>	<u>(51,063)</u>	<u>(210,079)</u>
-	51,064	277,506
-	-	(545,102)
-	51,064	(267,596)
<u>(75,031)</u>	<u>1</u>	<u>(477,675)</u>
-	-	646,866
<u>75,031</u>	<u>-</u>	<u>180,313</u>
<u>75,031</u>	<u>-</u>	<u>827,179</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 349,504</u>

**STATE OF NEW MEXICO
Town of Silver City
Fire Protection**

Statement B-1

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	(Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	238,000	233,556	233,556	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>238,000</u>	<u>233,556</u>	<u>233,556</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	292,818	292,818	184,553	108,265
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	32,509	(32,509)
Interest	-	-	-	-
Total expenditures	<u>292,818</u>	<u>292,818</u>	<u>217,062</u>	<u>75,756</u>
Excess (deficiency) of revenues over expenditures	<u>(54,818)</u>	<u>(59,262)</u>	<u>16,494</u>	<u>75,756</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	54,818	59,262		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	54,818	(59,262)	16,494	75,756
Fund balance - beginning of year	-	-	70,261	70,261
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,755</u>	<u>\$ 86,755</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 16,494</u>	
Adjustments to revenue			-	
Adjustment to expenditures for supplies			(35,641)	
Net Change in fund balance (GAAP basis)			<u>\$ (19,147)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-2

Town of Silver City

Lodgers Tax

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	291,190	291,190	292,621	1,431
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>291,190</u>	<u>291,190</u>	<u>292,621</u>	<u>1,431</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	263,608	292,632	286,097	6,535
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>263,608</u>	<u>292,632</u>	<u>286,097</u>	<u>6,535</u>
Excess (deficiency) of revenues over expenditures	<u>27,582</u>	<u>(1,442)</u>	<u>6,524</u>	<u>7,966</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(27,582)	1,442	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	27,582	(1,442)	6,524	6,524
Fund balance - beginning of year	-	-	(26,413)	(26,413)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,889)</u>	<u>\$ (19,889)</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 6,524</u>	
Adjustments to revenue			-	
Adjustment to expenditures for maintenance			(15,114)	
Net Change in fund balance (GAAP basis)			<u>\$ (8,590)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-3

Town of Silver City

Law Enforcement

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	39,800	39,800	39,800	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>39,800</u>	<u>39,800</u>	<u>39,800</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	58,297	58,297	44,036	14,261
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>58,297</u>	<u>58,297</u>	<u>44,036</u>	<u>14,261</u>
Excess (deficiency) of revenues over expenditures	<u>(18,497)</u>	<u>(18,497)</u>	<u>(4,236)</u>	<u>14,261</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	18,497	18,497	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(18,497)	(18,497)	(4,236)	(4,236)
Fund balance - beginning of year	-	-	18,497	18,497
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,261</u>	<u>\$ 14,261</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ (4,236)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (4,236)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-4

Town of Silver City

Correction Fees

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	21,193	21,193	11,670	(9,523)
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>21,193</u>	<u>21,193</u>	<u>11,670</u>	<u>(9,523)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	15,112	50,952	50,950	2
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>15,112</u>	<u>50,952</u>	<u>50,950</u>	<u>2</u>
Excess (deficiency) of revenues over expenditures	<u>6,081</u>	<u>(29,759)</u>	<u>(39,280)</u>	<u>(9,521)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(6,081)	29,759	-	-
Transfers in	-	-	39,282	39,282
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>39,282</u>	<u>39,282</u>
Net Change in fund balance	6,081	(29,759)	2	2
Fund balance - beginning of year	-	-	26,446	26,446
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,448</u>	<u>\$ 26,448</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 2</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 2</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
Town of Silver City
EMS Grant**

Statement B-5

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	13,613	38,319	38,319	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>13,613</u>	<u>38,319</u>	<u>38,319</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	13,613	38,327	37,294	1,033
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>13,613</u>	<u>38,327</u>	<u>37,294</u>	<u>1,033</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(8)</u>	<u>1,025</u>	<u>1,033</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	8	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	(8)	1,025	1,025
Fund balance - beginning of year	-	-	8	8
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,033</u>	<u>\$ 1,033</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 1,025</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 1,025</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-6

Town of Silver City

Drug Task Force

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	30	30
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 30</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ -</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ -</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-7

Town of Silver City

Fueling Station

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	140,053	140,053
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>140,053</u>	<u>140,053</u>
Expenditures				
Current				
General government	173,685	173,781	173,781	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>173,685</u>	<u>173,781</u>	<u>173,781</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(173,685)</u>	<u>(173,781)</u>	<u>(33,728)</u>	<u>140,053</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	173,685	173,781	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(173,685)	(173,781)	(33,728)	(33,728)
Fund balance - beginning of year	-	-	11,802	11,802
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,926)</u>	<u>\$ (21,926)</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ (33,728)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (33,728)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-8

Town of Silver City

Municipal Street

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	202,554	202,554	-
Gasoline and motor vehicle	-	210,132	210,131	(1)
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>412,686</u>	<u>412,685</u>	<u>(1)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	514,028	281,920	281,920	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>514,028</u>	<u>281,920</u>	<u>281,920</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(514,028)</u>	<u>130,766</u>	<u>130,765</u>	<u>(1)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	514,028	(130,766)	-	-
Transfers in	-	-	-	-
Transfers out	49,106	(49,106)	(49,106)	-
Total other financing sources (uses)	<u>49,106</u>	<u>(49,106)</u>	<u>(49,106)</u>	<u>-</u>
Net Change in fund balance	(464,922)	81,660	81,659	81,659
Fund balance - beginning of year	-	-	15,093	15,093
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,752</u>	<u>\$ 96,752</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 81,659</u>	
Adjustments to revenue for taxes			35,199	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 116,858</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-9

Town of Silver City

Drug Free Communities

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	150,128	150,128	150,128	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>150,128</u>	<u>150,128</u>	<u>150,128</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	144,662	144,662	144,662	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>144,662</u>	<u>144,662</u>	<u>144,662</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,466</u>	<u>5,466</u>	<u>5,466</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(5,466)	(5,466)	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	5,466	5,466	5,466	5,466
Fund balance - beginning of year	-	-	8,000	8,000
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,466</u>	<u>\$ 13,466</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 5,466</u>	
Adjustments to revenue for taxes			27,271	
Adjustment to expenditures for salaries, maintenance, and supplies			(6,741)	
Net Change in fund balance (GAAP basis)			<u>\$ 25,996</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-10

Town of Silver City

USDA Rural Energy Grant

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	7,000	7,000	6,029	971
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>6,029</u>	<u>971</u>
Excess (deficiency) of revenues over expenditures	<u>(7,000)</u>	<u>(7,000)</u>	<u>(6,029)</u>	<u>971</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	7,000	7,000	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(7,000)	(7,000)	(6,029)	(6,029)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,029)</u>	<u>\$ (6,029)</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ (6,029)</u>	
Adjustments to revenue for grants			4,302	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (1,727)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-11

Town of Silver City

Water Works Historic Preservation

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	566	566	566	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>566</u>	<u>566</u>	<u>566</u>	<u>-</u>
Net Change in fund balance	566	566	566	566
Fund balance - beginning of year	-	-	(566)	(566)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 566</u>	
Adjustments to revenues			-	
Adjustment to expenditures for salaries, contractual services, and supplies			-	
Net Change in fund balance (GAAP basis)			<u>\$ 566</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-12

Town of Silver City

Public Safety GRT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	410,000	405,108	405,108	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>410,000</u>	<u>405,108</u>	<u>405,108</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	400,000	398,881	398,881	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>400,000</u>	<u>398,881</u>	<u>398,881</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>10,000</u>	<u>6,227</u>	<u>6,227</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(10,000)	(6,227)		
Transfers in	-	16,592	16,592	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>16,592</u>	<u>16,592</u>	<u>-</u>
Net Change in fund balance	10,000	22,819	22,819	22,819
Fund balance - beginning of year	-	-	(22,818)	(22,818)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 22,819</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 22,819</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-13

Town of Silver City

NM Clean and Beautiful

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	26,000	26,000	26,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Expenditures				
Current				
General government	26,000	26,000	26,000	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ -</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ -</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-14

Town of Silver City

Freeport McMoran

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	1,120	1,120	1,120	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,120</u>	<u>1,120</u>	<u>1,120</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,120)</u>	<u>(1,120)</u>	<u>(1,120)</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	1,120	1,120	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(1,120)	(1,120)	(1,120)	(1,120)
Fund balance - beginning of year	-	-	2,410	2,410
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,290</u>	<u>\$ 1,290</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ (1,120)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (1,120)</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
Town of Silver City
Library**

Statement B-15

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	18,487	18,487	-
Total revenue	<u>-</u>	<u>18,487</u>	<u>18,487</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	16,762	14,128	14,128	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>16,762</u>	<u>14,128</u>	<u>14,128</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(16,762)</u>	<u>4,359</u>	<u>4,359</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	16,762	(4,359)	-	-
Transfers in	-	-	-	-
Transfers out	-	(2,782)	(2,782)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,782)</u>	<u>(2,782)</u>	<u>-</u>
Net Change in fund balance	(16,762)	1,577	1,577	1,577
Fund balance - beginning of year	-	-	124,055	124,055
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,632</u>	<u>\$ 125,632</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 1,577</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures for salaries, contractual services, and supplies			-	
Net Change in fund balance (GAAP basis)			<u>\$ 1,577</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
Town of Silver City
Juvenile**

Statement B-16

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	98,963	98,963	88,253	(10,710)
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>98,963</u>	<u>98,963</u>	<u>88,253</u>	<u>(10,710)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	98,963	98,963	98,963	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>98,963</u>	<u>98,963</u>	<u>98,963</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(10,710)</u>	<u>(10,710)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	(10,710)	(10,710)
Fund balance - beginning of year	-	-	(21,094)	(21,094)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,804)</u>	<u>\$ (31,804)</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ (10,710)</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenditures for salaries, contractual services, and supplies			-	
Net Change in fund balance (GAAP basis)			<u>\$ (10,710)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-17

Town of Silver City

Forward Estates

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	42	42
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	42	42
Fund balance - beginning of year	-	-	62,563	62,563
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,605</u>	<u>\$ 62,605</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 42</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 42</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-18

Town of Silver City

Golf Course Surcharge

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>46,340</u>	<u>1,500</u>	<u>1,375</u>	<u>(125)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	40,709	47,745	9,532	38,213
Health and welfare	-	-	-	-
Capital outlay	-	-	36,213	(36,213)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>40,709</u>	<u>47,745</u>	<u>45,745</u>	<u>2,000</u>
Excess (deficiency) of revenues over expenditures	<u>5,631</u>	<u>(46,245)</u>	<u>(44,370)</u>	<u>1,875</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(5,631)	46,245	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	5,631	(46,245)	(44,370)	(44,370)
Fund balance - beginning of year	-	-	44,370	44,370
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ (44,370)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (44,370)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-19

Town of Silver City

Legislative Allocations

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ -</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ -</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-20

Town of Silver City

Century Cable Capital

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	60,778	60,778	60,778	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>60,778</u>	<u>60,778</u>	<u>60,778</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(60,778)</u>	<u>(60,778)</u>	<u>(60,778)</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	60,778	60,778	-	-
Transfers in	60,778	60,778	60,778	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>60,778</u>	<u>60,778</u>	<u>60,778</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	1	1
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ -</u>	
Adjustments to revenue			-	
Adjustment to contractual services			-	
Net Change in fund balance (GAAP basis)			<u>\$ -</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
Town of Silver City
CDBG**

Statement B-21

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	493,213	493,213	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	-	493,213	493,213	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	493,213	493,213	-
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	(493,213)	-	-
Transfers in	-	-	-	-
Transfers out	-	(493,213)	(493,213)	-
Total other financing sources (uses)	-	(493,213)	(493,213)	-
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
Adjustments to revenue			-	
Adjustment to contractual services			-	
Net Change in fund balance (GAAP basis)			\$ -	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Town of Silver City
Vista De Plata

Statement B-22

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	-	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	100,000	100,000	100,000	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	66,363	3,894	62,469
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	62,469	(62,469)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>66,363</u>	<u>66,363</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>33,637</u>	<u>33,637</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(100,000)	(33,637)		
Transfers in	-	-	36,132	36,132
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>36,132</u>	<u>36,132</u>
Net Change in fund balance	100,000	33,637	69,769	69,769
Fund balance - beginning of year	-	-	(69,768)	(69,768)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 69,769</u>	
Adjustments to revenue for grants			49,929	
Adjustment to expenses for capital outlay			(49,929)	
Net Change in fund balance (GAAP basis)			<u>\$ 69,769</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-23

Town of Silver City

Silco Improvements

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	-	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	331,752	331,752	331,752	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>331,752</u>	<u>331,752</u>	<u>331,752</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	562,893	562,893	562,893	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>562,893</u>	<u>562,893</u>	<u>562,893</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(231,141)</u>	<u>(231,141)</u>	<u>(231,141)</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	231,141	231,141	-	-
Transfers in	-	-	8,012	8,012
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,012</u>	<u>8,012</u>
Net Change in fund balance	(231,141)	(231,141)	(223,129)	(223,129)
Fund balance - beginning of year	-	-	535,717	535,717
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,588</u>	<u>\$ 312,588</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ (223,129)</u>	
Adjustments to revenue for prior period receivables			(267,704)	
Adjustment to expenses for capital outlay			(44,884)	
Net Change in fund balance (GAAP basis)			<u>\$ (535,717)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-24

Town of Silver City

NMDOT TAP Cooper

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	-	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	3,319	3,319
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>3,319</u>	<u>3,319</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	6,000	6,000	5,509	491
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>5,509</u>	<u>491</u>
Excess (deficiency) of revenues over expenditures	<u>(6,000)</u>	<u>(6,000)</u>	<u>(2,190)</u>	<u>3,810</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	6,000	6,000	-	-
Transfers in	-	-	20,236	20,236
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,236</u>	<u>20,236</u>
Net Change in fund balance	(6,000)	(6,000)	18,046	18,046
Fund balance - beginning of year	-	-	1	1
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,047</u>	<u>\$ 18,047</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 18,046</u>	
Adjustments to revenue			-	
Adjustment to expenses			-	
Net Change in fund balance (GAAP basis)			<u>\$ 18,046</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-25

Town of Silver City

Scott Park Improvements

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	-	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	75,031	75,031	75,031	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>75,031</u>	<u>75,031</u>	<u>75,031</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(75,031)</u>	<u>(75,031)</u>	<u>(75,031)</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	75,031	75,031	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(75,031)	(75,031)	(75,031)	(75,031)
Fund balance - beginning of year	-	-	75,031	75,031
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ (75,031)</u>	
Adjustments to revenue			-	
Adjustment to expenses			-	
Net Change in fund balance (GAAP basis)			<u>\$ (75,031)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-26

Town of Silver City

2014 Colonias

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	-	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	488,159	488,159	488,159	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>488,159</u>	<u>488,159</u>	<u>488,159</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	539,222	539,222	539,222	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>539,222</u>	<u>539,222</u>	<u>539,222</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(51,063)</u>	<u>(51,063)</u>	<u>(51,063)</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	51,063	51,063	-	-
Transfers in	51,064	51,064	51,064	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>51,064</u>	<u>51,064</u>	<u>51,064</u>	<u>-</u>
Net Change in fund balance	1	1	1	1
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>\$ 1</u>	
Adjustments to revenue			-	
Adjustment to expenses			-	
Net Change in fund balance (GAAP basis)			<u>\$ 1</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-27

Town of Silver City

Debt Service Major Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	591,322	591,322
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>591,322.0</u>	<u>591,322</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	591,734	591,734	591,734	-
Interest	242,890	242,890	242,890	-
Total expenditures	<u>834,624</u>	<u>834,624</u>	<u>834,624</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(834,624)</u>	<u>(834,624)</u>	<u>(243,302)</u>	<u>591,322</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	834,624	834,624		
Transfers in	-	516,989	516,989	-
Transfers out	-	(37,275)	(37,275)	-
Total other financing sources (uses)	<u>-</u>	<u>479,714</u>	<u>479,714</u>	<u>-</u>
Net Change in fund balance	(834,624)	(354,910)	236,412	236,412
Fund balance - beginning of year	-	-	238,290	238,290
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,702</u>	<u>\$ 474,702</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>236,412</u>	
Adjustments to revenue for taxes			-	
Adjustment to expenses for prepaid expense			1,878	
Net Change in fund balance (GAAP basis)			<u>\$ 238,290</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Town of Silver City
Joint Utility

Statement B-28

Statement of Revenues, Expenditures and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	7,269,647	7,424,334	7,459,789	35,455
Total operating revenues	<u>7,269,647</u>	<u>7,424,334</u>	<u>7,459,789</u>	<u>35,455</u>
Operating expenses:				
Personnel services	3,108,597	3,220,570	3,088,361	132,209
Contractual services	1,181,572	1,192,387	1,186,337	6,050
Supplies	257,624	264,342	256,516	7,826
Maintenance and Materials	419,556	432,604	416,712	15,892
Utilities	395,147	410,427	390,995	19,432
Miscellaneous	924,234	903,876	916,242	(12,366)
Capital Outlay	4,722,543	4,722,543	4,722,543	-
Total operating expense	<u>11,009,273</u>	<u>11,146,749</u>	<u>10,977,706</u>	<u>169,043</u>
Operating income (loss)	<u>(3,739,626)</u>	<u>(3,722,415)</u>	<u>(3,517,917)</u>	<u>(133,588)</u>
Non-operating revenues (expense):				
Principal payments	(1,233,219)	(1,233,219)	(1,233,219)	-
Bond Proceeds	5,573,309	5,573,309	5,573,309	-
Bond issuance cost	(43,796)	(43,796)	(43,796)	-
Capital outlay	-	-	-	-
Gross receipts taxes	-	-	202,554	202,554
Interest income	-	-	-	-
Interest expense	(188,572)	(188,572)	(188,572)	-
Governmental contributions	957,535	957,535	957,535	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>5,065,257</u>	<u>5,065,257</u>	<u>5,267,811</u>	<u>-</u>
Income (loss) before contributions and transfers				
Transfers in	-	494,869	494,869	-
Transfers out	-	(575,666)	(575,666)	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>(80,797)</u>	<u>(80,797)</u>	<u>-</u>
Change in Net Position	<u>1,325,631</u>	<u>1,262,045</u>	<u>1,669,097</u>	
Reconciliation to GAAP basis:				
No adjustments to revenues			131,383	
Adjustments to expenditures for, depreciation, capital outlay and bond issuance			(574,791)	
Change in net position			<u>1,225,689</u>	
Net Position, beginning of year			<u>8,016,741</u>	
Net Position - end of the year			<u>9,242,430</u>	

See Independent Auditors' Report and Notes to Financial Statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Town of Silver City
Schedule of Deposits and Investments
June 30, 2016

Schedule III

<u>Bank Name/Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
Wells Fargo:					
Pooled Cash	Checking	\$ 3,233,960	\$ 18,048	\$ 297,485	\$ 2,954,523
Forward Estates Investments	Money Market	40,242	-	-	40,242
Municipal Court	Savings	4,002	-	339	3,663
Total Wells Fargo Bank, N.A.		<u>6,869,700</u>	<u>18,048</u>	<u>297,824</u>	<u>2,998,428</u>
1st NM Bank					
Certificate of Deposit	CD	14,435	-	-	14,435
Total 1st NM Bank		<u>14,435</u>	<u>-</u>	<u>-</u>	<u>14,435</u>
Western Bank					
Certificate of Deposit	CD	50,458	-	-	50,458
Total Western Bank		<u>50,458</u>	<u>-</u>	<u>-</u>	<u>50,458</u>
Edward Jones					
Money Market Mutual Funds	CD	21,984	-	-	21,984
Total Edward Jones		<u>21,984</u>	<u>-</u>	<u>-</u>	<u>21,984</u>
State of New Mexico LGIP investments					
LGIP		26,464	-	-	26,464
		<u>26,464</u>	<u>-</u>	<u>-</u>	<u>26,464</u>
New Mexico Finance Authority:					
Belen Cash & Reserves	Debt Service	65,992	-	-	65,992
Total New Mexico Finance Authority		<u>65,992</u>	<u>-</u>	<u>-</u>	<u>65,992</u>
Total		<u>\$ 8,723,404</u>	<u>\$ 18,048</u>	<u>\$ 297,824</u>	
Petty cash					200
Total Deposits					<u>3,177,961</u>

See Independent Auditors' Report

STATE OF NEW MEXICO

Schedule IV

Town of Silver City

Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2016

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP / Description</u>	<u>Fair Market Value</u>
Wells Fargo	NMFA	12/1/2026	3138E2NA9	\$ 1,467,520
Wells Fargo	NMFA	11/1/2030	3138WFYK6	500,910
Total				<u>\$ 1,968,430</u>

See Independent Auditors' Report

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STATE OF NEW MEXICO

Schedule V

Town of Silver City

Fudiciary Funds

Statement of Changes in Assets & Liabilities

For the Year Ended June 30, 2016

	<u>Balance June 30,</u> <u>2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30,</u> <u>2016</u>
Municipal Count Bond:				
Assets				
Cash and cash equivalents	\$ 4,184	\$ 19,121	\$ 19,642	\$ 3,663
Total Assets	<u>\$ 4,184</u>	<u>\$ 19,121</u>	<u>\$ 19,642</u>	<u>\$ 3,663</u>
Liabilities				
Due to others	\$ 4,184	\$ 19,121	\$ 19,642	\$ 3,663
Total Liabilities	<u>\$ 4,184</u>	<u>\$ 19,121</u>	<u>\$ 19,642</u>	<u>\$ 3,663</u>
	<u>Balance June 30,</u> <u>2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30,</u> <u>2016</u>
Toad Creek:				
Assets				
Cash and cash equivalents	\$ -	\$ 100,000	\$ 25,213	\$ 74,787
Total Assets	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 25,213</u>	<u>\$ 74,787</u>
Liabilities				
Due to others	\$ -	\$ 100,000	\$ 25,213	\$ 74,787
Total Liabilities	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 25,213</u>	<u>\$ 74,787</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
Town of Silver City
Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016

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.
Term of agreement	Indefinite
Amount of project	Unknown
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.
Term of agreement	Indefinite
Amount of project	Unknown
Audit responsibility	Unknown

See Independent Auditors' Report

**Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016**

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.
Term of agreement	Indefinite
Audit responsibility	Grant County

Water Commission

Participants	Town of Silver City Village of Santa Clara Town of Bayard Town of Hurley Grant County
Description	Establish a water commission consisting of one member from each Jurisdiction.
Responsible party	Town of Silver City Village of Santa Clara Town of Bayard Town of Hurley Grant County
Term of agreement	Indefinite
Amount of project	Unknown
Audit responsibility	Commission

**Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016**

Southwest Solid Waste

Participants	Southwest Solid Waste Authority Town of Silver City
Responsible party	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.
Term of agreement	15 years, commencing in April 2004.
Amount of project	\$300,000 Loan with 4.8% interest payable.
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.
Term of agreement	Indefinite
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

**Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016**

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.
Term 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 Waste Water Services

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
Term of agreement	Indefinite
Audit responsibility	Town of Silver City
Amount of Project	Provided by Tyrone Property Owners Association

**Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016**

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 Pintos altos Mutual Domestic Water Consumers Association
Description	Town of Silver City shall provide water to the Association.
Term 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.
Town contributions	Unknown
Audit responsibility	Town of Silver City

Joint Communication Center

Participants	Town of Silver City of Bayard Town of Hurley Village of Santa Clara Grant County
Responsible party	Town of Silver City of Bayard Town of Hurley Village of Santa Clara Grant County
Description	To establish the Grant County Regional Dispatch Authority.
Term of agreement	Ongoing
Amount of project	Unknown
Agency Contribution	Provide a member for the Board.
Audit responsibility	Grant County

**Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016**

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.
Term of agreement	Ongoing
Amount of Project	Unknown
Audit responsibility	Grant County

STATE OF NEW MEXICO
Town of Silver City
Schedule of Vendor Information for Purchases Exceeding \$60,000
June 30, 2016

Prepared By: Leann Misquez Purchasing Agent 11/15/2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>
6164	Town of Silver City	Municipalities	15/16-4	Competitive (RFP or RFB)	SW Concrete & Paving	Winner
6164	Town of Silver City	Municipalities	15/16-4	Competitive (RFP or RFB)	Spartan Construction	Loser
6164	Town of Silver City	Municipalities	15/16-4	Competitive (RFP or RFB)	Morrow	Loser
6164	Town of Silver City	Municipalities	15/16-5	Competitive (RFP or RFB)	Smithco Construction	Winner
6164	Town of Silver City	Municipalities	15/16-6	Competitive (RFP or RFB)	Central Poly Corp.	Winner
6164	Town of Silver City	Municipalities	15/16-6	Competitive (RFP or RFB)	Unipak	Loser
6164	Town of Silver City	Municipalities	15/16-6	Competitive (RFP or RFB)	Dispose N Save	Loser
6164	Town of Silver City	Municipalities	15/16-6	Competitive (RFP or RFB)	Interboro Packing	Loser
6164	Town of Silver City	Municipalities	15/16-6	Competitive (RFP or RFB)	Central Poly Corp.	Loser
6164	Town of Silver City	Municipalities	15/16-6	Competitive (RFP or RFB)	Dyna-Pak Corp	Loser
6164	Town of Silver City	Municipalities	15/16-7	Competitive (RFP or RFB)	SW Concrete & Paving	Winner
6164	Town of Silver City	Municipalities	15/16-10	Competitive (RFP or RFB)	Burn Construction Company	Winner
6164	Town of Silver City	Municipalities	15/16-11	Competitive (RFP or RFB)	Dave Baker	Winner
6164	Town of Silver City	Municipalities	15/16-11	Competitive (RFP or RFB)	Clint Hardesty	Loser
6164	Town of Silver City	Municipalities	15/16-12	Competitive (RFP or RFB)	Southwest Hazard Control Inc.	Winner

See Independent Auditors' Report

<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>
\$ 859,649.00	NA	PO Box 2278 Silver City NM 88062	No	No	Vista De Plata Drainage Project
NA	NA	PO BOX 1870 Santa teresa, NM	No	No	Vista De Plata Drainage Project
NA	NA	6525 Picacho AVE, Las Cruces, NM 88007	No	No	Vista De Plata Drainage Project
\$ 508,937.17	NA	PO Box 45 Caballo NM 87931	No	No	Waste Water Grit Removal System
\$ 25,650.00	NA	2400 Bedle Place Linden NJ 07036	No	No	Garbage bags
NA	NA	715 E Washington St, West Chester, PA 19380	No	No	Garbage bags
NA	NA	5 Getzil Berger BLVD Unit 102 Monroe, NY 10950	No	No	Garbage bags
NA	NA	114 Bracken Rd, Montgomery, NY 12549	No	No	Garbage bags
NA	NA	2400 beadle Pl, Linden, NJ 07036	No	No	Garbage bags
NA	NA	112 Helton Dr lawrenceburg, TN 38464	No	No	Garbage bags
\$ 123,907.00	NA	PO Box 2278 Silver City NM 88062	No	No	Asphalt overlay on Little Walnut Rd.
\$ 288,103.34	NA	PO Box 1869 Las Cruces NM 88004	No	No	Sidewalk Improvements/Repairs on Cooper Street
\$ 30,000.01	NA	44 Euphoria Silver City NM 88061	No	No	Sale of Property on Pope St.
NA	NA	NA	No	No	Sale of Property on Pope St.
\$ 121,116.60	NA	1953 W Grant Rd Tucson AZ 85745	No	No	Lead and asbestos removal at waterworks building

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COMPLIANCE SECTION



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

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*

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
Honorable 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, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Town of Silver City (the Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and the combining and individual funds and the related budgetary comparisons of the Town, presented as supplementary information and have issued our report thereon dated November 21, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (FS 2016-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FA 2016-001.

The Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
November 21, 2016

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FEDERAL FINANCIAL ASSISTANCE



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and
Honorable 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 (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2016. The Town'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town'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 the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town, 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items FA 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

The Town's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Town 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'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 the Uniform Guidance, 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's internal control over compliance.

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

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
November 21, 2016

STATE OF NEW MEXICO
Town of Silver City
Schedule of Expenditures of Federal Awards
For the year Ended June 30, 2016

Schedule VIII

<u>Funding Source/Grantor or Contract Name</u>	<u>CFDA Number</u>	<u>Pass Through</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants	* 14.228	NA	\$ 493,213
Affordable Housing Development in Main Street Projects	14.878	NA	19,164
Home Partnership	14.239	NA	<u>177,002</u>
Total U.S. Department of Housing and Urban Development			<u>689,379</u>
U.S. DEPARTMENT OF JUSTICE			
Juvenile Justice and Delinquency Prevention	16.540	NA	98,963
Bullet-Proof Vest Partnership Program	16.607	NA	<u>3,325</u>
Total U.S. Dept. of Justice			<u>102,288</u>
U.S. DEPARTMENT OF THE INTERIOR			
Historic Preservation Grant	15.904	NA	5,985
Historic Preservation Grant	15.904	NA	<u>1,879</u>
Total U.S. Department of the Interior			<u>7,864</u>
ENVIRONMENTAL PROTECTION AGENCY			
AARA - Brownfield Assessment & Cleanup Agreement	66.818	NA	<u>28,748</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Minimum Penalties for Repeat DWI Offenders	20.608	NA	<u>19,768</u>
U.S. DEPARTMENT OF AGRICULTURE			
Cooperative Forestry Assistance	10.664	NA	1,755
Rural Energy for America Program	10.868	NA	<u>4,302</u>
Total U.S. Department of Agriculture			<u>6,057</u>
EXECUTIVE OFFICE OF THE PRESIDENT			
High Intensity Drug Trafficking Areas Program	* 95.001	NA	506,455
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NA	<u>140,002</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,500,561</u></u>

* Notes major program

Notes to the Schedule of Expenditures of Federal Awards

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting which is described in Note 1 to the Towns Financial Statements. Such expenditures are recognized following the cost principles contained in the applicable Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Town of Silver City under programs of the federal government for the year ended June 30, 2016. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The following is a reconciliation to the total Federal Awards of the Town:

Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements:

Town of Silver City:

Total Federal awards expended per the schedules of expenditures of federal awards	\$ 1,500,561
Expenditures funded by other sources	<u>\$19,991,350</u>
Total Expenditures	<u><u>\$21,491,911</u></u>

The Town did not expend federal awards related to loans or loan guarantees during the year.

The Town did not elect to use the allowed 10% indirect cost rate.

The Town has no federally funded insurance.

Relationship to the Annual Financial Report	CFDA Number	Amount Expended	Funds Provided to	Noncash Assistance
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Community Development Block Grants	*	14.228	\$ 493,213	-
Affordable Housing Development in Main Street Projects		14.878	19,164	-
Home Partnership		14.239	177,002	-
U.S. DEPARTMENT OF JUSTICE				
Juvenile Justice and Delinquency Prevention		16.540	98,963	-
Bullet-Proof Vest Partnership Program		16.607	3,325	-
U.S. DEPARTMENT OF THE INTERIOR				
Historic Preservation Grant		15.904	5,985	-
Historic Preservation Grant		15.904	1,879	-
ENVIRONMENTAL PROTECTION AGENCY				
AARA - Brownfield Assessment & Cleanup Agreement		66.818	28,748	-
U.S. DEPARTMENT OF TRANSPORTATION				
Minimum Penalties for Repeat DWI Offenders		20.608	19,768	-
U.S. DEPARTMENT OF AGRICULTURE				
Cooperative Forestry Assistance		10.664	1,755	-
Rural Energy for America Program		10.868	4,302	-
EXECUTIVE OFFICE OF THE PRESIDENT				
High Intensity Drug Trafficking Areas Program	*	95.001	506,455	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Block Grants for Prevention and Treatment of Substance Abuse		93.959	140,002	-
Total		\$ 1,500,561	-	-

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STATE OF NEW MEXICO
Town of Silver City
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Section I - SUMMARY OF AUDIT RESULTS

Financials Statements:

1. Type of auditors' report issued

Town of Silver City

Unmodified

2. Internal control over financial reporting:

a. Material weakness identified?

Yes

b. Significant deficiencies identified?

No

c. Noncompliance material to the financial statements?

No

Federal Awards:

1. Internal control over major programs:

a. Material weaknesses identified? No

b. Significant deficiencies identified not considered to be material weaknesses? No

c. Noncompliance identified? Yes

2. Type of auditors' report issued on compliance for major programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

4. Identification of major programs: 95.001 and 14.228

5. Dollar threshold used to distinguish between type A and type B programs: \$750,000

6. Auditee qualified as a low-risk auditee? Yes

SECTION II – PRIOR YEAR AUDIT FINDINGS

STATE OF NEW MEXICO
Town of Silver City
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

FA 2015-001 Lack on Control over Disbursements-Significant Deficiency – Resolved

SECTION III - AUDIT FINDINGS – PRIMARY GOVERNMENT

FS 2016-001 Financial Management System – Material Weakness

Condition: The Town's Financial Management System had the following issues:

- The Towns general ledger had material balances recorded in assets, liability, revenue and expense general ledger line items that did not relate the respective ending balances or activity during the fiscal year which resulted in a restatement to teh
- Revenues and expenses related to GRT were misstated by \$351,741 in fund 600 in the Town financial management system.
- The Town's financial management system requires manual input to produce a trial balance, which results in a higher risk of human error.
- The financial management system does not allow the Town to accurately monitor the general ledger balances that could be entered in error, or are incorrect.

Criteria: Governmental auditing standards "Yellow Book" statement 6.66 states "The assessment of the sufficiency and appropriateness of computer process information included consideration regarding the completeness and accuracy of the data for the intended purpose".

Effect: Data produced by the financial management system that was used in the preparation of the financial statements required material adjustments to materially state the Town's financial statements. Further there is a higher risk that a material misstatement in the Towns financial statements was not detected due to the accuracy of the information produced by the Town's financial management system.

Cause: The Town's financial management software has not been updated in approximately 21 years.

Auditors' Recommendation: We recommend that the Town clear out all inaccurate old account balances posted in the financial management system. The Town should also upgrade their financial management system so information required to perform an audit is accurately extracted from the FMS.

Managements Progress: New Finding

Managements Response: The Town of Silver City has identified and has secured funding for updating our financial management software. The Town is currently in the process of reviewing various upgrade options.

Timeline: Fiscal year 2017.

SECTION IV - AUDIT FINDINGS – FEDERAL AWARDS

STATE OF NEW MEXICO
Town of Silver City
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

FA 2016-001 (FS 12-05) Drawdown/Report Submission for CFDA 95.001 – Non-Compliance

Condition: The Management of the Federal Award # 95.001 had the following issues:

- 3 Drawdowns at the completion of fiscal year 2015 occurred in the fiscal year 2016 after the 90 day requirement.
- The Drawdown request for September 30, 2015, in the amount of \$48,683.46 was lacking proper signatures and the date of submission could not be verified.

Criteria: Federal Award requirement's for 95.001 require timely submission of drawdown requests as well as proper record maintenance.

Effect: Reimbursement for Federal Award funds were delayed and record keeping was not completely accurate.

Cause: Late submission of requests as well as off-site management of CFDA # 95.001 led to the related issue.

Auditors' Recommendation: The Town should verify submissions are made on a timely basis and certify all documents are maintained at award requirements.

Managements Progress: New Finding

Managements Response: Due to the grant being managed off-site and because the Town has found it difficult to obtain required documents from various outside agencies we have decided to withdraw as Fiscal Agent for this grant. As of October 1, 2016, the Town is no longer acting as Fiscal Agent for the Region VII HIDTA grant.

Timeline: October 1, 2016.

**STATE OF NEW MEXICO
TOWN OF SILVER CITY
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2016**

Other Disclosures

Exit Conference

An exit Conference Was held on November 21, 2016. In attendance were the following:

Representing the Town of Silver City:

Ken Ladner	Mayor
Alex C. Brown	Town Manager / Finance Director
Anita Norero	Deputy Finance Director
Stephen Lopez	Payroll Accountant
Leann Misqueuz	Purchasing Agent
Oliva Britton	Utility Billing Supervisor

Representing Southwest Accounting Solutions, LLC:

Robert Peixotto, CPA Managing Partner

Auditor Prepared Financial Statements

Southwest Accounting Solutions, LLC prepared the GAAP – based financial statements and the footnotes of the Town of Silver City from the original books and records provided to them by the management of the Town. The responsibility for the financial statements remains with the Town.