State of **New Mexico**
OFFICE OF THE STATE AUDITOR

Hector H. Balderas
State Auditor

Carla C. Martinez
Deputy State Auditor

December 29, 2014

SAO Ref. No. 6164

Alex C. Brown, Town Manager/Finance Director
Town of Silver City
P.O. Box 1188
Silver City, NM 88062-1188

SUBJECT: Audit Report—Town of Silver City—2013-2014 Fiscal Year—Prepared by Stone, McGee and Co., CPAs

The audit report for your agency was received by the Office of the State Auditor (Office) on November 24, 2014. The State Auditor's review of the audit report required by Section 12-6-14 (B) NMSA 1978 and 2.2.2.13 NMAC has been completed. This letter is your authorization to make the final payment to the independent public accountant (IPA) who contracted to perform the agency's financial and compliance audit. In accordance with Section 2 of the audit contract, the IPA is required to deliver the specified number of copies of the audit report to the agency.

Pursuant to Section 12-6-5 NMSA 1978, the audit report does not become public record until five days after the date of this release letter, unless your agency has already submitted a written waiver to the Office. Once the five-day period has expired or upon the Office's receipt of a written waiver, the audit report shall be:

- released by the Office to the Legislative Finance Committee, and the Department of Finance and Administration; and

- presented by your agency to a quorum of the agency's governing authority at a public meeting, for approval, per Section 2.2.2.10(J)(3)(d) NMAC, *Requirements for Contracting and Conducting Audits of Agencies.*

The independent public accountant's findings and comments are included in the audit report on pages 129 - 130. **It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments.**

HECTOR H. BALDERAS
STATE AUDITOR

cc: Stone, McGee and Co., CPAs

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State of New Mexico

Town of Silver City

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT THEREON

For The Fiscal Year Ended June 30, 2014

Town of Silver City

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Town of Silver City
DIRECTORY OF OFFICIALS
June 30, 2014

Elected Officials

Michael S. Morones	Mayor
Jose A. Ray, Jr.	Councilor
Guadalupe Cano	Councilor
Cynthia Ann Bettison	Councilor
Lynda D. Aiman-Smith	Councilor

Administrative Staff

Alex C. Brown	City Manager/ Finance Director
James R. Marshall	Asst. City Manager
Anita Norero	Deputy Finance Director
Lee Ann Misquez	Purchasing Agent
Linda Nunez	Utility Billing Supervisor

Stone, McGee & Co.
Certified Public Accountants
CPA
The CPA, Never Underestimate the Value.®

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Town of Silver City, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Town of Silver City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Town of Silver City's nonmajor governmental funds, and the budgetary comparisons for the nonmajor special revenue funds, the debt service funds, the capital projects funds, and the enterprise funds presented as other supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, 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 Unites States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Silver City as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town of Silver City as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the nonmajor special revenue funds, the debt service funds, the capital projects funds, and the enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014, on our consideration of the Town of Silver City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Silver City's internal control over financial reporting and compliance.

Stone, McGee + Co., CPAs

Silver City, New Mexico
November 20, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Silver City's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements, which are listed in the table of contents.

Using This Annual Report

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

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

- Governmental activities – Most of the Town's basic services are reported here, including the police, fire, general administration, streets and parks. Sales taxes, franchise feeds, fines, and state and federal grants finance most of these activities.

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

Reporting the Town's Most Significant Funds

Fund Financial Statements

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

- Governmental funds – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the State of Activities) and governmental funds in reconciliations following the fund financial statements.

- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The Town as Trustee

Reporting the Town's Fiduciary Responsibilities

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

THE TOWN AS A WHOLE

A comparison of net position balances between 2014 and 2013 is as follows:

	June 30, 2014	June 30, 2013	Change
Governmental Activities:			
Cash and cash equivalents	$ 1,054,627	$ 36,956	$ 1,017,671
Receivables, net	2,527,620	2,563,680	(36,060)
Inventory	28,106	43,564	(15,458)
Bond issue costs	-0-	156,307	(156,307)
Capital assets, net of depreciation	52,824,052	56,125,097	(3,301,045)
Total assets	$56,434,405	$58,925,584	$ (2,491,179)
Current liabilities	$ 973,495	$ 1,805,791	$ 832,296
Noncurrent liabilities	6,608,141	6,107,451	(500,690)
Total liabilities	$ 7,581,636	$ 7,913,242	$ 331,606
Net position	$48,852,769	$51,012,342	$ (2,159,573)

Net position in governmental activities decreased 4% in 2014, which is an acceptable percentage change. The unrestricted portion of net position which is the amount available for ongoing operations, increased 35% to $452,951.

	June 30, 2014	June 30, 2013	Change
Business-type Activities:			
Current assets	$ 1,439,377	$ 1,536,323	$ 96,946
Noncurrent assets	12,079,176	12,469,316	390,140
Total assets	$13,518,553	$14,005,639	$ 487,086

Current liabilities	$ 808,059	$ 703,277	$ (104,782)
Noncurrent liabilities	2,655,931	2,841,031	(185,100)
Total liabilities	$ 3,463,990	$ 3,544,308	$ 80,318
Net position	$10,054,563	$10,461,331	$ 406,768

Net position in business type activities decreased 4%, which is an acceptable percentage change. Unrestricted net position, those available for ongoing operations, decreased 25% to $805,075, principally due to the amounts invested in capital assets.

	June 30, 2014	June 30, 2013	Change
Governmental Activities:			
Revenues:			
Charges for services	$ 667,673	$ 532,069	$ 135,604
Operating grants and contributions	1,362,441	910,003	452,438
Capital grants and contributions	1,119,234	1,232,101	(112,867)
General revenues and transfers	11,106,798	10,547,724	559,074
Total revenues	$14,256,146	$13,221,897	$ 1,034,249
Expenses:			
General government	$ 3,546,467	$ 2,748,179	$ (798,288)
Public safety	8,215,479	7,273,275	(942,204)
Public works	1,197,317	1,534,208	336,891
Health and welfare	191,393	102,219	(89,174)
Culture-recreation	2,891,477	2,590,193	(301,284)
Interest expense	217,279	239,755	22,476
	$16,259,412	$14,487,829	$ (1,771,583)
Change in net position	$ (2,003,266)	$(1,265,932)	$ (737,334)

Total revenues increased $1,034,249 primarily due to increased grants. Expenditures increased due to the increased revenues.

	June 30, 2014	June 30, 2013	Change
Business-type activities:			
Revenues:			
Charges for services	$ 6,575,544	$ 6,497,116	$ 78,428
Capital grants and contributions	522,770	240,913	281,857
General revenues and transfers	157,963	486,986	(329,023)
Total revenues	$ 7,256,277	$ 7,225,015	$ 31,262
Expenses:			
Personnel	$ 3,207,520	$ 2,769,361	$ (438,159)
Operating	3,502,601	3,513,485	10,884
Depreciation	912,805	931,213	18,408
Interest expense	40,119	41,913	1,794
Total expenses	$ 7,663,045	$ 7,255,972	$ (407,073)
Change in net position	$ (406,768)	$ (30,957)	$ (375,811)

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

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

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

THE TOWN'S FUNDS

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

The following schedule presents a summary of General, Special Revenue, Capital Project and Debt Service revenues and expenditures for the fiscal year ended June 30, 2014 and

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

	For Year End 2014 Amount	% of Total	Increase (Decrease) From FYE 2013	Percentage Increase (Decrease)
Revenues:				
Taxes	$10,178,883	75%	$ 123,591	(68%)
Intergovernmental	2,274,258	17%	(250,323)	138%
Charges for services	579,506	4%	107,797	60%
Fines and licenses	208,668	2%	43,845	(24%)
Miscellaneous	390,526	2%	156,158	(86%)
Total revenues	$13,631,841	100%	$ 181,068	100%

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

	For Year End 2014 Amount	% of Total	Increase (Decrease) From FYE 2013	Percentage Increase (Decrease)
General government	$ 2,396,411	18%	$ 228,894	(7%)
Public safety	5,962,193	44%	(235,471)	7%
Public works	868,713	6%	(508,635)	15%
Health and welfare	50,563	1%	15,570	(1%)
Culture-recreation	2,046,495	15%	(140,344)	4%
Capital outlay	1,393,320	10%	(2,835,652)	83%
Debt service	967,128	6%	15,657	(1%)
Total expenditures	$13,684,823	100%	$(3,459,981)	100%

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

BUDGETARY HIGHLIGHTS

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

The variance between the final budget and the actual revenues and expenditures is primarily anticipated capital projects, funded from intergovernmental grants, which were delayed or did not materialize. Such grants will be re-budgeted in the 2014-2015 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2014, the Town had $122,826,690 invested in capital assets, as shown below. This represents a net increase of $1,932,587 or 2%, funded primarily through grant revenues and bond proceeds.

	2014	2013
Governmental activities:		
Land	$ 7,811,031	$ 7,811,031
Buildings and infrastructure	65,307,130	61,979,006
Equipment	5,139,390	5,135,990
Construction in progress	4,784,966	6,723,170
	$ 83,042,517	$ 81,649,197
Business-type Activities:		
Land	$ 961,403	$ 961,403
Buildings and utility plant	34,001,385	32,206,159
Equipment	4,821,385	4,821,355
Construction in progress	-0-	1,255,989
	$ 39,784,173	$ 39,244,906
	$122,826,690	$120,894,103

This year's major additions included:

Buildings and improvements ($2,404,959 transferred from construction in progress)	$ 3,328,124

Debt

At year-end, the Town had $9,196,903 in outstanding revenue bonds, general obligation bonds, capital leases and notes payable compared to $9,200,768 last year. That is an decrease of 1% as shown in the following table:

	2014	2013
Governmental Activities:		
Revenue bonds	$ 5,480,000	$ 6,030,000
General obligation bonds	-0-	65,000
Notes payable	1,161,166	274,870
Capital leases	-0-	59,243
	$ 6,641,166	$ 6,429,113
Business-Type Activities:		
Notes payable	2,555,737	2,771,655
Total	$ 9,196,903	$ 9,200,768

New debt was incurred this year in the amount of $998,055.

INFRASTRUCTURE

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the unemployment rate in Grant County as of July, 2014 was 7.8%; that is the same percent from the same time last year. This has much to do with last year's implementation of the Affordable Health Care Act. Due to the requirement in the act and New Mexico law rural health care facilities such as ours here in Silver City have had to make major operational changes and thus there has been a loss in jobs. This is the first time that a change in an industry other than the Mining sector has had a dramatic effect on the job situation in Grant County. As was discussed last year our economy has become much more regionalized and we now are starting to see the impact when there are changes in more than one job sector.

As of the end of fiscal year 2014, the Town had received a total of $9.05 million in gross receipts tax; this is a decrease of about $400K from the previous year. These revenues are the second highest we have ever seen. Gross receipts taxes have been steadily

increasing since the first quarter of fiscal year 2011. This has shown that the local economy was more affected by regional influences, and less by the weak national economy. As of the first quarter of fiscal 2015 a 3.1% decrease from the same time last year. As of this point it has we are working with the New Mexico Taxation and Revenue department to identify the cause. Currently total sales are down by 3.1% but retail sales are down by 16.27%. This is considerable and doesn't match any other economic indicators available to the Town.

During the 2013 New Mexico Le6gislative session, the State passed legislation that phases out the hold-harmless on food and medical sales over a period of fifteen years. In exchange the State gave local entities 3/8th percent gross receipts tax that we can impose by ordinance to offset the loss of the hold-harmless. In the case of the Town of Silver City, the loss of hold-harmless equals 18.5 percent of total gross receipts taxes based on fiscal 2012 numbers. So when the Town is in a position of having to impose the tax over time, the tax will not offset the total loss of hold-harmless. Due to the Town's conservative approach to imposing both gross receipts taxes as well as property taxes, the Town does have a ¼ percent gross receipts tax available and 5 mills of property tax available to impose to help offset the difference. There have been discussions at the State level to make fixes to the legislation during the 2015 Session that will help entities such as the Town of Silver City who will have to impose additional taxes. The Town is also looking at imposing the l/4 percent gross receipts tax that we have available in the first quarter of 2015 in preparation of the Hold Harmless loss. The purpose of this is to start to build larger cash reserves caused by the actions at the State level. The Town will be monitoring all aspects of these discussions so that we can plan appropriately.

During year 2014, the Enterprise Funds continued to remain strong. Sanitation Fund revenues remain strong due to a 3 percent automatic rate increase that has been adopted. During fiscal year 2012, an ordinance was adopted requiring water, sewer, and wastewater rates to be reviewed annually during the budget process and amended as necessary to cover operating, capital, and debt service expenses: while maintaining a one-twelve reserve. As a result of this ordinance, the Town increased rates by an average of 18.5 percent for fiscal 2015. This was also done to help increase revenues required as a result of the Town rededicating the 1/8th gross receipts tax that was dedicated to the Water Sewer fund to the Street maintenance fund.

Although the Town raised rates by 18.5 percent, the Town's rates are now close to the State average.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Town of Silver City
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and investments	$ 1,054,627	$ 317,428	$ 1,372,055
Inventory	28,106	259,938	288,044
Receivables, net	2,527,620	862,011	3,389,631
Notes receivable due currently			-
Total current assets	$ 3,610,353	$ 1,439,377	$ 5,049,730
Noncurrent assets:			
Restricted:			
Cash and investments	$ -	$ 298,636	$ 298,636
Notes receivable, net of current amounts			-
Capital assets, net	52,824,052	11,780,540	64,604,592
Total noncurrent assets	$ 52,824,052	$ 12,079,176	$ 64,903,228
Total assets	$ 56,434,405	$ 13,518,553	$ 69,952,958
LIABILITIES			
Current:			
Accounts payable	$ 404,861	$ 506,253	$ 911,114
Accrued liabilities	105,101	41,034	146,135
Current maturities of long-term debt	463,533	260,772	724,305
Total current liabilities	$ 973,495	$ 808,059	$ 1,781,554
Noncurrent:			
Payable from restricted assets:			
Customer deposits	$ -	$ 245,854	$ 245,854
Bonds payable	5,115,000		5,115,000
Notes payable	1,062,633	2,294,965	3,357,598
Lease payable			-
Bond premiums	41,718		41,718

Town of Silver City
STATEMENT OF NET POSITION (concluded)
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Compensated absences	$ 388,790	$ 115,112	$ 503,902
Total noncurrent liablilities	$ 6,608,141	$ 2,655,931	$ 9,264,072
Total liabilities	$ 7,581,636	$ 3,463,990	$ 11,045,626
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	$ -	$ -	$ -
Total deferred inflows of resources	$ -	$ -	$ -
NET POSITION			
Net investment in capital assets	$ 47,269,139	$ 8,869,955	$ 56,139,094
Restricted for:			
Capital projects	431,747		431,747
Debt service	184,982	379,533	564,515
Other purposes	369,600		369,600
Unrestricted	597,301	805,075	1,402,376
Total net position	$ 48,852,769	$ 10,054,563	$ 58,907,332

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

Town of Silver City

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2014

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Governmental activites:			
General government	$ 3,546,467	$ 183,938	$ 30,000
Public safety	8,215,479	328,807	1,235,874
Public works	1,197,317	26,539	40,620
Health and welfare	191,393	73,093	
Culture-recreation	2,891,477	55,296	55,947
Unallocated interest expense	217,279		
Total governmental activities	$ 16,259,412	$ 667,673	$ 1,362,441
Business-type activities:			
Water and sewer	$ 5,470,114	$ 4,672,739	$ -
Sanitation	2,192,931	1,902,805	
Total business-type activities	$ 7,663,045	$ 6,575,544	$ -
Total government	$ 23,922,457	$ 7,243,217	$ 1,362,441

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

Total general revenues

Change in net position

Net position--beginning, as originally stated

Restatement

Net position--beginning, as restated

Change in net position

Net position--ending

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

Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Business -Type Activities	Total
$ -	$ (3,332,529)	$ -	$ (3,332,529)
	(6,650,798)		(6,650,798)
1,119,234	(10,924)		(10,924)
	(118,300)		(118,300)
	(2,780,234)		(2,780,234)
	(217,279)		(217,279)
$ 1,119,234	$ (13,110,064)	$ -	$ (13,110,064)
$ 522,770	$ -	$ (274,605)	$ (274,605)
		(290,126)	(290,126)
$ 522,770	$ -	$ (564,731)	$ (564,731)
$ 1,642,004	$ (13,110,064)	$ (564,731)	$ (13,674,795)
	$ 654,798	$ -	$ 654,798
	8,571,971	539,349	9,111,320
	237,649		237,649
	70,376		70,376
	415,797		415,797
	262,976		262,976
	2,868	818	3,686
	387,658		387,658
	120,501		120,501
	382,204	(382,204)	-
	$ 11,106,798	$ 157,963	$ 11,264,761
	$ (2,003,266)	$ (406,768)	$ (2,410,034)
	$ 51,014,191	$ 10,461,331	$ 61,475,522
	(158,156)		(158,156)
	$ 50,856,035	$ 10,461,331	$ 61,317,366
	(2,003,266)	(406,768)	(2,410,034)
	$ 48,852,769	$ 10,054,563	$ 58,907,332

Town of Silver City
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	HIDTA	2011 Retirement
Assets			
Cash and investments	$ 43,508	$ -	$ -
Inventory	28,106		
Interest receivable			
Taxes receivable	1,407,603		64,148
Accounts receivable	130,021		
Assessments receivable			
Allowance for doubtful accounts			
Due from other governments	39,825	185,939	
Interfund receivable	75,797		
Total assets	$ 1,724,860	$ 185,939	$ 64,148
Liabilities			
Accounts payable	$ 239,375	$ 43,552	$ -
Interfund payable		165,611	272,392
Salary payable	86,553		
Total liabilities	$ 325,928	$ 209,163	$ 272,392
Deferred Inflows of Resources			
Unavailable revenue	$ -	$ 144,350	$ -
Total deferred inflows of resources	$ -	$ 144,350	$ -
Fund balance:			
Non-spendable:			
Inventory	$ 28,106	$ -	$ -
Restricted:			
Public safety			
Culture and recreation			
Land acquisition			
Debt service			
Construction			
Assigned:			
Culture and recreation			
Unassigned	1,370,826	(167,574)	(208,244)
Total fund balance	$ 1,398,932	$ (167,574)	$ (208,244)
Total liabilities, deferred inflows of resources and fund balances	$ 1,724,860	$ 185,939	$ 64,148

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

Other Funds	Total Governmental Funds
$ 1,011,119	$ 1,054,627
	28,106
	-
191,895	1,663,646
	130,021
2,206	2,206
(2,206)	(2,206)
508,189	733,953
733,283	809,080
$ 2,444,486	$ 4,419,433
$ 121,934	$ 404,861
371,077	809,080
	86,553
$ 493,011	$ 1,300,494
$ 218,766	$ 363,116
$ 218,766	$ 363,116
$ -	$ 28,106
90,747	90,747
103,484	103,484
62,449	62,449
638,467	638,467
938,478	938,478
38,739	38,739
(139,655)	855,353
$ 1,732,709	$ 2,755,823
$ 2,444,486	$ 4,419,433

Town of Silver City

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2014

Total governmental fund balances	$ 2,755,823
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.	52,824,052
Bond premiums are capitalized and amortized over the life of the bonds	(41,718)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property taxes receivable subject to the 60 day availability period	118,536
Intergovernmental grants subject to the 60 day availability period	244,580
Long-term liabilities are not reported in the funds.	
Bonds payable	(5,480,000)
Notes payable	(1,161,166)
Accrued interest payable	(18,548)
Compensated absences	(388,790)
Net position of governmental activities	$ 48,852,769

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

Town of Silver City

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2014

	General Fund	HIDTA	2011 Retirement
Revenues:			
Property taxes	$ 521,071	$ -	$ -
Gross receipts taxes	8,081,453		402,331
Gas taxes	237,649		
Motor vehicle taxes	70,376		
Franchise taxes	415,797		
Other taxes			
State intergovernmental	197,976		
Federal intergovernmental	174,219	564,040	
Fines, licenses and permits	90,032		
Charges for services	542,232		
Miscellaneous	68,519		
Total revenues	$ 10,399,324	$ 564,040	$ 402,331
Expenditures:			
Current:			
General government	$ 2,394,565	$ -	$ -
Public safety	5,233,432	415,745	
Public works	803,823		
Health and welfare	34,179		
Culture recreation	1,694,190		
Debt service:			
Principal	25,791		420,000
Interest			185,063
Loan issue costs			
Capital outlay	37,892		
Total expenditures	$ 10,223,872	$ 415,745	$ 605,063
Revenues over (under) expenditures	$ 175,452	$ 148,295	$ (202,732)
Other financing sources (uses):			
Loan proceeds			
Bond premiums			
Transfer in	69,573		148,220
Transfer out	(297,156)		
Net change in fund balances	$ (52,131)	$ 148,295	$ (54,512)
Fund balance, July 1, 2013	1,451,063	(315,869)	(153,732)
Fund balance, June 30, 2014	$ 1,398,932	$ (167,574)	$ (208,244)

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

Other Funds	Governmental Funds Total
$ 99,043	$ 620,114
88,187	8,571,971
	237,649
	70,376
	415,797
262,976	262,976
876,758	1,074,734
461,265	1,199,524
118,636	208,668
37,274	579,506
322,007	390,526
$ 2,266,146	$ 13,631,841
$ 1,846	$ 2,396,411
313,016	5,962,193
64,890	868,713
16,384	50,563
352,305	2,046,495
301,501	747,292
27,558	212,621
7,215	7,215
1,355,428	1,393,320
$ 2,440,143	$ 13,684,823
$ (173,997)	$ (52,982)
961,925	961,925
	-
608,140	825,933
(146,573)	(443,729)
$ 1,249,495	$ 1,291,147
483,214	1,464,676
$ 1,732,709	$ 2,755,823

Town of Silver City

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

June 30, 2014

Net change in fund balances-total governmental funds	$ 1,291,147
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	1,393,320
Depreciation expense.	(4,694,345)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change for the year.	
Property taxes subject to the 60 day availability period	34,684
Intergovernmental grants subject to the 60 day availability period	207,417
Bond and loan proceeds are reported as financing sources in the funds. In the Statement of Activities, however, issuing debt increases long-term liabilities.	(961,925)
Bond premiums are capitalized and amortized over the life of the bonds	3,921
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	749,872
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change during the year.	(1,364)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the funds. This is the net change during the year.	(25,993)
Change in Net Position of Governmental Activities	$ (2,003,266)

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

Town of Silver City

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 9,433,173	$ 9,478,447	$ 9,186,747	$ (291,700)
State sources	160,766	160,766	113,368	(47,398)
Federal sources	379,468	379,468	298,428	(81,040)
Fines, licenses and permits	73,200	73,200	90,032	16,832
Charges for services	428,897	428,897	544,107	115,210
Miscellaneous	139,018	139,018	37,194	(101,824)
Total revenues	$ 10,614,522	$ 10,659,796	$ 10,269,876	$ (389,920)
Expenditures:				
Current:				
General government	$ 1,916,124	$ 1,919,808	$ 2,228,292	$ (308,484)
Public safety	5,087,868	5,136,155	5,193,882	(57,727)
Public works	874,768	874,768	782,582	92,186
Health and welfare	9,000	9,000	4,179	4,821
Culture recreation	1,832,512	1,836,862	1,675,414	161,448
Principle			25,791	(25,791)
Interest				-
Capital outlay	109,489	109,489	38,138	71,351
Total expenditures	$ 9,829,761	$ 9,886,082	$ 9,948,278	$ (62,196)
Revenues over (under) expenditures	$ 784,761	$ 773,714	$ 321,598	$ (452,116)
Other financing sources (uses):				
Transfer in	148,149	148,149	127,939	(20,210)
Transfer out	(272,827)	(355,523)	(355,522)	1
Net change in fund balance	$ 660,083	$ 566,340	$ 94,015	$ (472,325)
Fund balance, July 1, 2013	49,562	49,562	(50,507)	(100,069)
Fund balance, June 30, 2014	$ 709,645	$ 615,902	$ 43,508	$ (572,394)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis				$ (52,131)
Revenue accruals (net)				(129,448)
Expenditure accruals (net)				275,594
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis				$ 94,015

The accompanying notes are an integral part of these financial statements

Town of Silver City

SPECIAL REVENUE FUND - HIDTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	$ 730,667	$ 730,667	$ 631,766	$ (98,901)
Expenditures:				
Current:				
Public Safety	$ 475,955	$ 475,955	$ 549,706	$ (73,751)
Capital outlay	72,000	72,000		72,000
Total expenditures	$ 547,955	$ 547,955	$ 549,706	$ (1,751)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	$ 182,712	$ 182,712	$ 82,060	$ (100,652)
Fund balance, July 1, 2012	(182,712)	(182,712)	(247,671)	(64,959)
Fund balance, June 30, 2013	$ -	$ -	$ (165,611)	$ (165,611)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 148,295	
Revenue accruals (net)			67,726	
Expenditure accruals (net)			(133,961)	
Net change in fund balance, NON-GAAP budgetary basis			$ 82,060	

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

Town of Silver City

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2014

	Water & Sewer	Sanitation	Total
Assets			
Current:			
Cash and investments	$ 317,428	$ -	$ 317,428
Inventory	238,387	21,551	259,938
Receivables, net of allowances:			
Accounts	664,093	165,844	829,937
Taxes		32,074	32,074
Notes receivable due currently			-
Total current assets	$ 1,219,908	$ 219,469	$ 1,439,377
Noncurrent assets:			
Restricted:			
Cash and investments	$ 298,636	$ -	$ 298,636
Notes receivable, net of current amounts			-
Deferral on advance refunding			-
Capital assets (net)	10,411,874	1,368,666	11,780,540
Total noncurrent assets	$ 10,710,510	$ 1,368,666	$ 12,079,176
Total assets	$ 11,930,418	$ 1,588,135	$ 13,518,553
Liabilities			
Current:			
Accounts payable	$ 318,215	$ 188,038	$ 506,253
Accrued liabilities	39,121	1,913	41,034
Interfund payable			-
Current maturities of long-term debt	260,772		260,772
Total current liabilities	$ 618,108	$ 189,951	$ 808,059
Noncurrent liabilities:			
Payable from restricted assets:			
Customer deposits	$ 245,854	$ -	$ 245,854
Notes payable	2,294,965		2,294,965
Compensated absences	108,994	6,118	115,112

Town of Silver City

STATEMENT OF NET POSITION - PROPRIETARY FUNDS (concluded)

June 30, 2014

	Water & Sewer	Sanitation	Total
Total noncurrent liabilities	$ 2,649,813	$ 6,118	$ 2,655,931
Total liabilities	$ 3,267,921	$ 196,069	$ 3,463,990
Net Position			
Net investment in capital assets	$ 7,501,289	$ 1,368,666	$ 8,869,955
Restricted for:			
Debt service	379,533		379,533
Unrestricted	781,675	23,400	805,075
Total net position	$ 8,662,497	$ 1,392,066	$ 10,054,563

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

Town of Silver City

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2014

	Water & Sewer	Sanitation	Total
Operating revenues:			
Charges for services	$ 4,672,739	$ 1,902,805	$ 6,575,544
Operating expenses:			
Personnel	$ 2,391,296	$ 816,224	$ 3,207,520
Operating	2,184,090	1,318,511	3,502,601
Depreciation	854,609	58,196	912,805
Total operating expenses	$ 5,429,995	$ 2,192,931	$ 7,622,926
Net operating income	$ (757,256)	$ (290,126)	$ (1,047,382)
Nonoperating revenue (expense):			
Investment income	$ 192	$ 626	$ 818
Gross reciepts taxes	338,183	201,166	539,349
State grants	521,056		521,056
Federal grants	1,714		1,714
Miscellaneous revenue			-
Interest expense	(40,119)		(40,119)
Total nonoperating revenue (expense)	$ 821,026	$ 201,792	$ 1,022,818
Net income before operating transfers	$ 63,770	$ (88,334)	$ (24,564)
Transfers:			
In			-
Out	(169,900)	(212,304)	(382,204)
Change in net position	$ (106,130)	$ (300,638)	$ (406,768)
Net position, beginning of year	8,768,627	1,692,704	10,461,331
Net position, end of year	$ 8,662,497	$ 1,392,066	$ 10,054,563

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

Town of Silver City

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2014

	Water & Sewer	Sanitation	Total
Cash flows from operating activities:			
Receipts from customers	$ 4,826,064	$ 1,981,975	$ 6,808,039
Payments to suppliers	(2,120,943)	(1,255,132)	(3,376,075)
Payments to employees	(2,380,095)	(815,525)	(3,195,620)
Net cash provided (used) by operating activities	$ 325,026	$ (88,682)	$ 236,344
Cash flows from noncapital financing activities:			
Dedicated tax receipts	$ 405,858	$ 202,929	$ 608,787
Intergovernmental grants	263,489		263,489
Collections of notes receivable		105,484	105,484
Interfund activity			-
Miscellaneous collections			-
Transfers from other funds			-
Transfers to other funds	(169,900)	(212,304)	(382,204)
Net cash provided (used) by noncapital financing activities	$ 499,447	$ 96,109	$ 595,556
Cash flows from capital and related financing activities			
Purchase of capital assets	$ (543,947)	$ (7,427)	$ (551,374)
Borrowings on capital debt	361,306		361,306
Principal paid on capital debt	(252,048)		(252,048)
Interest paid on capital debt	(41,977)		(41,977)
Net cash provided (used) by capital and related financing activities	$ (476,666)	$ (7,427)	$ (484,093)
Cash flows from investing activities:			
Earnings on investments	$ 192		$ 192
Net cash provided (used) by investing activities	$ 192	$ -	$ 192
Net increase (decrease) in cash and equivalents	$ 347,999	$ -	$ 347,999
Cash and equivalents, beginning of year	268,065		268,065
Cash and equivalents, end of year	$ 616,064	$ -	$ 616,064

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (concluded)

For the Fiscal Year Ended June 30, 2014

	Water & Sewer	Sanitation	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (757,256)	$ (290,126)	$ (1,047,382)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	854,609	58,196	912,805
Changes in assets and liabilities:			
Inventory	(15,670)	23,770	8,100
Receivables, net	134,046	79,180	213,226
Accounts payable	78,817	39,599	118,416
Accrued expenses	971	487	1,458
Customer deposits	19,279		19,279
Compensated absences	10,230	212	10,442
Net cash provided (used) by operating activities	$ 325,026	$ (88,682)	$ 236,344

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

Town of Silver City

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

June 30, 2014

	Agency Funds
Assets	
Cash and investments	$ 15,181
Receivables	
Total assets	$ 15,181
Liabilities and Fund Equity	
Deposits held for others	$ 15,181
Interfund payable	
Total liabilities	$ 15,181

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

Note 1 Summary of Significant Accounting Policies

A. GENERAL

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

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

B. FINANCIAL REPORTING ENTITY

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

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

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

C. BASIS OF PRESENTATION

Governmental-wide Financial Statements

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

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

Fund Financial Statements

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

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

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Fund

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

Debt Service Fund

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

Proprietary Fund

Enterprise Fund

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

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

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

Major Funds

The funds classified as major are as follows:

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

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

Debt Service Fund – 2011 – Retirement – to account for the gross receipts tax collected and used to pay the principal and interest on the 2011 bond issues.

Proprietary:

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

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

Non-major Funds

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilized an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recover), financial position, and cash flow. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is complete.

c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expensed are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Derived tax revenues are recognized when the exchange takes place, and grants are recognized when all eligibility requirements are met.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Revenue not collected within sixty days of year end is recorded as deferred inflows of resources in the fund statements. Expenditures (including

capital outlay) are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported when due.

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

E. BUDGETS

Budgets for the General, Special Revenue, Debt Service, Capital Projects, and Enterprise Funds are prepared by management and approved by the local council and the New Mexico Department of Finance and Administration. The Paving 11 Debt Service Fund is not budgeted, since the fund is dormant, and no further collections are expected.

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

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

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

F. CASH AND INVESTMENTS

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

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

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

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

G. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term inter-fund loans are reported as "interfund receivables and payables". Inter-fund receivables and payables between funds within governmental activities and between funds within business-type activities are eliminated in the Statement of Net Position. All inter-fund receivables and payables are eliminated in the total primary government column in the Statement of Net Position.

H. RECEIVABLES

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

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

I. CAPITAL ASSETS

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

J. RESTRICTED ASSETS

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

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will be recognized as an outflow of resources (expenses/expenditures) then. The Government had no items that qualify for reporting in the category.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has two types of items, none of which arise under the full accrual basis of accounting and all of which arise under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item unavailable revenue, has reported in the government funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government reports unavailable revenue from the following sources:

	HIDTA	Non-Major Governmental Funds	Total
Amounts not received within sixty days of year end:			
Intergovernmental grants	$ 144,350	$ 100,230	$ 244,580
Property taxes		118,536	118,536
	$ 144,350	$ 218,766	$ 363,116

L. LONG-TERM DEBT

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

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

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

M. 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.

N. EQUITY CLASSIFICATIONS

Government-wide Statements and Proprietary Funds

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

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. Restricted net positions – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net position – All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

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

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

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

O. REVENUES, EXPENDITURES AND EXPENSES

Gross Receipts Tax

The Town levies a 7.375% gross receipts tax on taxable gross receipts within the Town. The rate includes both City and State assessments. The tax is collected by the New Mexico Taxation and Revenue Department and remitted to the Town in the month following receipt by the Department. The Department receives the tax one month after collection by vendors. Included in this tax is amounts dedicated to the Water and Sewer Fund and the Sanitation Fund, and those dedicated amounts are recorded directly in those funds.

Gross receipts tax collected by the State in June and July (which represent May and June transactions) and received by the Town in July and August have been accrued and are included under the caption "Taxes Receivable."

Property Tax

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

The Town is permitted to levy taxes for general operating purposes based on a state formula, per $1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the Town is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Town. The Town's total tax rate to finance general government services for the year ended June 30, 2014 was $3.225 per $1,000 for non-residential property and $2.066 for residential property. The Town's tax rate for debt service was .662 per $1,000 for both residential and nonresidential property.

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

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

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

P. INTERFUND TRANSFERS

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

Q. USE OF ESTIMATES

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

R. INVENTORIES

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

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2014, $120,787 of the government's bank balance of $968,852 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 120,787

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

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

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

Participation in the pool is voluntary. The Town had $26,465 on deposit in the pool at June 30, 2014. The pool is AAAm rated, and has a 48.6 day weighted average maturity.

The cash on deposit with NMFA is, in effect, loan payments made by the Town but not yet applied or loan proceeds not yet disbursed. Such deposits are subject to the collateral requirements of NMFA. Such deposits total $1,151,732.

Note 3 Investments

At June 30, 2014, the Town had the following investments:

Investment Type	Amortized Cost	Fair Value
Money Market	$ 7,181	$ 7,181
Mutual Funds	11,737	14,237
	$ 18,918	$ 21,418

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

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

Credit Risk – The Town has no investment policy beyond that prescribed by New Mexico law. As of June 30, 2014, the Town invests only in highly rated mutual funds. The County's investment in mutual funds was rated A-1+ by Standards & Poors, and P-1 by Moody's.

Concentration of Credit Risk – The Town places no limits on the amount it may invest in any one issuer. The Town currently has 34% invested in government money markets, and 76% invested in Mutual Funds.

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

Note 4 Receivables

	Governmental Activities	Business Type Activities
Accounts receivable:		
Franchise	$ 98,347	$
Services (net) of allowance for doubtful accounts of $(442,833)	31,674	791,313
	$ 130,021	$ 791,313
Due from other governments:		
Intergovernmental grants	$ 753,793	$ 38,624

Taxes receivable:		
Property taxes	$ 122,701	$
Gross receipts tax	1,421,616	32,074
Motor Vehicle taxes	12,651	
Gasoline taxes	37,223	
Lodger's Tax	49,615	-0-
	$ 1,643,806	$ 32,074
Total	$ 2,527,620	$ 862,011

Note 5 Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 7,811,031	$ -0-	$ -0-	$ 7,811,031
Construction in progress	6,723,170	466,755	2,404,959	4,784,966
Total capital assets not being depreciated	$14,534,201	$ 466,755	$ 2,404,959	$12,595,997
Other capital assets:				
Buildings, improvements and other infrastructure	$61,979,006	$ 3,328,124	$	$65,307,130
Equipment	5,135,990	3,400		5,139,390
Total other assets at historical cost	$67,114,996	$ 3,331,524	$	$70,446,520
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	$21,742,166	$ 4,224,911	$	$25,967,077
Equipment	3,781,954	469,434		4,251,388
Total accumulated depreciation	$25,524,120	$ 4,694,345	$	$30,218,465
Other capital assets (net)	$41,590,876	$(1,362,821)	$ -0-	$40,228,055
Governmental activities, capital assets, net	$56,125,077	$ (896,066)	$ 2,404,959	$52,824,052
Business type activities:				
Capital assets not being depreciated:				
Construction in progress	$ 1,255,989	$	$ 1,255,989	$ -0-

Land	961,403	-0-	-0-	961,403
Total assets not being depreciated	$ 2,217,392	$	$ 1,255,989	$ 961,403
Other capital assets:				
Buildings and utility plant	$32,206,159	$ 1,795,226	$ -0-	$34,001,385
Equipment	4,821,385	-0-	-0-	4,821,385
Total other capital assets at historical cost	$37,027,544	$ 1,795,226	$ -0-	$38,822,770
Less accumulated depreciation for:				
Buildings and utility plant	$23,919,913	$ 854,609	$ -0-	$24,774,522
Equipment	3,170,915	58,196	-0-	3,229,111
Total accumulated depreciation	$27,090,828	$ 912,805	$ -0-	$28,003,633
Other capital assets, net	$ 9,936,716	$ 882,421	$ -0-	$10,819,137
Business-type activities capital assets, net	$12,154,108	$ 882,421	$ 1,255,989	$11,780,540

The Town has various construction projects ongoing with future commitments totaling approximately $1,200,000.

Depreciation was charged to the Governmental Activities as follows:

General Government	$ 1,126,643
Public Safety	2,253,286
Public Works	328,604
Culture-Recreation	844,982
Health and Welfare	140,830
	$ 4,694,345

Note 6 Accrued Liabilities

Accrued liabilities consisted of the following at June 30, 2014:

	Governmental Activities	Business Type Activities
Accrued salaries	$ 86,553	$ 16,150
Accrued interest	18,548	24,884
	$ 105,101	$ 41,034

Note 7 Landfill Post-closure Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care will be paid only near or after the date that the landfill stops accepting waste, the Town reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. During the year ended June 30, 1995 the Town closed its existing landfill and opened a new landfill. Effective July 1, 1996 the Town transferred its right and obligations in the new landfill to the Grant County Solid Waste Authority under a sales contract dated June 19, 1996. The Solid Waste Authority assumed closure cost liabilities. The closure and post- closure requirements of the old landfill are as follows:

Estimated closure and post-closure costs	$ 1,610,000
Landfill capacity utilized	100%
Closure costs recognized to date	$ 1,610,000
Cost incurred to date	(1,610,000)
Remaining post-closure liability	$ -0-

These costs are based on the expected cost when the landfill was closed in 1995. Actual costs of closure and post-closure care may be higher due to inflation, changes in technology or changes in regulations. Ongoing monitoring will continue into future years as required by law, and will be paid from available funds.

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

Note 8 Long-Term Debt

Changes in long-term debt were as follows during the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Governmental Activities:					
1994 G.O. Bonds	$ 65,000	$	$ 65,000	$	$
Environmental loan-Hosp	28,371		28,371		
Silco Theatre Loan	246,499		27,484	219,015	30,032
2011A GRT Revenue Bonds	5,080,000		200,000	4,880,000	205,000
2011B GRT Revenue Bonds	410,000		220,000	190,000	25,000
2012 GRT Revenue Bonds	540,000		130,000	410,000	135,000
Capital Lease	59,243		59,243	-0-	
Sports Complex Loan		765,846	13,959	751,887	48,358
Govt Refuel Sta Loan	-0-	196,079	5,815	190,264	20,143

	$ 6,429,113	$ 961,925	$ 749,872	$ 6,641,166	$ 463,533
Compensated absences	362,797	332,355	306,362	388,790	-0-
	$ 6,791,910	$1,294,280	$ 1,056,234	$ 7,029,956	$ 463,533
Business-Type Activities:					
1995 NM EID Note	$ 1,458,655	$	$ 196,206	$ 1,262,449	$ 200,131
NMFA Utility System Improvements	1,313,000		55,842	1,257,158	58,925
NMFA Wastewater Loan		36,130	-0-	36,130	1,716
	$ 2,771,655	$ 36,130	$ 252,048	$ 2,555,737	$ 260,772
Compensated absences	104,670	89,483	79,041	115,112	-0-
	$ 2,876,325	$ 125,613	$ 331,089	$ 2,670,849	$ 260,772

2012 GRT Revenue Bonds

These bonds were issued to make improvements to the Town's facilities. The bonds are payable from gross receipts tax pledged to secure the debt. The bonds bear interest at an interest rate of 2.32%, and maturity dates range from 2015 through 2017.

Silco Theatre Note

Note payable to the New Mexico Finance Authority. Proceeds of the note were utilized to acquire real property. The note is payable from an enacted 1/16% gross receipts tax pledged to secure the debt. The note bears interest at rates ranging from .51% to 2.4%, and maturity dates range from 2015 to 2021.

Sports Complex Note

Note payable to the New Mexico Finance Authority. The proceeds were utilized to make improvements to various recreational facilities. The note is payable from Gross Receipts Tax pledged to secure the debt. The note bears interest at rates ranging from .17% to 3.23%, and maturity dates range from 2015 to 2028.

Government Refueling Station Note

Note payable to the New Mexico Finance Authority. The proceeds were used to purchase and improve a central government refueling station. The note is payable from Gross Receipts Tax pledged to secure the debt. The note bears interest at rates ranging from .17% to 2.94%, and maturity dates range from 2015 to 2023.

Wastewater Loan

Note payable to the New Mexico Finance Authority. The proceeds were used to make wastewater improvements. The note is payable from Gross Receipts Tax pledged to secure the debt. The note does not bear interest, and maturity dates range from 2015 to 2034.

The 2012 GRT Revenue Bonds, and the notes payable for the Silco Theatre, the Sports Complex, the Government Refueling Station and the Wastewater improvements are being

paid from gross receipts tax revenues pledged to secure the debt. The revenues pledged totaled $1,751,064 at June 30, 2014, which is 3.3% of future gross receipts tax collections at their current rate. During the year ended June 30, 2014, the Town collected $8,081,453 in pledged revenues, and retired $197,795 in principal and interest on the above stated liabilities.

2011A and B GRT Revenue Bonds

These bonds were issued to make improvements to the Town's facilities, and to retire debt for which gross receipts tax had been pledged. The bonds are payable from gross receipts taxes pledged to secure the debt. The revenues pledged totaled $7,029,703 at June 30, 2014, equal to 9.5% of future gross receipts tax collections at the current rate. The bonds bear interest at rates ranging from 2% to 4.5%, and maturity dates range from 2015 through 2032.

During the year ended June 30, 2014, the Town collected $4,252,859 in pledged revenues, and retired $605,062 in bond principal and interest.

1995 New Mexico Environment Department Note Payable

Note payable to the New Mexico Environment Department. Proceeds of the note were used for improvements to the Town's wastewater facility. The note bears interest at a rate of 4% per annum. Annual payments of $202,346 are due for a period of fifteen years. The note matures in 2019.

NMFA Utility System Note Payable

This note payable to the New Mexico Finance Authority is being used to construct improvements to the Town's utility system. The note bears interest at a rate of .843%, with maturity dates ranging from 2015 to 2033.

The 1995 New Mexico Environmental Department Note Payable, and the NMFA Utility System Note Payable are being paid from gross receipts tax revenues pledged for that purpose. The revenues pledged totaled $2,717,100 at June 30, 2014, and equal 40% of future gross receipts tax at their current rate. During the year ended June 30, 2014, the Town collected $338,183 in pledged revenues, and retired $294,025 in principal and interest on the aforementioned notes.

Compensated Absences

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

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2014 is as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	$ 463,533	$ 204,603	$ 260,772	$ 35,676
2016	469,102	196,143	265,514	31,176
2017	479,913	186,982	270,248	26,592
2018	441,053	175,463	275,070	21,919
2019	332,591	164,646	279,984	17,159
2020-2024	1,681,507	679,022	547,972	38,555
2025-2029	1,723,467	406,087	344,773	20,440
2030-2034	1,050,000	90,525	311,404	5,976
	$6,641,166	$2,103,471	$ 2,555,737	$ 197,493

Note 9 Restricted Net Position

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

HIDTA	$ 62,449
Regional Water System	74,182
Fire Protection	72,740
Library Memorial	103,483
Golf Course Surcharge	38,739
Law Enforcement	18,007
	$ 369,600

The Town reports $1,130,679 in restricted net position in governmental activities, of which $781,658 is restricted by enabling legislation.

Note 10 Retirement Plan

Plan Description

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

Plan members are requited to contribute 6.28% to 18.15% depending upon the plan – i.e., state general, state police and adult correctional officers, State Plan 3 – Peace Officer, Juvenile Correctional Officer Plan 2, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Town of Silver is required to contribute 7.0% to 25.72% of the gross covered salary. The contribution requirements of plan members and the Town of Silver are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Town of Silver's contributions to PERA for the fiscal years ending June 30, 2014, 2013 and 2012 were $1,703,557, $1,630,819, and $1,611,620, respectively, which equal the amount of the required contributions for each fiscal year.

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

Plan Description

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

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

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

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, 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, 2014**, the statute required each participating employer to contribute **2.0%** of each participating employee's annual salary; each participating employee was required to contribute **1.0%** of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Town of Silver City's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were $187,886, $124,635 and $112,411, respectively, which equal the required contributions for each year.

Note 12 Contingent Liabilities

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

During the year ending June 30, 2015, the Town will be required to report a material liability for pension plan participation, due to the adoption of new reporting standards currently, the amount is not estimable.

Note 13 Risk Management

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

Note 14 Deficit Fund Balances

The Town had the following deficit fund balances at June 30, 2014:

	General
HIDTA	$ 167,574
HOPE VI	265
Drug Task Force	52,359
Silco Theatre Capital Project	230
2011 Retirement	208,244
NM EMNRD	23,438
Lodgers Tax	21,745
Correction Fees	26,415
EMS Grant	190
Century Cable	15,013

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

Note 15 Inter-fund Activity

Inter-fund balances at June 30, 2014, consisted of the following:

	Inter-fund Payable			
	2011 Retirement	HIDTA	Other Funds	All Total
Inter-fund Receivable				
General Fund	$	$	$ 75,797	$ 75,797
All Other Funds	272,392	165,611	295,280	733,283
	$ 272,392	$ 165,611	$ 371,077	$ 809,080

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

Inter-fund transfers were as follows during the year ended June 30 2014:

	Transfers From				
	General	Water and Sewer	Sanitation	All Others	Total
Transfers To					
General Fund	$	$	$	$ 69,573	$ 69,573
2011 Retirement	71,220			77,000	148,220
All others	225,936	169,900	212,304		608,140
Total	$ 297,156	$ 169,900	$ 212,304	$ 146,573	$ 825,933

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

Note 16 Land Lease

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

Prior to completion of the new facility, the Town received $2,000 per month. Subsequent to completion of the new facility, the Town receives a monthly rent based on the percentage of the Town's contribution to the cost of the facility to the total cost of the facility, capitalized at 6%. The facility became operational February 3, 2013.

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

The Town's investment in the project is $500,000. The Town lease income for the year ended June 30, 2014 was $30,500.

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

2015	$ 30,000
2016	30,000
2017	30,000
2018	30,000
2019	30,000
2020-2024	150,000
2025-2029	150,000
2030-2034	150,000
2035-2039	42,500
	$ 642,500

Note 17 Evaluation of Subsequent Events

The Town has evaluated subsequent events through November 20, 2014, the date which the financial statements were available to be issued.

Note 18 Expenditures in Excess of Budgetary Authority

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

General	$	62,196
HIDTA	$	1,751

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

Note 19 Restatement

During the fiscal year ended June 30, 2014, the District adopted GASBS No. 65, which created additional net position and balance sheet categories as explained in Note 1.

As a part of this statement, costs associated with the sale of bonds or loan acquisition are no longer capitalized, but are expensed as incurred. This results in the Town being required to restate its government-wide net position at July 1, 2013, by the amount of previously capitalized bond costs.

Unamortized bond issue costs, June 30, 2013	$	158,156

SPECIAL REVENUE FUNDS

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

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

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

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

Golf Course Surcharge – to account for the General Fund transfers to be used for support of golf course operations. This fund was authorized by Town resolution.

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

2002 Refunding Reserve – to account for the State gross receipts taxes levied as authorized by section 7-1-6, 4 NMSA 1978 for repayment of May 1, 2002 bond issue. The bond issue is fully retired at June 30, 2011.

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

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

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

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

NMFA Refueling Station – to account for the gross receipts tax received, and the debt payments therefrom.

NMFA Sports Complex – to account for the gross receipts tax collected, and the debt service payments therefrom.

CAPITAL PROJECTS FUNDS

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

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

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

NMDOT Santa Rita – State of New Mexico for road construction.

NM Recycling Development – state sources for development of recycling.

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

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

2011 Bond Project – to account for the bond proceeds and expenditures therefrom for Town improvements.

Scott Park Improvements – to account for the loan proceeds and expenditures therefrom for improvements to Town recreational facilities.

HOPE VI Vistas de Plata – to account for the federal resources to be used to provide affordable housing to qualifying individuals.

ENTERPRISE FUND

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

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

TRUST AND AGENCY FUNDS

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

Town of Silver City
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Non-Major Governmental Funds
Assets				
Cash and investments	$ 209,435	$ 579,541	$ 222,143	$ 1,011,119
Taxes receivable	49,615		142,280	191,895
Interfund receivable	189,503	151,200	392,580	733,283
Assessments receivable			2,206	2,206
Allowance for doubtful accounts			(2,206)	(2,206)
Due from other governments		508,189		508,189
Total assets	$ 448,553	$ 1,238,930	$ 757,003	$ 2,444,486
Liabilities				
Accounts payable	$ 115,901	$ 6,033	$ -	$ 121,934
Interfund payable	78,774	292,303		371,077
Total liabilities	$ 194,675	$ 298,336	$ -	$ 493,011
Deferred Inflows of Resources				
Unavailable revenue	$ -	$ 100,230	$ 118,536	$ 218,766
Total deferred inflows or resources	$ -	$ 100,230	$ 118,536	$ 218,766
Fund balance:				
Restricted	$ 330,861	$ 864,297	$ 638,467	$ 1,833,625
Assigned	38,739			38,739
Unassigned	(115,722)	(23,933)		(139,655)
Total fund balance	$ 253,878	$ 840,364	$ 638,467	$ 1,732,709
Total liabilities, deferred inflows of resources, and fund balances	$ 448,553	$ 1,238,930	$ 757,003	$ 2,444,486

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

Town of Silver City

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Non-Major Governmental Funds
Revenues:				
Property taxes	$ -	$ -	$ 99,043	$ 99,043
Gross receipt taxes			88,187	88,187
Other taxes	262,976			262,976
State sources	278,125	598,633		876,758
Federal sources	3,731	457,534		461,265
Fines, licenses and permits	118,636			118,636
Charges for services			37,274	37,274
Miscellaneous	103,295	218,410	302	322,007
Total revenues	$ 766,763	$ 1,274,577	$ 224,806	$ 2,266,146
Expenditures:				
Current:				
General government	$ -	$ -	$ 1,846	$ 1,846
Public safety	313,016			313,016
Public works	37,078	27,812		64,890
Health and welfare	16,384			16,384
Culture recreation	352,305			352,305
Debt service:				
Principal			301,501	301,501
Interest			27,558	27,558
Loan issue costs			7,215	7,215
Capital outlay	81,711	1,273,717		1,355,428
Total expenditures	$ 800,494	$ 1,301,529	$ 338,120	$ 2,440,143
Revenues over (under) expenditures	$ (33,731)	$ (26,952)	$ (113,314)	$ (173,997)
Other financing sources (uses):				
Loan proceeds		875,000	86,925	961,925
Transfer in	64,231	94,758	449,151	608,140
Transfer (out)	(77,000)	(8,175)	(61,398)	(146,573)
Net change in fund balances	$ (46,500)	$ 934,631	$ 361,364	$ 1,249,495
Fund balance, July 1, 2013	300,378	(94,267)	277,103	483,214
Fund balance, June 30, 2014	$ 253,878	$ 840,364	$ 638,467	$ 1,732,709

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

Town of Silver City
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2014

	Fire Protection	Juvenile Recreation	Lodgers Tax	Law Enforcement Protection
Assets				
Cash and investments	$ -	$ 1	$ 3,540	$ 19,099
Taxes receivable			49,615	
Interfund receivable	86,020			
Due from other governments				
Total assets	$ 86,020	$ 1	$ 53,155	$ 19,099
Liabilities				
Accounts payable	$ 13,280	$ -	$ 74,900	$ 1,092
Interfund payable				
Total liabilities	$ 13,280	$ -	$ 74,900	$ 1,092
Deferred Inflows of Resources				
Unavailable revenue	$ -	$ -	$ -	$ -
Total deferred inflows of resources	$ -	$ -	$ -	$ -
Fund balances:				
Restricted:				
Public safety	$ 72,740	$ -	$ -	$ 18,007
Culture and recreation		1		
Public works				
Construction				
Land acquisition				
Assigned:				
Culture and recreation				
Unassigned			(21,745)	
Total fund balance	$ 72,740	$ 1	$ (21,745)	$ 18,007
Total liabilities, deferred inflows of resources and fund balances	$ 86,020	$ 1	$ 53,155	$ 19,099

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

Library Memorial	Correction Fees	EMS Grant	Golf Course Surcharge	Drug Task Force	Forward Estate
$ -	$ -	$ 1,547	$ 38,739	$ -	$ 62,449
103,483					
$ 103,483	$ -	$ 1,547	$ 38,739	$ -	$ 62,449
$ -	$ -	$ 1,737	$ -	$ -	$ -
	26,415			52,359	
$ -	$ 26,415	$ 1,737	$ -	$ 52,359	$ -
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
103,483					
					62,449
			38,739		
	(26,415)	(190)		(52,359)	
$ 103,483	$ (26,415)	$ (190)	$ 38,739	$ (52,359)	$ 62,449
$ 103,483	$ -	$ 1,547	$ 38,739	$ -	$ 62,449

Town of Silver City
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2014

	Century Cable Capital	Regional Water System	Total
Assets			
Cash and investments	$ -	$ 84,060	$ 209,435
Taxes receivable			49,615
Interfund receivable			189,503
Due from other governments			-
Total assets	$ -	$ 84,060	$ 448,553
Liabilities			
Accounts payable	$ 15,013	$ 9,879	$ 115,901
Interfund payable			78,774
Total liabilities	$ 15,013	$ 9,879	$ 194,675
Deferred Inflows of Resources			
Unavailable revenue	$ -	$ -	$ -
Total deferred inflows of resources	$ -	$ -	$ -
Fund balances:			
Restricted:			
Public safety	$ -	$ -	$ 90,747
Culture and recreation			103,484
Public works			-
Construction		74,181	74,181
Land acquisition			62,449
Assigned:			
Culture and recreation			38,739
Unassigned	(15,013)		(115,722)
Total fund balance	$ (15,013)	$ 74,181	$ 253,878
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 84,060	$ 448,553

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

Town of Silver City

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For The Fiscal Year Ended June 30, 2014

	Fire Protection	Juvenile Recreation	Lodgers Tax	Law Enforcement Protection
Revenues:				
Other taxes	$ -	$ -	$ 262,976	$ -
State sources	223,761			38,000
Federal sources				
Fines, licenses and permits				
Miscellaneous				
Total revenues	$ 223,761	$ -	$ 262,976	$ 38,000
Expenditures:				
Current:				
General government	$ -	$ -	$ -	$ -
Public safety	139,753			30,077
Public works				
Health and welfare				
Culture recreation		565	281,346	
Capital outlay				
Total expenditures	$ 139,753	$ 565	$ 281,346	$ 30,077
Revenues over (under) expenditures	$ 84,008	$ (565)	$ (18,370)	$ 7,923
Other financing sources (uses):				
Transfer in		566		
Transfer (out)	(77,000)			
Net changes in fund balances	$ 7,008	$ 1	$ (18,370)	$ 7,923
Fund balance, July 1, 2013	65,732		(3,375)	10,084
Fund balance, June 30, 2014	$ 72,740	$ 1	$ (21,745)	$ 18,007

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

Library Memorial	Correction Fees	EMS Grant	Golf Course Surcharge	Drug Task Force	Forward Estate
$ -	$ -	$ -	$ -	$ -	$ -
		16,364			
				3,731	
	118,636				
22,823			75,000	5,370	102
$ 22,823	$ 118,636	$ 16,364	$ 75,000	$ 9,101	$ 102
$ -	$ -	$ -	$ -	$ -	$ -
	138,108			5,078	
		16,384			
7,941					2,471
			81,711		
$ 7,941	$ 138,108	$ 16,384	$ 81,711	$ 5,078	$ 2,471
$ 14,882	$ (19,472)	$ (20)	$ (6,711)	$ 4,023	$ (2,369)
				3,847	
$ 14,882	$ (19,472)	$ (20)	$ (6,711)	$ 7,870	$ (2,369)
88,601	(6,943)	(170)	45,450	(60,229)	64,818
$ 103,483	$ (26,415)	$ (190)	$ 38,739	$ (52,359)	$ 62,449

Town of Silver City

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)

For The Fiscal Year Ended June 30, 2014

	Century Cable Capital	Regional Water System	Total
Revenues:			
Other taxes	$ -	$ -	$ 262,976
State sources			278,125
Federal sources			3,731
Fines. licenses and permits			118,636
Miscellaneous			103,295
Total revenues	$ -	$ -	$ 766,763
Expenditures:			
Current:			
General government	$ -	$ -	$ -
Public safety			313,016
Public works		37,078	37,078
Health and welfare			16,384
Culture recreation	59,982		352,305
Capital outlay			81,711
Total expenditures	$ 59,982	$ 37,078	$ 800,494
Revenues over (under) expenditures	$ (59,982)	$ (37,078)	$ (33,731)
Other financing sources (uses):			
Transfer in	59,818		64,231
Transfer (out)			(77,000)
Net change in fund balances	$ (164)	$ (37,078)	$ (46,500)
Fund balance, July 1, 2013	(14,849)	111,259	300,378
Fund balance, June 30, 2014	$ (15,013)	$ 74,181	$ 253,878

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

Town of Silver City
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS
June 30, 2014

	GO Bond Retirement	Paving #11	2012 Retirement	2002 Reserve
Assets				
Cash and investments	$ -	$ -	$ -	$ 612
Interfund receivable				
Taxes receivable	122,701			
Assessments receivable		2,206		
Allowance for doubtful accounts		(2,206)		
Total assets	$ 122,701	$ -	$ -	$ 612
Liabilities				
Interfund payable	$ -	$ -	$ -	$ -
Total liabilities	$ -	$ -	$ -	$ -
Deferred Inflows of Resources				
Unavailable revenue	$ 118,536	$ -	$ -	$ -
Total deferred inflows of resources	$ 118,536	$ -	$ -	$ -
Fund balance:				
Restricted:				
Debt service	$ 4,165	$ -	$ -	$ 612
Unassigned				
Total fund balance	$ 4,165	$ -	$ -	$ 612
Total liabilities, deferred inflows of resources and fund balances	$ 122,701	$ -	$ -	$ 612

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

2011 Reserve	Ladder Truck	Silco Debt	NMFA Refueling	NMFA Sports	Total
$ 82,173	$ -	$ 45,508	$ 23,587	$ 70,263	$ 222,143
392,580					392,580
		5,630	3,932	10,017	142,280
					2,206
					(2,206)
$ 474,753	$ -	$ 51,138	$ 27,519	$ 80,280	$ 757,003
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ 118,536
$ -	$ -	$ -	$ -	$ -	$ 118,536
$ 474,753	$ -	$ 51,138	$ 27,519	$ 80,280	$ 638,467
					-
$ 474,753	$ -	$ 51,138	$ 27,519	$ 80,280	$ 638,467
$ 474,753	$ -	$ 51,138	$ 27,519	$ 80,280	$ 757,003

Town of Silver City

NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

For The Fiscal Year Ended June 30, 2014

	GO Bond Retirement	Paving #11	2012 Retirement	2002 Reserve
Revenues:				
Property taxes	$ 99,043	$ -	$ -	$ -
Gross receipts taxes				
Charges for services				
Miscellaneous				
Total revenues	$ 99,043	$ -	$ -	$ -
Expenditures:				
Current:				
General government	$ 1,399	$ -	$ -	$ -
Debt service:				
Principal	65,000		130,000	
Interest	4,355		13,001	
Loan issue costs				
Total expenditures	$ 70,754	$ -	$ 143,001	$ -
Revenues over (under) expenditures	$ 28,289	$ -	$ (143,001)	$ -
Other financing sources (uses):				
Bond proceeds				
Transfer in			387,242	
Transfer out	(24,124)			
Loan proceeds				
Net change in fund balances	$ 4,165	$ -	$ 244,241	$ -
Fund balance, July 1, 2013	-	-	(244,241)	612
Fund balance, June 30, 2014	$ 4,165	$ -	$ -	$ 612

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

2011 Reserve	Ladder Truck	Silco Debt	NMFA Refueling	NMFA Sports	Total
$ -	$ -	$ -	$ -	$ -	$ 99,043
		36,111	14,680	37,396	88,187
		37,274			37,274
		111	47	144	302
$ -	$ -	$ 73,496	$ 14,727	$ 37,540	$ 224,806
$ -	$ -	$ 227	$ 57	$ 163	$ 1,846
	59,243	27,484	5,815	13,959	301,501
	2,666	3,352	944	3,240	27,558
			1,471	5,744	7,215
$ -	$ 61,909	$ 31,063	$ 8,287	$ 23,106	$ 338,120
$ -	$ (61,909)	$ 42,433	$ 6,440	$ 14,434	$ (113,314)
					-
	61,909				449,151
		(37,274)			(61,398)
			21,079	65,846	86,925
$ -	$ -	$ 5,159	$ 27,519	$ 80,280	$ 361,364
474,753		45,979			277,103
$ 474,753	$ -	$ 51,138	$ 27,519	$ 80,280	$ 638,467

Town of Silver City
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS
June 30, 2014

	2011 Bond Projects	Scott Park Improvements	Silco Theater	Freeport McMoran
Assets				
Cash and investments	$ -	$ 394,868	$ -	$ 9,582
Interfund receivable				
Due from other governments		138,231	51,230	
Total assets	$ -	$ 533,099	$ 51,230	$ 9,582
Liabilities				
Interfund payable	$ -	$ -	$ 51,230	$ -
Accounts payable				1,250
Total liabilities	$ -	$ -	$ 51,230	$ 1,250
Deferred Inflows of Resources				
Unavailable revenue	$ -	$ -	$ 230	$ -
Total deferred inflows of resources	$ -	$ -	$ 230	$ -
Fund balance:				
Restricted:				
Construction	$ -	$ 533,099	$ -	$ 8,332
Unassigned			(230)	
Total fund balance	$ -	$ 533,099	$ (230)	$ 8,332
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ 533,099	$ 51,230	$ 9,582

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

NMDOT Santa Rita	Vistas De Platas	CDBG Chihuahua	Hope VI	NM EMNRD	MAP College
$ -	$ -	$ -	$ -	$ -	$ -
	151,200				
	100,000				
$ -	$ 251,200	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ 265	$ 23,438	$ -
	3,425				
$ -	$ 3,425	$ -	$ 265	$ 23,438	$ -
$ -	$ 100,000	$ -	$ -	$ -	$ -
$ -	$ 100,000	$ -	$ -	$ -	$ -
$ -	$ 147,775	$ -	$ -	$ -	
			(265)	(23,438)	-
$ -	$ 147,775	$ -	$ (265)	$ (23,438)	$ -
$ -	$ 251,200	$ -	$ -	$ -	$ -

Town of Silver City
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2014

	2012 Colonias	NMDOT Pavement	Government Refueling	Total
Assets				
Cash and investments	$ -	$ -	$ 175,091	$ 579,541
Interfund receivable				151,200
Due from other governments	217,370	1,358		508,189
Total assets	$ 217,370	$ 1,358	$ 175,091	$ 1,238,930
Liabilities				
Interfund payable	$ 217,370	$ -	$ -	$ 292,303
Accounts payable		1,358		6,033
Total liabilities	$ 217,370	$ 1,358	$ -	$ 298,336
Deferred Inflows of Resources				
Unavailable revenue	$ -	$ -	$ -	$ 100,230
Total deferred inflows of resources	$ -	$ -	$ -	$ 100,230
Fund balance:				
Restricted:				
Construction	$ -	$ -	$ 175,091	$ 864,297
Unassigned				(23,933)
Total fund balance	$ -	$ -	$ 175,091	$ 840,364
Total liabilities, deferred inflows of resources, and fund balances	$ 217,370	$ 1,358	$ 175,091	$ 1,238,930

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

Town of Silver City

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

June 30, 2014

	2011 Bond Projects	Scott Park Improvements	Silco Theater	Freeport McMoran
Revenues:				
State sources	$ -	$ 175,000	$ 120,990	$ -
Federal sources				
Miscellaneous		319		18,000
Total revenues	$ -	$ 175,319	$ 120,990	$ 18,000
Expenditures:				
Current:				
Public works	$ 1	$ -	$ -	$ 16,637
Bond issue costs				
Capital outlay		342,220	121,220	
Total expenditures	$ 1	$ 342,220	$ 121,220	$ 16,637
Revenues over (under) expenditures	$ (1)	$ (166,901)	$ (230)	$ 1,363
Other financing sources (uses):				
Loan proceeds		700,000		
Transfer in				
Transfer out	(1,914)			
Net change in fund balance	$ (1,915)	$ 533,099	$ (230)	$ 1,363
Fund balance, July 1, 2013	1,915			6,969
Fund balance, June 30, 2014	$ -	$ 533,099	$ (230)	$ 8,332

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

NMDOT Santa Rita	Vistas De Platas	CDBG Chihuahua	Hope VI	NM EMNRD	MAP College
$ 51,285	$ -	$ -	$ -	$ -	$ -
	200,000	379,622	66,838	11,074	
$ 51,285	$ 200,000	$ 379,622	$ 66,838	$ 11,074	$ -
$ -	$ 9,401	$ -	$ 265	$ 150	$ -
108,158	42,824	344,957	64,338		
$ 108,158	$ 52,225	$ 344,957	$ 64,603	$ 150	$ -
$ (56,873)	$ 147,775	$ 34,665	$ 2,235	$ 10,924	$ -
56,873			7,741		30,144
				(6,261)	
$ -	$ 147,775	$ 34,665	$ 9,976	$ 4,663	$ 30,144
		(34,665)	(10,241)	(28,101)	(30,144)
$ -	$ 147,775	$ -	$ (265)	$ (23,438)	$ -

Town of Silver City

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)

June 30, 2014

	2012 Colonias	NMDOT Pavement	Government Refueling	Total
Revenues:				
State sources	$ 250,000	$ 1,358	$ -	$ 598,633
Federal sources				457,534
Miscellaneous			91	218,410
Total revenues	$ 250,000	$ 1,358	$ 91	$ 218,410
Expenditures:				
Current:				
Public works	$ -	$ 1,358	$ -	$ 27,812
Bond issue costs				-
Capital outlay	250,000			1,273,717
Total expenditures	$ 250,000	$ 1,358	$ -	$ 1,301,529
Revenues over (under) expenditures	$ -	$ -	$ 91	$ (26,952)
Other financing sources (uses):				
Loan proceeds			175,000	875,000
Transfer in				94,758
Transfer out				(8,175)
Net change in fund balance	$ -	$ -	$ 175,091	$ 934,631
Fund balance, July 1, 2013				(94,267)
Fund balance, June 30, 2014	$ -	$ -	$ 175,091	$ 840,364

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

Town of Silver City

SPECIAL REVENUE FUND - FIRE PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	$ 223,761	$ 223,761	$ 223,761	$ -
Expenditures:				
Current:				
Public safety	$ 190,854	$ 190,854	$ 134,834	$ 56,020
Capital outlay	30,000	30,000		30,000
Total expenditures	$ 220,854	$ 220,854	$ 134,834	$ 86,020
Revenues over (under) expenditures	$ 2,907	$ 2,907	$ 88,927	$ 86,020
Other financing sources (uses):				
Transfer in (out)	(77,000)	(77,000)	(77,000)	-
Net change in fund balance	$ (74,093)	$ (74,093)	$ 11,927	$ 86,020
Fund balance, June 30, 2013	74,093	74,093	74,093	-
Fund balance, June 30, 2014	$ -	$ -	$ 86,020	$ 86,020
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 7,008	
Revenue accruals (net)				
Expenditure accruals (net)			4,919	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			$ 11,927	

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

Town of Silver City

SPECIAL REVENUE FUND - JUVENILE RECREATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Other taxes	$ -	$ -	$ -	$ -
Expenditures:				
Current:				
Culture and recreation	$ -	$ 566	$ 565	$ 1
Capital outlay				-
Total expenditures	$ -	$ 566	$ 565	$ 1
Revenues over (under) expenditures	$ -	$ (566)	$ (565)	$ 1
Other financing sources (uses):				
Transfer in (out)		566	566	-
Net change in fund balance	$ -	$ -	$ 1	$ 1
Fund balance, June 30, 2013			-	-
Fund balance, June 30, 2014	$ -	$ -	$ 1	$ 1
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 1	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			$ 1	

Town of Silver City

SPECIAL REVENUE FUND - LODGERS TAX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 271,070	$ 271,070	$ 269,682	$ (1,388)
Expenditures:				
Current:				
Culture and recreation	$ 269,278	$ 279,059	$ 266,142	$ 12,917
Public safety				-
Total expenditures	$ 269,278	$ 279,059	$ 266,142	$ 12,917
Revenues over (under) expenditures	$ 1,792	$ (7,989)	$ 3,540	$ 11,529
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	$ 1,792	$ (7,989)	$ 3,540	$ 11,529
Fund balance, June 30, 2013	7,989	7,989	-	(7,989)
Fund balance, June 30, 2014	$ 9,781	$ -	$ 3,540	$ 3,540

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ (18,370)
Revenue accruals (net)	6,706
Expenditure accruals (net)	15,204
Other financing sources (net)	
Net change in fund balance, NON-GAAP budgetary basis	$ 3,540

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

Town of Silver City

SPECIAL REVENUE FUND - EMS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	$ 16,505	$ 16,505	$ 16,364	$ (141)
Expenditures:				
Current:				
Health and welfare	$ 16,335	$ 16,335	$ 14,647	$ 1,688
Capital outlay				-
Total expenditures	$ 16,335	$ 16,335	$ 14,647	$ 1,688
Revenues over (under) expenditures	$ 170	$ 170	$ 1,717	$ 1,547
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	$ 170	$ 170	$ 1,717	$ 1,547
Fund balance, June 30, 2013	(170)	(170)	(170)	-
Fund balance, June 30, 2014	$ -	$ -	$ 1,547	$ 1,547
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ (20)	
Revenue accruals (net)				
Expenditure accruals (net)			1,737	
Net change in fund balance, NON-GAAP budgetary basis			$ 1,717	

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

Town of Silver City

SPECIAL REVENUE FUND - CORRECTION FEES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Fines, licenses and permits	$ 83,400	$ 118,636	$ 118,636	$ -
Expenditures:				
Current:				
Public safety	107,900	169,669	169,669	-
Net change in fund balance	$ (24,500)	$ (51,033)	$ (51,033)	$ -
Fund balance, July 1, 2013	24,618	51,033	24,618	(26,415)
Fund balance, June 30, 2014	$ 118	$ -	$ (26,415)	$ (26,415)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ (19,472)	
Revenue accruals (net)				
Expenditure accruals (net)			(31,561)	
Net change in fund balance, NON-GAAP budgetary basis			$ (51,033)	

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

Town of Silver City

SPECIAL REVENUE FUND - GOLF COURSE SURCHARGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	$ 75,000	$ 75,000	$ 75,000	$ -
Expenditures:				
Current:				
Culture and recreation	$ -	$ -	$ -	$ -
Capital outlay	120,450	120,450	81,711	38,739
Total expenditures	$ 120,450	$ 120,450	$ 81,711	$ 38,739
Revenues over (under) expenditures	$ (45,450)	$ (45,450)	$ (6,711)	$ 38,739
Other financing sources (uses):				
Transfer in	35,000	35,000		(35,000)
Net change in fund balance	$ (10,450)	$ (10,450)	$ (6,711)	$ 3,739
Fund balance, June 30, 2013	45,450	45,450	45,450	-
Fund balance, June 30, 2014	$ 35,000	$ 35,000	$ 38,739	$ 3,739
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ (6,711)	
Revenue accruals (net)				
Transfer accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			$ (6,711)	

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

Town of Silver City

SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	$ 38,000	$ 38,000	$ 38,000	$ -
Expenditures:				
Current:				
Public safety	$ 54,205	$ 54,205	$ 35,106	$ 19,099
Capital outlay				-
Total expenditures	$ 54,205	$ 54,205	$ 35,106	$ 19,099
Net change in fund balance	$ (16,205)	$ (16,205)	$ 2,894	$ 19,099
Fund balance, July 1, 2013	16,205	16,205	16,205	-
Fund balance, June 30, 2014	$ -	$ -	$ 19,099	$ 19,099
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 7,923	
Revenue accruals (net)				
Expenditure accruals (net)			(5,029)	
Net change in fund balance, NON-GAAP budgetary basis			$ 2,894	

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

Town of Silver City

SPECIAL REVENUE FUND - LIBRARY MEMORIAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	$ 11,500	$ 22,824	$ 22,823	$ (1)
Expenditures:				
Current:				
Culture recreation	$ 90,231	$ 100,231	$ 7,941	$ 92,290
Capital outlay				-
Total expenditures	$ 90,231	$ 100,231	$ 7,941	$ 92,290
Revenues over (under) expenditures	$ (78,731)	$ (77,407)	$ 14,882	$ 92,289
Other financing sources (uses):				
Transfer in (out)				-
Net change in fund balance	$ (78,731)	$ (77,407)	$ 14,882	$ 92,289
Fund balance, June 30, 2013	78,731	77,407	88,601	11,194
Fund balance, June 30, 2014	$ -	$ -	$ 103,483	$ 103,483
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 14,882	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			$ 14,882	

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

Town of Silver City

SPECIAL REVENUE FUND - DRUG TASK FORCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	$ 83,298	$ 83,298	$ 25,503	$ (57,795)
Expenditures:				
Current:				
Public safety	$ 53,948	$ 53,948	$ -	$ 53,948
Total expenditures	$ 53,948	$ 53,948	$ -	$ 53,948
Revenues over (under) expenditures	$ 29,350	$ 29,350	$ 25,503	$ (3,847)
Other financing sources (uses):				
Transfer in	3,848	3,848	3,847	(1)
Net change in fund balance	$ 33,198	$ 33,198	$ 29,350	$ (3,848)
Fund balance, June 30, 2013	(33,198)	(33,198)	(29,350)	3,848
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 7,870	
Revenue accruals (net)			21,480	
Expenditure accruals (net)				
Transfer accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			$ 29,350	

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

Town of Silver City

SPECIAL REVENUE FUND - FORWARD ESTATE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	$ 102	$ 102	$ 102	$ -
Expenditures:				
Capital outlay	$ 41,657	$ 41,657	$ 3,505	$ 38,152
Total expenditures	$ 41,657	$ 41,657	$ 3,505	$ 38,152
Revenues over (under) expenditures	$ (41,555)	$ (41,555)	$ (3,403)	$ 38,152
Other financing sources (uses):				
Transfer in (out)				-
Net change in fund balance	$ (41,555)	$ (41,555)	$ (3,403)	$ 38,152
Fund balance, June 30, 2013	41,555	41,555	65,852	24,297
Fund balance, June 30, 2014	$ -	$ -	$ 62,449	$ 62,449
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ (2,369)	
Revenue accruals (net)				
Expenditure accruals (net)			(1,034)	
Transfer accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			$ (3,403)	

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

Town of Silver City

SPECIAL REVENUE FUND - CENTURY CABLE PROJECT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	$ -	$ -	$ -	$ -
Expenditures:				
Current:				
Culture recreation	$ 72,500	$ 72,500	$ 59,818	$ 12,682
Capital outlay				-
Total expenditures	$ 72,500	$ 72,500	$ 59,818	$ 12,682
Other financing sources (uses):				
Transfer in	72,500	72,500	59,818	(12,682)
Net change in fund balance	$ -	$ -	$ -	$ -
Fund balance, July 1, 2013			-	-
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ (164)	
Revenue accruals (net)				
Expenditure accruals (net)			164	
Net change in fund balance, NON-GAAP budgetary basis			$ -	

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

Town of Silver City

SPECIAL REVENUE FUND - REGIONAL WATER SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	$ 108,052	$ 108,052	$ 28,448	$ (79,604)
Expenditures:				
Current:				
Public works	$ -	$ -	$ 35,778	$ (35,778)
Capital outlay	108,052	108,052		108,052
Total expenditures	$ 108,052	$ 108,052	$ 35,778	$ 72,274
Revenues over (under) expenditures	$ -	$ -	$ (7,330)	$ (7,330)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	$ -	$ -	$ (7,330)	$ (7,330)
Fund balance, July 1, 2013			(8,261)	(8,261)
Fund balance, June 30, 2014	$ -	$ -	$ (15,591)	$ (15,591)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ (37,078)	
Revenue accruals (net)			28,448	
Expenditure accruals (net)			1,300	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			$ (7,330)	

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

Town of Silver City

DEBT SERVICE FUND - GO BOND RETIRMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 93,880	$ 93,880	$ 93,879	$ (1)
Expenditures:				
Current:				
General governemnt			$ 400	$ (400)
Principle	67,178	67,178	65,000	2,178
Interest	4,355	4,355	4,355	-
Total expenditures	$ 71,533	$ 71,533	$ 69,755	$ 1,778
Revenues over (under) expenditures	$ 22,347	$ 22,347	$ 24,124	$ 1,777
Other financing sources (uses):				
Transfer in	(24,124)	(24,124)	(24,124)	-
Net change in fund balance	$ (1,777)	$ (1,777)	$ -	$ 1,777
Fund balance, July 1, 2013	1,777	1,777		(1,777)
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 4,165	
Revenue accruals (net)			(5,164)	
Expenditure accruals (net)			999	
Transfer accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			$ -	

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

Town of Silver City

DEBT SERVICE FUND - 2012 RETIREMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	$ -	$ -	$ -	$ -
Expenditures:				
Current:				
Administration	$ -			$ -
Principal	130,000	130,000	130,000	-
Interest	13,001	13,001	13,001	-
Total expenditures	$ 143,001	$ 143,001	$ 143,001	$ -
Revenues over (under) expenditures	$ (143,001)	$ (143,001)	$ (143,001)	$ -
Other financing sources (uses):				
Bond proceeds				
Transfer in (out)	387,242	387,242	387,242	-
Net change in fund balance	$ 244,241	$ 244,241	$ 244,241	$ -
Fund balance, July 1, 2013	(244,241)	(244,241)	(244,241)	-
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 244,241	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			$ 244,241	

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

Town of Silver City

DEBT SERVICE FUND - 2002 RESERVE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	$ -	$ -	$ -	$ -
Expenditures:				
Current:				
Administration	$ -	$ -	$ -	$ -
Principal				-
Interest				-
Total expenditures	$ -	$ -	$ -	$ -
Revenues over (under) expenditures	$ -	$ -	$ -	$ -
Other financing sources (uses):				
Transfer out				-
Net change in fund balance	$ -	$ -	$ -	$ -
Fund balance, July 1, 2013			612	612
Fund balance, June 30, 2014	$ -	$ -	$ 612	$ 612
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			$ -	

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

Town of Silver City

DEBT SERVICE FUND - 2011 RETIREMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 418,250	$ 418,250	$ 405,858	$ (12,392)
Expenditures:				
Current:				
Administration	$ -	$ -	$ -	$ -
Principal	512,532	512,532	420,000	92,532
Interest	92,531	92,531	185,063	(92,532)
Total expenditures	$ 605,063	$ 605,063	$ 605,063	$ -
Revenues over (under) expenditures	$ (186,813)	$ (186,813)	$ (199,205)	$ (12,392)
Other financing sources (uses):				
Bond proceeds				$ -
Transfer in (out)	408,220	408,220	148,220	(260,000)
Net change in fund balance	$ 221,407	$ 221,407	$ (50,985)	$ (272,392)
Fund balance, July 1, 2013	(221,407)	(221,407)	(221,407)	-
Fund balance, June 30, 2014	$ -	$ -	$ (272,392)	$ (272,392)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ (54,512)	
Revenue accruals (net)			3,527	
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			$ (50,985)	

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

Town of Silver City

DEBT SERVICE FUND - 2011 RESERVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	$ 600	$ 600	$ -	$ (600)
Expenditures:				
Current:				
Administration	$ -	$ -	$ -	$ -
Principal				-
Interest				-
Total expenditures	$ -	$ -	$ -	$ -
Revenues over (under) expenditures	$ 600	$ 600	$ -	$ (600)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	$ 600	$ 600	$ -	$ (600)
Fund balance, July 1, 2013			474,753	474,753
Fund balance, June 30, 2014	$ 600	$ 600	$ 474,753	$ 474,153
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			$ -	

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

Town of Silver City

DEBT SERVICE FUND - LADDER FIRE TRUCK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	$ -	$ -	$ -	$ -
Expenditures:				
Principal	$ 59,243	$ 59,243	$ 59,243	$ -
Interest	2,666	2,666	2,666	-
Total expenditures	$ 61,909	$ 61,909	$ 61,909	$ -
Revenues over (under) expenditures	$ (61,909)	$ (61,909)	$ (61,909)	$ -
Other financing sources (uses):				
Transfer in	61,909	61,909	61,909	-
Net change in fund balance	$ -	$ -	$ -	$ -
Fund balance, July 1, 2013			-	-
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			$ -	

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

Town of Silver City

DEBT SERVICE FUND - SILCO THEATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 37,275	$ 37,275	$ 5,630	$ (31,645)
Charges for services	37,275	37,275	68,337	31,062
Miscellaneous				-
Total revenues	$ 74,550	$ 74,550	$ 73,967	$ (583)
Expenditures:				
Current:				
Administration	$ -	$ -	$ -	$ -
Principle	37,275	37,275	36,693	582
Interest				-
Total expenditures	$ 37,275	$ 37,275	$ 36,693	$ 582
Revenues over (under) expenditure	$ 37,275	$ 37,275	$ 37,274	$ (1)
Other financing sources (uses):				
Transfer in				-
Transfer out	(37,274)	(37,274)	(37,274)	-
Net change in fund balance	$ 1	$ 1	$ -	$ (1)
Fund balance, July 1, 2013				-
Fund balance, June 30, 2014	$ 1	$ 1	$ -	$ (1)

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ 5,159
Revenue accruals (net)	471
Expenditure accruals (net)	(5,630)
Other financing sources (net)	
Net change in fund balance, NON-GAAP budgetary basis	$ -

The accompanying notes are an integral part of these financial statements

Town of Silver City

DEBT SERVICE FUND - NMFA REFUELING STATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 10,748	$ 10,748	$ 10,748	$ -
Charges for services				-
Miscellaneous				-
Total revenues	$ 10,748	$ 10,748	$ 10,748	$ -
Expenditures:				
Current:				
Administration	$ -	$ -	$ -	$ -
Principle	10,748	10,748	10,748	-
Interest				-
Total expenditures	$ 10,748	$ 10,748	$ 10,748	$ -
Revenues over (under) expenditur	$ -	$ -	$ -	$ -
Other financing sources (uses):				
Transfer in				-
Transfer out				-
Net change in fund balance	$ -	$ -	$ -	$ -
Fund balance, July 1, 2013				-
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ 27,519
Revenue accruals (net)	(3,979)
Expenditure accruals (net)	(2,461)
Other financing sources (net)	(21,079)
Net change in fund balance, NON-GAAP budgetary basis	$ -

The accompanying notes are an integral part of these financial statements

Town of Silver City

DEBT SERVICE FUND - NMFA SPORTS COMPLEX IMPROVEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 27,380	$ 27,380	$ 27,379	$ (1)
Charges for services				-
Miscellaneous				-
Total revenues	$ 27,380	$ 27,380	$ 27,379	$ (1)
Expenditures:				
Current:				
Administration	$ -	$ -	$ -	$ -
Principle	27,380	27,380	27,379	1
Interest				-
Total expenditures	$ 27,380	$ 27,380	$ 27,379	$ 1
Revenues over (under) expenditures	$ -	$ -	$ -	$ -
Other financing sources (uses):				
Transfer in				-
Transfer out				-
Net change in fund balance	$ -	$ -	$ -	$ -
Fund balance, July 1, 2013				-
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ 80,280
Revenue accruals (net)	(10,161)
Expenditure accruals (net)	(4,273)
Other financing sources (net)	(65,846)
Net change in fund balance, NON-GAAP budgetary basis	$ -

The accompanying notes are an integral part of these financial statements

Town of Silver City

CAPITAL PROJECTS FUND - 2011 BOND PROJECTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Miscellaneous	$ -	$ -	$ -	$ -
Expenditures:				
Current:				
Public works	$ 1	$ 1	$ 1	$ -
Capital outlay				-
Total expenditures	$ 1	$ 1	$ 1	$ -
Revenues over (under) expenditures	$ (1)	$ (1)	$ (1)	$ -
Other financing sources (uses):				
Transfer in (out)	(1,914)	(1,914)	(1,914)	-
Net change in fund balance	$ (1,915)	$ (1,915)	$ (1,915)	$ -
Fund balance, July 1, 2013	1,915	1,915	1,915	-
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ (1,915)
Revenue accruals (net)	
Expenditure accruals (net)	
Other financing sources	
Net change in fund balance, NON-GAAP budgetary basis	$ (1,915)

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

Town of Silver City

CAPITAL PROJECTS FUND - SCOTT PARK IMPROVEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	$ -	$ -	$ 36,769	$ 36,769
Expenditures:				
Current:				
Public works	$ -	$ -	$ -	$ -
Capital outlay	342,221	342,221	342,220	1
Total expenditures	$ 342,221	$ 342,221	$ 342,220	$ 1
Revenues over (under) expenditures	$ (342,221)	$ (342,221)	$ (305,451)	$ 36,770
Other financing sources (uses):				
Loan proceeds	378,990	378,990	342,220	(36,770)
Net change in fund balance	$ 36,769	$ 36,769	$ 36,769	$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	$ 36,769	$ 36,769	$ 36,769	$ -

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ 533,099
Revenue accruals (net)	(138,550)
Expenditure accruals (net)	
Other financing sources	(357,780)
Net change in fund balance, NON-GAAP budgetary basis	$ 36,769

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

Town of Silver City

CAPITAL PROJECTS FUND - NM RECYCLING DEVELOPMENT PROJECT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	$ 200,000	$ 200,000	$ 200,000	$ -
Expenditures:				
Capital outlay	$ 48,800	$ 48,800	$ 48,800	$ -
Total expenditures	$ 48,800	$ 48,800	$ 48,800	$ -
Revenues over (under) expenditures	$ 151,200	$ 151,200	$ 151,200	$ -
Other financing sources (uses):				
Transfer out				-
Net change in fund balance	$ 151,200	$ 151,200	$ 151,200	$ -
Fund balance, July 1, 2013				-
Fund balance, June 30, 2014	$ 151,200	$ 151,200	$ 151,200	$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 147,775	
Revenue accruals (net)				
Expenditure accruals (net)			3,425	
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			$ 151,200	

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

Town of Silver City

CAPITAL PROJECTS FUND - CDBG CHIHUAHUA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	$ 379,623	$ 379,623	$ 379,622	$ (1)
Expenditures:				
Current:				
Public works	$ -	$ -	$ -	$ -
Capital outlay	379,623	379,623	379,622	1
Total expenditures	$ 379,623	$ 379,623	$ 379,622	$ 1
Revenues over (under) expenditures	$ -	$ -	$ -	$ -
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	$ -	$ -	$ -	$ -
Fund balance, July 1, 2013				-
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 34,665	
Revenue accruals (net)				
Expenditure accruals (net)			(34,665)	
Other financing sources				
Net change in fund balance, NON-GAAP budgetary basis			$ -	

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

Town of Silver City

CAPITAL PROJECTS FUND - HOPE VI VISTAS DE PLATA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	$ 419,972	$ 419,972	$ 419,971	$ (1)
Expenditures:				
Current:				
Public works	$ -	$ -	$ 265	$ (265)
Capital outlay	292,908	292,908	66,836	226,072
Total expenditures	$ 292,908	$ 292,908	$ 67,101	$ 225,807
Revenues over (under) expenditures	$ 127,064	$ 127,064	$ 352,870	$ 225,806
Other financing sources (uses):				
Transfer in	7,741	7,741	7,741	-
Net change in fund balance	$ 134,805	$ 134,805	$ 360,611	$ 225,806
Fund balance, July 1, 2013	(134,805)	(134,805)	(360,876)	(226,071)
Fund balance, June 30, 2014	$ -	$ -	$ (265)	$ (265)

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ 9,976
Revenue accruals (net)	353,133
Expenditure accruals (net)	(2,498)
Other financing sources	
Net change in fund balance, NON-GAAP budgetary basis	$ 360,611

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

Town of Silver City

CAPITAL PROJECTS FUND - NMDOT SANTA RITA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	$ 68,379	$ 68,379	$ 51,285	$ (17,094)
Expenditures:				
Current:				
Public works	$ -	$ -		$ -
Capital outlay	108,158	108,158	108,158	-
Total expenditures	$ 108,158	$ 108,158	$ 108,158	$ -
Revenues over (under) expenditures	$ (39,779)	$ (39,779)	$ (56,873)	$ (17,094)
Other financing sources (uses):				
Transfer in	56,873	56,873	56,873	-
Net change in fund balance	$ 17,094	$ 17,094	$ -	$ (17,094)
Fund balance, July 1, 2013				-
Fund balance, June 30, 2014	$ 17,094	$ 17,094	$ -	$ (17,094)

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ -
Revenue accruals (net)	
Expenditure accruals (net)	
Other financing sources	
Net change in fund balance, NON-GAAP budgetary basis	$ -

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

Town of Silver City

CAPITAL PROJECTS FUND - NM EMNRD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	$ 11,074	$ 11,074	$ 11,074	$ -
Expenditures:				
Current:				
Public works	$ 150	$ 150	$ 150	$ -
Capital outlay	6,261	6,261		6,261
Total expenditures	$ 6,411	$ 6,411	$ 150	$ 6,261
Revenues over (under) expenditures	$ 4,663	$ 4,663	$ 10,924	$ 6,261
Other financing sources (uses):				
Transfer out			(6,261)	(6,261)
Net change in fund balance	$ 4,663	$ 4,663	$ 4,663	$ -
Fund balance, July 1, 2013	(4,663)	(4,663)	(4,663)	-
Fund balance, June 30, 2014	$ -	$ -	$ -	$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 4,663	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			$ 4,663	

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

Town of Silver City

CAPITAL PROJECTS FUND - FREEPORT MCMORAN WATERWORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	$ 5,292	$ 18,000	$ 18,000	$ -
Expenditures:				
Capital outlay		16,169	16,169	-
Net change in fund balance	$ 5,292	$ 1,831	$ 1,831	$ -
Fund balance, July 1, 2013	-	-	7,751	7,751
Fund balance, June 30, 2014	$ 5,292	$ 1,831	$ 9,582	$ 7,751
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 1,363	
Revenue accruals (net)				
Expenditure accruals (net)			468	
Net change in fund balance, NON-GAAP budgetary basis			$ 1,831	

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

Town of Silver City

CAPITAL PROJECTS FUND - NMED SILCO THEATER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	$ 244,991	$ 244,991	$ 244,990	$ (1)
Expenditures:				
Current:				
Public works	$ -	$ -	$ -	$ -
Capital outlay	296,221	296,221	296,220	1
Total expenditures	$ 296,221	$ 296,221	$ 296,220	$ 1
Revenues over (under) expenditures	$ (51,230)	$ (51,230)	$ (51,230)	$ -
Other financing sources (uses):				
Transfer in	51,230	51,230		(51,230)
Net change in fund balance	$ -	$ -	$ (51,230)	$ (51,230)
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	$ -	$ -	$ (51,230)	$ (51,230)

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ (230)
Revenue accruals (net)	124,000
Expenditure accruals (net)	(175,000)
Other financing sources	-
Net change in fund balance, NON-GAAP budgetary basis	$ (51,230)

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

Town of Silver City

CAPITAL PROJECTS FUND - 2012 COLONIAS INITIATIVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	$ 270,000	$ 270,000	$ 32,630	$ (237,370)
Expenditures:				
Current:				
Public works	$ -	$ -	$ -	$ -
Capital outlay	270,000	270,000	250,000	20,000
Total expenditures	$ 270,000	$ 270,000	$ 250,000	$ 20,000
Revenues over (under) expenditures	$ -	$ -	$ (217,370)	$ (217,370)
Other financing sources (uses):				
Transfer in				-
Net change in fund balance	$ -	$ -	$ (217,370)	$ (217,370)
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	$ -	$ -	$ (217,370)	$ (217,370)

Budgetary reconciliation:	
Net change in fund balance, GAAP basis	$ -
Revenue accruals (net)	(217,370)
Expenditure accruals (net)	
Other financing sources	
Net change in fund balance, NON-GAAP budgetary basis	$ (217,370)

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

Town of Silver City

CAPITAL PROJECTS FUND - MAP COLLEGE/BLACK/TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	$ 30,144	$ 30,144	$ -	$ (30,144)
Expenditures:				
Current:				
Public works	$ -	$ -		$ -
Capital outlay				-
Total expenditures	$ -	$ -	$ -	$ -
Revenues over (under) expenditures	$ 30,144	$ 30,144	$ -	$ (30,144)
Other financing sources (uses):				
Transfer in	30,144	30,144	30,144	-
Net change in fund balance	$ 60,288	$ 60,288	$ 30,144	$ (30,144)
Fund balance, July 1, 2013	(30,144)	(30,144)	(30,144)	-
Fund balance, June 30, 2014	$ 30,144	$ 30,144	$ -	$ (30,144)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			$ 30,144	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources			-	
Net change in fund balance, NON-GAAP budgetary basis			$ 30,144	

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

Town of Silver City

ENTERPRISE FUNDS - WATER AND SEWER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS-

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 418,250	$ 418,250	$ 405,858	$ (12,392)
State sources	52,500	52,500	2,500	(50,000)
Federal sources	222,770	222,770	232,743	9,973
Charges for services	5,221,450	5,221,450	4,854,310	(367,140)
Earnings on investments			82	82
Miscellaneous				-
Total revenues	$ 5,914,970	$ 5,914,970	$ 5,495,493	$ (419,477)
Expenses:				
Personnel	$ 2,380,323	$ 2,380,323	$ 2,380,095	$ 228
Operating	2,645,198	2,645,198	2,117,146	528,052
Capital outlay	317,158	317,158	543,947	(226,789)
Debt service:				
Principal	263,611	263,611	249,597	14,014
Interest	43,149	43,149	43,705	(556)
Total expenses	$ 5,649,439	$ 5,649,439	$ 5,334,490	$ 314,949
Revenues over (under) expenses	$ 265,531	$ 265,531	$ 161,003	$ (104,528)
Other financing sources (uses):				
Transfers in	334,161	334,161	266,634	(67,527)
Transfers out	(910,958)	(922,696)	(436,534)	486,162
Loan proceeds				-
Net changes in retained earnings	$ (311,266)	$ (323,004)	$ (8,897)	$ 314,107
Retained earnings, July 1, 2013	381,183	381,183	245,428	(135,755)
Retained earnings, June 30, 2014	$ 69,917	$ 58,179	$ 236,531	$ 178,352

Budgetary reconciliation:	
Net change in retained earnings, GAAP basis	$ (106,130)
Revenue accruals (net)	(38,391)
Expenditure accruals (net)	135,624
Other financing sources (uses)	
Net change in retained earnings, NON-GAAP budgetary basis	$ (8,897)

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

Town of Silver City

ENTERPRISE FUNDS - SANITATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS-

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 209,125	$ 209,125	$ 202,929	$ (6,196)
Charges for services	1,998,097	2,084,241	1,981,975	(102,266)
Miscellaneous	86,144	86,144	103,742	17,598
Total revenues	$ 2,293,366	$ 2,379,510	$ 2,288,646	$ (90,864)
Expenses:				
Personnel	$ 815,669	$ 815,669	$ 815,525	$ 144
Operating	1,250,222	1,250,222	1,253,390	(3,168)
Capital outlay		10,452	7,427	3,025
Principle				-
Interest				-
Total expenses	$ 2,065,891	$ 2,076,343	$ 2,076,342	$ 1
Revenues over (under) expenses	$ 227,475	$ 303,167	$ 212,304	$ (90,863)
Other financing sources (uses):				
Transfer in				-
Transfers out	(281,817)	(281,817)	(212,304)	69,513
Net change in retained earnings	$ (54,342)	$ 21,350	$ -	$ (21,350)
Retained earnings, July 1, 2013	54,342			-
Retained earnings, June 30, 2014	$ -	$ 21,350	$ -	$ (21,350)

Budgetary reconciliation:	
Net change in retained earnings, GAAP basis	$ (300,638)
Revenue accruals (net)	184,049
Expenditure accruals (net)	116,589
Other financing sources (uses)	
Net change in retained earnings, NON-GAAP budgetary basis	$ -

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

Town of Silver City

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Receipts	Disbursements	Balance June 30, 2014
Municipal Court Bond				
Cash and investments	$ 8,929	$ 84,872	$ 78,620	$ 15,181
Receivables				-
Total assets	$ 8,929	$ 84,872	$ 78,620	$ 15,181
Liabilities				
Due to others	$ 8,929	$ 84,872	$ 78,620	$ 15,181

Town on Silver City

SCHEDULE OF DEPOSITORY COLLATERAL

June 30, 2014

	Wells Fargo	Western Bank	First NM Bank	Total
Checking and CD's	$ 904,184	$ 50,282	$ 14,386	$ 968,852
Less: FDIC insurance	250,000	50,282	14,386	314,668
Total uninsured public funds	$ 654,184	$ -	$ -	$ 654,184
50% collateralization requirement (Section 6-10-17 NMSA)	$ 327,092	$ -	$ -	$ 327,092
Pledged Securities:				
FNMA 3138W2LV5 1/1/43	$ 111,190	$ -	$ -	$ 111,190
FNMA 3138X3XU1 1/1/43	422,207	-	-	422,207
Total pledged securities	$ 533,397	$ -	$ -	$ 422,207
Pledged securities over (under) requirement	$ 206,305	$ -	$ -	$ 206,305

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

Town of Silver City

SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS

June 30, 2014

	Type of Account	Bank Balance	Reconciled Balance
Wells Fargo			
General	Checking	$ 845,849	$ 362,253
Municipal Court	Checking	18,255	15,156
General	Savings	40,080	40,080
Total Wells Fargo		$ 904,184	$ 417,489
LGIP			
Forward Estate	LGIP	$ 25,877	$ 25,877
2002 Refunding Reserve	LGIP	588	588
Total LGIP		$ 26,465	$ 26,465
Edward Jones			
General Fund and Library Memorial	Money Market Mutual Funds	21,418	21,418
Total Edward Jones		$ 21,418	$ 21,418
First New Mexico Bank			
General Fund	CD	$ 14,386	$ 14,386
Western Bank			
General Fund	CD	$ 50,282	$ 50,282
NMFA			
Cash on deposit with paying agent	NMFA	$ 1,151,732	$ 1,151,732
Cash on hand			$ 4,100
Total cash and investments		$ 2,168,467	$ 1,685,872

Town of Silver City
SCHEDULE OF JOINT POWERS AGREEMENTS
For the Fiscal Year Ended June 30, 2014

Emergency Medical Services

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

Extraterritorial Jurisdiction Advisory Board

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

Dates of agreement	Ongoing
Amount of project	Unknown
Audit responsibility	Unknown

Public Transportation

Participants	Town of Silver City Grant County
Responsible party	Grant County
Description	To operate public transportation services to as many population areas of the County and Town as resources permit, thereby creating increased access to the enterprises, services and events of the area.
Dates of agreement	Ongoing
Audit responsibility	Grant County

Water Commission

Participants	Town of Silver City Village of Santa Clara City of Bayard Town of Hurley Grant County
Responsible party	Town of Silver City Village of Santa Clara City of Bayard Town of Hurley Grant County
Description	Establishment of a water commission consisting of one member from each jurisdiction.
Dates of agreement	Ongoing

Amount of project	Unknown
Audit responsibility	Unknown

Southwest Solid Waste Authority

Participants	Southwest Solid Waste Authority Town of Silver City
Description	For the purpose of establishing terms and conditions for a financial investment by way of the loaning of funds to the Authority by the Town in order to insure continuing solid waste recycling and disposal services of the Authority for the benefit of Town residents.
Dates of agreement	15 years, commencing in April 2004.
Amount of project	$300,000 loan with 4.8% interest, payable monthly.
Audit responsibility	Town of Silver City Southwest Solid Waste Authority

Arenas Valley Water Association

Participants	Town of Silver City Arenas Valley Water Association
Responsible party	Town of Silver City Arenas Valley Water Association
Description	Town of Silver City shall provide not more than 200 acre feet of water per year to the Association.
Dates of agreement	Indefinite

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

Rosedale Mutual Domestic Water Consumers Association

Participants	Town of Silver City Rosedale Mutual Domestic Water Consumers Association
Responsible party	Town of Silver City Rosedale Mutual Domestic Water Consumers Association
Description	Town of Silver City shall provide water to the Association.
Dates of agreement	Indefinite
Amount of project	Association will pay the Town based on a tiered system ranging from $7.95 to $5.30 per varying thousands of gallons of water.
Audit responsibility	Town of Silver City

Water and Wastewater Service

Participants	Town of Silver City Tyrone Property Owners Association
Responsible party	Town of Silver City Tyrone Property Owners Association
Description	To provide wastewater treatment services to Tyrone Property Owners Association
Dates of agreement	Indefinite
Audit responsibility	Town of Silver City
Amount of project	Provided by Tyrone Property Owners Association

Pinos Altos Mutual Domestic Water Consumers Association

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

Joint Communications Center

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

Agency contribution	Provide a member for the Board.
Audit responsibility	Grant County

Public Transportation "Corre Caminos"

Participants	Town of Silver City County of Grant County of Luna City of Deming
Responsible party	Grant County
Description	To operate public transportation services within Grant, Luna, Silver City and Deming as resources permit.
Dates of agreement	Ongoing
Audit responsibility	Grant County

Town of Silver City

SCHEDULE OF LEGISLATIVE ALLOCATIONS

June 30, 2014

	Scott Park Lights 13-L-G-1-1715	Scott Park Sidewalks 13-L-G-1-1714
Original appropriation	$ 175,000	$ 100,000
Additions/Deletions	-	-
Amended appropriation	$ 175,000	$ 100,000
Expended through June 30, 2014	$ 175,000	$ -
Encumbrances	-	-
Total committed	$ 175,000	$ -
Project expiration date	6/30/2017	6/30/2017

Town of Silver City
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through New Mexico Dept. of Finance and Administration:			
Community Development Block Grants-States Program	14.228	N/A	$ 344,957
Affordable Housing Development in Main Street Project:	14.878	N/A	64,338
Passed through New Mexico Mortgage Finance Authority:			
Home Partnership	14.239	N/A	40,620
Total U.S. Dept. of Housing and Urban Development			$ 449,915
U.S. DEPARTMENT OF JUSTICE			
Passed through N.M. Dept. of Public Safety:			
Byrne Memorial Justice Assistance Grant	16.738	N/A	3,731
Passed through N.M. Dept. of Children,Youth & Families and Luna County:			
Juvenile Justice and Delinquency Prevention	16.540	N\A	99,997
Total U.S. Department of Justice			$ 103,728
U.S. DEPARTMENT OF THE INTERIOR			
Direct:			
Historic Preservation Grant	15.904	N\A	$ 11,878
Outdoor Recreation Acquisition Development & Plannir	15.916	N/A	150
Total U.S. Department of the Interior			$ 12,028
ENVIRONMENTAL PROTECTION AGENCY			
Direct:			
AARA - Brownfields Assessment & Cleanup Agreement	66.818	N/A	$ 1,714

Town of Silver City

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (concluded)

For The Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through N.M. Highway Department:			
Minimum Penalties for Repeat DWI Offenders	20.608	N/A	$ 22,644
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through N.M. Department of Energy, Minerals and Cooperative Forestry Assistance	10.664	N/A	$ 20,399
EXECUTIVE OFFICE OF THE PRESIDENT			
Direct:			
High Intensity Drug Trafficking Areas Program	95.001	N/A	$ 498,334
Total expenditures of federal awards			$ 1,108,762

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

Town of Silver City

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2014

Note 1 Basis of Presentation

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

Note 2 Insurance

The Town had the following insurance coverage during the year ended June 30, 2014:

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

Note 3 Loans and Loan Guarantees

The Town has received a commitment of $1,313,000 from the New Mexico Finance Authority for improvements to the Town's utility system. The funding source indicates that some portion of this loan is funded by the U.S. Environmental Protection Agency. The New Mexico Environmental Protection Agency has a revolving loan fund which was at least initially funded in some part by federal funds. However, state contributions and loan repayments have, over the years, made the federal portion of the funding untraceable. Therefore, this loan has not been included in the accompanying schedule of federal financial assistance, since the federal participation is unknown.

Town of Silver City

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Fiscal Year Ended June 30, 2014

	Current Status
Findings – Financial Statement Audit	
2013-001(2013-1) Expenditures were made in excess of budgetary authority	Repeated

Findings and Questioned Costs – Major Federal Award programs

None

Stone, McGee & Co.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Town of Silver City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise The Town of Silver City's basic financial statements, and the combining and individual fund financial statements and related budgetary comparisons of the Town presented as other supplementary information, and have issued our report thereon dated November 20, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Town of Silver City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item 2013-001.

Town of Silver City's Responses to Findings

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

Purpose of this Report

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

Stone, McGee & Co., CPAs

Silver City, New Mexico
November 20, 2014

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Silver City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Silver City's major federal programs for the year ended June 30, 2014. Town of Silver City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Silver City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Silver City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Silver City's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Silver City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Town of Silver City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Silver City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Silver City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Stone, McGee & Co., CPAs

Silver City, New Mexico
November 20, 2014

Town of Silver City
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Silver City.

2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.*

3. No instances of noncompliance material to the financial statements of the Town of Silver City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133*.

5. The auditor's report on compliance for the major federal award programs for the Town of Silver City expresses an unmodified opinion on all major programs.

6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.

7. The programs tested as major programs included: Community Development Block Grants – States programs, CFDA No. 14.228.

8. The threshold for distinguishing types A and B programs was $300,000.

9. The Town of Silver City qualified as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

2013-001(2013-1) Budgetary Controls (Other)

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

General Fund	$ 62,916
HIDTA Fund	1,751

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

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

Cause – The Town did not request the budget adjustments to alleviate these budget overruns. Adjustments to expenditures were discovered after year-end, and it was too late to request budget adjustments.

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

Agency Response – We continue to adhere to our policy of reviewing expenditures and making the appropriate budgetary adjustments. These were unusual circumstances where a check run was initially posted in the wrong year, and when the corrections were made, it was too late to make the necessary budget adjustments.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s. However, Town management has acknowledged its responsibility for, and has taken responsibility for the financial statements.

EXIT CONFERENCE

The contents of this report were discussed November 20, 2014. Present at this exit conference were:

Name	Title	Affiliation
Mike Morones	Mayor	Town of Silver city
Alex Brown	City Manager	Town of Silver City
Anita Norero	Deputy Finance Director	Town of Silver City
Leann Misquez	Purchasing Agent	Town of Silver City
Linda Nunez	Utility Billing Supervisor	Town of Silver City
Steven Lopez	Payroll Accountant	Town of Silver City
Mike Stone	Shareholder	Stone, McGee & Co., CPA's