

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
AUDIT REPORT  
JUNE 30, 2015**

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CITY OF SOCORRO  
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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
JUNE 30, 2015**

**FUNCTION OF THE ENTITY**

The City of Socorro, New Mexico was incorporated in 1870 and operates under a Mayor Council form of government. Eight Councilors are elected at large for a four-year term of office. Non-partisan elections are held biannually for staggered terms of office. The Mayor is elected at large and serves as the Chairman of the Council.

The City provides traditional services such as public safety, public works, culture and recreation and other services, which are normal operations of cities. The City also provides water, sewer, solid waste and natural gas services.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
JUNE 30, 2015**

**OFFICIAL ROSTER**

| <b><u>Name</u></b>    | <b><u>Title</u></b> |
|-----------------------|---------------------|
| Ravi Bhasker          | Mayor               |
| Gordon Hicks          | Mayor Pro-Tem       |
| Peter Romero          | Councilor           |
| Toby Jaramillo        | Councilor           |
| Ernest Pargas Jr.     | Councilor           |
| Michael Olguin Jr.    | Councilor           |
| Mary Ann Chavez-Lopez | Councilor           |
| Nick Fleming          | Councilor           |
| Donald Monette        | Councilor           |
| Patrick Salome, Jr    | Clerk               |
| Mable Gonzales        | Finance Director    |
| Frances Cases         | Municipal Judge     |

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Socorro, New Mexico  
and  
Timothy M. Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the City of Socorro, New Mexico, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental and the budgetary comparisons and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 and the aggregate remaining fund information of the City of Socorro, New Mexico, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund 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 funds of the City as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Government Accounting Standards Board (GASB), 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. Our opinion on the basic financial statements is not affected by this missing information.

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

### Other Information

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards, as required by Office of Management and Budget circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other schedules required by Section 2.2.2 NMAC 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 other schedule required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal awards and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of vendor information for purchases has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pattillo, Brown and Hill, LLP  
Albuquerque, New Mexico  
November 30, 2015

## **FINANCIAL STATEMENTS SECTION**

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

| <b>ASSETS</b>   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
|---|------------------------------------|-------------------------------------|----------------------|
| Current assets:                                       |                                    |                                     |                      |
| Cash and cash equivalents                             | \$ 1,188,590                       | \$ 191,253                          | \$ 1,379,843         |
| Investments   | 755,115                            | -                                   | 755,115              |
| Receivables (net of allowances for<br>uncollectibles) | 622,915                            | 1,348,992                           | 1,971,907            |
| Internal balances                                     | 296,073                            | ( 296,073)                          | -                    |
| Inventory   | <u>17,474</u>                      | <u>83,806</u>                       | <u>101,280</u>       |
| Total current assets                                  | <u>2,880,167</u>                   | <u>1,327,978</u>                    | <u>4,208,145</u>     |
| Other assets:   |                                    |                                     |                      |
| Restricted cash and investments                       | <u>421,917</u>                     | <u>1,065,765</u>                    | <u>1,487,682</u>     |
| Total other assets                                    | <u>421,917</u>                     | <u>1,065,765</u>                    | <u>1,487,682</u>     |
| Noncurrent assets:                                    |                                    |                                     |                      |
| Capital assets not being depreciated:                 |                                    |                                     |                      |
| Land  | 301,819                            | 337,961                             | 639,780              |
| Capital assets being depreciated                      | 30,315,526                         | 36,270,933                          | 66,586,459           |
| Less: accumulated depreciation                        | <u>( 14,768,151)</u>               | <u>( 18,713,360)</u>                | <u>( 33,481,511)</u> |
| Total capital assets                                  | <u>15,849,194</u>                  | <u>17,895,534</u>                   | <u>33,744,728</u>    |
| Total noncurrent assets                               | <u>15,849,194</u>                  | <u>17,895,534</u>                   | <u>33,744,728</u>    |
| Total assets  | <u>19,151,278</u>                  | <u>20,289,277</u>                   | <u>39,440,555</u>    |
| Deferred outflows of resources:                       |                                    |                                     |                      |
| Deferred outflows - pension related                   | 654,519                            | 321,684                             | 976,203              |
| Real estate contract - land sale                      | 175,903                            | 336,085                             | 511,988              |
| Bond premium & loan fees                              | <u>11,464</u>                      | <u>63,001</u>                       | <u>74,465</u>        |
| Total deferred outflows of resources                  | <u>841,886</u>                     | <u>720,770</u>                      | <u>1,562,656</u>     |

The accompanying notes are an integral part of these financial statements

| <b>LIABILITIES</b>                           | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>             |
|--|------------------------------------|-------------------------------------|--------------------------|
| Current liabilities:                         |                                    |                                     |                          |
| Accounts payable                             | \$ 47,324                          | \$ 66,267                           | \$ 113,591               |
| Accrued payroll expenses                     | 45,814                             | -                                   | 45,814                   |
| Accrued interest payable                     | 5,618                              | 29,390                              | 35,008                   |
| Capital leases payable - current             | -                                  | 77,688                              | 77,688                   |
| Current portion long term debt               | <u>172,897</u>                     | <u>314,836</u>                      | <u>487,733</u>           |
| Total current liabilities                    | <u>271,653</u>                     | <u>488,181</u>                      | <u>759,834</u>           |
| Noncurrent liabilities:                      |                                    |                                     |                          |
| Meter deposits                               | -                                  | 84,891                              | 84,891                   |
| Compensated absences                         | 220,875                            | 124,112                             | 344,987                  |
| Net pension liability                        | 4,665,442                          | 1,558,627                           | 6,224,069                |
| Landfill closure and post closing liability  | -                                  | 767,432                             | 767,432                  |
| Capital leases payable                       | -                                  | 270,338                             | 270,338                  |
| Bonds and loans payable less current portion | <u>2,061,969</u>                   | <u>4,611,314</u>                    | <u>6,673,283</u>         |
| Total noncurrent liabilities                 | <u>6,948,286</u>                   | <u>7,416,714</u>                    | <u>14,365,000</u>        |
| <br>Total liabilities                        | <br><u>7,219,939</u>               | <br><u>7,904,895</u>                | <br><u>15,124,834</u>    |
| Deferred inflows of resources:               |                                    |                                     |                          |
| Deferred inflows - pension related           | 1,390,871                          | 610,832                             | 2,001,703                |
| Real estate contract deferred gain           | <u>170,109</u>                     | <u>155,422</u>                      | <u>325,531</u>           |
| Total deferred inflows of resources          | <u>1,560,980</u>                   | <u>766,254</u>                      | <u>2,327,234</u>         |
| <b>NET POSITION</b>                          |                                    |                                     |                          |
| Net investmet in capital assets              | 8,206,916                          | 12,591,968                          | 20,798,884               |
| Restricted for:                              |                                    |                                     |                          |
| Debt service                                 | 252,285                            | 1,065,765                           | 1,318,050                |
| Capital projects                             | 244,347                            | -                                   | 244,347                  |
| Unrestricted                                 | <u>2,508,697</u>                   | <u>( 1,318,835)</u>                 | <u>1,189,862</u>         |
| <br>Total net position                       | <br><u>\$ 11,212,245</u>           | <br><u>\$ 12,338,898</u>            | <br><u>\$ 23,551,143</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

| <u>Functions/Programs</u>           | <u>Expenses</u>      | <u>Program Revenues</u>         |   |   |
|-------------------------------------|----------------------|---------------------------------|---|---|
|                                     |                      | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> |
| <b>Primary Government:</b>          |                      |                                 |   |   |
| Governmental activities:            |                      |                                 |   |   |
| General government                  | \$ 1,769,332         | \$ 431,902                      | \$ 1,190,406                                      | \$ -  |
| Judicial                            | 161,131              | 111,557                         | -   | -   |
| Public safety                       | 3,700,655            | 619,724                         | 792,661   | 515,925   |
| Public works                        | 1,682,139            | -                               | -   | -   |
| Culture and recreation              | 2,083,788            | 42,649                          | 113,611   | 57,677  |
| Interest and fees on long-term debt | <u>64,453</u>        | <u>-</u>                        | <u>-</u>  | <u>-</u>  |
| Total governmental activities       | <u>9,461,498</u>     | <u>1,205,832</u>                | <u>2,096,678</u>                                  | <u>573,602</u>                                  |
| Business-type activities:           |                      |                                 |   |   |
| Natural gas                         | \$ 2,896,304         | \$ 3,137,548                    | \$ -  | \$ -  |
| Water                               | 1,884,398            | 1,647,894                       | -   | 776,168   |
| Waste water                         | 1,680,466            | 1,417,619                       | -   | -   |
| Solid waste                         | 523,859              | 975,511                         | -   | -   |
| Landfill                            | 1,149,261            | 413,695                         | -   | -   |
| Recycling                           | <u>50,903</u>        | <u>17,369</u>                   | <u>-</u>  | <u>-</u>  |
| Total business-type activities      | <u>8,185,191</u>     | <u>7,609,636</u>                | <u>-</u>  | <u>776,168</u>                                  |
| Total primary government            | <u>\$ 17,646,689</u> | <u>\$ 8,815,468</u>             | <u>\$ 2,096,678</u>                               | <u>\$ 1,349,770</u>                             |

General revenues:

Taxes:

Property taxes, levied for general purposes

State shared

Sales

Lodgers'

Franchise

Investment earnings

Miscellaneous

Gain on disposition of assets

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position, beginning of year

Restatement

Net position, beginning of year restated

Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and  
Changes in Net Position

| Primary Government         |                             |                      |
|----------------------------|-----------------------------|----------------------|
| Governmental<br>Activities | Business-type<br>Activities | Total                |
| \$( 147,024)               | \$ -                        | \$( 147,024)         |
| ( 49,574)                  | -                           | ( 49,574)            |
| ( 1,772,345)               | -                           | ( 1,772,345)         |
| ( 1,682,139)               | -                           | ( 1,682,139)         |
| ( 1,869,851)               | -                           | ( 1,869,851)         |
| <u>( 64,453)</u>           | <u>-</u>                    | <u>( 64,453)</u>     |
| <u>( 5,585,386)</u>        | <u>-</u>                    | <u>( 5,585,386)</u>  |
| \$ -                       | \$ 241,244                  | \$ 241,244           |
| -                          | 539,664                     | 539,664              |
| -                          | ( 262,847)                  | ( 262,847)           |
| -                          | 451,652                     | 451,652              |
| -                          | ( 735,566)                  | ( 735,566)           |
| <u>-</u>                   | <u>( 33,534)</u>            | <u>( 33,534)</u>     |
| <u>-</u>                   | <u>200,613</u>              | <u>200,613</u>       |
| <u>( 5,585,386)</u>        | <u>200,613</u>              | <u>( 5,384,773)</u>  |
| 558,443                    | -                           | 558,443              |
| 259,003                    | 100,309                     | 359,312              |
| 4,269,528                  | -                           | 4,269,528            |
| 421,480                    | -                           | 421,480              |
| 169,467                    | -                           | 169,467              |
| 14,292                     | 18,204                      | 32,496               |
| 292,022                    | -                           | 292,022              |
| 124,786                    | -                           | 124,786              |
| <u>25,047</u>              | <u>( 25,047)</u>            | <u>-</u>             |
| <u>6,134,068</u>           | <u>93,466</u>               | <u>6,227,534</u>     |
| <u>548,682</u>             | <u>294,079</u>              | <u>842,761</u>       |
| 16,149,517                 | 13,972,214                  | 30,121,731           |
| <u>( 5,485,954)</u>        | <u>( 1,927,395)</u>         | <u>( 7,413,349)</u>  |
| <u>10,663,563</u>          | <u>12,044,819</u>           | <u>22,708,382</u>    |
| <u>\$ 11,212,245</u>       | <u>\$ 12,338,898</u>        | <u>\$ 23,551,143</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

| <b>ASSETS</b>   | <u>General</u>      | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|---|---|
| Cash  | \$ 519,923          | \$ 668,667                              | \$ 1,188,590                            |
| Cash - restricted   | -                   | 421,917                                 | 421,917                                 |
| Investments   | 755,115             | -                                       | 755,115                                 |
| Accounts receivable (net of allowance)  | 567,517             | 55,398                                  | 622,915                                 |
| Inventory   | 17,474              | -                                       | 17,474                                  |
| Due from other funds  | <u>362,446</u>      | <u>-</u>                                | <u>362,446</u>                          |
| <b>Total assets</b>   | <u>2,222,475</u>    | <u>1,145,982</u>                        | <u>3,368,457</u>                        |
| Deferred outflows of resources:   |                     |   |   |
| Real estate contract - land sale  | <u>175,903</u>      | <u>-</u>                                | <u>175,903</u>                          |
| <b>Total deferred outflow of resources</b>                                    | <u>175,903</u>      | <u>-</u>                                | <u>175,903</u>                          |
| <b>Total assets and deferred outflows of resources</b>                        | <u>\$ 2,398,378</u> | <u>\$ 1,145,982</u>                     | <u>\$ 3,544,360</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>  |                     |   |   |
| <b>Liabilities:</b>   |                     |   |   |
| Accounts payable  | \$ 36,405           | \$ 10,919                               | \$ 47,324                               |
| Accrued payroll expenses  | 45,814              | -                                       | 45,814                                  |
| Due to other funds  | <u>47,000</u>       | <u>19,373</u>                           | <u>66,373</u>                           |
| <b>Total liabilities</b>  | <u>129,219</u>      | <u>30,292</u>                           | <u>159,511</u>                          |
| Deferred inflows of resources:  |                     |   |   |
| Deferred revenue - land sale  | <u>175,903</u>      | <u>-</u>                                | <u>175,903</u>                          |
| <b>Fund balances:</b>   |                     |   |   |
| Non-spendable:  |                     |   |   |
| Inventory and real estate contract  | 193,377             | -                                       | 193,377                                 |
| Restricted for:   |                     |   |   |
| Debt service  | -                   | 252,285                                 | 252,285                                 |
| Capital projects  | -                   | 244,347                                 | 244,347                                 |
| Special revenue   | -                   | 619,058                                 | 619,058                                 |
| Unassigned  | <u>1,899,879</u>    | <u>-</u>                                | <u>1,899,879</u>                        |
| <b>Total fund balances</b>  | <u>2,093,256</u>    | <u>1,115,690</u>                        | 3,208,946                               |
| <b>Total liabilities, deferred inflows of resources<br/>and fund balances</b> | <u>\$ 2,398,378</u> | <u>\$ 1,145,982</u>                     |   |

Amounts reported for governmental activities in the statement of net position are different because:  
Long term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds. ( 7,845,895)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 15,849,194  
Net position of governmental activities \$ 11,212,245

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**CITY OF SOCORRO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

|  | <u>General</u>      | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|---|---|
| <b>REVENUES</b>  |                     |   |   |
| Taxes:   |                     |   |   |
| Gross receipts tax   | \$ 2,195,102        | \$ 117,327                              | \$ 2,312,429                            |
| Property taxes   | 558,443             | -                                       | 558,443                                 |
| Lodgers' tax   | -                   | 421,480                                 | 421,480                                 |
| Other state shared taxes                                     | 259,003             | -                                       | 259,003                                 |
| Franchise tax  | 169,467             | -                                       | 169,467                                 |
| Licenses and permits   | 35,094              | -                                       | 35,094                                  |
| Intergovernmental:   |                     |   |   |
| Federal grants   | 167,034             | 136,059                                 | 303,093                                 |
| State grants   | 1,125,427           | 1,241,760                               | 2,367,187                               |
| Charges for services   | 1,051,626           | 42,649                                  | 1,094,275                               |
| Fines and forfeitures  | 87,489              | 24,068                                  | 111,557                                 |
| State shared gross receipts tax                              | 1,957,099           | -                                       | 1,957,099                               |
| Other  | 93,154              | 163,774                                 | 256,928                                 |
| Investment   | 12,647              | 1,645                                   | 14,292                                  |
| <b>Total revenues</b>  | <u>7,711,585</u>    | <u>2,148,762</u>                        | <u>9,860,347</u>                        |
| <b>EXPENDITURES</b>  |                     |   |   |
| <b>Current operations:</b>                                   |                     |   |   |
| General government   | 1,587,913           | 69,026                                  | 1,656,939                               |
| Judicial   | 144,468             | -                                       | 144,468                                 |
| Public safety  | 2,893,044           | 459,802                                 | 3,352,846                               |
| Public works   | 949,430             | -                                       | 949,430                                 |
| Culture and recreation                                       | 941,624             | 783,714                                 | 1,725,338                               |
| <b>Debt service:</b>   |                     |   |   |
| Principal  | -                   | 169,087                                 | 169,087                                 |
| Interest   | -                   | 60,146                                  | 60,146                                  |
| Fees and other   | -                   | 3,635                                   | 3,635                                   |
| <b>Capital outlay:</b>                                       | <u>175,808</u>      | <u>1,147,442</u>                        | <u>1,323,250</u>                        |
| <b>Total expenditures</b>                                    | <u>6,692,287</u>    | <u>2,692,852</u>                        | <u>9,385,139</u>                        |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | 1,019,298           | ( 544,090)                              | 475,208                                 |
| <b>Other financing sources (uses):</b>                       |                     |   |   |
| Debt proceeds  | -                   | -                                       | -                                       |
| Gain on disposition of assets                                | 124,990             | -                                       | 124,990                                 |
| Transfers in   | 501,200             | 623,877                                 | 1,125,077                               |
| Transfers out  | ( 921,615)          | ( 178,415)                              | ( 1,100,030)                            |
| <b>Total other financing<br/>sources (uses)</b>              | <u>( 295,425)</u>   | <u>445,462</u>                          | <u>150,037</u>                          |
| <b>Net change in fund balances</b>                           | <u>723,873</u>      | <u>( 98,628)</u>                        | <u>625,245</u>                          |
| <b>Fund balances, beginning of year</b>                      | <u>1,369,383</u>    | <u>1,214,318</u>                        | <u>2,583,701</u>                        |
| <b>Fund balances, end of year</b>                            | <u>\$ 2,093,256</u> | <u>\$ 1,115,690</u>                     | <u>\$ 3,208,946</u>                     |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the Statement of Net Position are different because:

|  |    |         |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 625,245 |
|--|----|---------|

|   |   |          |
|---|---|----------|
| Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and the gain on the disposition of assets. | ( | 325,735) |
|---|---|----------|

Long-term liabilities are not due in the current period and, therefore, are not reported in the funds.

|                                  |               |         |
|----------------------------------|---------------|---------|
| Long-term debt                   | 169,087       |         |
| Changes in net pension liability | <u>84,160</u> | 253,247 |

|   |   |               |
|---|---|---------------|
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | ( | <u>4,075)</u> |
|---|---|---------------|

|   |    |                |
|---|----|----------------|
| Change in net position of governmental activities | \$ | <u>548,682</u> |
|---|----|----------------|

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                      | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|----------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>         |                   | <u>Final Budget<br/>Positive<br/>(Negative)</u>         |
| <b>REVENUES</b>  |                         |                      |                   |   |
| Taxes:   |                         |                      |                   |   |
| Gross receipts tax   | \$ 1,965,000            | \$ 1,965,000         | \$ 2,175,101      | \$ 210,101  |
| Property taxes   | 575,724                 | 575,724              | 559,714           | ( 16,010)   |
| Other state shared taxes                                     | 275,500                 | 275,500              | 261,029           | ( 14,471)   |
| Franchise tax  | 235,000                 | 235,000              | 176,100           | ( 58,900)   |
| Licenses and permits   | 39,690                  | 39,690               | 35,094            | ( 4,596)  |
| Intergovernmental:   |                         |                      |                   |   |
| Federal grants   | 226,930                 | 266,930              | 167,091           | ( 99,839)   |
| State grants   | 353,485                 | 395,936              | 1,101,888         | 705,952   |
| Charges for services   | 1,413,000               | 1,413,000            | 1,023,093         | ( 389,907)  |
| Fines and forfeitures  | 90,250                  | 90,250               | 87,489            | ( 2,761)  |
| State shared gross receipts tax                              | 1,725,000               | 1,725,000            | 1,949,957         | 224,957   |
| Other  | 122,500                 | 122,500              | 93,154            | ( 29,346)   |
| Investment   | 1,000                   | 1,000                | 1,000             | -   |
| <b>Total revenues</b>  | <u>7,023,079</u>        | <u>7,105,530</u>     | <u>7,630,710</u>  | <u>525,180</u>  |
| <b>EXPENDITURES</b>  |                         |                      |                   |   |
| <b>Current operations:</b>                                   |                         |                      |                   |   |
| General government   | 1,577,286               | 1,659,286            | 1,594,444         | 64,842  |
| Judicial   | 149,452                 | 155,952              | 144,583           | 11,369  |
| Public safety  | 3,005,250               | 2,907,829            | 2,815,404         | 92,425  |
| Public works   | 922,735                 | 941,235              | 895,408           | 45,827  |
| Culture and recreation                                       | 955,134                 | 978,396              | 932,439           | 45,957  |
| <b>Capital Outlay</b>  | <u>341,596</u>          | <u>348,096</u>       | <u>314,863</u>    | <u>33,233</u>   |
| <b>Total expenditures</b>                                    | <u>6,951,453</u>        | <u>6,990,794</u>     | <u>6,697,141</u>  | <u>293,653</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | 71,626                  | 114,736              | 933,569           | 818,833   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                         |                      |                   |   |
| Gain on disposition of assets                                | -                       | -                    | 124,990           | 124,990   |
| Transfers in   | 489,232                 | 535,732              | 501,200           | ( 34,532)   |
| Transfers out  | ( 911,692)              | ( 983,192)           | ( 921,615)        | 61,577  |
| <b>Total other financing sources (uses)</b>                  | <u>( 422,460)</u>       | <u>( 447,460)</u>    | <u>( 295,425)</u> | <u>152,035</u>  |
| <b>Net change in fund balances</b>                           | <u>\$ ( 350,834)</u>    | <u>\$ ( 332,724)</u> | <u>\$ 638,144</u> | <u>\$ 970,868</u>                                       |
| Beginning cash & investment balance                          | \$ 1,238,473            | \$ 1,238,473         |                   |   |
| <b>RECONCILIATION TO GAAP BASIS</b>                          |                         |                      |                   |   |
| Net increase (decrease) in fund balances budget basis        |                         |                      | \$ 638,144        |   |
| Change in receivables  |                         |                      | 80,875            |   |
| Change in payables   |                         |                      | <u>4,854</u>      |   |
| <b>Net change in fund balances GAAP basis</b>                |                         |                      | <u>\$ 723,873</u> |   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

**ASSETS**

**Current assets:**

|  |                  |
|--|------------------|
| Cash and cash equivalents                                | \$ 191,253       |
| Accounts receivable (net of allowance for uncollectible) | 1,348,992        |
| Due from other funds                                     | 62,913           |
| Inventory  | <u>83,806</u>    |
| <b>Total current assets</b>                              | <u>1,686,964</u> |

**Restricted assets:**

|   |                  |
|---|------------------|
| Customer meter deposits                                 | 84,891           |
| Debt payments and reserves                              | 617,249          |
| Landfill improvements & closures and solid waste issues | 348,575          |
| Water rights  | <u>15,050</u>    |
| <b>Total restricted assets</b>                          | <u>1,065,765</u> |
| <b>Total assets</b>                                     | <u>2,752,729</u> |

**Deferred outflow of resources**

|  |                |
|--|----------------|
| Real estate contract - land sale           | 336,085        |
| Deferred outflows - pension related        | 321,684        |
| Deferred loan & bond issue fees            | <u>63,001</u>  |
| <b>Total deferred outflow of resources</b> | <u>720,770</u> |

**Plant in service:**

|  |                      |
|--|----------------------|
| <b>Non-depreciable assets</b>                          |                      |
| Land   | 337,961              |
| <b>Depreciable assets</b>                              |                      |
| Natural gas system                                     | 2,868,960            |
| Water and sewer system                                 | 29,453,048           |
| Solid waste equipment                                  | 3,948,925            |
| Less accumulated depreciation                          | <u>( 18,713,360)</u> |
| <b>Total property, plant and equipment</b>             | <u>17,895,534</u>    |
| <b>Total assets and deferred outflows of resources</b> | <u>21,369,033</u>    |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

**LIABILITIES**

**Current Liabilities:**

|                                  |                |
|----------------------------------|----------------|
| Accounts payable                 | 66,267         |
| Accrued interest payable         | 29,390         |
| Due to other funds               | 358,986        |
| Current portion capital lease    | 77,688         |
| Current portion long-term debt   | <u>314,836</u> |
| <b>Total current liabilities</b> | <u>847,167</u> |

**Long term liabilities:**

|  |                  |
|--|------------------|
| Utility meter deposits                       | 84,891           |
| Compensated absences                         | 124,112          |
| Net pension liability                        | 1,558,627        |
| Landfill closure and post closing liability  | 767,432          |
| Capital lease payable                        | 270,338          |
| Bonds and loans payable less current portion | <u>4,611,314</u> |
| <b>Total long-term liabilities</b>           | <u>7,416,714</u> |
| <b>Total liabilities</b>                     | <u>8,263,881</u> |

**Deferred inflow of resources**

|  |                |
|--|----------------|
| Deferred inflows - pension related         | 610,832        |
| Real estate contract deferred gain         | <u>155,422</u> |
| <b>Total deferred outflow of resources</b> | <u>766,254</u> |

**Net Position**

|                                  |                      |
|----------------------------------|----------------------|
| Net investment in capital assets | 12,591,968           |
| Restricted for debt service      | 1,065,765            |
| Restricted for construction      | -                    |
| Unrestricted                     | <u>( 1,318,835)</u>  |
| <b>Total net position</b>        | <u>\$ 12,338,898</u> |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

|   | <b>Total</b>  |
|---|---------------|
| <b>Operating Revenues:</b>                          |               |
| Charges for services                                | \$ 7,476,211  |
| Connection charges                                  | 78,579        |
| Other revenue                                       | 54,846        |
| <b>Total operating revenues</b>                     | 7,609,636     |
| <br><b>Operating Expenses:</b>                      |               |
| Natural gas purchases                               | 1,319,278     |
| Salaries  | 1,793,532     |
| Benefits  | 562,373       |
| Other operating expense                             | 2,774,706     |
| Depreciation  | 1,318,363     |
| Payment in lieu of taxes                            | 300,584       |
| <b>Total operating expenses</b>                     | 8,068,836     |
| <b>Operating income (loss)</b>                      | ( 459,200)    |
| <br><b>Non-operating income (deductions):</b>       |               |
| Taxes   | 100,309       |
| Interest income                                     | 18,204        |
| Interest expense                                    | ( 116,355)    |
| Transfers in (out) from other funds                 | ( 25,047)     |
| Federal and state grants                            | 776,168       |
| <b>Total non-operating<br/>income (deductions)</b>  | 753,279       |
| <b>Change in net position</b>                       | 294,079       |
| <b>Net position, beginning of year, as restated</b> | 12,044,819    |
| <b>Net position, end of year</b>                    | \$ 12,338,898 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

|  |                     |
|--|---------------------|
| <b>Cash flows from operating activities</b>  |                     |
| Cash received from customers   | \$ 7,587,644        |
| Cash payments to employees for services  | (2,337,051)         |
| Cash payments to suppliers for goods and services  | (4,496,609)         |
| Net cash provided by operating activities  | <u>753,984</u>      |
| <b>Cash flows from noncapital financing activities</b>   |                     |
| Net transfers and due to other funds   | (25,047)            |
| Taxes received   | 100,309             |
| Net cash provided by capital and related activities  | <u>75,262</u>       |
| <b>Cash flows from investing activities</b>  |                     |
| Interest income  | 18,204              |
| Net cash used by capital and related activities  | <u>18,204</u>       |
| <b>Cash flows from capital investing activities</b>  |                     |
| Debt proceeds  | 1,365,357           |
| Acquisition of capital assets  | (2,378,842)         |
| Capital leases   | -                   |
| Capital grants   | 776,168             |
| Principal paid on debt   | (337,611)           |
| Interest paid on debt  | (117,432)           |
| Net cash used by capital financing activities  | <u>(692,360)</u>    |
| Net decrease in cash and cash equivalents  | 155,090             |
| Cash and equivalents beginning of year   | <u>1,101,928</u>    |
| Cash and equivalents end of year   | <u>\$ 1,257,018</u> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                     |
| Operating income   | \$( 459,200)        |
| Adjustments to reconcile operating income to net cash provided (used) in operating activities: |                     |
| Depreciation expense   | 1,318,363           |
| Disposition of capital assets  | -                   |
| Decrease (increase) in customer receivable   | ( 22,860)           |
| Decrease (increase) in receivable sale of capital asset  | 4,269               |
| Decrease (increase) pension related  | ( 75,543)           |
| Decrease (increase) in inventory   | (15,396)            |
| Decrease (increase) in deferred loan fees  | 4,568               |
| Increase (decrease) in accounts payable  | (24,412)            |
| Increase (decrease) in deferred gain on rec  | (4,270)             |
| Increase (decrease) in customer deposits   | 868                 |
| Increase (decrease) in compensated absences  | 18,854              |
| Increase (decrease) in liability for landfill closure  | <u>8,743</u>        |
| Net cash provided by operating activities  | <u>\$ 753,984</u>   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Socorro incorporated in 1870 under the laws of the State of New Mexico. The City operates under a Mayor - Council form of government and provides services as authorized by its charter: public safety, highways and streets, sanitation, health and welfare, culture and recreation, planning and zoning, and general administrative services.

**A. Reporting Entity**

This summary of significant accounting policies of the City of Socorro are presented to assist in the understanding of the City of Socorro's financial statements. The financial statements and notes are the representation of the City of Socorro's management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP).

The basic (but not the only) criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has no component units.



**STATE OF NEW MEXICO  
CITY OF SOCORRO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**B. Government-Wide and Fund Financial Statements**

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**STATE OF NEW MEXICO**  
**CITY OF SOCORRO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. Socorro County, the collecting agent for the City property tax, is unable to report the amount of delinquent tax currently due to the City.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

The **Joint Enterprise Fund** is used to account for the activities of the City's natural gas, water, wastewater, solid waste, landfill and recycling operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**D. Assets, Liabilities, Net Position and Fund Balance**

**Cash Equivalents and Investments**

Cash and investments include amounts in demand deposits, certificates of deposit and investments. All amounts included in pooled cash and investments with an original maturity of 90 days or less are considered to be cash equivalents for the purposes of the statement of cash flows. Investments are stated at fair market value.

**Receivables**

Accounts receivable of the enterprise fund represents the amounts due from customer utility accounts. Customers are billed jointly for charges of gas, water, wastewater, and solid waste disposal services. The governmental funds report taxes and other fees collected at the City, County and State level as receivables.

**Supply Inventories**

The cost of inventory items in the joint enterprise fund, consisting primarily of parts and supplies, are recorded at last cost. Expenditures are recorded as the inventory items are consumed.

**Restricted Assets**

Certain resources of the governmental and enterprise funds are set aside for revenue bond and note repayment and replacement reserves and are classified as restricted assets on the balance sheet because the use of these monies is limited by applicable bond covenants and loan documents. The City also sets aside the environmental gross receipts tax collection and a certain portion of refuse collection fees for purchase of future water rights as may be needed by the City. In addition, customers' meter deposit monies are classified as restricted assets.

**Real Estate Contract – Land Sale**

For the government-wide financial statements, the City recognizes income on real estate sales by recording the entire gross profit on sales that meet the requirements for the accrual method. Transactions that do not meet the requirements for the accrual method are recorded using the deposit method or installment method until the requirements for the accrual method are met. Under the deposit method, cash received is recorded as a deposit. Under the installment method, the City records the entire contract price and the related costs at the time the transaction is recognized as a sale, but the gross profit is deferred and recognized as payments are received on the related contract receivable. In the financial statements for the governmental funds, the City recognizes income from the sale of real estate when the principal on mortgage contracts are collected. At the time of the sale, the principal on the real estate contracts are recorded as deferred revenue.

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**Capital Assets**

Capital assets, which include property, plant, equipment, improvements, and water and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has chosen the prospective reporting of general infrastructures assets. The costs of library books at conversion were determined to be fully depreciated. Current year purchases of library books do not warrant capitalization.

Interest incurred during the construction phase of capital assets of business type activities is included as part of the capitalized value of the asset constructed. During the year the City did not capitalize any interest costs.

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

Property, improvements, equipment, and water and sewer system are depreciated using the straight-line method over the following useful lives:

| Assets                             | Years   |
|------------------------------------|---------|
| Data Processing Equipment          | 3       |
| Software                           | 5       |
| Office Equipment                   | 5       |
| Motor Vehicles                     | 5       |
| Office Furniture                   | 10      |
| Non Office Equipment and Ambulance | 10      |
| Fire Truck, Facility Improvements  | 20      |
| Buildings                          | 20 - 40 |

**Compensated Absences**

The City's employees earn vacation leave, which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave accrues at the rate of eight hours per month. Employees who have accumulated sick leave in excess of 600 hours may convert to pay (not to exceed 500 hours) the amount in excess at a rate of two hours of sick leave to one hour of cash payment. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as

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liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**Fund Balances**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantor, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City council the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been committed for use in satisfying those contractual requirements.

*Assigned fund balance.* This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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**Deferred Outflows of Resources**

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

**Deferred Inflows of Resources**

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources.

**Pensions**

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

**New Accounting Standards Adopted**

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

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

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GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government’s fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity’s beginning net position and expense in the initial period of implementation. This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

**Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**Recently Issued and Adopted Accounting Pronouncements**

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. GASB 65 has been adopted for the year ending June 30, 2014.

**E. Proprietary Activity Accounting and Financial Reporting**

The City currently has a policy to apply Governmental Accounting Standards Board (GASB) pronouncements and the Financial Accounting Standards Board (FASB) Statements issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements to all proprietary activities.

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**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

|  |                     |
|--|---------------------|
| Bonds and loans payable current  | \$ 172,897          |
| Bonds and loans payable  | 2,061,969           |
| Accrued interest payable   | 5,618               |
| Loan fees  | ( 11,464)           |
| Difference deferred gain - land sale   | ( 5,794)            |
| Compensated absences   | 220,875             |
| Net pension liability  | 4,665,442           |
| Deferred inflows- pension related  | ( 654,519)          |
| Deferred outflows - pension related  | <u>1,390,871</u>    |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ 7,845,895</u> |

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

|  |                     |
|--|---------------------|
| Capital outlay   | \$ 1,323,250        |
| Depreciation expense   | <u>(1,648,985)</u>  |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (325,735)</u> |

Another element of that reconciliation states, “the issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-



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term debt consumes the current financial resources of the governmental funds.” The details of this difference as follows:

|  |                   |
|--|-------------------|
| Bond and loan payable  | \$ 169,087        |
| Changes in net pension liability   | <u>84,160</u>     |
| Net adjustment to increase net changes in fund balances -<br>total governmental funds to arrive at changes in net<br>assets of governmental activities | <u>\$ 253,247</u> |

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

|  |                   |
|--|-------------------|
| Compensated absences   | \$ (3,199)        |
| Gain on sale of assets   | (204)             |
| Accrued interest   | 676               |
| Amortization of loan fees  | <u>(1,348)</u>    |
| Net adjustment to decrease net changes in fund balances -<br>total governmental funds to arrive at changes in net<br>assets of governmental activities | <u>\$ (4,075)</u> |

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the City Clerk-Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July the operating budget includes proposed expenditures and the means of financing them based on previous year’s history. Public hearings are conducted at the City Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The City Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, the City Council and New Mexico Department of Finance, Division of Local Governments must approve any revisions that alter the total expenditures of any funds. The original budget that was adopted in July was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for each fund.
4. Encumbrances are not reported in the budgets or financial statements.

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5. The expenditures or expenses may not legally exceed appropriations for each budget, at the fund level. Appropriations lapse at year end.
6. Budgets for the funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for the funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

**Cash and Investments**

The City can invest in; bonds or negotiable securities of the United States, the state of other governments; and other securities, contracts or obligations that are backed by the full faith and credit of the United States government. If the City is unable to invest with the bank at the rate of interest set forth by the State of New Mexico (which is no less than one hundred percent of the asked price on United States Treasury bills of the same maturity on the day of deposit) then the City may invest with the New Mexico State Treasurer's short term investment pool.

At June 30, 2015, the City had cash and cash equivalents on deposit with local financial institutions, consisting of checking accounts and certificates of deposits that are carried at cost, which also have values approximating market value. The City also had funds held by the New Mexico Finance Authority in bank funds secured by US Treasury Funds. Investments are held at Wells Fargo Brokerage Services secured by the United States government. Following is a schedule as of June 30, 2015, of the cash and cash equivalents and collateral pledged to secure the public funds on deposit. All funds are held in the name of the City in financial institutions that have exceeded the minimum collateral requirements. All financial institutions have pledged collateral with securities held by their trust department or agent in the financial institutions name.

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|  | Balance<br>Per Bank<br>6-30-15 | Add<br>Deposits<br>In Transit | Less<br>Outstanding<br>Checks | Adjustment        | Balance<br>Per Books<br>6-30-15 |
|--|--------------------------------|-------------------------------|-------------------------------|-------------------|---------------------------------|
| First State Bank of Socorro:                       |                                |                               |                               |                   |                                 |
| Checking Account Operating                         | \$ 1,475,632                   | \$ 6,168                      | \$ 673,210                    | \$ (1,656)        | \$ 806,934                      |
| Checking Account Payroll                           | 64,959                         | -                             | 63,313                        | -                 | 1,646                           |
| Investment Account                                 | 1,382,472                      | -                             | -                             | -                 | 1,382,472                       |
| Checking Account E-Pay                             | 7,006                          | 1,842                         | -                             | -                 | 8,848                           |
| Checking CDBG Drainage Improvement                 | 61,971                         | -                             | -                             | -                 | 61,971                          |
| Bank of America :                                  |                                |                               |                               |                   |                                 |
| Checking Account Operating                         | <u>47,602</u>                  | <u>-</u>                      | <u>-</u>                      | <u>-</u>          | <u>47,602</u>                   |
| Total Cash in Banks                                | <u>\$ 3,039,642</u>            | <u>\$ 8,010</u>               | <u>\$ 736,523</u>             | <u>\$ (1,656)</u> | 2,309,473                       |
| Funds Held by the New Mexico<br>Finance Authority: |                                |                               |                               |                   |                                 |
| State Treasurers Office                            |                                |                               |                               |                   | 557,502                         |
| Wells Fargo Brokerage Services                     |                                |                               |                               |                   | 755,115                         |
| Plus Cash on Hand                                  |                                |                               |                               |                   | <u>550</u>                      |
| Total Cash and Investments Per Books               |                                |                               |                               |                   | <u>\$ 3,622,640</u>             |
| As Reported in Financial Statements:               |                                |                               |                               |                   |                                 |
| Investments: Unrestricted                          |                                |                               |                               |                   | \$ 755,115                      |
| Cash: Unrestricted                                 |                                |                               |                               |                   | 1,379,843                       |
| Restricted   |                                |                               |                               |                   | <u>1,487,682</u>                |
|  |                                |                               |                               |                   | <u>\$ 3,622,640</u>             |

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation.

|  | First State Bank<br>of Socorro | Bank of<br>America | Total             |
|--|--------------------------------|--------------------|-------------------|
| Amount on Deposit in Bank                          | \$ 2,992,040                   | \$ 47,574          | \$ 3,039,614      |
| Less FDIC Coverage                                 | (250,000)                      | (47,574)           | (297,574)         |
| Uninsured Public Funds                             | <u>2,742,040</u>               | <u>-</u>           | <u>2,742,040</u>  |
| Collateral pledged :                               | STATED AT                      |                    |                   |
| Safekeeping agent, First State Bank, Socorro, NM   |                                |                    |                   |
| US Treasury Notes CUSIP #912810DZ8                 | FMV 962,072                    | -                  | 962,072           |
| FFCB Non CBL Cuspid 31331VKU9                      | FMV 517,218                    | -                  | 517,218           |
|  | <u>1,479,290</u>               | <u>-</u>           | <u>1,479,290</u>  |
| Uninsured and uncollateralized                     | <u>\$ -</u>                    | <u>\$ -</u>        | <u>\$ -</u>       |
| Collateral requirement<br>(50% of uninsured funds) | \$ 1,371,020                   | \$ -               | \$ 1,371,020      |
| Pledged collateral                                 | <u>1,479,290</u>               | <u>-</u>           | <u>1,479,290</u>  |
| Over (under) collateralized                        | <u>\$ 108,270</u>              | <u>\$ -</u>        | <u>\$ 108,270</u> |

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Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. As of June 30, 2015 \$2,742,040 of the City's bank balance of \$3,039,642 was exposed to custodial credit risk as follows:

|   | First State<br>Bank | Bank of<br>America |
|---|---------------------|--------------------|
| Uninsured and uncollateralized  | \$ -                | \$ -               |
| Uninsured and collateral held by pledging<br>bank's trust department in the Bank's name | 2,742,040           | -                  |
| <b>Total</b>  | <b>\$ 2,742,040</b> | <b>\$ -</b>        |

There are twelve cash accounts managed by the New Mexico Finance Authority (NMFA), on deposit with the State Treasurer's office, in NMFA's name and are held for the benefit of the City. These accounts expose the City to custodial credit risk of \$557,502.

| <b>NMFA</b>                          |           |                |
|--------------------------------------|-----------|----------------|
| NMFA (Landfill) Reserves             | \$        | 78,175         |
| NMFA (Road) Reserves                 |           | 8,526          |
| NMFA (Infrastructure) Reserves       |           | 95,733         |
| NMFA (Landfill) Reserves             |           | 26,387         |
| NMFA New Landfill Cell               |           | 21,716         |
| NMFA (Road) Intercept                |           | 9,373          |
| NMFA (Infrastructure) Intercept      |           | 49,076         |
| NMFA (Landfill) Intercept            |           | 18,121         |
| NMFA Fire Station                    |           | 12             |
| NMFA Rodeo Sports Facility proceeds  |           | 155,875        |
| NMFA Rodeo Sports Facility           |           | 13,757         |
| NMFA Rodeo Sports Facility (reserve) |           | 80,751         |
| <b>Total</b>                         | <b>\$</b> | <b>557,502</b> |

The City invests idle cash under the guidelines of the State of New Mexico Statute 6-10-11 which authorizes investments in the following instruments:

- 1) Bonds or negotiable securities of the United States, the state or a county, municipality or school district that has a taxable valuation or real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- 2) Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States, the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank or the student loan marketing association or are backed by the full faith and credit of the United States government.

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As of June 30, 2015 the City had the following investments held at Wells Fargo Brokerage Services:

|                                 | <u>Fair Value</u> | <u>Current</u> |
|---------------------------------|-------------------|----------------|
| Wells Fargo Adv. Government MMF | \$ 755,115        | \$ 755,115     |

*Custodial Credit Risk – Investments*

In accordance with GASB 40, the City’s investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the counterparty. All of the City’s investments are purchased through Wells Fargo Brokerage Services. Wells Fargo & Company holds all U.S. depository – eligible securities with the federally regulated Depository Trust Company (DTC) or through the Federal Reserve Bank System in Wells Fargo’s name. The Advanced Government Money Market Fund investment of the City meet the above criteria and the cost subject to custodial credit risk is \$755,115. The City does not have a formal investment policy to limit this risk.

*Interest Rate Risk – Investments*

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk – Investments*

As noted above the City follows the guidelines provided by the State of New Mexico for its investments. The City’s investments in Government Money Market were rated AAA by Moody’s Investor Services and AAAM by Standard & Poors.

*Concentration of Credit Risk – Investments*

The City places no limit on the amount the City may invest in any one issuer. 100% of the City’s investments are in Government Money Market.

**Investments as Stated in Report:**

|              |            |
|--------------|------------|
| General Fund | \$ 755,115 |
| Total        | \$ 755,115 |

**4. DETAILED NOTES ON ALL FUNDS**

**Receivables**

Receivables as of year-end for the City’s individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

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|                                       | <u>Governmental Funds</u> |                  |                          | Total               |
|---------------------------------------|---------------------------|------------------|--------------------------|---------------------|
|                                       | <u>General</u>            | Non-<br>major    | Joint Enterprise<br>Fund |                     |
| Receivables:                          |                           |                  |                          |                     |
| Customer Accounts                     | \$ 404,050                | \$ -             | \$ 1,384,401             | \$ 1,788,451        |
| Property Taxes                        | 11,276                    | -                | -                        | 11,276              |
| Franchise Taxes                       | 13,475                    | -                | -                        | 13,475              |
| Gross Receipts Taxes                  | 365,525                   | -                | -                        | 365,525             |
| Lodgers' Tax                          |                           | 41,779           | -                        | 41,779              |
| Motor Vehicle Fees                    | 922                       | -                | -                        | 922                 |
| Other Governments                     | <u>64,285</u>             | <u>13,619</u>    | <u>35,973</u>            | <u>113,877</u>      |
| Gross receivables                     | 859,533                   | 55,398           | 1,420,374                | 2,335,305           |
| Less: allowance for<br>uncollectibles | <u>292,016</u>            | <u>-</u>         | <u>71,382</u>            | <u>363,398</u>      |
| Net total receivables                 | <u>\$ 567,517</u>         | <u>\$ 55,398</u> | <u>\$ 1,348,992</u>      | <u>\$ 1,971,907</u> |

**Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows (see next page):

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**Primary Government**

|   | <u>Beginning<br/>Balance</u> | <u>Adjustments/<br/>Increases</u> | <u>Decreases/<br/>Reclassifications</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|-----------------------------------|---|---------------------------|
| <b>Governmental Activities:</b>                 |                              |                                   |   |                           |
| Capital assets, not being depreciated:          |                              |                                   |   |                           |
| Land  | \$ 301,819                   | \$ -                              | \$ -                                    | \$ 301,819                |
| Construction in progress                        | <u>-</u>                     | <u>-</u>                          | <u>-</u>                                | <u>-</u>                  |
| Total capital assets not being depreciated      | <u>301,819</u>               | <u>-</u>                          | <u>-</u>                                | <u>301,819</u>            |
| Capital assets, being depreciated:              |                              |                                   |   |                           |
| Buildings and improvements                      | 10,020,278                   | 680,940                           | -                                       | 10,701,218                |
| Equipment and vehicles                          | 7,132,371                    | 642,310                           | -                                       | 7,774,681                 |
| Infrastructure                                  | <u>11,839,627</u>            | <u>-</u>                          | <u>-</u>                                | <u>11,839,627</u>         |
| Total capital assets being depreciated          | <u>28,992,276</u>            | <u>1,323,250</u>                  | <u>-</u>                                | <u>30,315,526</u>         |
| Less accumulated depreciation:                  |                              |                                   |   |                           |
| Buildings and improvements                      | 4,663,059                    | 1,209,566                         | -                                       | 5,872,625                 |
| Equipment and vehicles                          | 5,162,610                    | 436,566                           | -                                       | 5,599,176                 |
| Infrastructure                                  | <u>3,293,497</u>             | <u>2,853</u>                      | <u>-</u>                                | <u>3,296,350</u>          |
| Total accumulated depreciation                  | <u>13,119,166</u>            | <u>1,648,985</u>                  | <u>-</u>                                | <u>14,768,151</u>         |
| Total capital assets being<br>depreciated, net  | <u>15,873,110</u>            | <u>(325,735)</u>                  | <u>-</u>                                | <u>15,547,375</u>         |
| Governmental activities capital<br>assets, net  | <u>\$ 16,174,929</u>         | <u>\$ (325,735)</u>               | <u>\$ -</u>                             | <u>\$ 15,849,194</u>      |
| <b>Business-type Activities:</b>                |                              |                                   |   |                           |
| Capital assets, not being depreciated:          |                              |                                   |   |                           |
| Land  | \$ 337,961                   | \$ -                              | \$ -                                    | \$ 337,961                |
| Construction in progress                        | <u>-</u>                     | <u>-</u>                          | <u>-</u>                                | <u>-</u>                  |
| Total capital assets not being depreciated      | <u>337,961</u>               | <u>-</u>                          | <u>-</u>                                | <u>337,961</u>            |
| Capital assets, being depreciated:              |                              |                                   |   |                           |
| Plant and equipment                             | <u>33,892,091</u>            | <u>2,378,842</u>                  | <u>-</u>                                | <u>36,270,933</u>         |
| Total capital assets being depreciated          | <u>33,892,091</u>            | <u>2,378,842</u>                  | <u>-</u>                                | <u>36,270,933</u>         |
| Less accumulated depreciation:                  |                              |                                   |   |                           |
| Plant and equipment                             | <u>17,394,997</u>            | <u>1,318,363</u>                  | <u>-</u>                                | <u>18,713,360</u>         |
| Total accumulated depreciation                  | <u>17,394,997</u>            | <u>1,318,363</u>                  | <u>-</u>                                | <u>18,713,360</u>         |
| Total capital assets being<br>depreciated, net  | <u>16,497,094</u>            | <u>1,060,479</u>                  | <u>-</u>                                | <u>17,557,573</u>         |
| Business-type activities capital<br>assets, net | <u>\$ 16,835,055</u>         | <u>\$ 1,060,479</u>               | <u>\$ -</u>                             | <u>\$ 17,895,534</u>      |

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Depreciation expense was charged to functions/programs of the primary government as follows:

|   |                     |
|---|---------------------|
| Governmental Activities:                              |                     |
| General government                                    | \$ 187,618          |
| Judicial  | 16,663              |
| Public safety   | 353,545             |
| Public works  | 732,709             |
| Culture and recreation                                | <u>358,450</u>      |
| Total Depreciation Expense - Governmental Activities  | <u>\$ 1,648,985</u> |
| Business-type Activities:                             |                     |
| Natural gas   | \$ 102,290          |
| Water   | 307,050             |
| Waste water   | 574,689             |
| Solid waste   | 57,300              |
| Landfill  | <u>277,034</u>      |
| Total Depreciation Expense - Business-type Activities | <u>\$ 1,318,363</u> |

**Interfund Receivables, Payables and Transfers**

Payment in Lieu of Taxes:

Payments made by the Enterprise Fund to the General Fund in lieu of property and franchise taxes are recorded as an operating expense and revenue in the respective funds. The charges are based on similar tax rates charged to private entities within the City.

Due to/from other funds:

A loan was made to the General Fund from the Joint Enterprise Fund for the purpose of purchasing capital assets. The loan will be repaid at \$5,000 per year. The balance on June 30, 2015 is \$47,000.

The General Fund received insurance proceeds of \$203,528, in prior years which were deposited into the Joint Enterprise Fund. In the prior year the Joint Enterprise Fund borrowed \$92,545 for the purpose of purchasing capital assets. Total due to the General Fund from the Joint Enterprise Fund is \$343,073.

Operating Transfers:

Legally authorized transfers between funds, other than those described above, are recorded as other financing sources and uses in the respective funds.



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Interfund transfers:

|                         | <b>Transfers out</b> |              |                     |               |
|-------------------------|----------------------|--------------|---------------------|---------------|
|                         | General              | Non<br>Major | Joint<br>Enterprise | Total         |
| <b>Transfers in:</b>    |                      |              |                     |               |
| General                 | \$ -                 | \$ -         | \$ 25,047           | \$ 25,047     |
| Nonmajor                | 921,615              | 178,415      | -                   | 1,100,030     |
| <br>Total transfers out | <br>921,615          | <br>178,415  | <br>25,047          | <br>1,125,077 |
| Less transfers in       | (501,200)            | (623,877)    | -                   | (1,125,077)   |
|                         | \$ 420,415           | \$ (445,462) | \$ 25,047           | \$ -          |

**SHORT TERM DEBT:**

The City does not have any short-term debt.

**LONG TERM DEBT:**

**NMFA Loans:**

**High School Road/Michigan Avenue Construction**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for street construction on High School Road/Michigan Avenue. The loan was finalized on September 27, 2002, with the City borrowing \$308,461.

The note payable bears interest at 3.554%, which includes the NMFA administrative expense fee of 0.25%. Principal payments on the loan are due May 1<sup>st</sup> and November 1<sup>st</sup>. The loan matures on May 1, 2022.

Revenues pledged for payment of this loan are the first two increments of the Municipal Infrastructure Gross Receipts Tax pursuant to section 7-1-6.15 and 7-19D-11, and City Ordinance No. 01-09-17, adopted November 5, 2001.

**Infrastructure Projects**

On March 15, 2006 the City entered into a loan agreement with the New Mexico Finance Authority for the completion of infrastructure projects in the amount of \$1,094,999. The note payable bears interest at 3.387%, which includes the NMFA administrative fee of 0.25%.

Principal payments are due May 1<sup>st</sup> and November 1<sup>st</sup>. The loan matures on May 1, 2021. Revenue pledged for payment of this loan are from the State-Shared Gross Receipts Tax to the City made monthly by the New Mexico Department of Taxation and Revenue pursuant to

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Section 7-1-6.4, NMSA 1978, and City Ordinance No. 06-02-06A, adopted on February 6, 2006.

**Fire Station Renovation Project**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the renovation of Fire Station #3 located within the governmental unit. The loan was finalized on September 3, 2010, with the City borrowing \$309,575. The note payable bears interest at 2.392%, with principal payments due annually in May and semi-annual interest payments due in November & May. The payment of the principal and interest due under the loan agreement will be paid solely from the intercept agreement providing for fire protection fund revenues distributed by the State Treasurer to the City, to be redirected to the New Mexico Finance Authority. The loan matures May 1, 2021.

**Rodeo Sports Facility**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the construction of rodeo and sports facilities within the governmental unit. Lodgers' tax revenues of approximately 3% are the pledged revenues for this loan. The loan was finalized on June 14, 2013, with the City borrowing \$1,495,751. The note payable bears interest at 2.344%, with principal payments due monthly. The loan matures May 1, 2038.

**Landfill Scale House**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the purchase of a landfill scale house with associated land improvements. The loan was finalized on July 26, 2002, with the City borrowing \$526,185.

The note bears interest of 4.248%, which includes the NMFA administrative expense fee of 0.25%. Principal payments on the loan are due on May 1<sup>st</sup>, and interest payments are due on May 1<sup>st</sup> and November 1<sup>st</sup>. The loan matures May 1, 2022.

Revenues pledged for payment of this loan are the Municipal Environmental Services Gross Receipts Tax pursuant to section 7-19D-10 and 7-1-6.15, and City resolution No. 02-06-17-1 adopted on June 17, 2002.

**Landfill Improvements**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for a new landfill cell. The loan was finalized on May 15, 2009, with the City borrowing \$1,093,740. The loan has a blended rate of 3.588%. Principal and interest payments on the loan are due on May 1<sup>st</sup> and November 1<sup>st</sup>. The loan matures May 1, 2029.

**Wastewater Treatment Plant**

The City entered into a loan agreement with the New Mexico Health and Environment Department, Environmental Improvement Division, to borrow funds for construction of the wastewater treatment plant. This loan was finalized on April 29, 1998, with the City borrowing \$2,133,619 plus accrued interest of \$187,296 for a total loan balance of \$2,320,915.

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On May 11, 2001, the City refinanced the loan with the New Mexico Health and Environment Department, Environmental Improvement Division. The new note payable bears interest at 2% per annum, with seventeen annual payments, beginning April 30, 2002. The City paid a refinance fee of \$42,912. The refinancing fee is classified as a deferred loan fee on the balance sheet and is being amortized over the life of the loan. The obligation is payable solely from the net revenues of the system.

**Wastewater Treatment Plant Improvements**

The City entered into a loan agreement with the New Mexico Environment Department for the purpose of improving the wastewater facilities of the City. The loan was finalized in December 19, 2009 with the City borrowing \$75,075. The loan bears no interest and principal payments of \$3,754 are due annually in December. The loan matures in December 2029.

**Drinking Water Replacement of Meter Readers**

The City entered into a loan agreement with the New Mexico Environment Department for the purpose of replacing manual-read meters with a drive-by/walk-by automated meter reading system. The loan was finalized on May 28, 2013 with the City borrowing \$183,315. The loan bears interest at .25% and payments of \$18,584 are due annually in June. The loan matures in May 2024.

**Drinking Water System Improvement Project**

The City entered into a loan agreement with New Mexico Finance Authority to finance the design, acquisition, construction, improvement, expansion, repair or rehabilitation of drinking water systems and water supply systems for the community on June 28, 2014. The project is underway and the loan amount to date (excluding debt forgiveness) is \$415,357 with a maximum loan of \$475,200. This loan bears an interest rate of .25%.

**Wastewater Collection System Expansion**

The City entered into a loan agreement with New Mexico Environment Department for the purpose of wastewater system expansion to residents who are currently using ageing septic tanks and other systems for their wastewater disposal. The project is complete and the loan bears interest at 0% with annual payments of \$47,500.

**Revenue Bonds**

The City issued revenue bonds for the business-type activities where the City pledges income derived from the operation of the municipal Joint Water and Sewer System. Revenue bonds outstanding at year end for the business-type activities are as follows:

| <u>Series</u>                     | <u>Original<br/>Issue</u> | <u>Final<br/>Maturity</u> | <u>Interest<br/>Rate</u> | <u>Outstanding</u>  |
|-----------------------------------|---------------------------|---------------------------|--------------------------|---------------------|
| 2010 Joint Utility System         | \$ 132,000                | 2/19/2050                 | 2.625%                   | \$ 122,100          |
| 2011A Joint Utility System        | 515,000                   | 8/4/2051                  | 2.500%                   | 491,000             |
| 2013A Joint Utility System        | 1,230,000                 | 1/18/2053                 | 2.500%                   | 1,190,000           |
| Improvement Revenue Bonds - total |                           |                           |                          | <u>\$ 1,803,100</u> |

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**Lease Purchase-Payable**

On October 13, 2012 the City entered into a lease purchase agreement for a Caterpillar Landfill Compactor. The lease agreement calls for monthly payments of \$7,307 and will be paid in full in fiscal year 2020. The City has capitalized \$549,300 for this lease.

| Lease Payment Requirement<br>FYE June 30, | Principal         | Interest         | Total             |
|---|-------------------|------------------|-------------------|
| 2016                                      | \$ 77,688         | \$ 10,004        | \$ 87,692         |
| 2017                                      | 80,211            | 7,481            | 87,692            |
| 2018                                      | 82,816            | 4,876            | 87,692            |
| 2019                                      | 85,505            | 2,187            | 87,692            |
| 2020                                      | <u>21,806</u>     | <u>116</u>       | <u>21,922</u>     |
|   | <u>\$ 348,026</u> | <u>\$ 24,664</u> | <u>\$ 372,690</u> |

**Loans Payable**

A summary of the terms of revenue bonds and loans outstanding and their corresponding allocations to the governmental and business-type activities at June 30, 2015 follows:

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| <u>Series and Original<br/>Issue Amount</u> | <u>Final<br/>Maturity</u> | <u>Interest<br/>Rate</u> | <u>Outstanding</u> |                     |
|---|---------------------------|--------------------------|--------------------|---------------------|
| <u>Governmental Activities</u>              |                           |                          |                    |                     |
| NMFA Loan                                   | \$308,461                 | 2022                     | 3.554%             | 131,072             |
| NMFA Loan                                   | \$1,094,999               | 2021                     | 3.387%             | 505,783             |
| NMFA Loan                                   | \$309,575                 | 2021                     | 2.392%             | 192,328             |
| NMFA Loan                                   | \$1,495,751               | 2038                     | 2.344%             | 1,405,683           |
| Total governmental activities               |                           |                          |                    | <u>\$ 2,234,866</u> |
| <u>Business-Type Activities</u>             |                           |                          |                    |                     |
| NMFA Loan -Landfill Loan                    | \$526,185                 | 2022                     | 4.248%             | \$ 234,397          |
| NMED Loan                                   | \$2,320,915               | 2018                     | 2.0%               | 423,113             |
| NMED Loan                                   | \$1,093,740               | 2029                     | 3.588%             | 823,309             |
| NMED Loan                                   | \$75,075                  | 2029                     | 0.000%             | 56,305              |
| NMED Loan                                   | \$183,315                 | 2024                     | .25%               | 165,223             |
| NMED Loan                                   | In process                | 2025                     | .25%               | 470,703             |
| NMED Loan                                   | \$950,000                 | 2036                     | 0.0000%            | 950,000             |
| Revenue Bonds                               | \$132,000                 | 2050                     | 2.625%             | 122,100             |
| Revenue Bonds                               | \$515,000                 | 2051                     | 2.500%             | 491,000             |
| Revenue Bonds                               | \$1,230,000               | 2053                     | 2.500%             | 1,190,000           |
| Total business-type activities              |                           |                          |                    | <u>\$ 4,926,150</u> |

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**Governmental Activities**

| Year Ending<br>June 30, | Principal           | Interest          | Admin. Fee       |
|-------------------------|---------------------|-------------------|------------------|
| <b>Notes Payable:</b>   |                     |                   |                  |
| 2016                    | \$ 172,897          | \$ 56,732         | \$ 2,888         |
| 2017                    | 177,073             | 52,846            | 2,554            |
| 2018                    | 181,596             | 48,623            | 2,382            |
| 2019                    | 186,471             | 44,057            | 2,079            |
| 2020                    | 191,749             | 39,100            | 1,766            |
| 2021-2025               | 430,244             | 136,302           | 5,670            |
| 2026-2030               | 302,180             | 94,590            | 3,888            |
| 2031-2035               | 354,136             | 44,242            | 2,279            |
| 2036-2038               | 238,520             | 1,394             | 479              |
| Total                   | <u>\$ 2,234,866</u> | <u>\$ 517,886</u> | <u>\$ 23,985</u> |

**Business-Type Activities**

| Year Ending<br>June 30, | Principal           | Interest          | Admin. Fee      |
|-------------------------|---------------------|-------------------|-----------------|
| <b>Notes Payable:</b>   |                     |                   |                 |
| 2016                    | \$ 284,736          | \$ 48,541         | \$ 586          |
| 2017                    | 289,904             | 46,215            | 513             |
| 2018                    | 295,338             | 40,913            | 436             |
| 2019                    | 154,313             | 35,362            | 356             |
| 2020                    | 157,351             | 29,534            | 273             |
| 2021-2025               | 697,670             | 100,026           | 281             |
| 2026-2030               | 535,500             | 31,064            | -               |
| 2031-2035               | 708,238             | -                 | -               |
| Total                   | <u>\$ 3,123,050</u> | <u>\$ 331,655</u> | <u>\$ 2,445</u> |

**Revenue Bonds Payable:**

| Year Ending<br>June 30, | Principal           | Interest            | Admin. Fee  |
|-------------------------|---------------------|---------------------|-------------|
| 2016                    | \$ 30,100           | \$ 45,349           | \$ -        |
| 2017                    | 30,200              | 44,549              | -           |
| 2018                    | 31,300              | 43,749              | -           |
| 2019                    | 31,300              | 43,049              | -           |
| 2020                    | 31,400              | 42,249              | -           |
| 2021-2025               | 161,800             | 199,245             | -           |
| 2026-2030               | 200,700             | 178,145             | -           |
| 2031-2035               | 229,600             | 150,545             | -           |
| 2036-2040               | 241,000             | 120,945             | -           |
| 2041-2045               | 301,600             | 88,145              | -           |
| 2046-2050               | 317,100             | 49,180              | -           |
| 2051-2053               | 197,000             | 9,700               | -           |
| Total                   | <u>\$ 1,803,100</u> | <u>\$ 1,014,850</u> | <u>\$ -</u> |

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**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2015, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---|------------------------------|---------------------|-------------------|---------------------------|--------------------------------|
| <b>Governmental activities</b>                    |                              |                     |                   |                           |                                |
| Loan Payable                                      | \$ 2,403,953                 | \$ -                | \$ 169,087        | \$ 2,234,866              | \$ 172,897                     |
| Compensated absences                              | <u>217,676</u>               | <u>213,290</u>      | <u>210,091</u>    | <u>220,875</u>            | <u>-</u>                       |
| Governmental activities<br>long-term liabilities  | <u>\$ 2,621,629</u>          | <u>\$ 213,290</u>   | <u>\$ 379,178</u> | <u>\$ 2,455,741</u>       | <u>\$ 172,897</u>              |
| <b>Business-type activities</b>                   |                              |                     |                   |                           |                                |
| Capital Lease                                     | \$ 423,271                   | \$ -                | \$ 75,245         | \$ 348,026                | \$ 77,688                      |
| Loans Payable                                     | 1,989,959                    | 1,365,357           | 232,266           | 3,123,050                 | 284,736                        |
| Revenue Bonds Payable                             | 1,833,200                    |                     | 30,100            | 1,803,100                 | 30,100                         |
| Compensated Absences                              | <u>105,258</u>               | <u>95,969</u>       | <u>77,115</u>     | <u>124,112</u>            | <u>-</u>                       |
| Business-type activities<br>long-term liabilities | <u>\$ 4,351,688</u>          | <u>\$ 1,461,326</u> | <u>\$ 414,726</u> | <u>\$ 5,398,288</u>       | <u>\$ 392,524</u>              |

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

**Landfill Closure and Post Closure Costs**

State and Federal law regulations require the City 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 City 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. The \$767,432 reported as landfill closure liability (includes: landfill closure, post closure care, phase I and phase II assessments and corrective action costs) at June 30, 2015, represents the cumulative amount reported to date based on management's estimates and on the area used by the landfill. Actual costs may differ due to inflation and changes in technology and regulations. The current site was closed in 2014.

During the year ended June 30, 2015, the City received \$58,007 in environmental gross receipts tax for closure and post closure and post closure care costs as well as other solid waste issues. The City has reported restricted cash per the financials at June 30, 2015; \$348,575 of City imposed environmental gross receipts tax and service charge revenue to be used to satisfy the landfill closure and post closure care liability as well as other solid waste cost issues. The City has satisfied State determined financial assurance requirements for closure and post closure costs and related assessments through the State's analysis of the City's present financial stature. The City has received their new landfill permit which is adjacent to the old landfill. The new landfill cells were opened in 2013.

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**Restricted Assets**

The balances of the restricted asset accounts are as follows:

|                                      | <b>Enterprise<br/>Funds</b> |
|--------------------------------------|-----------------------------|
| Meter deposits                       | \$ 84,891                   |
| Debt requirements                    | 617,249                     |
| Land Closure and Solid Waste Reserve | 348,575                     |
| Water Rights Acquisition Reserve     | 15,050                      |
| Total restricted assets              | \$ 1,065,765                |

**POST-EMPLOYMENT BENEFITS:**

**Retirement Plan**

**General Information about the Pension Plan**

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

*Benefits provided.* For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

*Contributions.* The contribution requirements of defined benefit plan members and the City of Socorro are established in state statute under Chapter 10, Article 11, NMSA 1978. The



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contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to City of Socorro are: Municipal General, Municipal Police, and Municipal Fire Division. Statutorily required contributions to the pension plan from the City of Socorro were \$565,878 and employer paid member benefits that were “picked up” by the employer were \$340,903 for the year ended June 30, 2015.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City of Socorro proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

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**For PERA Fund Division Municipal General**, at June 30, 2015, the City of Socorro reported a liability of \$3,093,126 for its proportionate share of the net pension liability. At June 30, 2014, the City of Socorro proportion was 0.3965% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the City of Socorro recognized PERA Fund Division Municipal General Pension expense of \$480,379. At June 30, 2015, the City of Socorro reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ -  | \$1,210,112                                  |
| Changes of assumptions   | -   | 2,096  |
| Net difference between projected and actual earnings on pension plan investments                                     | -   | -  |
| Changes in proportion and differences between City of Socorro contributions and proportionate share of contributions | -   | -  |
| City of Socorro contributions subsequent to the measurement date   | 638,423                                       | -  |
| Total  | \$ 638,423                                    | \$ 1,212,208                                 |

\$638,423 reported as deferred outflows of resources related to pensions resulting from City of Socorro contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

|            |              |
|------------|--------------|
| 2016       | \$ (303,050) |
| 2017       | (303,050)    |
| 2018       | (303,050)    |
| 2019       | (303,050)    |
| 2020       | (8)          |
| Thereafter | -            |

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**For PERA Fund Division Municipal Police**, at June 30, 2015, the City of Socorro reported a liability of \$1,131,182 for its proportionate share of the net pension liability. At June 30, 2014, the City of Socorro proportion was 0.347% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the City of Socorro recognized PERA Fund Division Municipal Police Pension expense of \$85,977. At June 30, 2015, the City of Socorro reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ -  | \$ 420,624                                   |
| Changes of assumptions   | -   | 91,891                                       |
| Net difference between projected and actual earnings on pension plan investments                                     | -   | -  |
| Changes in proportion and differences between City of Socorro contributions and proportionate share of contributions | -   | -  |
| City of Socorro contributions subsequent to the measurement date   | 140,866                                       | -  |
| Total  | <u>\$ 140,866</u>                             | <u>\$ 512,515</u>                            |

\$140,866 reported as deferred outflows of resources related to pensions resulting from City of Socorro contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

|            |              |
|------------|--------------|
| 2016       | \$ (128,014) |
| 2017       | (128,014)    |
| 2018       | (128,014)    |
| 2019       | (128,014)    |
| 2020       | (457)        |
| Thereafter | -            |

**STATE OF NEW MEXICO  
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JUNE 30, 2015**

**For PERA Fund Division Municipal Fire**, at June 30, 2015, the City of Socorro reported a liability of \$1,999,760 for its proportionate share of the net pension liability. At June 30, 2014, the City of Socorro proportion was 0.4791% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the City of Socorro recognized PERA Fund Division Municipal Fire Pension expense of \$176,645. At June 30, 2015, the City of Socorro reported PERA Fund Division Municipal Fire deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ -  | \$ 276,980                                   |
| Changes of assumptions   | 69,421  | 2,096  |
| Net difference between projected and actual earnings on pension plan investments                                     | -   | -  |
| Changes in proportion and differences between City of Socorro contributions and proportionate share of contributions | -   | -  |
| City of Socorro contributions subsequent to the measurement date   | 127,492                                       | -  |
| Total  | <u>\$ 196,913</u>                             | <u>\$ 279,076</u>                            |

\$127,492 reported as deferred outflows of resources related to pensions resulting from City of Socorro contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: |             |
|---------------------|-------------|
| 2016                | \$ (51,976) |
| 2017                | (51,976)    |
| 2018                | (51,976)    |
| 2019                | (51,976)    |
| 2020                | 345         |
| Thereafter          | -           |

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**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

|                              |                                      |
|------------------------------|--------------------------------------|
| Actuarial valuation date     | June 30, 2013                        |
| Actuarial cost method        | Entry age normal                     |
| Amortization method          | Level percentage of pay              |
| Amortization period          | Solved for based on statutory rates  |
| Asset valuation method       | Fair value                           |
| Actuarial assumptions:       |                                      |
| • Investment rate of return  | 7.75% annual rate, net of investment |
| • Payroll growth             | 3.50% annual rate                    |
| • Projected salary increases | 3.50% to 14.25% annual rate          |
| • Includes inflation at      | 3.00% annual rate                    |

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

| ALL FUNDS - Asset Class      | Target Allocation | Long-Term Expected<br>Real Rate of Return |
|------------------------------|-------------------|---|
| US Equity                    | 21.1%             | 5.00%                                     |
| International Equity         | 24.8              | 5.20                                      |
| Private Equity               | 7.0               | 8.20                                      |
| Core and Global Fixed Income | 26.1              | 1.85                                      |
| Fixed Income Plus Sectors    | 5.0               | 4.80                                      |
| Real Estate                  | 5.0               | 5.30                                      |
| Real Assets                  | 7.0               | 5.70                                      |
| Absolute Return              | <u>4.0</u>        | 4.15                                      |
| Total                        | <u>100.0%</u>     |   |

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

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

| <b>PERA Fund Division Municipal General</b>                        | <b>1%<br/>Decrease</b> | <b>Current<br/>Discount<br/>Rate</b> | <b>1%<br/>Increase</b> |
|--|------------------------|--------------------------------------|------------------------|
|  | <b>(6.75%)</b>         | <b>(7.75%)</b>                       | <b>(8.75%)</b>         |
| City of Socorro's proportionate share of the net pension liability | \$ 5,831,237           | \$ 3,093,126                         | \$ 977,803             |

| <b>PERA Fund Division Municipal Police</b>                         | <b>1%<br/>Decrease</b> | <b>Current<br/>Discount<br/>Rate</b> | <b>1%<br/>Increase</b> |
|--|------------------------|--------------------------------------|------------------------|
|  | <b>(6.75%)</b>         | <b>(7.75%)</b>                       | <b>(8.75%)</b>         |
| City of Socorro's proportionate share of the net pension liability | \$ 2,157,166           | \$ 1,131,182                         | \$ 365,094             |

| <b>PERA Fund Division Municipal Fire</b>                           | <b>1%<br/>Decrease</b> | <b>Current<br/>Discount<br/>Rate</b> | <b>1%<br/>Increase</b> |
|--|------------------------|--------------------------------------|------------------------|
|  | <b>(6.75%)</b>         | <b>(7.75%)</b>                       | <b>(8.75%)</b>         |
| City of Socorro's proportionate share of the net pension liability | \$ 2,825,512           | \$ 1,999,760                         | \$ 1,390,737           |

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan.** The City as of June 30, 2015 had an outstanding payable to PERA of \$10,752 for June payroll that was paid in July 2015.

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CITY OF SOCORRO  
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JUNE 30, 2015**

**Deferred Compensation Plan**

The State of New Mexico offers local governments a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all local government employees whose employers have elected participation in the plan, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust by the State of New Mexico for the benefit of the participants.

Approximately twenty eight employees of the City participate in the Deferred Compensation Plan. Neither the City of Socorro nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the City of Socorro, have been paid to New Mexico Public Employees' Retirement Association, which administers the plan.

**Post-Employment Benefits – State Retiree Health Care Plan**

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; 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 postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2015, 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 City of Socorro contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$91,192, \$91,790, and \$92,642 respectively, which equal the required contributions for each year.

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained insurance through the Self Insurance Fund operating as a common risk management and insurance program. The City pays an annual premium to the New Mexico Self Insurers Fund for its general insurance coverage and all risk of loss is transferred.

**Related Party Transactions**

The City's mayor and council members own various businesses in their local area. For the year ending June 30, 2015 the City paid Best Western Hotel \$428 for facility rent, and Bhasker Medical Clinic PC \$9,889 which is owned by Mayor Bhasker. For the year ending June 30, 2015 the City paid Monette Ford \$776 which is owned by Donald Monette, council member, Ernest Welding & Machine \$1,069 which is owned by Earnest Pargas, council member, Toby Jaramillo councilor's business \$675,



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JUNE 30, 2015**

Hicks Paint and Body Shop \$830 which is owned by Gordy Hicks, council member and Scott's Auto \$13,090, which is owned by Peter Romero, council member.

**Joint Powers Agreement**

The City of Socorro and the County of Socorro have entered into an agreement dated September 13, 2011 for sharing of Emergency Medical Services (EMS) and detention center. The City operates an EMS program and the County operates a detention center which will be utilized by both for the health, safety and welfare needs of their respective citizens. The funds exchanged between the City and County will be utilized for the purchase of equipment and maintenance of the facility.

**Capital Outlay Appropriations**

Capital Outlay appropriations are as follows:

| <u>CAPITAL PROJECT FUND</u> | <u>PROJECT<br/>APPROPRIATIONS</u> | <u>2015<br/>EXPENDITURES</u> | <u>EXPENDITURES<br/>TO DATE</u> | <u>PROJECT<br/>FUNDS<br/>OUTSTANDING</u> | <u>APPROPRIATION<br/>PERIOD</u> |
|-----------------------------|-----------------------------------|------------------------------|---------------------------------|--|---------------------------------|
| RODEO ARENA/CONV CENTER     |                                   |                              |                                 |  |                                 |
| 131784                      | \$ 400,000                        | \$ 337,429                   | \$ 400,000                      | \$ -                                     | 8/27/13 - 6/30/17               |
| 14L2008                     | 300,000                           | 233,717                      | 233,717                         | 66,283                                   | 9/9/14-6/30/18                  |
| WWTP/COLLECTION SYSTEM      | 400,000                           | 219,774                      | 219,774                         | 180,226                                  | 10/18/14-6/30/18                |

The term of the grants are contingent upon sufficient state appropriations and may be reverted prior to the expiration dates.

**SUBSEQUENT PRONOUNCEMENTS**

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2016. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the City's financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective

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JUNE 30, 2015**

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective

for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The City does not expect this pronouncement to have an effect on the financial statements as they do not participate in such a plan.

In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Association will implement this standard during the fiscal year ended June 30, 2016.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2017. The City is still evaluating how this pronouncement will effect the financial statements.

**NET POSITION RESTATEMENT**

The City has restated net position in the amount of (\$5,485,954) for Governmental Funds and (\$1,927,395) for the Proprietary Funds for the implementation of GASB 68, which requires the inclusion of the City's proportionate share of the net pension liability related to the City's participation in the Public Employees Retirement Association. As of June 30, 2013 the proportionate share was \$5,485,954 for the Governmental Funds and \$1,927,395 for the Proprietary Funds.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF SOCORRO MUNICIPAL GENERAL & JOINT ENTERPRISE  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2015**

**New Mexico PERA Pension Plan Last  
Last 10 Fiscal Years\*  
(Dollars in Thousands)**

|   | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City's Proportion of the Net Pension Liability (Asset)  | 0.3965%     | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| City's Proportionate Share of Net Pension Liability (Asset) \$  | 3,093       | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| City's Covered-Employee Payroll \$  | 4,809       | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll | 64.32%      | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                      | 81.29%      | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |

\*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See notes to required supplementary information.

STATE OF NEW MEXICO  
CITY OF SOCORRO MUNICIPAL GENERAL & JOINT ENTERPRISE  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2015

New Mexico PERA Pension Plan  
Last 10 Fiscal Years\*  
(Dollars in Thousands)

|  | 2015     | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------|------|------|------|------|------|------|------|------|------|
| Contractually Required Contribution                                  | \$ 638   | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Contributions in Relation to the Contractually Required Contribution | (638)    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Contribution Deficiency (Excess)                                     | \$ -     | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Covered-Employee Payroll   | \$ 4,809 |      |      |      |      |      |      |      |      |      |
| Contributions as a percentage of covered employee-payroll            | 13%      |      |      |      |      |      |      |      |      |      |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total Amount Deferred | Amortization Years | Increase (Decrease) in Pension Expense over Recognition Periods |        |      |      |      |      |      |      |      |      |   |   |
|------|-----------------------|--------------------|---|--------|------|------|------|------|------|------|------|------|---|---|
|      |                       |                    | 2015  | 2016   | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |   |   |
| 2014 | \$ 1,212              | 5                  |   | \$ 303 | 303  | 303  | 303  | 303  | 0    |      |      |      |   |   |
| 2015 | -                     | 5                  |   |        |      |      |      |      |      |      |      |      |   |   |
| 2016 | -                     | 5                  |   |        |      |      |      |      |      |      |      |      |   |   |
| 2017 | -                     | 5                  |   |        |      |      |      |      |      |      |      |      |   |   |
| 2018 | -                     | 5                  |   |        |      |      |      |      |      |      |      |      |   |   |
| 2019 | -                     | 5                  |   |        |      |      |      |      |      |      |      |      |   |   |
| 2020 | -                     | 5                  |   |        |      |      |      |      |      |      |      |      |   |   |
| 2021 | -                     | 5                  |   |        |      |      |      |      |      |      |      |      |   |   |
| 2022 | -                     | 5                  |   |        |      |      |      |      |      |      |      |      |   |   |
| 2023 | -                     | 5                  |   |        |      |      |      |      |      |      |      |      |   |   |
|      | \$ 1,212              |                    |   | \$ 303 | 303  | 303  | 303  | 303  | 0    | -    | -    | -    | - | - |

\*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See notes to required supplementary information.

**STATE OF NEW MEXICO  
CITY OF SOCORRO MUNICIPAL POLICE  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2015**

**New Mexico PERA Pension Plan  
Last 10 Fiscal Years\*  
(Dollars in Thousands)**

|   | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City's Proportion of the Net Pension Liability (Asset)  | 0.347       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| City's Proportionate Share of Net Pension Liability (Asset)   | \$ 1,131    | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| City's Covered-Employee Payroll   | \$ 949      | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll | 119.20%     | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                      | 81.29%      | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |

\*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See notes to required supplementary information.

STATE OF NEW MEXICO  
CITY OF SOCORRO MUNICIPAL POLICE  
SCHEDULE OF THE PROPORATIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2015

New Mexico PERA Pension Plan  
Last 10 Fiscal Years\*  
(Dollars in Thousands)

|  | 2015   | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------|------|------|------|------|------|------|------|------|------|
| Contractually Required Contribution                                  | \$ 141 | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Contributions in Relation to the Contractually Required Contribution | (141)  | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Contribution Deficiency (Excess)                                     | \$ -   | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Covered-Employee Payroll   | \$ 949 |      |      |      |      |      |      |      |      |      |
| Contributions as a percentage of covered employee-payroll            | 15%    |      |      |      |      |      |      |      |      |      |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total Amount<br>Deferred | Amortization Years | Increase (Decrease) in Pension Expense over Recognition Periods |          |          |          |          |          |        |      |      |      |   |   |   |
|------|--------------------------|--------------------|---|----------|----------|----------|----------|----------|--------|------|------|------|---|---|---|
|      |                          |                    | 2015  | 2016     | 2017     | 2018     | 2019     | 2020     | 2021   | 2022 | 2023 | 2024 |   |   |   |
| 2014 | \$ (513)                 | 5                  |   | \$ (128) | \$ (128) | \$ (128) | \$ (128) | \$ (128) | \$ (0) |      |      |      |   |   |   |
| 2015 | -                        | 5                  |   |          |          |          |          |          |        |      |      |      |   |   |   |
| 2016 | -                        | 5                  |   |          |          |          |          |          |        |      |      |      |   |   |   |
| 2017 | -                        | 5                  |   |          |          |          |          |          |        |      |      |      |   |   |   |
| 2018 | -                        | 5                  |   |          |          |          |          |          |        |      |      |      |   |   |   |
| 2019 | -                        | 5                  |   |          |          |          |          |          |        |      |      |      |   |   |   |
| 2020 | -                        | 5                  |   |          |          |          |          |          |        |      |      |      |   |   |   |
| 2021 | -                        | 5                  |   |          |          |          |          |          |        |      |      |      |   |   |   |
| 2022 | -                        | 5                  |   |          |          |          |          |          |        |      |      |      |   |   |   |
| 2023 | -                        | 5                  |   |          |          |          |          |          |        |      |      |      |   |   |   |
|      | \$ (513)                 |                    |   | \$ (128) | (128)    | (128)    | (128)    | (128)    | (0)    | -    | -    | -    | - | - | - |

\*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See notes to required supplementary information.

**STATE OF NEW MEXICO  
CITY OF SOCORRO MUNICIPAL FIRE  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2015**

**New Mexico PERAPension Plan  
Last 10 Fiscal Years\*  
(Dollars in Thousands)**

|   | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City's Proportion of the Net Pension Liability (Asset)  | 0.4791      | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| City's Proportionate Share of Net Pension Liability (Asset)   | \$ 2,000    | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| City's Covered-Employee Payroll   | \$ 794      | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll | 251.79%     | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                      | 81.29%      | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |

\*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See notes to required supplementary information.



STATE OF NEW MEXICO  
CITY OF SOCORRO MUNICIPAL FIRE  
SCHEDULE OF THE PROPORATIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2015

New Mexico PERA Pension Plan  
Last 10 Fiscal Years\*  
(Dollars in Thousands)

|  | 2015   | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------|------|------|------|------|------|------|------|------|------|
| Contractually Required Contribution                                  | \$ 127 | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Contributions in Relation to the Contractually Required Contribution | (127)  | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Contribution Deficiency (Excess)                                     | \$ -   | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Covered-Employee Payroll   | \$ 794 |      |      |      |      |      |      |      |      |      |
| Contributions as a percentage of covered employee-payroll            | 16%    |      |      |      |      |      |      |      |      |      |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total Amount Deferred | Amortization<br>Years | 2015 | 2016     | 2017 | 2018 | 2019    | 2020    | 2021    | 2022    | 2023 | 2024 |
|------|-----------------------|-----------------------|------|----------|------|------|---------|---------|---------|---------|------|------|
|      |                       |                       | 2014 | \$ (208) | 5    |      | \$ (52) | \$ (52) | \$ (52) | \$ (52) | \$ 0 |      |
| 2015 | -                     | 5                     |      |          |      |      |         |         |         |         |      |      |
| 2016 | -                     | 5                     |      |          |      |      |         |         |         |         |      |      |
| 2017 | -                     | 5                     |      |          |      |      |         |         |         |         |      |      |
| 2018 | -                     | 5                     |      |          |      |      |         |         |         |         |      |      |
| 2019 | -                     | 5                     |      |          |      |      |         |         |         |         |      |      |
| 2020 | -                     | 5                     |      |          |      |      |         |         |         |         |      |      |
| 2021 | -                     | 5                     |      |          |      |      |         |         |         |         |      |      |
| 2022 | -                     | 5                     |      |          |      |      |         |         |         |         |      |      |
| 2023 | -                     | 5                     |      |          |      |      |         |         |         |         |      |      |
|      | \$ (208)              |                       |      | \$ (52)  | (52) | (52) | (52)    | 0       | -       | -       | -    | -    |

\*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2015**

*Changes of benefit terms.* The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

*Changes of assumptions.*

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf). The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

## **OTHER SUPPLEMENTARY INFORMATION**

## **NON-MAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS**

**FIRE PROTECTION FUND** – to account for the operations and maintenance of the fire department. Financing is provided by an allotment from the State of New Mexico Fire Marshal’s Office. State Statute Section 59A-53-2, NMSA, 1978 compilation, requires the allotment be used only to operate fire departments.

**RECREATION FUND** – to account for the operation and maintenance of recreational facilities in the City. Financing is provided by program revenue and by a 1 cent tax on cigarette sales which is collected and distributed by the State of New Mexico. State Statute Section 7-12-15, NMSA, 1978 compilation requires this tax be used in the above manner.

**LODGERS TAX FUND** – to account for the operations of tourist facilities or for half of advertising, promoting and publicizing such facilities and tourist attractions. Financing is provided by one and a half percent of a five percent tax on lodging gross receipts within the City of Socorro. State Statute Section 4-6-41 provides for this tax to be imposed by the City.

**LODGERS TAX PROMOTIONAL FUND** – to account for the operations of advertising, publicizing and promoting tourist facilities and tourist attractions. Financing is provided by three and a half percent of a five percent tax on lodging gross receipts within the City of Socorro. State Statute Section 3-3-15, subsection D and E, NMSA, 1978 compilation requires the tax to be used in this manner.

**CONVENTION CENTER FUND** – to account for the costs for design, construction, equipping, furnishing, landscaping, operation and maintenance of the convention center. Financing is provided by a fee charged to each lodger for each day the room within city limited is occupied by a vendor not otherwise exempted by the Act. New Mexico Legislature enacted the Convention Center Financing Act during 2003 Legislative Session and requires the tax to be used in this manner.

**EMERGENCY MEDICAL SERVICES FUND** – to account for the State grants received for the purchase, repair and maintenance of rescue units, ambulance vehicles and emergency equipment and communication system. State Statute Section 24-10A-7, NMSA, 1978 compilation restricts the expenditures to be used for that purpose.

**LAW ENFORCEMENT PROTECTION FUND** – to account for the State grants received for the purchase, repair and maintenance of law enforcement equipment and expenses for law enforcement planning and training. State Statute Section 29-13-1, NMSA, 1978 compilation restricts the expenditures to be used for that purpose.

**CORRECTIONAL FEES FUND** – to account for correctional fees collectable from persons convicted by the municipal judge for violating any motor vehicle ordinance. State Statute Section 35-14-11, NMSA, 1978 compilation restricts the expenditures to the purpose of paying for the care of municipal prisoners.

**SEDILLO PARK RENOVATIONS FUND** – to account for recreational user fees and concession revenues associated with activities conducted at Sedillo Park. The revenues are pledged for the purpose of paying a promissory note, the proceeds of which were used for renovating Sedillo Park.

## **SPECIAL REVENUE FUNDS (continued)**

**LIBRARY FUND** – to account for donations received for the Public Library. Resources are provided by public donations and the interest earned thereon. Expenditures are to be used for activities of the library.

**JUVENILE JUSTICE GRANT** – to account for grant funds used for programs and workshops administered for the benefit of youth.

**E-911 FUND** – to account for the emergency medical system. Resources for the project are provided by a grant and administered by New Mexico Department of Finance.

## **CAPITAL PROJECTS FUNDS**

**AIRPORT IMPROVEMENT FUND** – to account for resources received and used for improvements to the municipal airport. Resources for the project are provided by an FAA Grant, NM Aviation Division Grant and City matching funds.

**STREET IMPROVEMENT FUND** – to account for improvements to streets. Resources for the various projects are provided by the New Mexico State Highway and Transportation Department, State Appropriations, local contributions, City matching contributions and transfers from the General Fund and Enterprise Fund.

**RODEO ARENA FUND** - is used to account for improvements and facilities to the arena and convention center. Resources for this project are provided by federal and state funding in addition to loans and transfers from the General fund.

**CDBG CUBA ROAD PHASE III** - to account for improvements to various roads. Resources for the project are provided by the General Fund, Enterprise Fund and federal and state funding.

## **DEBT SERVICE FUND**

**DEBT SERVICE FUND** – to account for accumulation of monies and payment of interest, principal & required reserves on the Master Equipment Lease Purchase Agreement and the HS Road Intercept and Reserve Fund.

STATE OF NEW MEXICO  
CITY OF SOCORRO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2015

|  | Special Revenue            |                    |                        |                                       |                              |  |
|--|----------------------------|--------------------|------------------------|---------------------------------------|------------------------------|--|
|  | Fire<br>Protection<br>Fund | Recreation<br>Fund | Lodgers<br>Tax<br>Fund | Lodgers<br>Tax<br>Promotional<br>Fund | Convention<br>Center<br>Fund | Emergency<br>Medical<br>Services<br>Fund |
| <b>ASSETS</b>  |                            |                    |                        |                                       |                              |  |
| Cash   | \$ 145,192                 | \$ 14,810          | \$ 154,145             | \$ 185,963                            | \$ 20,972                    | \$ -                                     |
| Cash - restricted                                      | -                          | -                  | -                      | 13,757                                | -                            | -  |
| Investments  | -                          | -                  | -                      | -                                     | -                            | -  |
| Accounts receivable                                    | -                          | -                  | 7,935                  | 23,804                                | 10,040                       | -  |
| <b>Total assets</b>                                    | <u>145,192</u>             | <u>14,810</u>      | <u>162,080</u>         | <u>223,524</u>                        | <u>31,012</u>                | <u>-</u>                                 |
| <b>Total assets and deferred outflows of resources</b> | <u>\$ 145,192</u>          | <u>\$ 14,810</u>   | <u>\$ 162,080</u>      | <u>\$ 223,524</u>                     | <u>\$ 31,012</u>             | <u>\$ -</u>                              |
| <b>LIABILITIES AND FUND BALANCES</b>                   |                            |                    |                        |                                       |                              |  |
| <b>Liabilities:</b>                                    |                            |                    |                        |                                       |                              |  |
| Accounts payable                                       | \$ 1,514                   | \$ 3,394           | \$ 27                  | \$ -                                  | \$ -                         | \$ -                                     |
| Due to other funds                                     | -                          | -                  | -                      | -                                     | -                            | -  |
| <b>Total liabilities</b>                               | <u>1,514</u>               | <u>3,394</u>       | <u>27</u>              | <u>-</u>                              | <u>-</u>                     | <u>-</u>                                 |
| <b>Fund balances:</b>                                  |                            |                    |                        |                                       |                              |  |
| Restricted for:  |                            |                    |                        |                                       |                              |  |
| Debt service   | -                          | -                  | -                      | -                                     | -                            | -  |
| Capital projects                                       | -                          | -                  | -                      | -                                     | -                            | -  |
| Special revenue  | 143,678                    | 11,416             | 162,053                | 223,524                               | 31,012                       | -  |
| <b>Total fund balances</b>                             | <u>143,678</u>             | <u>11,416</u>      | <u>162,053</u>         | <u>223,524</u>                        | <u>31,012</u>                | <u>-</u>                                 |
| <b>Total liabilities and fund balances</b>             | <u>\$ 145,192</u>          | <u>\$ 14,810</u>   | <u>\$ 162,080</u>      | <u>\$ 223,524</u>                     | <u>\$ 31,012</u>             | <u>\$ -</u>                              |

The accompanying notes are an integral part of these financial statements

| Special Revenue                 |                        |             |                               |                  |                             | Capital Projects  |                          |
|---------------------------------|------------------------|-------------|-------------------------------|------------------|-----------------------------|-------------------|--------------------------|
| Law Enforcement Protection Fund | Correctional Fees Fund | E-911 Fund  | Sedillo Park Renovations Fund | Library Fund     | Juvenile Justice Grant Fund | Total             | Airport Improvement Fund |
| \$ -                            | \$ 3,252               | \$ -        | \$ 10,302                     | \$ 18,905        | \$ 7,281                    | \$ 560,822        | \$ 5,131                 |
| -                               | -                      | -           | -                             | -                | -                           | 13,757            | -                        |
| -                               | -                      | -           | -                             | -                | -                           | -                 | -                        |
| -                               | -                      | -           | -                             | -                | 13,619                      | 55,398            | -                        |
| -                               | 3,252                  | -           | 10,302                        | 18,905           | 20,900                      | 629,977           | 5,131                    |
| <u>\$ -</u>                     | <u>\$ 3,252</u>        | <u>\$ -</u> | <u>\$ 10,302</u>              | <u>\$ 18,905</u> | <u>\$ 20,900</u>            | <u>\$ 629,977</u> | <u>\$ 5,131</u>          |
| \$ -                            | \$ -                   | \$ -        | \$ 5,984                      | \$ -             | \$ -                        | \$ 10,919         | \$ -                     |
| -                               | -                      | -           | -                             | -                | -                           | -                 | -                        |
| -                               | -                      | -           | 5,984                         | -                | -                           | 10,919            | -                        |
| -                               | -                      | -           | -                             | -                | -                           | -                 | -                        |
| -                               | 3,252                  | -           | 4,318                         | 18,905           | 20,900                      | 619,058           | 5,131                    |
| -                               | 3,252                  | -           | 4,318                         | 18,905           | 20,900                      | 619,058           | 5,131                    |
| <u>\$ -</u>                     | <u>\$ 3,252</u>        | <u>\$ -</u> | <u>\$ 10,302</u>              | <u>\$ 18,905</u> | <u>\$ 20,900</u>            | <u>\$ 629,977</u> | <u>\$ 5,131</u>          |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
CITY OF SOCORRO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)  
JUNE 30, 2015

|  | <u>Capital Projects</u>                |                                 |                                       | <u>Debt Service</u> |                   | <u>Nonmajor<br/>Governmental<br/>Funds</u> |
|--|--|---------------------------------|---------------------------------------|---------------------|-------------------|--|
|  | <u>Street<br/>Improvement<br/>Fund</u> | <u>Rodeo<br/>Arena<br/>Fund</u> | <u>CDBG<br/>Cuba Rd<br/>Phase III</u> | <u>Total</u>        | <u>Total</u>      |  |
| <b>ASSETS</b>  |  |                                 |                                       |                     |                   |  |
| Cash   | \$ 55,180                              | \$ -                            | \$ 47,534                             | \$ 107,845          | \$ -              | \$ 668,667                                 |
| Cash - restricted  | -                                      | 155,875                         | -                                     | 155,875             | 252,285           | 421,917                                    |
| Investments  | -                                      | -                               | -                                     | -                   | -                 | -  |
| Accounts receivable  | -                                      | -                               | -                                     | -                   | -                 | 55,398                                     |
| <b>Total assets</b>  | <u>55,180</u>                          | <u>155,875</u>                  | <u>47,534</u>                         | <u>263,720</u>      | <u>252,285</u>    | <u>1,145,982</u>                           |
| <b>Total assets and deferred<br/>outflows of resources</b> | <u>\$ 55,180</u>                       | <u>\$ 155,875</u>               | <u>\$ 47,534</u>                      | <u>\$ 263,720</u>   | <u>\$ 252,285</u> | <u>\$ 1,145,982</u>                        |
| <b>LIABILITIES AND FUND BALANCES</b>                       |  |                                 |                                       |                     |                   |  |
| <b>Liabilities:</b>  |  |                                 |                                       |                     |                   |  |
| Accounts payable   | \$ -                                   | \$ -                            | \$ -                                  | \$ -                | \$ -              | \$ 10,919                                  |
| Due to other funds   | -                                      | 19,373                          | -                                     | 19,373              | -                 | 19,373                                     |
| <b>Total liabilities</b>                                   | <u>-</u>                               | <u>19,373</u>                   | <u>-</u>                              | <u>19,373</u>       | <u>-</u>          | <u>30,292</u>                              |
| <b>Fund balances:</b>                                      |  |                                 |                                       |                     |                   |  |
| Restricted for:  |  |                                 |                                       |                     |                   |  |
| Debt service   | -                                      | -                               | -                                     | -                   | 252,285           | 252,285                                    |
| Capital projects   | 55,180                                 | 136,502                         | 47,534                                | 244,347             | -                 | 244,347                                    |
| Special revenue  | -                                      | -                               | -                                     | -                   | -                 | 619,058                                    |
| <b>Total fund balances</b>                                 | <u>55,180</u>                          | <u>136,502</u>                  | <u>47,534</u>                         | <u>244,347</u>      | <u>252,285</u>    | <u>1,115,690</u>                           |
| <b>Total liabilities and fund balances</b>                 | <u>\$ 55,180</u>                       | <u>\$ 155,875</u>               | <u>\$ 47,534</u>                      | <u>\$ 263,720</u>   | <u>\$ 252,285</u> | <u>\$ 1,145,982</u>                        |

The accompanying notes are an integral part of these financial statements



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STATE OF NEW MEXICO  
CITY OF SOCORRO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | Special Revenue            |                    |                        |                                       |                              |  |
|--|----------------------------|--------------------|------------------------|---------------------------------------|------------------------------|--|
|  | Fire<br>Protection<br>Fund | Recreation<br>Fund | Lodgers<br>Tax<br>Fund | Lodgers<br>Tax<br>Promotional<br>Fund | Convention<br>Center<br>Fund | Emergency<br>Medical<br>Services<br>Fund |
| <b>REVENUES</b>  |                            |                    |                        |                                       |                              |  |
| Taxes:   |                            |                    |                        |                                       |                              |  |
| Gross receipts tax                                       | \$ -                       | \$ -               | \$ -                   | \$ -                                  | \$ -                         | \$ -                                     |
| Lodgers' tax   | -                          | -                  | 100,114                | 290,354                               | 31,012                       | -  |
| Intergovernmental  |                            |                    |                        |                                       |                              |  |
| Federal grants   | -                          | -                  | -                      | -                                     | -                            | -  |
| State grants   | 173,922                    | -                  | 10,984                 | -                                     | -                            | 20,000                                   |
| Charges for services                                     | -                          | 32,955             | -                      | -                                     | -                            | -  |
| Fines and forfeitures                                    | -                          | -                  | -                      | -                                     | -                            | -  |
| State shared gross receipts tax                          | -                          | -                  | -                      | -                                     | -                            | -  |
| Other  | -                          | 10,385             | -                      | 2,559                                 | -                            | -  |
| Investment   | 3                          | -                  | -                      | 3                                     | -                            | -  |
| <b>Total revenues</b>                                    | <u>173,925</u>             | <u>43,340</u>      | <u>111,098</u>         | <u>292,916</u>                        | <u>31,012</u>                | <u>20,000</u>                            |
| <b>EXPENDITURES</b>                                      |                            |                    |                        |                                       |                              |  |
| <b>Current operations:</b>                               |                            |                    |                        |                                       |                              |  |
| General government                                       | -                          | -                  | -                      | -                                     | -                            | -  |
| Public safety  | 102,112                    | -                  | -                      | -                                     | -                            | 20,000                                   |
| Culture and recreation                                   | -                          | 407,998            | 108,748                | 220,478                               | -                            | -  |
| <b>Debt Service:</b>                                     |                            |                    |                        |                                       |                              |  |
| Principal  | 29,750                     | -                  | -                      | 47,977                                | -                            | -  |
| Interest   | 5,470                      | -                  | -                      | 30,698                                | -                            | -  |
| Fees and other   | -                          | -                  | -                      | 1,454                                 | -                            | -  |
| <b>Capital outlay</b>                                    | <u>-</u>                   | <u>12,567</u>      | <u>-</u>               | <u>31,495</u>                         | <u>-</u>                     | <u>-</u>                                 |
| <b>Total expenditures</b>                                | <u>137,332</u>             | <u>420,565</u>     | <u>108,748</u>         | <u>332,102</u>                        | <u>-</u>                     | <u>20,000</u>                            |
| <b>Excess (deficiency) of revenues over expenditures</b> | 36,593                     | ( 377,225)         | 2,350                  | ( 39,186)                             | 31,012                       | -  |
| <b>Other financing sources (uses):</b>                   |                            |                    |                        |                                       |                              |  |
| Debt proceeds  | -                          | -                  | -                      | -                                     | -                            | -  |
| Transfers in   | -                          | 390,462            | -                      | -                                     | -                            | -  |
| Transfers out  | -                          | -                  | ( 20,000)              | -                                     | -                            | -  |
| <b>Total other financing sources (uses)</b>              | <u>-</u>                   | <u>390,462</u>     | <u>( 20,000)</u>       | <u>-</u>                              | <u>-</u>                     | <u>-</u>                                 |
| <b>Net change in fund balances</b>                       | 36,593                     | 13,237             | ( 17,650)              | ( 39,186)                             | 31,012                       | -  |
| <b>Fund balances, beginning of year</b>                  | <u>107,085</u>             | <u>( 1,821)</u>    | <u>179,703</u>         | <u>262,710</u>                        | <u>-</u>                     | <u>-</u>                                 |
| <b>Fund balances, end of year</b>                        | <u>\$ 143,678</u>          | <u>\$ 11,416</u>   | <u>\$ 162,053</u>      | <u>\$ 223,524</u>                     | <u>\$ 31,012</u>             | <u>\$ -</u>                              |

The accompanying notes are an integral part of these financial statements

| Special Revenue                 |                        |                |                               |                  |                             | Capital Projects  |                          |
|---------------------------------|------------------------|----------------|-------------------------------|------------------|-----------------------------|-------------------|--------------------------|
| Law Enforcement Protection Fund | Correctional Fees Fund | E-911 Fund     | Sedillo Park Renovations Fund | Library Fund     | Juvenile Justice Grant Fund | Total             | Airport Improvement Fund |
| \$ -                            | \$ -                   | \$ -           | \$ -                          | \$ -             | \$ -                        | \$ -              | \$ -                     |
| -                               | -                      | -              | -                             | -                | -                           | 421,480           | -                        |
| -                               | -                      | -              | -                             | -                | 136,059                     | 136,059           | -                        |
| 29,600                          | -                      | 433,010        | -                             | 642              | -                           | 668,158           | -                        |
| -                               | -                      | -              | 9,694                         | -                | -                           | 42,649            | -                        |
| -                               | 24,068                 | -              | -                             | -                | -                           | 24,068            | -                        |
| -                               | -                      | -              | -                             | -                | -                           | -                 | -                        |
| -                               | -                      | -              | -                             | 1,871            | -                           | 14,815            | -                        |
| -                               | -                      | -              | -                             | -                | -                           | 6                 | -                        |
| <u>29,600</u>                   | <u>24,068</u>          | <u>433,010</u> | <u>9,694</u>                  | <u>2,513</u>     | <u>136,059</u>              | <u>1,307,235</u>  | <u>-</u>                 |
| -                               | -                      | -              | -                             | -                | -                           | -                 | -                        |
| 40                              | 27,725                 | 203,893        | -                             | -                | 106,032                     | 459,802           | -                        |
| -                               | -                      | -              | 44,221                        | 2,269            | -                           | 783,714           | -                        |
| -                               | -                      | -              | -                             | -                | -                           | 77,727            | -                        |
| -                               | -                      | -              | -                             | -                | -                           | 36,168            | -                        |
| -                               | -                      | -              | -                             | -                | -                           | 1,454             | -                        |
| 29,560                          | -                      | 229,117        | -                             | -                | -                           | 302,739           | -                        |
| <u>29,600</u>                   | <u>27,725</u>          | <u>433,010</u> | <u>44,221</u>                 | <u>2,269</u>     | <u>106,032</u>              | <u>1,661,604</u>  | <u>-</u>                 |
| -                               | ( 3,657)               | -              | ( 34,527)                     | 244              | 30,027                      | ( 354,369)        | -                        |
| -                               | -                      | -              | -                             | -                | -                           | -                 | -                        |
| -                               | -                      | -              | -                             | -                | -                           | 390,462           | -                        |
| -                               | -                      | -              | -                             | -                | ( 25,000)                   | ( 45,000)         | -                        |
| -                               | -                      | -              | -                             | -                | ( 25,000)                   | 345,462           | -                        |
| -                               | ( 3,657)               | -              | ( 34,527)                     | 244              | 5,027                       | ( 8,907)          | -                        |
| -                               | 6,909                  | -              | 38,845                        | 18,661           | 15,873                      | 627,965           | 5,131                    |
| <u>\$ -</u>                     | <u>\$ 3,252</u>        | <u>\$ -</u>    | <u>\$ 4,318</u>               | <u>\$ 18,905</u> | <u>\$ 20,900</u>            | <u>\$ 619,058</u> | <u>\$ 5,131</u>          |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
CITY OF SOCORRO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)  
FOR THE YEAR ENDED JUNE 30, 2015

|  | <u>Capital Projects</u>                |                                 |                                       | <u>Debt Service</u> |                   | <u>Nonmajor<br/>Governmental<br/>Funds</u> |
|--|--|---------------------------------|---------------------------------------|---------------------|-------------------|--|
|  | <u>Street<br/>Improvement<br/>Fund</u> | <u>Rodeo<br/>Arena<br/>Fund</u> | <u>CDBG<br/>Cuba Rd<br/>Phase III</u> | <u>Total</u>        | <u>Total</u>      |  |
| <b>REVENUES</b>  |  |                                 |                                       |                     |                   |  |
| Taxes:   |  |                                 |                                       |                     |                   |  |
| Gross receipts tax   | \$ -                                   | \$ -                            | \$ -                                  | \$ -                | \$ 117,327        | \$ 117,327                                 |
| Lodgers' tax   | -                                      | -                               | -                                     | -                   | -                 | 421,480                                    |
| Intergovernmental  |  |                                 |                                       |                     |                   |  |
| Federal grants   | -                                      | -                               | -                                     | -                   | -                 | 136,059                                    |
| State grants   | 57,677                                 | 515,925                         | -                                     | 573,602             | -                 | 1,241,760                                  |
| Charges for services   | -                                      | -                               | -                                     | -                   | -                 | 42,649                                     |
| Fines and forfeitures  | -                                      | -                               | -                                     | -                   | -                 | 24,068                                     |
| State shared gross receipts tax                              | -                                      | -                               | -                                     | -                   | -                 | -  |
| Other  | -                                      | 140,430                         | 8,529                                 | 148,959             | -                 | 163,774                                    |
| Investment   | -                                      | 127                             | -                                     | 127                 | 1,512             | 1,645                                      |
| <b>Total revenues</b>  | <u>57,677</u>                          | <u>656,482</u>                  | <u>8,529</u>                          | <u>722,688</u>      | <u>118,839</u>    | <u>2,148,762</u>                           |
| <b>EXPENDITURES</b>  |  |                                 |                                       |                     |                   |  |
| <b>Current operations:</b>                                   |  |                                 |                                       |                     |                   |  |
| General government   | 25,536                                 | 43,490                          | -                                     | 69,026              | -                 | 69,026                                     |
| Public safety  | -                                      | -                               | -                                     | -                   | -                 | 459,802                                    |
| Culture and recreation                                       | -                                      | -                               | -                                     | -                   | -                 | 783,714                                    |
| <b>Debt Service:</b>   |  |                                 |                                       |                     |                   |  |
| Principal  | -                                      | -                               | -                                     | -                   | 91,360            | 169,087                                    |
| Interest   | -                                      | -                               | -                                     | -                   | 23,978            | 60,146                                     |
| Fees and other   | -                                      | -                               | -                                     | -                   | 2,181             | 3,635                                      |
| <b>Capital outlay</b>  | <u>77,339</u>                          | <u>767,364</u>                  | <u>-</u>                              | <u>844,703</u>      | <u>-</u>          | <u>1,147,442</u>                           |
| <b>Total expenditures</b>                                    | <u>102,875</u>                         | <u>810,854</u>                  | <u>-</u>                              | <u>913,729</u>      | <u>117,519</u>    | <u>2,692,852</u>                           |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | ( 45,198)                              | ( 154,372)                      | 8,529                                 | ( 191,041)          | 1,320             | ( 544,090)                                 |
| <b>Other financing sources (uses):</b>                       |  |                                 |                                       |                     |                   |  |
| Debt proceeds  | -                                      | -                               | -                                     | -                   | -                 | -  |
| Transfers in   | 233,415                                | -                               | -                                     | 233,415             | -                 | 623,877                                    |
| Transfers out  | ( 133,415)                             | -                               | -                                     | ( 133,415)          | -                 | ( 178,415)                                 |
| <b>Total other financing<br/>sources (uses)</b>              | <u>100,000</u>                         | <u>-</u>                        | <u>-</u>                              | <u>100,000</u>      | <u>-</u>          | <u>445,462</u>                             |
| <b>Net change in fund balances</b>                           | 54,802                                 | ( 154,372)                      | 8,529                                 | ( 91,041)           | 1,320             | ( 98,628)                                  |
| <b>Fund balances, beginning of year</b>                      | <u>378</u>                             | <u>290,874</u>                  | <u>39,005</u>                         | <u>335,388</u>      | <u>250,965</u>    | <u>1,214,318</u>                           |
| <b>Fund balances, end of year</b>                            | <u>\$ 55,180</u>                       | <u>\$ 136,502</u>               | <u>\$ 47,534</u>                      | <u>\$ 244,347</u>   | <u>\$ 252,285</u> | <u>\$ 1,115,690</u>                        |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
FIRE PROTECTION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                           |   |
| <b>REVENUES</b>  |                         |                   |                           |   |
| State grants   | \$ 173,922              | \$ 173,922        | \$ 173,922                | \$ -  |
| Investment income  | <u>-</u>                | <u>-</u>          | <u>3</u>                  | <u>3</u>  |
| <b>Total revenues</b>  | <u>173,922</u>          | <u>173,922</u>    | <u>173,925</u>            | <u>3</u>  |
| <b>EXPENDITURES</b>  |                         |                   |                           |   |
| <b>Current operations:</b>                                   |                         |                   |                           |   |
| Public Safety  | 124,000                 | 138,702           | 101,512                   | 37,190  |
| <b>Debt service</b>  |                         |                   |                           |   |
| Principal  | 29,750                  | 29,750            | 29,750                    | -   |
| Interest   | <u>5,470</u>            | <u>5,470</u>      | <u>5,470</u>              | <u>-</u>  |
| <b>Total expenditures</b>                                    | <u>159,220</u>          | <u>173,922</u>    | <u>136,732</u>            | <u>37,190</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>14,702</u>           | <u>-</u>          | <u>37,193</u>             | <u>37,193</u>   |
| <b>Net change in fund balances</b>                           | <u>\$ 14,702</u>        | <u>\$ -</u>       | <u>\$ 37,193</u>          | <u>\$ 37,193</u>  |
| Beginning cash balance                                       | <u>\$ 107,999</u>       | <u>\$ 107,999</u> |                           |   |
| <b>RECONCILIATION TO GAAP BASIS</b>                          |                         |                   |                           |   |
| Net increase (decrease) in fund balances budget basis        |                         |                   | \$ 37,193                 |   |
| Change in payables   |                         |                   | <u>( 600)</u>             |   |
| Net change in fund balances GAAP basis                       |                         |                   | <u>\$ 36,593</u>          |   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
RECREATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>REVENUES</b>  |                         |                   |                   |   |
| Charges for services   | \$ 33,100               | \$ 33,100         | \$ 32,955         | \$( 145)  |
| Other  | <u>7,500</u>            | <u>7,500</u>      | <u>10,385</u>     | <u>2,885</u>  |
| <b>Total revenues</b>  | <u>40,600</u>           | <u>40,600</u>     | <u>43,340</u>     | <u>2,740</u>  |
| <b>EXPENDITURES</b>  |                         |                   |                   |   |
| <b>Current operations:</b>                                   |                         |                   |                   |   |
| Culture and recreation                                       | 374,193                 | 414,193           | 407,556           | 6,637   |
| <b>Capital Outlay</b>  | <u>18,000</u>           | <u>18,000</u>     | <u>12,567</u>     | <u>5,433</u>  |
| <b>Total expenditures</b>                                    | <u>392,193</u>          | <u>432,193</u>    | <u>420,123</u>    | <u>12,070</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>( 351,593)</u>       | <u>( 391,593)</u> | <u>( 376,783)</u> | <u>14,810</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                         |                   |                   |   |
| Transfers in   | <u>370,462</u>          | <u>390,462</u>    | <u>390,462</u>    | <u>-</u>  |
| Total other financing sources (uses)                         | <u>370,462</u>          | <u>390,462</u>    | <u>390,462</u>    | <u>-</u>  |
| <b>Net change in fund balances</b>                           | <u>\$ 18,869</u>        | <u>\$( 1,131)</u> | <u>\$ 13,679</u>  | <u>\$ 14,810</u>  |
| Beginning cash balance                                       | <u>\$ 1,131</u>         | <u>\$ 1,131</u>   |                   |   |
| <b>RECONCILIATION TO GAAP BASIS</b>                          |                         |                   |                   |   |
| Net increase (decrease) in fund balances budget basis        |                         |                   | \$ 13,679         |   |
| Change in payables   |                         |                   | <u>( 442)</u>     |   |
| <b>Net change in fund balances GAAP basis</b>                |                         |                   | <u>\$ 13,237</u>  |   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
LODGERS TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                    | Actual<br>Amounts  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|--------------------|--------------------|---|
|  | <u>Original</u>         | <u>Final</u>       |                    | <u>(Negative)</u>                                       |
| <b>REVENUES</b>  |                         |                    |                    |   |
| Lodgers' tax   | \$ 131,550              | \$ 131,550         | \$ 99,550          | \$( 32,000)   |
| State grants   | <u>10,000</u>           | <u>10,000</u>      | <u>10,984</u>      | <u>984</u>  |
| <b>Total revenues</b>  | <u>141,550</u>          | <u>141,550</u>     | <u>110,534</u>     | <u>( 31,016)</u>  |
| <b>EXPENDITURES</b>  |                         |                    |                    |   |
| <b>Current operations:</b>                                   |                         |                    |                    |   |
| Culture and recreation                                       | 156,300                 | 156,300            | 108,721            | 47,579  |
| <b>Capital Outlay</b>  | <u>-</u>                | <u>-</u>           | <u>-</u>           | <u>-</u>  |
| <b>Total expenditures</b>                                    | <u>156,300</u>          | <u>156,300</u>     | <u>108,721</u>     | <u>47,579</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>( 14,750)</u>        | <u>( 14,750)</u>   | <u>1,813</u>       | <u>16,563</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                         |                    |                    |   |
| Transfers out  | <u>( 20,000)</u>        | <u>( 20,000)</u>   | <u>( 20,000)</u>   | <u>-</u>  |
| Total other financing sources (uses)                         | <u>( 20,000)</u>        | <u>( 20,000)</u>   | <u>( 20,000)</u>   | <u>-</u>  |
| <b>Net change in fund balance</b>                            | <u>\$( 34,750)</u>      | <u>\$( 34,750)</u> | <u>\$( 18,187)</u> | <u>\$ 16,563</u>  |
| Beginning cash balance                                       | <u>\$ 172,359</u>       | <u>\$ 172,359</u>  |                    |   |
| <b>RECONCILIATION TO GAAP BASIS</b>                          |                         |                    |                    |   |
| Net increase (decrease) in fund balances budget basis        |                         |                    | \$( 18,187)        |   |
| Change in receivables  |                         |                    | 564                |   |
| Change in payables   |                         |                    | <u>( 27)</u>       |   |
| <b>Net change in fund balances GAAP basis</b>                |                         |                    | <u>\$( 17,650)</u> |   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
LODGERS TAX PROMOTIONAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                      | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|----------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>         |                     | <u>(Negative)</u>                                       |
| <b>REVENUES</b>  |                         |                      |                     |   |
| Lodgers' tax   | \$ 215,009              | \$ 215,009           | \$ 288,497          | \$ 73,488   |
| Other  | 12,000                  | 12,000               | 2,559               | ( 9,441)  |
| Investment income  | <u>-</u>                | <u>-</u>             | <u>3</u>            | <u>3</u>  |
| <b>Total revenues</b>  | <u>227,009</u>          | <u>227,009</u>       | <u>291,059</u>      | <u>64,050</u>   |
| <b>EXPENDITURES</b>  |                         |                      |                     |   |
| <b>Current operations:</b>                                   |                         |                      |                     |   |
| Culture and recreation                                       | 233,743                 | 232,248              | 220,478             | 11,770  |
| <b>Capital Outlay</b>  | 30,000                  | 31,495               | 31,495              | -   |
| <b>Debt service:</b>   |                         |                      |                     |   |
| Principal  | 48,019                  | 47,977               | 47,977              | -   |
| Interest   | 32,113                  | 30,698               | 30,698              | -   |
| Fees and other   | <u>-</u>                | <u>1,457</u>         | <u>1,454</u>        | <u>3</u>  |
| <b>Total expenditures</b>                                    | <u>343,875</u>          | <u>343,875</u>       | <u>332,102</u>      | <u>11,773</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>( 116,866)</u>       | <u>( 116,866)</u>    | <u>( 41,043)</u>    | <u>75,823</u>   |
| <b>Net change in fund balances</b>                           | <u>\$ ( 116,866)</u>    | <u>\$ ( 116,866)</u> | <u>\$ ( 41,043)</u> | <u>\$ 75,823</u>  |
| Beginning cash balance                                       | <u>\$ 227,370</u>       | <u>\$ 227,370</u>    |                     |   |
| <b>RECONCILIATION TO GAAP BASIS</b>                          |                         |                      |                     |   |
| Net increase (decrease) in fund balances budget basis        |                         |                      | \$( 41,043)         |   |
| Change in receivables  |                         |                      | <u>1,857</u>        |   |
| Net change in fund balances GAAP basis                       |                         |                      | <u>\$( 39,186)</u>  |   |

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO  
CITY OF SOCORRO  
CONVENTION CENTER FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|--------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u> |                   | <u>(Negative)</u>                                       |
| <b>REVENUES</b>  |                         |              |                   |   |
| Lodgers' tax   | \$ -                    | \$ -         | \$ 31,012         | \$ 31,012   |
| <b>Total revenues</b>  | <u>-</u>                | <u>-</u>     | <u>31,012</u>     | <u>31,012</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>                | <u>-</u>     | <u>31,012</u>     | <u>31,012</u>   |
| <b>Net change in fund balances</b>                           | <u>\$ -</u>             | <u>\$ -</u>  | <u>\$ 31,012</u>  | <u>\$ 31,012</u>  |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
EMERGENCY MEDICAL SERVICES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                   | <u>          </u>                                       |
| <b>REVENUES</b>  |                         |                  |                   |   |
| State grants   | \$ <u>20,000</u>        | \$ <u>20,000</u> | \$ <u>20,000</u>  | \$ <u>-</u>   |
| <b>Total revenues</b>  | <u>20,000</u>           | <u>20,000</u>    | <u>20,000</u>     | <u>-</u>  |
| <b>EXPENDITURES</b>  |                         |                  |                   |   |
| <b>Current operations:</b>                                   |                         |                  |                   |   |
| Public Safety  | <u>20,000</u>           | <u>20,000</u>    | <u>20,000</u>     | <u>-</u>  |
| <b>Total expenditures</b>                                    | <u>20,000</u>           | <u>20,000</u>    | <u>20,000</u>     | <u>-</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>                | <u>-</u>         | <u>-</u>          | <u>-</u>  |
| <br><b>Net change in fund balances</b>                       | <br><u>\$ -</u>         | <br><u>\$ -</u>  | <br><u>\$ -</u>   | <br><u>\$ -</u>   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
LAW ENFORCEMENT PROTECTION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |               | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|---------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>  |                   | <u>(Negative)</u>                                       |
| <b>REVENUES</b>  |                         |               |                   |   |
| State grants   | \$ 29,600               | \$ 29,600     | \$ 29,600         | \$ -  |
| <b>Total revenues</b>  | <u>29,600</u>           | <u>29,600</u> | <u>29,600</u>     | <u>-</u>  |
| <b>EXPENDITURES</b>  |                         |               |                   |   |
| <b>Current operations:</b>                                   |                         |               |                   |   |
| Public Safety  | 40                      | 40            | 40                | -   |
| <b>Capital Outlay</b>  | <u>29,560</u>           | <u>29,560</u> | <u>29,560</u>     | <u>-</u>  |
| <b>Total expenditures</b>                                    | <u>29,600</u>           | <u>29,600</u> | <u>29,600</u>     | <u>-</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>                | <u>-</u>      | <u>-</u>          | <u>-</u>  |
| <b>Net change in fund balances</b>                           | <u>\$ -</u>             | <u>\$ -</u>   | <u>\$ -</u>       | <u>\$ -</u>   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
CORRECTIONAL FEES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|--|-------------------------|------------------|-------------------|-------------------------------|
|  | <u>Original</u>         | <u>Final</u>     |                   | Positive<br>(Negative)        |
| <b>REVENUES</b>  |                         |                  |                   |                               |
| Fines and forfeitures  | \$ <u>50,000</u>        | \$ <u>50,000</u> | \$ <u>24,068</u>  | \$( <u>25,932</u> )           |
| <b>Total revenues</b>  | <u>50,000</u>           | <u>50,000</u>    | <u>24,068</u>     | <u>( 25,932)</u>              |
| <b>EXPENDITURES</b>  |                         |                  |                   |                               |
| <b>Current operations:</b>                                   |                         |                  |                   |                               |
| Public Safety  | <u>50,000</u>           | <u>50,000</u>    | <u>27,725</u>     | <u>22,275</u>                 |
| <b>Total expenditures</b>                                    | <u>50,000</u>           | <u>50,000</u>    | <u>27,725</u>     | <u>22,275</u>                 |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>                | <u>-</u>         | <u>( 3,657)</u>   | <u>( 3,657)</u>               |
| <b>Net change in fund balances</b>                           | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$( 3,657)</u> | <u>\$( 3,657)</u>             |
| Beginning cash balance                                       | <u>\$ 6,909</u>         | <u>\$ 6,909</u>  |                   |                               |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
E-911 FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|----------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>   |                   |   |
| <b>REVENUES</b>  |                         |                |                   |   |
| State grants   | \$ -                    | \$ 433,010     | \$ 433,010        | \$ -  |
| <b>Total revenues</b>  | <u>-</u>                | <u>433,010</u> | <u>433,010</u>    | <u>-</u>  |
| <b>EXPENDITURES</b>  |                         |                |                   |   |
| <b>Current operations:</b>                                   |                         |                |                   |   |
| Public safety  | -                       | 203,893        | 203,893           | -   |
| <b>Capital Outlay</b>  | <u>-</u>                | <u>229,117</u> | <u>229,117</u>    | <u>-</u>  |
| <b>Total expenditures</b>                                    | <u>-</u>                | <u>433,010</u> | <u>433,010</u>    | <u>-</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>                | <u>-</u>       | <u>-</u>          | <u>-</u>  |
| <b>Net change in fund balances</b>                           | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ -</u>       | <u>\$ -</u>   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
SEDILLO PARK RENOVATIONS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                  | Actual<br>Amounts  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|------------------|--------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                    | <u>(Negative)</u>                                       |
| <b>REVENUES</b>  |                         |                  |                    |   |
| Charges for services   | \$ <u>17,500</u>        | \$ <u>17,500</u> | \$ <u>9,694</u>    | \$( <u>7,806</u> )                                      |
| <b>Total revenues</b>  | <u>17,500</u>           | <u>17,500</u>    | <u>9,694</u>       | <u>( 7,806)</u>   |
| <b>EXPENDITURES</b>  |                         |                  |                    |   |
| <b>Current operations:</b>                                   |                         |                  |                    |   |
| Culture and recreation                                       | <u>30,000</u>           | <u>60,000</u>    | <u>38,353</u>      | <u>21,647</u>   |
| <b>Total expenditures</b>                                    | <u>30,000</u>           | <u>60,000</u>    | <u>38,353</u>      | <u>21,647</u>   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>( 12,500)</u>        | <u>( 42,500)</u> | <u>( 28,659)</u>   | <u>13,841</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                         |                  |                    |   |
| Transfers in   | <u>-</u>                | <u>50,000</u>    | <u>-</u>           | <u>50,000</u>   |
| Total other financing sources (uses)                         | <u>-</u>                | <u>50,000</u>    | <u>-</u>           | <u>50,000</u>   |
| <b>Net change in fund balances</b>                           | <u>\$( 12,500)</u>      | <u>\$ 7,500</u>  | <u>\$( 28,659)</u> | <u>\$( 36,159)</u>                                      |
| Beginning cash balance                                       | <u>\$ 38,961</u>        | <u>\$ 38,961</u> |                    |   |
| <b>RECONCILIATION TO GAAP BASIS</b>                          |                         |                  |                    |   |
| Net increase (decrease) in fund balances budget basis        |                         |                  | \$( 28,659)        |   |
| Change in payables   |                         |                  | <u>( 5,868)</u>    |   |
| Net change in fund balances GAAP basis                       |                         |                  | <u>\$( 34,527)</u> |   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
LIBRARY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                      | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|----------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>         |                   | <u>(Negative)</u>                                       |
| <b>REVENUES</b>  |                         |                      |                   |   |
| State grants   | \$ 750                  | \$ 750               | \$ 642            | \$( 108)  |
| Charges for services   | 500                     | 500                  | -                 | ( 500)  |
| Other  | <u>1,600</u>            | <u>1,600</u>         | <u>1,871</u>      | <u>271</u>  |
| <b>Total revenues</b>  | <u>2,850</u>            | <u>2,850</u>         | <u>2,513</u>      | <u>( 337)</u>   |
| <b>EXPENDITURES</b>  |                         |                      |                   |   |
| <b>Current operations:</b>                                   |                         |                      |                   |   |
| Culture and recreation                                       | <u>2,850</u>            | <u>2,850</u>         | <u>2,269</u>      | <u>581</u>  |
| <b>Total expenditures</b>                                    | <u>2,850</u>            | <u>2,850</u>         | <u>2,269</u>      | <u>581</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>-</u>                | <u>-</u>             | <u>244</u>        | <u>244</u>  |
| <b>Net change in fund balances</b>                           | <u>\$ -</u>             | <u>\$ -</u>          | <u>\$ 244</u>     | <u>\$ 244</u>   |
| <br>Beginning cash balance                                   | <br><u>\$ 18,661</u>    | <br><u>\$ 18,661</u> |                   |   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
JUVENILE JUSTICE GRANT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   | <u>(Negative)</u>                                       |
| <b>REVENUES</b>  |                         |                   |                   |   |
| Federal grants   | \$ <u>141,929</u>       | \$ <u>170,088</u> | \$ <u>137,495</u> | \$( <u>32,593</u> )                                     |
| <b>Total revenues</b>  | <u>141,929</u>          | <u>170,088</u>    | <u>137,495</u>    | <u>( 32,593)</u>  |
| <b>EXPENDITURES</b>  |                         |                   |                   |   |
| <b>Current operations:</b>                                   |                         |                   |                   |   |
| Public safety  | <u>78,052</u>           | <u>106,587</u>    | <u>106,032</u>    | <u>555</u>  |
| <b>Total expenditures</b>                                    | <u>78,052</u>           | <u>106,587</u>    | <u>106,032</u>    | <u>555</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>63,877</u>           | <u>63,501</u>     | <u>31,463</u>     | <u>( 32,038)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                         |                   |                   |   |
| Transfers in (out)   | <u>-</u>                | <u>( 40,000)</u>  | <u>( 25,000)</u>  | <u>15,000</u>   |
| Total other financing sources (uses)                         | <u>-</u>                | <u>( 40,000)</u>  | <u>( 25,000)</u>  | <u>15,000</u>   |
| <b>Net change in fund balances</b>                           | <u>\$ 63,877</u>        | <u>\$ 23,501</u>  | <u>\$ 6,463</u>   | <u>\$( 17,038)</u>                                      |
| Beginning cash balance                                       | <u>\$ 690</u>           | <u>\$ 690</u>     |                   |   |
| <b>RECONCILIATION TO GAAP BASIS</b>                          |                         |                   |                   |   |
| Net increase (decrease) in fund balances budget basis        |                         |                   | \$ 6,463          |   |
| Change in receivables  |                         |                   | ( 1,436)          |   |
| Change in payables   |                         |                   | <u>-</u>          |   |
| <b>Net change in fund balances GAAP basis</b>                |                         |                   | <u>\$ 5,027</u>   |   |

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STREET IMPROVEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                           |   |
| <b>REVENUES</b>  |                         |                   |                           |   |
| State grants   | \$ <u>157,677</u>       | \$ <u>157,677</u> | \$ <u>57,677</u>          | \$( <u>100,000</u> )  |
| <b>Total revenues</b>  | <u>157,677</u>          | <u>157,677</u>    | <u>57,677</u>             | <u>( 100,000)</u>   |
| <b>EXPENDITURES</b>  |                         |                   |                           |   |
| <b>Current operations:</b>                                   |                         |                   |                           |   |
| General government   | 136,342                 | 136,342           | 25,536                    | 110,806   |
| <b>Capital Outlay</b>  | <u>133,333</u>          | <u>133,333</u>    | <u>77,339</u>             | <u>55,994</u>   |
| <b>Total expenditures</b>                                    | <u>269,675</u>          | <u>269,675</u>    | <u>102,875</u>            | <u>166,800</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>( 111,998)</u>       | <u>( 111,998)</u> | <u>( 45,198)</u>          | <u>66,800</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                         |                   |                           |   |
| Transfers in and (out)                                       | <u>111,998</u>          | <u>111,998</u>    | <u>100,000</u>            | <u>( 11,998)</u>  |
| Total other financing sources (uses)                         | <u>111,998</u>          | <u>111,998</u>    | <u>100,000</u>            | <u>( 11,998)</u>  |
| <b>Net change in fund balances</b>                           | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ 54,802</u>          | <u>\$ 54,802</u>  |
| Beginning cash balance                                       | <u>\$ 378</u>           | <u>\$ 378</u>     |                           |   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
RODEO ARENA FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with</u> |
|--|-------------------------|---------------------|---------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u>        | <u>Amounts</u>      | <u>Final Budget</u>  |
| <b>REVENUES</b>  |                         |                     |                     | <u>Positive</u>      |
|  |                         |                     |                     | <u>(Negative)</u>    |
| State grants   | \$ 637,429              | \$ 637,429          | \$ 515,925          | \$( 121,504)         |
| Other  | -                       | -                   | 140,430             |                      |
| Investment   | -                       | -                   | 127                 | 127                  |
| <b>Total revenues</b>  | <u>637,429</u>          | <u>637,429</u>      | <u>656,482</u>      | <u>( 121,377)</u>    |
| <b>EXPENDITURES</b>  |                         |                     |                     |                      |
| General government   | 43,490                  | 43,490              | 43,490              | -                    |
| <b>Capital Outlay</b>  | <u>972,757</u>          | <u>1,152,896</u>    | <u>679,820</u>      | <u>473,076</u>       |
| <b>Total expenditures</b>                                    | <u>1,016,247</u>        | <u>1,196,386</u>    | <u>723,310</u>      | <u>473,076</u>       |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>( 378,818)</u>       | <u>( 558,957)</u>   | <u>( 66,828)</u>    | <u>492,129</u>       |
| <b>Net change in fund balances</b>                           | <u>\$( 378,818)</u>     | <u>\$( 558,957)</u> | <u>\$( 66,828)</u>  | <u>\$ 492,129</u>    |
| Beginning fund balance                                       | <u>\$ 290,874</u>       | <u>\$ 290,874</u>   |                     |                      |
| <b>RECONCILIATION TO GAAP BASIS</b>                          |                         |                     |                     |                      |
| Net increase (decrease) in fund balances budget basis        |                         |                     | \$( 66,828)         |                      |
| Change in payables   |                         |                     | <u>( 87,944)</u>    |                      |
| <b>Net change in fund balances GAAP basis</b>                |                         |                     | <u>\$( 154,772)</u> |                      |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
CDBG CUBA ROAD PHASE III  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u> |                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                   |   |
| <b>REVENUES</b>  |                         |                  |                   |   |
| Federal grants   | \$ 67,289               | \$ 67,289        | \$ 67,289         | \$ -  |
| Other  | <u>-</u>                | <u>-</u>         | <u>8,529</u>      |   |
|  | <u>67,289</u>           | <u>67,289</u>    | <u>75,818</u>     |   |
| <b>EXPENDITURES</b>  |                         |                  |                   |   |
| General government   | -                       | -                | -                 | -   |
| <b>Capital Outlay</b>  | <u>30,054</u>           | <u>30,054</u>    | <u>30,054</u>     | <u>-</u>  |
| <b>Total expenditures</b>                                    | <u>30,054</u>           | <u>30,054</u>    | <u>30,054</u>     | <u>-</u>  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>37,235</u>           | <u>37,235</u>    | <u>45,764</u>     | <u>8,529</u>  |
| <b>Net change in fund balances</b>                           | <u>\$ 37,235</u>        | <u>\$ 37,235</u> | <u>\$ 45,764</u>  | <u>\$ 8,529</u>   |
| Beginning cash balance                                       | <u>\$ 1,770</u>         | <u>\$ 1,770</u>  |                   |   |
| <b>RECONCILIATION TO GAAP BASIS</b>                          |                         |                  |                   |   |
| Net increase (decrease) in fund balances budget basis        |                         |                  | \$ 45,764         |   |
| Change in receivables  |                         |                  | ( 67,289)         |   |
| Change in payables   |                         |                  | <u>30,054</u>     |   |
| <b>Net change in fund balances GAAP basis</b>                |                         |                  | <u>\$ 8,529</u>   |   |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
DEBT SERVICE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

|  | <u>Budgeted Amounts</u>   |                           | Actual<br>Amounts      | Variance with<br>Final Budget |
|--|---------------------------|---------------------------|------------------------|-------------------------------|
|  | <u>Original</u>           | <u>Final</u>              |                        | Positive<br>(Negative)        |
| <b>REVENUES</b>  |                           |                           |                        |                               |
| Gross receipts tax   | \$ 117,327                | \$ 117,327                | \$ 117,327             | \$ -                          |
| Investment   | <u>960</u>                | <u>960</u>                | <u>1,512</u>           | <u>552</u>                    |
| <b>Total revenues</b>  | <u>118,287</u>            | <u>118,287</u>            | <u>118,839</u>         | <u>552</u>                    |
| <b>EXPENDITURES</b>  |                           |                           |                        |                               |
| <b>Debt service:</b>   |                           |                           |                        |                               |
| Principal  | 91,360                    | 91,360                    | 91,360                 | -                             |
| Interest   | 25,539                    | 25,539                    | 23,978                 | 1,561                         |
| Fees and other   | <u>2,655</u>              | <u>2,655</u>              | <u>2,181</u>           | <u>474</u>                    |
| <b>Total expenditures</b>                                    | <u>119,554</u>            | <u>119,554</u>            | <u>117,519</u>         | <u>2,035</u>                  |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <u>( 1,267)</u>           | <u>( 1,267)</u>           | <u>1,320</u>           | <u>2,587</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                           |                           |                        |                               |
| Debt proceeds  | -                         | -                         | -                      | -                             |
| Transfers in   | -                         | -                         | -                      | -                             |
| Transfers out  | <u>-</u>                  | <u>-</u>                  | <u>-</u>               | <u>-</u>                      |
| <b>Total other financing sources (uses)</b>                  | <u>-</u>                  | <u>-</u>                  | <u>-</u>               | <u>-</u>                      |
| <b>Net change in fund balances</b>                           | <u><u>\$ ( 1,267)</u></u> | <u><u>\$ ( 1,267)</u></u> | <u><u>\$ 1,320</u></u> | <u><u>\$ 2,587</u></u>        |
| Beginning cash and investment balances                       | <u><u>\$ 250,965</u></u>  | <u><u>\$ 250,965</u></u>  |                        |                               |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015**

|   | <u>Budgeted Amounts</u>    |                            | Actual<br>Amounts        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|----------------------------|----------------------------|--------------------------|---|
|   | <u>Original</u>            | <u>Final</u>               |                          | <u>(Negative)</u>                                       |
| <b>Operating Revenues:</b>                                  |                            |                            |                          |   |
| Charges for services  | \$ 7,662,500               | \$ 7,662,500               | \$ 7,476,211             | \$( 186,289)  |
| Connection charges  | 56,500                     | 56,500                     | 78,579                   | 22,079  |
| Other revenue   | <u>30,200</u>              | <u>30,200</u>              | <u>54,846</u>            | <u>24,646</u>   |
| <b>Total operating revenues</b>                             | <u>7,749,200</u>           | <u>7,749,200</u>           | <u>7,609,636</u>         | <u>( 139,564)</u>                                       |
| <b>Operating Expenses:</b>                                  |                            |                            |                          |   |
| Natural gas purchases                                       | 1,300,000                  | 1,300,000                  | 1,319,278                | ( 19,278)   |
| Salaries  | 1,843,008                  | 1,843,008                  | 1,793,532                | 49,476  |
| Benefits  | 695,663                    | 695,663                    | 562,373                  | 133,290   |
| Other operating expense                                     | 4,334,613                  | 4,379,613                  | 2,774,706                | 1,604,907   |
| Payment in lieu of taxes                                    | <u>254,264</u>             | <u>254,264</u>             | <u>300,584</u>           | <u>( 46,320)</u>  |
| <b>Total operating expenses</b>                             |                            |                            |                          |   |
| <b>excluding non-budgeted expenses</b>                      | <u>8,427,548</u>           | <u>8,472,548</u>           | <u>6,750,473</u>         | <u>1,722,075</u>  |
| <b>Net operating income excluding non-budgeted expenses</b> | <u>( 678,348)</u>          | <u>( 723,348)</u>          | <u>859,163</u>           | <u>1,582,511</u>  |
| <b>Non-operating income (deductions):</b>                   |                            |                            |                          |   |
| Taxes   | 80,000                     | 80,000                     | 100,309                  | 20,309  |
| Interest income   | 3,582                      | 3,532                      | 18,204                   | 14,672  |
| Interest expense  | ( 101,442)                 | ( 101,442)                 | ( 116,355)               | ( 14,913)   |
| Principal expense   | ( 256,547)                 | ( 256,547)                 | -                        | 256,547   |
| Transfers in (out) from other funds                         | ( 85,766)                  | ( 85,766)                  | ( 25,047)                | 60,719  |
| Capital grants  | <u>860,004</u>             | <u>860,004</u>             | <u>776,168</u>           | <u>( 83,836)</u>  |
| <b>Total non-operating income (deductions)</b>              | <u>499,831</u>             | <u>499,781</u>             | <u>753,279</u>           | <u>253,498</u>  |
| <b>Net income (loss), excluding non-budgeted expenses</b>   | <u>( 178,517)</u>          | <u>( 223,567)</u>          | <u>1,612,442</u>         | <u>1,836,009</u>  |
| <b>Less non-budgeted expenses:</b>                          |                            |                            |                          |   |
| Depreciation  | <u>-</u>                   | <u>-</u>                   | <u>1,318,363</u>         | <u>( 1,318,363)</u>                                     |
| <b>Total non-budgeted expenses</b>                          | <u>-</u>                   | <u>-</u>                   | <u>1,318,363</u>         | <u>( 1,318,363)</u>                                     |
| <b>Change in net position</b>                               | <u><u>\$( 178,517)</u></u> | <u><u>\$( 223,567)</u></u> | <u><u>\$ 294,079</u></u> | <u><u>\$ 517,646</u></u>                                |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
PROPRIETARY FUNDS  
DEPARTMENTAL  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

|  | <u>Natural<br/>Gas</u> | <u>Water</u>     | <u>Waste<br/>Water</u> | <u>Solid<br/>Waste</u> |
|--|------------------------|------------------|------------------------|------------------------|
| <b>Operating Revenues:</b>                         |                        |                  |                        |                        |
| Charges for services                               | \$ 3,076,549           | \$ 1,593,860     | \$ 1,403,497           | \$ 971,241             |
| Connection charges                                 | 37,280                 | 31,677           | 9,622                  | -                      |
| Other revenue                                      | <u>23,719</u>          | <u>22,357</u>    | <u>4,500</u>           | <u>4,270</u>           |
| <b>Total operating revenues</b>                    | <u>3,137,548</u>       | <u>1,647,894</u> | <u>1,417,619</u>       | <u>975,511</u>         |
| <b>Operating Expenses:</b>                         |                        |                  |                        |                        |
| Natural gas purchases                              | 1,319,278              | -                | -                      | -                      |
| Salaries   | 539,528                | 505,206          | 249,203                | 202,229                |
| Benefits   | 153,055                | 181,982          | 77,126                 | 56,517                 |
| Other operating expense                            | 627,309                | 813,584          | 710,284                | 207,813                |
| Depreciation                                       | 102,290                | 307,050          | 574,689                | 57,300                 |
| Payment in lieu of taxes                           | <u>154,844</u>         | <u>76,576</u>    | <u>69,164</u>          | <u>-</u>               |
| <b>Total operating expenses</b>                    | <u>2,896,304</u>       | <u>1,884,398</u> | <u>1,680,466</u>       | <u>523,859</u>         |
| <b>Operating income (loss)</b>                     | 241,244                | ( 236,504)       | ( 262,847)             | 451,652                |
| <b>Non-operating income (deductions):</b>          |                        |                  |                        |                        |
| Taxes  |                        |                  |                        |                        |
| Interest income                                    |                        |                  |                        |                        |
| Interest expense                                   |                        |                  |                        |                        |
| Transfers in (out) from other funds                |                        |                  |                        |                        |
| Federal and state grants                           |                        |                  |                        |                        |
| <b>Total non-operating<br/>income (deductions)</b> |                        |                  |                        |                        |
| <b>Change in net position</b>                      |                        |                  |                        |                        |
| <b>Net position, beginning of year</b>             |                        |                  |                        |                        |
| <b>Restatement</b>                                 |                        |                  |                        |                        |
| <b>Net position, beginning of year restated</b>    |                        |                  |                        |                        |
| <b>Net position, end of year</b>                   |                        |                  |                        |                        |

The accompanying notes are an integral part of these financial statements

| <u>Landfill</u>  | <u>Recycling</u> | <u>Total</u>         |
|------------------|------------------|----------------------|
| \$ 413,695       | \$ 17,369        | \$ 7,476,211         |
| -                | -                | 78,579               |
| -                | -                | 54,846               |
| <u>413,695</u>   | <u>17,369</u>    | <u>7,609,636</u>     |
| -                | -                | 1,319,278            |
| 265,901          | 31,465           | 1,793,532            |
| 79,203           | 14,490           | 562,373              |
| 410,768          | 4,948            | 2,774,706            |
| 277,034          | -                | 1,318,363            |
| -                | -                | 300,584              |
| <u>1,032,906</u> | <u>50,903</u>    | <u>8,068,836</u>     |
| ( 619,211)       | ( 33,534)        | ( 459,200)           |
|                  |                  | 100,309              |
|                  |                  | 18,204               |
|                  |                  | ( 116,355)           |
|                  |                  | ( 25,047)            |
|                  |                  | <u>776,168</u>       |
|                  |                  | <u>753,279</u>       |
|                  |                  | <u>294,079</u>       |
|                  |                  | 13,972,214           |
|                  |                  | ( 1,927,395)         |
|                  |                  | <u>12,044,819</u>    |
|                  |                  | <u>\$ 12,338,898</u> |

(Continued)

The accompanying notes are an integral part of these financial statements

Example Entity  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 20XX

Prepared by Agency Staff Name: \_\_\_\_\_ Mable Gonzales \_\_\_\_\_ Title: \_\_\_\_\_ Finance Director \_\_\_\_\_ Date \_\_\_\_\_ 11/30/15 \_\_\_\_\_

| <i>RFB#/RFP#</i>      | <i>Type of Procurement</i> | <i>Awarded Vendor</i> | <i>\$ Amount of Awarded Contract</i> | <i>\$ Amount of Amended Contract</i> | <i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i> | <i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i> | <i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i> | <i>Brief Description of the Scope of Work</i>  |
|-----------------------|----------------------------|-----------------------|--------------------------------------|--------------------------------------|---|---|---|--|
| Waterline Replacement | Bid                        | JD Contracting        | 571266.23                            |                                      | JD Contracting, Albuquerque, NM<br>Smith Co. Caballo  | Y   | N/A   | Installation of new water lines that replace old asbestos lines.   |
|                       |                            |                       |                                      |                                      | Velocity Build Albuquerque, NM  |   |   |  |
|                       |                            |                       |                                      |                                      | TLC Albuquerque NM  |   |   |  |
|                       |                            |                       |                                      |                                      | Garcia Underground Albuquerque, NM  |   |   |  |
|                       |                            |                       |                                      |                                      | TCS Inc Albuquerque NM  |   |   |  |
|                       |                            |                       |                                      |                                      | NM Underground Albuquerque, NM  |   |   |  |
|                       |                            |                       |                                      |                                      | Sierra Valley T or C NM   |   |   |  |
|                       |                            |                       |                                      |                                      | Mauro Enterprises Las Cruces, NM  |   |   |  |
| 90114                 | RFP                        | Sites SW              | 75000.00                             |                                      | Sites SW Albuquerque NM   | Y   | N   | Affordable Housing Plan  |
|                       |                            |                       |                                      |                                      | Architectural Research Consultants Albuquerque, NM  |   |   |  |
|                       |                            |                       |                                      |                                      | Consensus Planning Inc Albuquerque, NM  |   |   |  |
| 121814                | BID                        | Baker Utility         | Per item                             |                                      | Baker Utility Albuquerque, NM   | Y   | N   | Water and Sewer Parts (Lines, Clamps, Couplings, Saddles, Adapters, Meters, Meter Setters, Fittings, Hydrants) |
|                       |                            | Ferguson Waterworks   | Per item                             |                                      | Ferguson Waterworks Albuquerque NM  | Y   | N   |  |
|                       |                            |                       |                                      |                                      |   |   |   |  |

The accompanying notes are an integral part of these financial statements



## **FEDERAL COMPLIANCE AND FINDINGS**

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING JUNE 30, 2015**

| <u>Program</u>   | <u>Federal<br/>CFDA Number</u> | <u>Pass-Through<br/>Grantor's Number</u> | <u>Federal<br/>Expenditures</u> |
|--|--------------------------------|--|---------------------------------|
| U.S. Environmental Protection Agency<br>Pass Through - New Mexico Environment<br>Department<br>Clean Water State Revolving Funds                         | 66.458                         | CWSRF 022<br>(loan 950K, grant 250K)     | \$ 1,038,713                    |
| U.S. Environmental Protection Agency<br>Pass Through - New Mexico Finance<br>Authority<br>Drinking Water State Revolving Funds                           | 66.468                         | 2866-DW<br>(grant & loan 50/50)          | 823,386                         |
| U.S. Department of Transportation<br>Pass Through - New Mexico Department<br>of Transportation<br>Formula Grants for Rural Areas                         | 20.509                         | MO1344                                   | 249,321                         |
| U.S. Center for Disease Control<br>Pass Through - New Mexico Department<br>of Health<br>Community Transformation Grant                                   | 93.531                         |  | 32,868                          |
| U.S. Department of Energy<br>Pass Through - New Mexico Energy, Minerals<br>and Natural Resources Department<br>State Energy Program                      | 81.041                         | 15-521-0300-0033                         | 40,000                          |
| U.S. Department of Health & Human Services<br>Pass Through - New Mexico Office of<br>Substance Abuse Prevention<br>Drug Free Communities Support Program | 93.276                         |  | 75,000                          |
| U.S. Department of Justice<br>Pass Through - New Mexico Children<br>and Youth Families Dept.<br>Juvenile Assistance Grant                                | 16.601                         | 15-690-17243                             | <u>106,032</u>                  |
| Total Federal Financial Awards Expenditures  |                                |  | <u>\$ 2,365,320</u>             |

Note A - Significant Accounting Policies:

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

**INDEPENDENT AUDITORS' 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***

To the City Council  
City of Socorro, New Mexico  
and  
Timothy M. Keller  
New Mexico State Auditor  
Santa Fe, 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, the aggregate remaining fund information, and the budgetary comparisons of the general fund of the City of Socorro, New Mexico, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated November 30, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

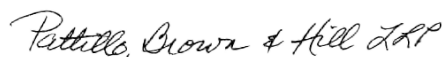
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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



Pattillo, Brown & Hill, LLP  
Albuquerque, New Mexico  
November 30, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Ravi Bhasker, Mayor  
City Council  
City of Socorro  
Socorro, New Mexico  
and  
Timothy M. Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

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

We have audited the City of Socorro, New Mexico, compliance with the types of compliance requirements OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Socorro, New Mexico's major federal programs for the year ended June 30, 2015. The City of Socorro, New Mexico'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 City of Socorro, New Mexico'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 the City of Socorro, New Mexico'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 City of Socorro, New Mexico's compliance.

## Opinion on Each Major Federal Program

In our opinion, the City of Socorro, New Mexico, complied, in all material respects, with the types of compliance referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of City of Socorro, New Mexico, 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 City of Socorro, New Mexico'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 City of Socorro, New Mexico's internal control over compliance.

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

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

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

*Pattillo, Brown & Hill LLP*

Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
November 30, 2015

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**A. Summary of Audit Results**

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Socorro.
2. No material weaknesses and no significant deficiencies in internal control were disclosed during the audit.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance for each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal awards programs for the City of Socorro expresses an unqualified opinion.
6. There were no audit findings relative to the major federal awards programs for the City of Socorro to be reported in accordance with section 510(a) of Circular A-133.
7. The programs tested as major programs included:  
Clean Water State Revolving Funds & Drinking Water State Revolving Funds
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Socorro was not determined to qualify as a low risk auditee.

**B. Findings- Financial Statements Audit**

Reportable Conditions – Prior Year

None

Current Year

2015-001 Budget Deficit in Excess of Cash (compliance)

2015-002 Procurement (compliance)

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**2015-001 Budget Deficit in Excess of Cash (compliance)**

**Condition:** The City's approved budget included deficits that exceed the beginning cash balance for the Rodeo Arena Fund of \$268,083.

**Criteria:** The New Mexico State Statute, Section 6-6-11 NMSA 1978, states "it is unlawful

for any municipal governing body for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot be paid out of the money actually collected and belonging to that current year."

**Effect:** The City's final approved budget included expenditures in excess of revenues and the beginning cash balance, in violation of state statutes. Expenditures budgeted in excess of available cash balances increases the likelihood of the City overspending.

**Cause:** The City inadvertently budgeted expenditures that exceeded the beginning cash balances, and anticipated revenues.

**Recommendation:** The City should review available cash balances when preparing the budget, to ensure that they have the funds available.

**Response:** The City agrees with this recommendation and the finance director will monitor budgets on a monthly basis. This procedure will be implemented immediately.

**2015-002 Procurement (compliance)**

**Condition:** The City's procurement policy requires that each expenditures over \$250 requires a purchase order approved by the department head and a requisition is required. During cash disbursements testing three of the fifty invoices tested the required purchase order was not attached. It was also noted that two purchase orders of the fifty tested were dated after the invoice date.

**Criteria:** The City has procurement policies in place for approval by department heads, creation of a purchase order which is then approved by the City Clerk for all purchases over \$250. When the invoice is received it is matched to the purchase order and processed for payment.

**Effect:** The City's procurement policies are not being adhered to by each department. This makes it more difficult for the finance officer to track and monitor budgets and request budget adjustments when necessary.

**Cause:** Various departments within the City are not following the City's procurement procedures.

**Recommendation:** Every department head should insure that City's procurement procedures are



**STATE OF NEW MEXICO  
CITY OF SOCORRO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

being adhered to.

**Response:** The City agrees with the recommendation and the City Clerk and the accounting department will implement training for staff and department leaders within the next two months.

**Section III – Findings and Questioned Costs – Major Federal Awards Program Audit**

Prior Year

- 2014-001 A-133 Data Collection Form Submission (resolved)
- 2014-002 Cash Management (resolved)
- 2014-003 Non Compliance with Federal Labor Standards (resolved)
- 2014-004 Reporting (resolved)

Current Year

None

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
OTHER DISCLOSURES  
JUNE 30, 2015**

**EXIT CONFERENCE**

An exit conference was held on November 30, 2015 by Cindy James, CPA of Pattillo, Brown & Hill, L.L.P. with Ravi Bhaskar, Patrick Salome, Jr, Clerk, and Mable Gonzales, Finance Director, of the City of Socorro. The audit was discussed.

**PREPARATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by the auditors, Pattillo, Brown, and Hill, L.L.C., Certified Public Accountants; however the financial statements are the responsibility of the management.