

CITY OF SOCORRO
FINANCIAL STATEMENTS

June 30, 2016



CITY OF SOCORRO, NEW MEXICO

TABLE OF CONTENTS

	Page
Table of Contents	1
Official Roster	3
Independent Auditors' Report	4
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	12
Statement of Revenues and Expenditures – Major Governmental Funds – Budget and Actual – (Non-GAAP Budgetary Basis) General Funds 100, 103, 104 & 105	13
Proprietary Fund Financial Statements:	
Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	17
Notes to Financial Statements	18
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability	50
Schedule of City Contributions	51
Notes To Pension Required Supplementary Information	55
Supplementary Information:	
Non-Major Funds – Special Revenue, Capital Projects, Debt Service and Agency Funds Descriptions	56
Combining Balance Sheet – Non-Major Funds	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Funds	60
Combining Balance Sheet – Special Revenue Funds	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	64
Combining Balance Sheet – Capital Projects and Debt Service	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Projects and Debt Service	68

Statement of Revenue and Expenditures – Budget and Actual

Non-Major Fund – (Non-GAAP Budgetary Basis):

Special Revenue Fund – Sedillo Park Renovations	69
Special Revenue Fund – Corrections	70
Special Revenue Fund – Emergency Medical Service.....	71
Special Revenue Fund – Fire Protection.....	72
Special Revenue Fund – Law Enforcement Protection	73
Special Revenue Fund – Lodgers Tax Reserve	74
Special Revenue Fund – Recreation	75
Special Revenue Fund – Intergovernmental Grants.....	76
Special Revenue Fund – Juvenile Justice Grant.....	77
Special Revenue Fund – Convention Center	78
Special Revenue Fund – Solano Economic Development	79
Capital Projects Fund – Airport Construction.....	80
Capital Projects Fund – Street Improvement	81
Capital Projects Fund – Rodeo Arena	82
Capital Projects Fund – CDBG Cuba Road	83
Debt Service Fund – Infrastructure Loan Intercept.....	84
Joint Enterprise Fund.....	85

Supporting Schedules:

Schedule of Vendors.....	86
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Compliance Section:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	87
Schedule of Findings and Responses	89
Summary Schedule of Prior Year Audit Findings.....	92
Exit Conference	93

CITY OF SOCORRO, NEW MEXICO

OFFICIAL ROSTER

Year Ended June 30, 2016

City Council

Ravi Bhasker	Mayor (Current)
Gordon Hicks	Councilor
Peter Romero	Councilor
Toby Jaramillo	Councilor
Ernest Pargas Jr.	Councilor
Michael Olguin Jr.	Councilor
Mary Ann Chavez-Lopez	Councilor
Nick Fleming	Councilor
Anton Salome	Councilor

City Officials

Mable Gonzales	City Clerk
Mable Gonzales	Finance Director
Frances Cases	Municipal Judge

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Socorro
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, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the City of Socorro (City), New Mexico, as of and for the year ended June 30, 2016, 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 funds and the budgetary comparisons for the 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, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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, the general fund and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position, 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 non-major governmental funds of the City as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparisons for the non-major 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 Management's Discussion and Analysis that accounting principles generally accepted in the United States of America 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of City's Proportionate Share of the Net Pension Liability, and Schedule of City Contributions on pages 50-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 *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 other schedules 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 the auditing standards generally accepted in the United States of America. In our opinion, the 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 Vendors 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 December 15, 2016 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.



Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
December 15, 2016

STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 2,381,462	117,650	2,499,112
Receivables:			
Taxes	69,295	-	69,295
Receivables from external parties		12,325	12,325
Accounts receivable, net of allowance	1,047,480	1,376,110	2,423,590
Inventories	17,474	83,806	101,280
Internal balances	296,073	(296,073)	-
Other assets	-	63,001	63,001
Restricted cash and investments	-	1,001,877	1,001,877
Capital assets, net of accumulated depreciation	15,140,905	17,617,343	32,758,248
<i>Total assets</i>	<u>18,952,689</u>	<u>19,976,039</u>	<u>38,928,728</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	802,135	370,999	1,173,134
Real estate contract	168,579	327,766	496,345
Amortization of premium	10,116	-	10,116
Total deferred outflows of resources	<u>980,830</u>	<u>698,765</u>	<u>1,679,595</u>
LIABILITIES			
Accounts payable	94,592	372,254	466,846
Accrued payroll liabilities	138,876	19,216	158,092
Accrued interest payable	8,670	56,324	64,994
Deposits payable	-	89,329	89,329
Noncurrent portion of compensated absences	203,831	137,662	341,493
Current portion of long-term debt	177,073	447,737	624,810
Net pension liability	5,902,538	1,971,915	7,874,453
Landfill Closure Cost	-	1,010,854	1,010,854
Noncurrent portion of long-term debt	1,884,896	4,433,914	6,318,810
<i>Total liabilities</i>	<u>8,410,476</u>	<u>8,539,205</u>	<u>16,949,681</u>
DEFERRED INFLOWS OF RESOURCES			
Real estate contract	168,579	154,171	322,750
Pension related	148,712	195,852	344,564
Total deferred inflows of resources	<u>317,291</u>	<u>350,023</u>	<u>667,314</u>
NET POSITION			
Net investment in capital assets	13,078,936	16,442,687	29,521,623
Restricted for:			
Special revenues	1,037,366	83,806	1,121,172
Capital projects	177,665	-	177,665
Debt service	244,977	-	244,977
Unrestricted	(3,333,192)	(4,740,917)	(8,074,109)
<i>Total net position</i>	<u>\$ 11,205,752</u>	<u>11,785,576</u>	<u>22,991,328</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Service	Operating Grants and Contributions	Governmental Activities	Business Type Activities
Primary government:					
Governmental activities:					
General government	\$ 4,210,645	1,577,735	1,578,983	(1,053,927)	(1,053,927)
Public safety	2,845,455	80,516	-	(2,764,939)	(2,764,939)
Economic and physical development	668,411	-	-	(668,411)	(668,411)
Highways and streets	72,600	-	-	(72,600)	(72,600)
Culture and recreation	1,660,664	-	-	(1,660,664)	(1,660,664)
Interest relating to long-term debt	62,673	-	-	(62,673)	(62,673)
Total governmental activities	9,520,448	1,658,251	1,578,983	(6,283,214)	(6,283,214)
Business-type activities:					
Joint Enterprise	8,142,872	7,061,904	436,914	-	(644,054)
Total business-type activities	8,142,872	7,061,904	436,914	-	(644,054)
Total primary government	\$ 17,663,320	8,720,155	2,015,897	(6,283,214)	(644,054)
General Revenues:					
Taxes:					
Franchise				-	-
Gasoline				-	-
Gross receipts				4,451,992	101,368
Property				1,347,978	-
Lodgers				-	-
Special Assessments				-	-
Miscellaneous				273,327	-
Interest				3,424	2,216
Total general revenues				6,076,721	103,584
Transfers				200,000	(200,000)
Change in net position				(6,493)	(740,470)
Beginning net position, as previously stated				11,212,245	12,338,898
Restatement (Note 18)				-	187,148
Beginning net position, as restated				11,212,245	12,526,046
Ending net position				\$ 11,205,752	11,785,576

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF SOCORRO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund 101	Other Governmental Funds	Total
ASSETS			
Cash and investments	\$ 996,036	1,385,426	2,381,462
Receivables:			
Taxes	55,365	31,484	86,849
Receivables from external parties	-	69,295	69,295
Accounts Receivable, net allowance	960,631	-	960,631
Inventories	17,474	-	17,474
Due from other funds	362,446	-	362,446
<i>Total assets</i>	<u>2,391,952</u>	<u>1,486,205</u>	<u>3,878,157</u>
Deferred Outflows			
Real estate contract	168,579	-	168,579
<i>Total assets and deferred outflows</i>	<u>\$ 2,560,531</u>	<u>1,486,205</u>	<u>4,046,736</u>
LIABILITIES AND FUND BALANCE			
<i>Liabilities:</i>			
Accounts payable	70,294	24,298	94,592
Accrued payroll liabilities	138,876	-	138,876
Due to other funds	47,000	19,373	66,373
<i>Total liabilities</i>	<u>256,170</u>	<u>43,671</u>	<u>299,841</u>
DEFERRED INFLOWS			
Real estate contract	168,579	-	168,579
Property taxes	79,050	-	79,050
<i>Total deferred inflows</i>	<u>247,629</u>	<u>-</u>	<u>247,629</u>
<i>Fund Balance:</i>			
Nonspendable - inventory	17,474	-	17,474
Restricted for:			
Special revenue funds	-	1,019,892	1,019,892
Capital projects funds	-	177,665	177,665
Debt service	-	244,977	244,977
Unassigned for:			
General fund	2,039,258	-	2,039,258
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt service	-	-	-
<i>Total fund balance (deficit)</i>	<u>2,056,732</u>	<u>1,442,534</u>	<u>3,499,266</u>
<i>Total liabilities, deferred inflows and fund balance</i>	<u>\$ 2,560,531</u>	<u>1,486,205</u>	<u>4,046,736</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF SOCORRO
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

Fund balances - total governmental funds	\$ 3,499,266
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,140,905
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Deferred Inflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds	79,050
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Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	
Pension related	802,135
Bond premium	10,116

Defined benefit pension plan deferred inflows are not due and payable in the current period and therefore, are not reported in the funds	(148,712)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and accordingly are not reported in the funds:

Accrued interest expense	(8,670)
Notes payable	(2,061,969)
Net pension liability	(5,902,538)
Compensated absences	(203,831)

Total net position	<u>\$ 11,205,752</u>
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See Notes to 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, 2016

	General Fund 101	Other Governmental Funds	Total Governmental Funds
<i>Revenues:</i>			
Taxes	\$ 5,170,265	550,655	5,720,920
Licenses, permits, fees and fines	737,900	25,629	763,529
Charges for services	581,829	232,377	814,206
Intergovernmental - state sources	727,344	851,639	1,578,983
Intergovernmental - federal sources	-	-	-
Fines and forfeits	80,516	-	80,516
Contributions and donations	9,613	14,757	24,370
Investment earnings	984	2,440	3,424
Other	113,712	2,299	116,011
<i>Total revenues</i>	<u>7,422,163</u>	<u>1,679,796</u>	<u>9,101,959</u>
<i>Expenditures:</i>			
Current			
General government	2,838,502	1,293	2,839,795
Public safety	2,111,908	139,582	2,251,490
Public works	528,886	-	528,886
Health and welfare	57,437	-	57,437
Culture and recreation	858,061	802,603	1,660,664
Judicial	10,909	-	10,909
Capital outlay	572,737	990,149	1,562,886
Debt service	-	-	-
Principal	-	172,897	172,897
Interest and administrative fees	-	59,621	59,621
<i>Total expenditures</i>	<u>6,978,440</u>	<u>2,166,145</u>	<u>9,144,585</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>443,723</u>	<u>(486,349)</u>	<u>(42,626)</u>
<i>Other financing sources (uses):</i>			
Transfers in	-	839,319	839,319
Transfers out	(560,493)	(78,826)	(639,319)
Sale of capital assets	80,246	52,700	132,946
Proceeds from issuance of debt	-	-	-
<i>Total other financing sources (uses)</i>	<u>(480,247)</u>	<u>813,193</u>	<u>332,946</u>
<i>Net change in fund balances</i>	<u>(36,524)</u>	<u>326,844</u>	<u>290,320</u>
<i>Fund balances (deficits) - beginning of year</i>	<u>2,093,256</u>	<u>1,115,690</u>	<u>3,208,946</u>
<i>Fund balances(deficits) - end of year</i>	<u>\$ 2,056,732</u>	<u>1,442,534</u>	<u>3,499,266</u>

See Notes to 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, 2016**

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

Net change in fund balances - total governmental funds	\$ 290,320
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Governmental funds report capital outlays as expenditures, However, in the statement of activities, the cost of certain capital outlays is allocated over the estimated useful lives of the assets acquired and reported as depreciation expense. As a result, fund balance decreased by the amount of financial resources expended, whereas net position decreased by the amount of depreciation expense charged for the year:

Capital expenditures	1,562,886
Depreciation expense	(1,670,419)
Loss on disposition of capital assets	(600,756)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Change in property taxes receivable	79,050
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The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Increase in accrued interest payable	(3,052)
Change in net pension liability	152,679
Deferred revenue - land sale	(5,794)
Change in bond premium	(1,348)
Decrease in accrued compensated absences	17,044
Principal payments on notes	172,897
Change in net position of governmental activities	\$ <u>(6,493)</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF SOCORRO
GENERAL FUNDS 101, 103, 104, & 106
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 2,787,716	\$ 2,787,716	\$ 4,863,975	\$ 2,076,259
Licenses & permits	54,690	39,690	698,328	658,638
Charges for services	620,500	620,500	581,829	(38,671)
Intergovernmental	2,301,043	2,301,043	708,350	(1,592,693)
Fines & Forfeitures	90,250	90,250	80,516	(9,734)
Contributions & donations	5,500	5,500	9,613	4,113
Investment earnings	1,000	1,000	984	(16)
Miscellaneous income	1,080,990	1,080,990	113,712	(967,278)
<i>Total revenues</i>	<u>6,941,689</u>	<u>6,926,689</u>	<u>7,057,307</u>	<u>130,618</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Judicial	154,050	154,050	10,909	143,141
General Government	1,496,171	1,496,171	2,146,353	(650,182)
Public Safety	2,788,322	2,788,322	2,716,337	71,985
Public Works	-	690,230	528,886	161,344
Culture & Recreation	998,172	1,083,172	858,061	225,111
Health	65,667	125,667	57,437	68,230
Miscellaneous other	548,035	77,805	-	77,805
<i>Noncurrent:</i>				
Capital outlay	-	572,737	572,737	-
<i>Total expenditures</i>	<u>6,050,417</u>	<u>6,988,154</u>	<u>6,890,720</u>	<u>97,434</u>
<i>Other financing sources (uses):</i>				
<i>Proceeds from sales of capital assets</i>			(80,246)	(80,246)
Transfers in	20,000	20,000	569,319	549,319
Transfers out	(754,601)	(959,601)	-	959,601
<i>Total other financing sources (uses)</i>	<u>(734,601)</u>	<u>(939,601)</u>	<u>489,073</u>	<u>1,428,674</u>
<i>Net change in fund balances</i>	<u>\$ 156,671</u>	<u>\$ (1,001,066)</u>	<u>(322,486)</u>	<u>\$ 1,656,726</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			198,242	
Changes in expenses			87,720	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (36,524)</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
JUNE 30, 2016

	JOINT UTILITY
ASSETS	
<i>Current assets:</i>	
Cash and investments	\$ 117,650
Receivables:	
Receivables from external parties	12,325
Accounts receivable, net of allowance	1,376,110
Due from other funds	62,913
Inventories	83,806
Loan Refinance cost	63,001
<i>Total current assets</i>	<u>1,715,805</u>
<i>Restricted assets:</i>	
Restricted Cash/Customer meter deposits	472,959
Restricted Cash/Reserves	528,918
<i>Total restricted assets</i>	<u>1,001,877</u>
<i>Capital assets:</i>	
Assets not being depreciated	
Land and water rights	337,961
Construction work in progress	301,961
Assets being depreciated	
Infrastructure	7,842,846
Buildings	23,742,884
Machinery and equipment	5,440,389
Less accumulated depreciation	<u>(20,048,698)</u>
Total capital assets, net of accumulated depreciation	<u>17,617,343</u>
Total assets	<u>20,335,025</u>
DEFERRED OUTFLOWS OF RESOURCES	
Real estate contract	327,766
Pension related	370,999
Total deferred outflows of resources	<u>\$ 698,765</u>

STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
JUNE 30, 2016

	JOINT UTILITY
LIABILITIES	
<i>Current liabilities:</i>	
Accounts payable	372,254
Accrued salaries & benefits	19,216
Accrued interest payable	56,324
Deposits payable	89,329
Loans payable - current	337,326
Capital leases payable - current	80,211
Bonds payable - current	30,200
Due to other funds	358,986
<i>Total current liabilities</i>	<u>1,343,846</u>
<i>Noncurrent liabilities</i>	
Loans payable	3,406,457
Capital leases payable - noncurrent	190,127
Bonds payable- noncurrent	837,330
Landrill closure costs	1,010,854
Compensated absences - noncurrent	137,662
Net pension liability	1,971,915
<i>Total noncurrent liabilities</i>	<u>7,554,345</u>
Total liabilities	<u>8,898,191</u>
DEFERRED INFLOWS OF RESOURCES	
Real estate contract	154,171
Pension related	195,852
Total deferred inflows of resources	<u>350,023</u>
NET POSITION	
Nonspendable-inventory	83,806
Net investment in capital assets	16,442,687
Unrestricted	(4,740,917)
Total net postion	<u>\$ 11,785,576</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	JOINT UTILITY
<i>Operating Revenues:</i>	
Sales and Services	\$ 7,061,904
Federal grants	<u>231,508</u>
Total operating income	<u>7,293,412</u>
<i>Operating expenses:</i>	
Salaries & Benefits	2,400,104
Natrural Gas Purchases	931,056
Other operating expense	3,080,212
Payment in lieu of taxes	284,534
Depreciation	<u>1,322,090</u>
Total operating expenses	<u>8,017,996</u>
Net operating income	(724,584)
<i>Non-operating income (expenses)</i>	
Capital grants	205,406
Gross Receipts tax - dedicated	101,368
Interest income	2,216
Interest expense	<u>(124,876)</u>
<i>Net non-operating income</i>	<u>184,114</u>
Operations before transfers	(540,470)
Transfers in	-
Transfers out	<u>(200,000)</u>
Net transfers	<u>(200,000)</u>
<i>Net income (loss)</i>	<u>(740,470)</u>
Net position - beginning of year	12,338,898
Restatement (Note 18)	<u>187,148</u>
Net position - beginning of year, as restated	<u>12,526,046</u>
Net position - end of year	<u><u>\$ 11,785,576</u></u>

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF SOCORRO
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Total
Cash Flows From Operating Activities	
Cash received from customers and others	\$ 7,258,407
Cash payments to vendors and employees	<u>(6,837,045)</u>
Net cash provided by operating activities	<u>421,362</u>
Cash Flows From Non-Capital Financing	
Gross receipts tax revenue	101,368
Interfund transfer	(200,000)
Miscellaneous	212,474
Interest earnings	<u>2,216</u>
Net cash (used) provided by non-capital financing activities	<u>116,058</u>
Cash Flows From Capital and Related	
Purchase of capital assets	(184,444)
Principal payment on long-term debt	(392,525)
Interest payment on bonds, loans, and leases	<u>(97,942)</u>
Net cash used by capital and related financing activities	<u>(674,911)</u>
Net (decrease) increase in cash and cash equivalents	(137,491)
Cash and restricted cash and cash equivalents, beginning of year	<u>1,257,018</u>
Cash and restricted cash and cash equivalents, end of year	<u><u>\$ 1,119,527</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating income (loss)	\$ (740,470)
Noncash items	
Depreciation expense	1,322,090
Adjustments to operating income	
Accounts receivable	(39,443)
Increase in deferred outflows - pension related	(851,449)
Accounts payable	305,987
Meter deposit	4,438
net pension liability	413,288
Deferred inflows - pension related	(269,268)
Deferred inflows - landfill	243,423
Accrued payroll	19,216
Compensated absences	<u>13,550</u>
Net cash provided (used) by operating activities	<u><u>\$ 421,362</u></u>

See Notes to Financial Statements.

**CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Socorro, New Mexico (the “City”) was incorporated in 1870 under the laws of the State of New Mexico. 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.

B. Basis of Presentation – Fund Accounting

The financial statements for the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. As required by GAAP, the financial statements present the City and entities for which the City is considered to be financially accountable. There are no component units for the fiscal year ended June 30, 2016.

The government-wide financial statements report information on all of the non-fiduciary activities of the City. Where appropriate, the effect of interfund activity has been removed from the statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities, and deferred inflows and outflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Accounting

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

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principle ongoing operations.

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

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. For this purpose, the City considers revenues to be available if they are 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 made.

The City follows the following revenue recognition principles applied to non-exchange transactions which are in Accordance with GASB Statement 33, *Accounting and Reporting for Non-exchange Transactions*:

Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes and cigarette taxes.

Imposed non-exchange revenue – property taxes are levied and collected by the Colfax County treasurer on behalf of the City. The taxes are levied in November and payable in two installments, November 10 and April 10. The County remits to the City a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty and interest 30 days after the date on which they are due.

Imposed non-exchange revenue other than property taxes is recognized in the period when an enforceable legal claim has arisen and the resources are available.

Government-mandated non-exchange transactions and voluntary non-exchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

**CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Accounting

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

Proprietary funds financial statements are reported using the measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

The City reports the following fund types:

General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important functions of the City, including the City's general services and administration, are accounted for in this fund.

Special Revenue Funds are used to account for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those constructed for proprietary funds.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term principal, interest and related costs.

The **Proprietary Funds** are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Cash and Investments

Cash includes amounts in demand deposits, CDs 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 value.

**CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Accounting

Investments are stated at fair value that is determined using selected bases. Investments with managed funds are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The County categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset into three levels:

Level 1: inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date (June 30th of that year).

Level 2: inputs, other than quoted prices included within level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3: are unobservable inputs for an asset or liability. The County measures level 3 inputs using other valuation techniques that attempts to maximize the use of relevant observable inputs and maximizes the use of unobservable inputs.

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.

Inventory

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.

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 accrued 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 sale, the principal on the real estate contracts are recorded as deferred revenue.

Capital Assets

Capital assets, which include software, library books, property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978 and an estimated useful life in excess of one year.

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Accounting

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure assets have high limits that must be met before they are capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 – 40 years
Data Processing Equipment	3 years
Software	5 years
Office Equipment	5 years
Motor Vehicles	5 years
Office Furniture	10 years
Non Office Equipment and Ambulance	10 years
Fire Truck, Facility Improvements	20 years

Compensated Absences

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

Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are non-spendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Non-spendable. The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

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

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Accounting

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the City. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City, or a management official delegated that authority by the formal City action.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other Interfund transfers are reported as operating transfers. All Interfund activity has been eliminated at the government wide level.

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. Net position is reported as restricted when there are limitation imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position components that do not meet the definition of “restricted” or “net investment in capital assets, net of related debt” are included in unrestricted net position. The Government-wide Statement of Net Position reports \$1,460,008 of governmental activities restricted net position of which \$1,037,366 is restricted by enabling legislation.

Cash Flows

For purposes of the Statement of Cash Flows, all highly liquid assets with a maturity of three months or less are considered to be cash equivalents.

**CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Accounting

Budgetary Information

Actual amounts on the budgetary basis are prepared on the GAAP basis of accounting, which recognizes revenues when earned and expenditures when incurred. Annual budgets are adopted for the general, special revenue, capital projects and enterprise funds. The City follows the following procedures for establishing the budgetary data reflected in the financial statements:

1. Prior to June, the City Administrator 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 years' 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 a resolution.
2. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the City Council and New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, capital projects fund and enterprise funds.
4. The level of classification detail in which expenditures or expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.
5. Funds 214 and 215 are netted for budgetary purposes as there was one budget prepared for the two funds.

Use of Estimates in Preparing Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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

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

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

At June 30, 2016, 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 and Bank of America Merrill Lynch secured by the United States government. Following is a schedule as of June 30, 2016, 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.

	Balance Per Bank 6-30-16	Add Deposits In Transit	Less Outstanding Checks	Balance Per Books 6-30-16
Deposits				
First State Bank Socorro				
Operating Account	\$ 1,080,266	19,297	312,464	787,099
Investment Account	1,383,443			1,383,443
Payroll Account	64,716	-	63,087	1,629
E-Pay Account	105,061	2,535	-	107,596
CDBG Drainage Account	11,002	-	-	11,002
Bank of America				
Operating Account	47,612	-	-	47,612
Total Deposits	2,692,100	21,832	375,551	2,338,381
Investments				
NM Finance Authority	406,762	-	-	406,762
Wells Fargo Brokerage	755,263	-	-	755,263
Total Investments	1,162,025	-	-	1,162,025
Cash on Hand (Petty Cash)	583	-	-	583
Total Cash and Investments	\$ 3,854,708	21,832	375,551	3,500,989

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk—Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are: 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. 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.

	<u>First State</u>	<u>Bank of America</u>	<u>Total</u>
Deposits			
First State	\$ 2,644,488	-	2,644,488
Bank of America	-	47,612	47,612
Total Deposits	<u>2,644,488</u>	<u>47,612</u>	<u>2,692,100</u>
Less: FDIC Insurance	<u>(250,000)</u>	<u>(47,612)</u>	<u>(297,612)</u>
Total Uninsured and uncollateralized	<u>2,394,488</u>	<u>-</u>	<u>2,394,488</u>
Pledged 50% Collateral Required- CUSIP 3133EEB33 / 31331VKU9	1,197,244	-	1,197,244
Pledged Collateral at FMV	<u>1,394,182</u>	<u>-</u>	<u>1,394,182</u>
Over/(Under) Insured	\$ <u>196,938</u>	<u>-</u>	<u>196,938</u>

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual depositors. The City is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account in accordance with Section 6-10-17 NMSA 1978. See page 90 for a reconciliation of bank to book balances.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the investment in a single issuer. The City has no formal policy limiting the amount of investments or deposits at any single institution or with any single issuer.

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk – Investments (Continued)

As of June 30, 2016, the State Treasurer Local Government Investment Pool (LGIP) was rated by Standard's & Poor's as AAAM. At June 30, 2016, the City had \$406,762 in the LGIP. The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance. The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. Investments in the LGIP are on the following page:

<u>NMFA LGIP Account Name</u>		<u>Fair Market Value</u>
NMFA Landfill Reserve	\$	26,427
NMFA Landfill Intercept		18,422
NMFA HS Rd Reserve		8,539
NMFA HS Rd Intercept		9,601
NMFA Infrastructure Intercept		50,087
NMFA Infrastructure Reserve		95,877
NMFA Landfill Reserve May 09		78,293
NMFA New Landfill Cell		22,460
NMFA Fire Station		67
NMFA Automated Read Meter Loan Pmt		1,609
NMFA Rodeo Sports Facility Reserve		80,873
NMFA Rodeo Sports Proceeds		-
NMFA Rodeo Sports Facility		14,507
Total	\$	<u>406,762</u>

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.

As of June 30, 2016 the City had the following investments held at Wells Fargo Brokerage Services:

	<u>Fair Value</u>	<u>Current</u>
Wells Fargo Adv Government MMF	\$ 755,263	755,263

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

At June 30, 2016, investments were measured at fair value using:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by fair value level				
Wells Fargo	\$ 755,263	-	-	755,263
NM Finance Authority	-	-	406,762	406,762
	<u>\$ 755,263</u>	<u>-</u>	<u>406,762</u>	<u>1,162,025</u>

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 \$755,263. 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.

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

NOTE 3 – ACCOUNTS RECEIVABLE

Governmental accounts receivables – customers represent billings for ambulance transport services. Business-Type Activities accounts receivable – customers represents billings for water, waste water and solid waste fees. It is management's policy to cut off water and waste water service for non-payment. A lien is place on the properties which have outstanding balances. Accounts receivable is comprised of the following at June 30, 2016:

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 3 – ACCOUNTS RECEIVABLE (CONTINUED)

Accounts Receivable	Governmental Activities	Business-Type Activities	Total Primary Government
Accounts Receivable - Customers	\$ 2,082,475	1,475,659	3,558,134
Less Allowance for uncollectible	<u>1,121,844</u>	<u>99,549</u>	<u>1,221,393</u>
Net Accounts Receivables	960,631	1,376,110	2,336,741
Intergovernmental:			
Joint Enterprise Fund	-	12,325	12,325
Taxes Receivable	55,365	-	55,365
Juvenile Justice Grant Fund	<u>31,484</u>	<u>-</u>	<u>31,484</u>
Total Intergovernmental Rec.	86,849	12,325	99,174
Receivable from external parties:			
Lodgers Tax	<u>69,295</u>	<u>-</u>	<u>69,295</u>
Total Taxes Receivable	69,295	-	69,295
Total Accounts Receivable	<u>\$ 1,116,775</u>	<u>1,388,435</u>	<u>2,502,210</u>

Management has determined that all receivables in excess of 120 days comprise the allowance for uncollectible accounts.

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Capital Asset activity for the year was as follows:

<u>Governmental Activities</u>	<u>Beg. Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 301,819	-	-	-	301,819
Construction in progress	-	330,350	-	-	330,350
Total capital assets not being depreciated	301,819	330,350	-	-	632,169
Capital assets being depreciated:					
Buildings	10,701,218	677,240	-	1,050,808	12,043,682
Vehicles and equipment	7,774,681	245,790	(129,573)	(495,280)	7,395,618
Infrastructure	11,839,627	95,500	-	(563,057)	11,372,070
Total capital assets being depreciated	30,315,526	1,018,530	(129,573)	(7,529)	30,811,370
Less accumulated depreciation for:					
Buildings and improvements	5,872,625	554,734	-	(384,618)	6,042,741
Vehicles and equipment	5,599,176	468,303	(128,407)	(145,883)	5,793,189
Infrastructure	3,296,350	647,382	-	559,972	4,466,704
Total accumulated depreciation	14,768,151	1,670,419	(128,407)	(7,529)	16,302,634
Total capital assets being depreciated, net	15,547,375	(844,681)	(1,166)	-	14,508,736
Governmental activities capital assets, net	\$ 15,849,194	(107,533)	(1,166)	-	15,140,905

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 4 – CAPITAL ASSETS (CONTINUED)

<u>Business-type Activities</u>	<u>Beg. Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Prior Period Adjustment</u>	<u>End Balance</u>
Capital assets not being depreciated:					
Land	\$ 337,961	-	-	-	337,961
Construction in progress	-	301,961	-	-	301,961
Total capital assets not being depreciated	337,961	301,961	-	-	639,922
Capital assets being depreciated:					
Plant and equipment	36,270,933	554,791	-	200,396	37,026,120
Total capital assets being depreciated	36,270,933	554,791	-	200,396	37,026,120
Total capital assets	36,608,894	856,752	-	200,396	37,666,042
Less accumulated depreciation for:					
Plant and equipment	18,713,360	1,322,090	-	13,249	20,048,699
Total accumulated depreciation	18,713,360	1,322,090	-	13,249	20,048,699
Total capital assets being depreciated, net	17,557,573	(767,299)	-	187,147	16,977,421
Business-type activities capital assets, net	\$ 17,895,534	(465,338)	-	187,147	17,617,343

Governmental activities:

General government	\$ 647,946
Judicial	511,748
Public safety	120,212
Public works	13,055
Culture and recreation	377,458
Total depreciation expense	\$ <u>1,670,419</u>

Business-type activities:

Natural Gas	105,767
Landfill	277,639
Waste water	\$ 581,720
Solid waste	52,884
Water	304,080
Total depreciation expense	\$ <u>1,322,090</u>

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 5 – LONG-TERM OBLIGATIONS

Summary of governmental activity long term obligations:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Loans Payable	\$ 2,234,866	-	172,897	2,061,969	177,073
Compensated Absences	220,875	193,363	210,407	203,831	-
Total	\$ 2,455,741	193,363	383,304	2,265,800	177,073

Compensated absences related to employees of a given fund are liquidated with money from that fund. Payroll is tracked on a per-fund basis. The majority of compensated absences will be liquidated with money from the general fund.

Management records the pledged revenue related to the debt in another fund and transfer funds to the debt service fund for principal and interest payments.

Governmental Funds -Loans Payable

High School Road /Michigan Avenue Construction

On September 27, 2002 the City obtained a loan from the New Mexico Finance Authority in the amount of \$308,461, and bears interest at 3.554%, with payments due on May 1st and November 1st for the purpose of street Construction on High School Road. Revenues pledged to service this loan are the first two increments of the Municipal Infrastructure GRT pursuant to section 7-1-6.15 and 7-19D-11 and City ordinance No. 01-09-17. The future requirements for the loan are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 17,790	4,043	21,833
2018	18,432	3,446	21,878
2019	19,106	2,820	21,926
2020	19,811	2,163	21,974
2021	20,550	1,475	22,025
Thereafter	18,205	754	18,959
Totals	\$ 113,894	14,700	128,594

Infrastructure Projects

In March, 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 1st and November 1st and matures on May 1, 2021. Revenue pledged to service this loan are from State-shared GRT to the City made monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6.4, NMSA 1978, and City Ordinance No. 06-02-06A. The future requirements for the loan are as follows:

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	79,884	14,208	94,092
2018		82,650	11,648	94,298
2019		85,556	8,956	94,512
2020		88,612	6,122	94,734
2021		91,824	3,140	94,964
Totals	\$	<u>428,526</u>	<u>44,075</u>	<u>472,601</u>

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. The loan was finalized on September 3, 2010, with the City borrowing \$309,575. The note bears interest at 2.392% with principal payments due annually in May and semi-annual interest payments due in November and May, maturing on May 1, 2038. The payment of 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 NMFA.

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	30,849	4,371	35,220
2018		31,552	3,668	35,220
2019		32,338	2,882	35,220
2020		33,201	2,019	35,220
2021		34,153	1,069	35,222
Totals	\$	<u>162,093</u>	<u>14,008</u>	<u>176,101</u>

Rodeo Sports Facility

The City entered into a loan agreement with the New Mexico Finance Authority (NMFA) to borrow funds for the construction of rodeo and sports facilities. The loan was finalized on June 14, 2013, with the City borrowing \$1,495,751. The note bears interest at 2.344%, with an annual interest payment due in May and interest payments due in May and November of each year, maturing on May 1, 2038. Lodger's tax revenues of approximately 3% are the pledged revenues for this loan.

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	48,550	30,224	78,774
2018		48,962	29,860	78,822
2019		49,471	29,400	78,871
2020		50,125	28,796	78,921
2021		50,937	28,035	78,972
2022-2026		271,594	124,047	395,641
2027-2029		311,331	85,741	397,072
Thereafter		526,486	32,268	558,754
Totals	\$	<u>1,357,456</u>	<u>388,371</u>	<u>1,745,827</u>

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Summary of Business-type long term obligations:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Loans Payable	\$ 3,123,050	-	284,737	2,838,313	337,326
Bonds Payable	1,803,100	-	30,100	1,773,000	30,200
Capital Lease Compensated Absences	348,026	-	77,688	270,338	80,211
	124,112	94,046	80,496	137,662	-
Total	\$ 5,398,288	94,046	473,021	5,019,313	447,737

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 6, 2002, with the City borrowing \$526,185. The note bears interest at 4.248%, which includes the NMFA administrative expense of 0.25%. Principal payments on the loan are due on May 1st and interest payments are due May 1st November 1st, maturing on May 1, 2022. Revenues pledged for the payment of this loan are the Municipal Environment Services GRT pursuant to section 7-19D-10 and 7-1-6.15, and City resolution No. 02-06-17-1.

Year Ending June 30		Principal	Interest	Total
2017	\$	30,589	8,635	39,224
2018		31,923	7,379	39,302
2019		33,333	6,052	39,385
2020		34,818	4,654	39,472
2021		36,381	3,180	39,561
2022-2026		38,024	1,631	39,655
Totals	\$	205,068	31,533	236,601

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 May 1st and November 1st, maturing on May 1, 2029.

Year Ending June 30		Principal	Interest	Total
2017	\$	48,825	28,750	77,575
2018		50,060	27,515	77,575
2019		51,418	26,157	77,575
2020		52,925	24,649	77,574
2021		54,612	22,962	77,574
2022-2026		304,038	83,836	387,874
2027-2031		213,704	19,020	232,724
Totals	\$	775,582	232,890	1,008,472

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Wastewater Treatment Plant

The City entered into a loan agreement with the New Mexico Environment Department, 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. On May 11, 2001, the City refinanced the loan. The refinanced note 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 paid solely from the net revenues of the system.

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	141,019	5,697	146,716
2018		143,839	2,877	146,716
Totals	\$	284,858	8,574	293,432

Wastewater Treatment Plan 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 on 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, maturing in December 2029.

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	3,754	-	3,754
2018		3,754	-	3,754
2019		3,754	-	3,754
2020		3,754	-	3,754
2021		3,754	-	3,754
2022-2026		18,769	-	18,769
2027-2028		15,013	-	15,013
Totals	\$	52,551	-	52,551

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 0.25% and payments of \$18,854 are due annually in June, maturing in May 2024.

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	18,217	368	18,585
2018		18,262	322	18,584
2019		18,308	276	18,584
2020		18,354	230	18,584
2021		18,400	185	18,585
2022-2026		55,510	278	55,788
Totals	\$	147,051	1,659	148,710

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Drinking Water System Improvement Project

The City entered into a loan agreement with the New Mexico Finance Authority to finance the design, acquisition, construction, improvement, expansion, and repair of drinking water systems for the community on June 28, 2014. The project is underway and the loan amount to date is \$436,863 with a maximum loan amount of \$484,000. The loan bears an interest rate of 0.25%.

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	48,057	1,092	49,149
2018		48,177	972	49,149
2019		48,298	852	49,150
2020		48,418	731	49,149
2021		48,539	610	49,149
2022-2026		229,213	1,223	196,597
Totals	\$	<u>470,703</u>	<u>4,387</u>	<u>441,250</u>

Wastewater Collection System Expansion

The City entered into a loan agreement with the New Mexico Environment Department for the purpose of wastewater system expansion to residents who are currently using aged 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.

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	47,500	-	47,500
2018		47,500	-	47,500
2019		47,500	-	47,500
2020		47,500	-	47,500
2021		47,500	-	47,500
2022-2026		237,500	-	237,500
2027-2031		237,500	-	237,500
2032-2036		190,000	-	190,000
Totals	\$	<u>902,500</u>	<u>-</u>	<u>902,500</u>

Revenue Bonds Payable

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 Issue</u>	<u>Maturity</u>	<u>Interest rate</u>	<u>Balance</u>
2010 Joint Utility System	\$	132,000	2/19/2050	2.625%	\$ 120,000
2011A Joint Utility System		515,000	8/4/2051	2.500%	483,000
2013A Joint Utility System		1,230,000	1/18/2053	2.500%	<u>1,170,000</u>
Improvement Revenue Bonds - Total					<u>\$ 1,773,000</u>

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Amortizations on these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2017	\$ 2,200	3,200	5,400
2018	2,300	3,100	5,400
2019	2,300	3,100	5,400
2020	2,400	3,000	5,400
2021	2,400	3,000	5,400
2022-2026	13,200	13,800	27,000
2027-2031	15,100	11,900	27,000
2032-2036	17,000	10,000	27,000
2037-2041	19,500	7,500	27,000
2042-2046	22,100	4,900	27,000
2047-2051	21,500	1,700	23,200
Totals	\$ 120,000	65,200	185,200

Year Ending June 30	Principal	Interest	Total
2017	\$ 8,000	12,100	20,100
2018	9,000	11,900	20,900
2019	9,000	11,700	20,700
2020	9,000	11,500	20,500
2021	9,000	11,200	20,200
2022-2026	51,000	52,600	103,600
2027-2031	57,000	45,900	102,900
2032-2036	65,000	38,400	103,400
2037-2041	73,000	29,800	102,800
2042-2046	82,000	20,400	102,400
2047-2051	94,000	9,500	103,500
	17,000	500	17,500
Totals	\$ 483,000	255,500	738,500

Year Ending June 30	Principal	Interest	Total
2017	\$ 20,000	29,250	49,250
2018	20,000	28,750	48,750
2019	20,000	28,250	48,250
2020	20,000	27,750	47,750
2021	20,000	27,250	47,250
2022-2026	100,000	128,750	228,750
2027-2031	140,000	114,750	254,750
2032-2036	150,000	96,250	246,250
2037-2041	160,000	77,500	237,500
2042-2046	200,000	55,000	255,000
2047-2051	210,000	30,000	240,000
	110,000	4,250	114,250
Totals	\$ 1,170,000	647,750	1,817,750

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Capital Leases

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.

The future requirements for capital leases are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	80,211	7,481	87,692
2018	82,816	4,876	87,692
2019	85,505	2,187	87,692
2020	21,806	116	21,922
Total	\$ 270,338	14,660	284,998

Accrued Compensated Absences

It is the policy of the City to grant each permanent and probationary full-time employee annual leave based on the following schedule. Any unused leave which an employee may accrue is 200 hours.

<u>Total Years of Service</u>	<u>Yearly Accumulation</u>
0 – 5 (inclusive)	10 days
6 – 19 (inclusive)	15 days
20 or more	18 days

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 \$1,010,854 reported as landfill closure liability (includes: landfill closure, post closure care, phase I and phase II assessments and corrective action costs) at June 30, 2016, 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.

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 6 – INTERFUND BALANCES

The following are amounts owed between funds and are classified as due from/to other funds at June 30, 2016:

<u>Due From Other Funds</u>	<u>Amount</u>	<u>Due To Other Funds</u>	<u>Amount</u>
Major Governmental Funds:		Major Governmental Funds:	
General Fund	\$ 362,446	General Fund	\$ 47,000
Total Major Governmental Funds	<u>\$ 362,446</u>	Total Major Governmental Funds	<u>\$ 47,000</u>
Nonmajor Governmental Funds:		Nonmajor Governmental Funds:	
Rodeo Arena Fund	\$ -	Rodeo Arena Fund	\$ 19,373
Total Nonmajor Governmental Funds	<u>\$ -</u>	Total Nonmajor Governmental Funds	<u>\$ 19,373</u>
Enterprise Funds:		Enterprise Funds:	
Joint Enterprise Fund	\$ 62,913	Joint Enterprise Fund	\$ 358,986
Total Enterprise Funds	<u>\$ 62,913</u>	Total Enterprise Funds	<u>\$ 358,986</u>
Grand Total	<u>\$ 425,359</u>	Grand Total	<u>\$ 425,359</u>

NOTE 7– INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016 consisted of the following:

Major Funds	Transfers In	Transfers Out
<i>Governmental Activities</i>		
General	\$ -	\$ 560,493
<i>Business-type Activities</i>		
Joint Enterprise	-	200,000
Total Major Funds	<u>-</u>	<u>760,493</u>
Non-Major Funds	<u>839,319</u>	<u>78,826</u>
	<u>\$ 839,319</u>	<u>\$ 839,319</u>

NOTE 8 – PROPERTY TAXES

Socorro County is responsible for assessing, collecting and distributing property taxes for the City. Property taxes are assessed on November 1, of each year based on the assessed value the prior January 1 and are payable in two equal installments by November 10 of the year in which the tax bill is prepared and by May 10 of the following year. Property taxes are delinquent if not paid by December 10 and June 10. Taxes on real property are levied on January 1 of the year for which the taxes are imposed.

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 – PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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, 2015 available at 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 are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for 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. The PERA coverage options that apply to City are Municipal Plan, Municipal Police Plan, and Municipal Fire Plan. Statutorily required contributions to the pension plan from the City were \$921,192 for the year ended June 30, 2016.

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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 – PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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

For PERA Fund Division Municipal Plan, at June 30, 2016, the City reported a liability of \$3,944,781 for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion was 0.3869 percent.

For the year ended June 30, 2016, the City recognized PERA Fund Division Municipal Plan pension expense of \$133,254. At June 30, 2016, the City reported PERA Fund Division Municipal Plan deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	87,379
Changes in assumptions	-	1,537
Net difference between projected and actual earnings on pension plan investments	-	12,479
Changes in proportion and differences between City's contributions and proportionate share of contributions	-	57,186
City's contributions subsequent to the measurement date	590,120	-
Total	\$ 590,120	158,581

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 – PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$590,119 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2015 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:

2017	\$	104,482
2018		104,482
2019		104,482
2020		(154,865)
2021		-
Total:	\$	<u>158,581</u>

For PERA Fund Division Municipal Police Plan, at June 30, 2016, the City reported a liability of \$1,520,948 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was 0.3163 percent.

For the year ended June 30, 2016, the City recognized PERA Fund Division Municipal Police Plan pension expense of \$77,060. At June 30, 2016, the City reported PERA Fund Division Municipal Police Plan deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 106,278	-
Changes in assumptions	-	62,925
Net difference between projected and actual earnings on pension plan investments	-	4,219
Changes in proportion and differences between City's contributions and proportionate share of contributions	-	76,420
City's contributions subsequent to the measurement date	<u>170,328</u>	<u>-</u>
Total	\$ <u>276,606</u>	<u>143,564</u>

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 – PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$170,328 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2015 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:

2017	\$	12,951
2018		12,951
2019		12,951
2020		104,711
2021		-
Total:	\$	<u>143,564</u>

For PERA Fund Division Municipal Fire Plan, at June 30, 2016, the City reported a liability of \$2,408,724 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was 0.4667 percent.

For the year ended June 30, 2016, the City recognized PERA Fund Division Municipal Fire Plan pension expense of \$218,630. At June 30, 2016, the City reported PERA Fund Division Municipal Fire Plan deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,861	-
Changes in assumptions	50,802	-
Net difference between projected and actual earnings on pension plan investments	-	2,897
Changes in proportion and differences between City's contributions and proportionate share of contributions	-	39,522
City's contributions subsequent to the measurement date	<u>160,745</u>	<u>-</u>
Total	\$ <u>306,408</u>	<u>42,419</u>

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 – PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$160,745 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2015 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:

2017	\$	(28,603)
2018		(28,603)
2019		(28,603)
2020		128,228
2021		-
Total:	\$	<u>42,419</u>

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, 2014
Actuarial cost method	Entry age normal
Amortization method	Level of percentage pay, open
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 expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumption	RP Mortality tables with projection to 2018 using scale AA
Experience study dates	July 1, 2008 to June 30, 2013

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 – PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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:

Asset Class	Target Allocation	Long-Term Expected 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	4.0%	4.15%
Total	<u>100.0%</u>	

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 City'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's net pension liability in each PERA Fund Division that the City participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division Municipal Plan

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	<u>\$ 6,716,396</u>	<u>3,944,781</u>	<u>1,640,371</u>

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 9 – PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

PERA Fund Division Municipal Police Plan

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 2,511,753	1,520,948	708,151

PERA Fund Division Municipal Fire Plan

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$3,266,826	2,408,724	1,701,531

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: At June 30, 2016, the City had \$494 of outstanding payables to PERA related to the last pay period in fiscal year 2016.

NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN

The City does not participate in the Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978), but provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.

NOTE 11 – 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 and natural disasters for which the government carries commercial insurance. The City participates in the State of New Mexico Self-Insurers Fund for workers' compensation claims. In addition, the City has obtained insurance through a commercial carrier operating as a common risk management and insurance program. The City pays an annual premium to a commercial carrier for its general coverage and all risk of loss is transferred.

The City had no significant reductions in insurance coverage from coverage in the prior year. In the fiscal years ended June 30, 2016, 2015 and 2014, there were no settlements that exceeded insurance coverage. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 12– COMMITMENTS AND CONTINGENCIES

Litigation

The City is from time to time the defendant in various lawsuits. For fiscal year end June 30, 2016, there were no such lawsuits pending or ongoing.

Grant Compliance

The City receives significant financial assistance from the State Government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable state regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantor. As of June 30, 2016, management estimates that no material liabilities will result from such audits.

Commitments

The City contracts with outside vendors for construction projects. At June 30, 2016, the total amount of contracts outstanding for capital projects could not be determined by the City.

NOTE 13 – RECENT ACCOUNTING PRONOUNCEMENTS

In August 2012, the GASB issued Statement No.68, Accounting and Financial Reporting for Pensions — an amendment of GASB Statement 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The City provides substantially all of its employees with pension benefits through the state's multiple employer cost-sharing defined-benefit retirement plan administered by the Public Employees Retirement Association of New Mexico (PERA). GASB Statement 68 requires cost-sharing employers participating in the PERA program, such as the City, to record their proportionate share, as defined in GASB Statement 68, of City's unfunded pension liability. The City has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. GASB Statement 68 is effective for periods beginning after June 15, 2014. The City adopted GASB Statement No.68 during fiscal year 2015 and, as a result, restated beginning fund balance in the amount of \$473,967. The requirement of GASB Statement 68 to record a portion of PERA's unfunded liability has negatively impacted the City's unrestricted net position. Information regarding PERA's current funding status can be found in their financial report.

In January 2013, the GASB issued statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combination includes a variety of transactions referred to as mergers acquisitions, and transfers of operations. This Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB Statement 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis.

The City was not a party to any combinations or disposals in the current year and therefore the adoption of GASB Statement 69 does not have any impact on the City's financial statements.

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 13 – RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In November 2013, the GASB issued statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of the measurement date, no earlier than the end of its prior fiscal year. If a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. If it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition.

Accordingly, Statement No. 71 amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The City adopted GASB Statement No.71 during fiscal year 2015.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The City adopted GASB Statement No. 76 during fiscal year 2015, with no significant impact to the City's financial statements.

NOTE 14 - RELATED PARTY TRANSACTIONS

The City's mayor, council members, and employees own various businesses in their local area. For the year ending June 30, 2016, the City paid Best Western Socorro – Hotel and Suites \$1,658.54 for room rentals and Bhasker Medical Clinic \$6,002.00 for the drug screening of the City's new hires, both of which are owned by Mayor Ravi Bhasker; the City paid C Bar D Trailer Sales and Service \$12,105.90 for repair work which is owned by City Administrator Donald Monette; the City paid Ernest Pargas Sr. Welding \$1,874.43 for diesel mechanic services which is owned by Council Member Ernest Pargas Sr.; the city paid Hicks Paint & Body \$4,394.27, owned by Council Member Gordon Hicks, for body work and towing services; the City paid Toby Jaramillo, Council Member, \$900.00 for band services; the City paid Sofia's Kitchen \$610.00, owned by the family of Bobbi Gonzales, Tourism/GL Clerk, for catering services; the City paid Trujillo Signs \$5,229.73, owned by Rick Trujillo, Compliance Officer, for embroidery services; and the City paid Anthony Lukesh Suavacito, related to Jeanette Lukesh, A/P Clerk, \$1,200.00 for contracted janitorial services as well as Carl Lukesh, related to Jeanette Lukesh, \$15,300.00 for contracted janitorial services.

CITY OF SOCORRO, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 15 – CAPITAL OUTLAY APPROPRIATIONS

Capital outlay appropriations are as follows:

Capital Project	Project Appropriations	2016 Expenditures	Expenditures To Date	Project Funds Outstanding	Appropriation Period
RODEO/CONV CTR-14L2008	\$ 300,000	230,793	63,283	3,000	9/9/14 to 6/30/18
WWTP/COLLECTION SYSTEM	\$ 400,000	23,207	242,981	157,019	10/18/14 to 6/30/18

NOTE 16 – NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2015.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

GASB Statement No. 76, Heirarchy of Generally Accepted Accounting Principles for State and Local Governments

GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans

GASB Statement No. 79, Certain External Investment Pool Participants

GASB Statement No. 82, Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The City believes that the above listed new GASB pronouncements will not have a significant financial impact to the City or in issuing its financial statements.

NOTE 17 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 15, 2016 which is the date on which the financial statements were issued.

NOTE 18 –PRIOR PERIOD RESTATEMENT

The prior period net position for the Joint Enterprise Funds have been restated as a result of adjustments to the capital assets and related records. The balance was restated by \$187,148 to properly reflect the actual balances and activity in this fund.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF SOCORRO
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's Proportion of the Net Pension Liability (Asset)	1.2226%	1.1699%	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)	\$ 6,224	7,874	-	-	-	-	-	-	-	-
City's Covered-Employee Payroll	\$ 6,552	8,084	-	-	-	-	-	-	-	-
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	94.99%	97.40%	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%	76.99%	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, 2015

**STATE OF NEW MEXICO
CITY OF SOCORRO
SCHEDULE OF CITY CONTRIBUTIONS
June 30, 2016**

**Public Employees Retirement Association of New Mexico
Summary Schedule
Schedule of Ten Year Tracking Data
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required	\$ 906	920	-	-	-	-	-	-	-	-
Contributions in Relation to the	906	920	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortizati on Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	\$ 9,638	5		2,290	2,290	2,290	2,290	478				
2016	344	5			88	88	90	78	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
2024	-	5										
	<u>\$ 9,982</u>			<u>\$ 2,290</u>	<u>\$ 2,290</u>	<u>\$ 2,290</u>	<u>\$ 2,290</u>	<u>\$ 478</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

* This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10 year trend is complete, the City will present information for those years for which information is available.

STATE OF NEW MEXICO
CITY OF SOCORRO
SCHEDULE OF CITY CONTRIBUTIONS
June 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
General Division
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required	\$ 638	590	-	-	-	-	-	-	-	-
Contributions in Relation to the	638	590	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)* \$	-	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortiza tion Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	\$ 1,212	5		\$ 303	\$ 303	\$ 303	\$ 303	-				
2016	158	5			104	104	105	(155)	-			
2017	-	5				-	-	-	-	-		
2018	-	5					-	-	-	-	-	
2019	-	5						-	-	-	-	-
2020	-	5							-	-	-	-
2021	-	5								-	-	-
2022	-	5									-	-
2023	-	5										-
2024	-	5										
	<u>\$ 1,370</u>			<u>\$ 303</u>	<u>\$ 407</u>	<u>\$ 407</u>	<u>\$ 408</u>	<u>\$ (155)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Excess contributions represent the employee portion covered by the employer

STATE OF NEW MEXICO
CITY OF SOCORRO
SCHEDULE OF CITY CONTRIBUTIONS
June 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
Police Division
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required	\$ 141	170	-	-	-	-	-	-	-	-
Contributions in Relation to the	141	170	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)* \$	-	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortiza tion Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	\$ (512)	5		\$ (128)	\$ (128)	\$ (128)	\$ (128)	-				
2016	144	5			13	13	13	105	-			
2017	-	5							-	-		
2018	-	5					-	-	-	-	-	
2019	-	5						-	-	-	-	-
2020	-	5							-	-	-	-
2021	-	5								-	-	-
2022	-	5									-	-
2023	-	5										-
2024	-	5										
	<u>\$ (368)</u>			<u>\$ (128)</u>	<u>\$ (115)</u>	<u>\$ (115)</u>	<u>\$ (115)</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO
CITY OF SOCORRO
SCHEDULE OF CITY CONTRIBUTIONS
June 30, 2016**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
Fire Division
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required	\$ 127	160	-	-	-	-	-	-	-	-
Contributions in Relation to the	127	160	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortizati on Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2015	\$ (208)	5		\$ (52)	\$ (52)	\$ (52)	\$ (52)	\$ -				
2016	42	4			(29)	(29)	(28)	128	-			
2017	-	5				-	-	-	-	-		
2018	-	5					-	-	-	-	-	
2019	-	5						-	-	-	-	-
2020	-	5							-	-	-	-
2021	-	5								-	-	-
2022	-	5									-	-
2023	-	5										-
2024	-	5										
	<u>\$ (166)</u>			<u>\$ (52)</u>	<u>\$ (81)</u>	<u>\$ (81)</u>	<u>\$ (80)</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Excess contributions represent the employee portion covered by the employer

STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Changes of Benefit Terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 (pages 48-50). This report is available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>

Assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

The assumptions can be found in Appendix B on page 53 of the report.

Other. The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be presented as it becomes available.

SUPPLEMENTARY INFORMATION

**CITY OF SOCORRO, NEW MEXICO
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
YEAR ENDED JUNE 30, 2016**

SPECIAL REVENUE FUNDS:

Sedillo Park Renovations Fund - 107

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.

Correctional Fees Fund - 201

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.

Emergency Medical Services Fund - 206

To account for all rescue operations undertaken by the Fire Department and funded through State grants. The fund was established by sections 24-10A-1 through 24-10A-10 NMSA, 1978.

State Fire Protection Fund - 209

To account for the operations and maintenance of the Fire Department. The operations are financed by an allotment from the annual fire grant from the State of New Mexico. The fund was established by section 59-A-53-1 NMSA, 1978.

Law Enforcement Protection Fund - 211

To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Authority is section 29-13-14 NMSA, 1978.

Lodgers Tax Fund - 214

To account for lodgers tax collections. The tax is to be used for anything associated with tourist related facilities, attractions, and transportation systems. The fund was established by section 3-38-14 NMSA, 1978.

Lodgers Tax Promotional Fund - 215

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.

**CITY OF SOCORRO, NEW MEXICO
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
YEAR ENDED JUNE 30, 2016**

SPECIAL REVENUE FUNDS:

Recreation Fund - 217

To account for City revenues and expenditures relating to recreational facilities and sports and recreation programs. The monetary funds to support the activities carried out in this fund come from the State. The fund was established by section 7-12-15 NMSA, 1978.

Library Trustee Fund - 218

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 Fund - 241

To account for grant funds used for programs and workshops administered for the benefit of the youth.

Convention Center Fund – 250

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 limits 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.

Solano Economic Development Fund – 252

To promote economic development through the expansion of Solaro Energy, Inc., thereby causing the creation of twenty-five new direct jobs, as well as additional construction and temporary jobs.

CAPITAL PROJECTS FUNDS:

The following capital project funds were established for various construction projects and authorized by the City Council.

Airport Improvement Fund - 304

To account for resources received and used for improvements to the municipal airport. Resources for the projects are provided by an FAA Grant, NM Aviation Division Grant and City matching funds.

Street Improvement Fund - 309

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.

**CITY OF SOCORRO, NEW MEXICO
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
YEAR ENDED JUNE 30, 2016**

CAPITAL PROJECTS FUNDS:

Rodeo Area Fund – 311

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 II – 315

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 – 403

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 SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 931,216	209,233	244,977	1,385,426
Receivables:				
Taxes	31,484	-	-	31,484
Receivables from external parties	69,295	-	-	69,295
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 1,031,995</u>	<u>209,233</u>	<u>244,977</u>	<u>1,486,205</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts payable	12,103	12,195	-	24,298
Accrued payroll liabilities	-	-	-	-
Deposits payable	-	19,373	-	19,373
Due to other external parties	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>12,103</u>	<u>31,568</u>	<u>-</u>	<u>43,671</u>
<i>Fund Balance:</i>				
Nonspendable - inventory	-	-	-	-
Restricted for:				
Special revenue funds	1,019,892	-	-	1,019,892
Capital projects funds	-	177,665	-	177,665
Debt service	-	-	244,977	244,977
Unassigned for:				
General fund	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>1,019,892</u>	<u>177,665</u>	<u>244,977</u>	<u>1,442,534</u>
<i>Total liabilities and fund balance</i>	<u>\$ 1,031,995</u>	<u>209,233</u>	<u>244,977</u>	<u>1,486,205</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF SOCORRO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - NONMAJOR
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<i>Revenues:</i>				
Taxes	\$ 433,328	-	117,327	550,655
Licenses, permits, fees and fines	25,629	-	-	25,629
Charges for services	232,377	-	-	232,377
Intergovernmental - state sources	506,231	345,408	-	851,639
Intergovernmental - federal sources	-	-	-	-
Special assessments	-	-	-	-
Contributions and donations	100	14,657	-	14,757
Investment earnings	125	279	2,036	2,440
Other	2,299	-	-	2,299
<i>Total revenues</i>	<u>1,200,089</u>	<u>360,344</u>	<u>119,363</u>	<u>1,679,796</u>
<i>Expenditures:</i>				
Current				
General government	1,293	-	-	1,293
Public safety	139,582	-	-	139,582
Economic and physical development	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	802,603	-	-	802,603
Planning	-	-	-	-
Capital outlay	125,997	863,473	679	990,149
Debt service	-	-	-	-
Principal	78,462	-	94,435	172,897
Interest and administrative fees	36,890	-	22,731	59,621
<i>Total expenditures</i>	<u>1,184,827</u>	<u>863,473</u>	<u>117,845</u>	<u>2,166,145</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>15,262</u>	<u>(503,129)</u>	<u>1,518</u>	<u>(486,349)</u>
<i>Other financing sources (uses):</i>				
Transfers in	455,572	383,747	-	839,319
Transfers out	(70,000)	-	(8,826)	(78,826)
Sale of capital assets	-	52,700	-	52,700
Proceeds from issuance of debt	0	-	-	-
<i>Total other financing sources (uses)</i>	<u>385,572</u>	<u>436,447</u>	<u>(8,826)</u>	<u>813,193</u>
<i>Net change in fund balances</i>	400,834	(66,682)	(7,308)	326,844
<i>Fund balances (deficits) - beginning of year</i>	<u>619,058</u>	<u>244,347</u>	<u>252,285</u>	<u>1,115,690</u>
<i>Fund balances (deficits) - end of year</i>	<u>\$ 1,019,892</u>	<u>177,665</u>	<u>244,977</u>	<u>1,442,534</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF SOCORRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue			
	Sedillo Park Renovations 107	Corrections Fund 201	State EMS 206	State Fire Protection 209
ASSETS				
Cash and investments	\$ 9,605	23,481	-	180,836
Receivables:				
Taxes	-	-	-	-
Receivables from external parties	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 9,605</u>	<u>23,481</u>	<u>-</u>	<u>180,836</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts payable	\$ 5,984	-	-	1,557
Accrued payroll liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other external parties	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>5,984</u>	<u>-</u>	<u>-</u>	<u>1,557</u>
<i>Fund Balance:</i>				
Nonspendable - inventory	-	-	-	-
Restricted for:				
Special revenue funds	3,621	23,481	-	179,279
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned for:				
General fund	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>3,621</u>	<u>23,481</u>	<u>-</u>	<u>179,279</u>
<i>Total liabilities and fund balance</i>	<u>\$ 9,605</u>	<u>23,481</u>	<u>-</u>	<u>180,836</u>

LEPF Fund 211	Lodgers Tax 214	Lodgers Tax Promotion 215	Recreation Fund 217
-	63,311	192,827	4,403
-	-	-	-
-	14,752	33,836	-
-	-	-	-
-	78,063	226,663	4,403

-	(331)	1,499	3,394
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	(331)	1,499	3,394

-	-	-	-
-	78,394	225,164	1,009
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	78,394	225,164	1,009
-	78,063	226,663	4,403

STATE OF NEW MEXICO
CITY OF SOCORRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue		Special Revenue		
	Library Trustee 218	Juvenile Justice 241	Convention Center 250	Solano Economic Development 252	Total Special Revenue Funds
ASSETS					
Cash and investments	\$ 10,873	12,290	183,590	250,000	931,216
Receivables:					
Taxes	-	31,484	-	-	31,484
Receivables from external parties	-	-	20,707	-	69,295
Due from other funds	-	-	-	-	-
<i>Total assets</i>	<u>\$ 10,873</u>	<u>43,774</u>	<u>204,297</u>	<u>250,000</u>	<u>1,031,995</u>
LIABILITIES AND FUND BALANCE					
<i>Liabilities:</i>					
Accounts payable	\$ -	-	-	-	12,103
Accrued payroll liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other external parties	-	-	-	-	-
Due to other funds	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,103</u>
<i>Fund Balance:</i>					
Nonspendable - inventory	-	-	-	-	-
Restricted for:					-
Special revenue funds	10,873	43,774	204,297	250,000	1,019,892
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned for:					-
General fund	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>10,873</u>	<u>43,774</u>	<u>204,297</u>	<u>250,000</u>	<u>1,019,892</u>
<i>Total liabilities and fund balance</i>	<u>\$ 10,873</u>	<u>43,774</u>	<u>204,297</u>	<u>250,000</u>	<u>1,031,995</u>

STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue			
	Sedillo Park Renovations 107	Corrections Fund 201	State EMS 206	State Fire Protection 209
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
Licenses, permits, fees and fines	-	25,629	-	-
Charges for services	11,005	-	-	-
Intergovernmental	-	-	20,000	184,251
Contributions and donations	-	-	-	-
Investment earnings	-	-	-	54
Miscellaneous	23	-	-	-
<i>Total revenues</i>	<u>11,028</u>	<u>25,629</u>	<u>20,000</u>	<u>184,305</u>
<i>Expenditures:</i>				
Current				
General government	-	-	-	-
Public safety	-	5,400	20,000	113,484
Public works	-	-	-	-
Culture and recreation	6,821	-	-	-
Capital outlay	34,904	-	-	-
Debt service				
Principal	-	-	-	30,235
Interest and administrative fees	-	-	-	4,985
<i>Total expenditures</i>	<u>41,725</u>	<u>5,400</u>	<u>20,000</u>	<u>148,704</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(30,697)</u>	<u>20,229</u>	<u>-</u>	<u>35,601</u>
<i>Other financing sources (uses):</i>				
Transfers in	30,000	-	-	-
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(697)	20,229	-	35,601
<i>Fund balances (deficits) - beginning of year</i>	<u>4,318</u>	<u>3,252</u>	<u>-</u>	<u>143,678</u>
<i>Fund balances (deficits) - end of year</i>	\$ <u><u>3,621</u></u>	<u><u>23,481</u></u>	<u><u>-</u></u>	<u><u>179,279</u></u>

Special Revenue

LEPF Fund 211	Lodgers Tax 214	Lodgers Tax Promotion 215	Recreation Fund 217
-	110,958	322,370	-
-	-	-	-
-	-	15,270	32,769
25,400	2,889	-	-
-	-	-	-
-	-	71	-
-	-	-	2,276
<u>25,400</u>	<u>113,847</u>	<u>337,711</u>	<u>35,045</u>
-	1,293	-	-
698	-	-	-
-	-	-	-
-	128,823	203,891	462,214
24,702	47,390	2,048	8,810
-	-	48,227	-
-	-	31,905	-
<u>25,400</u>	<u>177,506</u>	<u>286,071</u>	<u>471,024</u>
<u>-</u>	<u>(63,659)</u>	<u>51,640</u>	<u>(435,979)</u>
-	-	-	425,572
-	(20,000)	(50,000)	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>(20,000)</u>	<u>(50,000)</u>	<u>425,572</u>
-	(83,659)	1,640	(10,407)
-	162,053	223,524	11,416
-	78,394	225,164	1,009

STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue				
	Library Trustee 218	Juvenile Justice 241	Convention Center 250	Solaro Economic Development 252	Total Special Revenue Funds
<i>Revenues:</i>					
Taxes	\$ -	-	-	-	433,328
Licenses, permits, fees and fines	-	-	-	-	25,629
Charges for services	48	-	173,285	-	232,377
Intergovernmental	817	22,874	-	250,000	506,231
Contributions and donations	100	-	-	-	100
Investment earnings	-	-	-	-	125
Miscellaneous	-	-	-	-	2,299
<i>Total revenues</i>	<u>965</u>	<u>22,874</u>	<u>173,285</u>	<u>250,000</u>	<u>1,200,089</u>
<i>Expenditures:</i>					
Current					
General government	-	-			1,293
Public safety	-				139,582
Public works	-	-			-
Culture and recreation	854	-			802,603
Health and welfare	-	-	-	-	
Capital outlay	8,143	-			125,997
Debt service					
Principal	-	-			78,462
Interest and administrative fees	-	-			36,890
<i>Total expenditures</i>	<u>8,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,184,827</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,032)</u>	<u>22,874</u>	<u>173,285</u>	<u>250,000</u>	<u>15,262</u>
<i>Other financing sources (uses):</i>					
Transfers in	-	-	-	-	455,572
Transfers out	-	-	-	-	(70,000)
Sale of capital assets	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,572</u>
<i>Net change in fund balances</i>	<u>(8,032)</u>	<u>22,874</u>	<u>173,285</u>	<u>250,000</u>	<u>400,834</u>
<i>Fund balances (deficits) - beginning of year</i>	<u>18,905</u>	<u>20,900</u>	<u>31,012</u>	<u>-</u>	<u>619,058</u>
<i>Fund balances (deficits) - end of year</i>	<u>\$ 10,873</u>	<u>43,774</u>	<u>204,297</u>	<u>250,000</u>	<u>1,019,892</u>

STATE OF NEW MEXICO
CITY OF SOCORRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

JUNE 30, 2016	Capital Projects					Debt Service
	Airport Construction 304	Street Improvement 309	Rodeo Arena 311	CDBG Cuba Rd 315	Total Capital Projects	Debt Service 403
ASSETS						
Cash and investments	\$ 4,900	118,794	74,537	11,002	209,233	244,977
Receivables:					-	-
Taxes	-	-	-	-	-	-
Receivables from external parties	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 4,900	118,794	74,537	11,002	209,233	244,977
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ (1)	-	12,196	-	12,195	-
Accrued payroll liabilities	-	-	-	-	-	-
Deposits payable	-	-	19,373	-	19,373	-
Due to other external parties	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	(1)	-	31,569	-	31,568	-
Fund Balance:						
Nonspendable - inventory						
Restricted for:						
Special revenue funds	-					
Capital projects funds	4,901	118,794	42,968	11,002	177,665	-
Debt service						244,977
Unassigned for:						
General fund	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total fund balance (deficit)	4,901	118,794	42,968	11,002	177,665	244,977
Total liabilities and fund balance	\$ 4,900	118,794	74,537	11,002	209,233	244,977

STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects					
	Airport Construction 304	Street Improvement 309	Rodeo Arena 311	CDBG Cuba Rd 315	Total Capital Projects	Debt Service 403
<i>Revenues:</i>						
Taxes	\$ -	-	-	-	-	117,327
Licenses, permits, fees and fines	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Intergovernmental	1,212	225,692	118,504	-	345,408	-
Contributions and donations	-	-	-	-	-	-
Investment earnings	-	-	279	-	279	2,036
Other	-	-	221	14,436	14,657	-
<i>Total revenues</i>	<u>1,212</u>	<u>225,692</u>	<u>119,004</u>	<u>14,436</u>	<u>360,344</u>	<u>119,363</u>
<i>Expenditures:</i>						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	1,442	295,825	515,238	50,968	863,473	679
Debt service	-	-	-	-	-	-
Principal	-	-	-	-	-	94,435
Interest and administrative fees	-	-	-	-	-	22,731
<i>Total expenditures</i>	<u>1,442</u>	<u>295,825</u>	<u>515,238</u>	<u>50,968</u>	<u>863,473</u>	<u>117,845</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(230)</u>	<u>(70,133)</u>	<u>(396,234)</u>	<u>(36,532)</u>	<u>(503,129)</u>	<u>1,518</u>
<i>Other financing sources (uses):</i>						
Transfers in	-	133,747	250,000	-	383,747	-
Transfers out	-	-	-	-	-	(8,826)
Sale of capital assets	-	-	52,700	-	52,700	-
Proceeds from issuance of debt	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>133,747</u>	<u>302,700</u>	<u>-</u>	<u>436,447</u>	<u>(8,826)</u>
<i>Net change in fund balances</i>	(230)	63,614	(93,534)	(36,532)	(66,682)	(7,308)
<i>Fund balances (deficits) - beginning of year</i>	<u>5,131</u>	<u>55,180</u>	<u>136,502</u>	<u>47,534</u>	<u>244,347</u>	<u>252,285</u>
<i>Fund balances (deficits) - end of year</i>	<u>\$ 4,901</u>	<u>118,794</u>	<u>42,968</u>	<u>11,002</u>	<u>177,665</u>	<u>244,977</u>

STATE OF NEW MEXICO
CITY OF SOCORRO
SEDILLO PARK RENOVATIONS - FUND 107
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Charges for services	\$ 17,500	17,500	11,005	(6,495)
Miscellaneous income			23	23
<i>Total revenues</i>	<u>17,500</u>	<u>17,500</u>	<u>11,028</u>	<u>(6,472)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Capital Outlay	-	-	38,702	(38,702)
Culture & recreation	30,000	45,000	3,023	41,977
<i>Total expenditures</i>	<u>30,000</u>	<u>45,000</u>	<u>41,725</u>	<u>3,275</u>
<i>Other financing sources (uses)</i>				
Transfers in	30,000	30,000	30,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ 17,500</u>	<u>2,500</u>	<u>(697)</u>	<u>(3,197)</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (697)</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
CORRECTIONS - SPECIAL REVENUE FUND 201
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Correction Fees	\$ 30,000	30,000	25,629	(4,371)
<i>Total revenues</i>	<u>30,000</u>	<u>30,000</u>	<u>25,629</u>	<u>(4,371)</u>
<i>Expenditures:</i>				
Public safety	30,000	30,000	5,400	24,600
<i>Total expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>5,400</u>	<u>24,600</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>20,229</u>	<u>20,229</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 20,229</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
EMERGENCY MEDICAL SERVICES - SPECIAL REVENUE FUND 206
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive
	Original	Final	Amounts	(Negative)
<i>Revenues:</i>				
State operating grants	\$ 20,000	20,000	20,000	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<i>Expenditures:</i>				
Public safety	20,000	20,000	20,000	-
<i>Total expenditures</i>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-		-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
FIRE PROTECTION - SPECIAL REVENUE FUND 209
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
State Fire Marshall Allotment	\$ 173,922	184,253	184,251	(2)
Interest income			54	54
<i>Total revenues</i>	<u>173,922</u>	<u>184,253</u>	<u>184,305</u>	<u>52</u>
<i>Expenditures:</i>				
Public safety	319,115	329,446	113,484	215,962
Debt Service:				
Principal	-	-	30,235	(30,235)
Interest	-	-	4,985	(4,985)
<i>Total expenditures</i>	<u>319,115</u>	<u>329,446</u>	<u>148,704</u>	<u>180,742</u>
<i>Other financing sources (uses)</i>				
Transfer in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ (145,193)</u>	<u>(145,193)</u>	<u>35,601</u>	<u>180,794</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 35,601</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
LAW ENFORCEMENT PROTECTION- SPECIAL REVENUE FUND 211
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
State operating grants	\$ 24,800	25,400	25,400	-
	<u>24,800</u>	<u>25,400</u>	<u>25,400</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Public safety	24,800	25,400	698	24,702
<i>Noncurrent:</i>				
Capital Outlay	-	-	24,702	(24,702)
<i>Total expenditures</i>	<u>24,800</u>	<u>25,400</u>	<u>25,400</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
LODGERS TAX RESERVE- SPECIAL REVENUE FUND Funds 214 & 215
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 350,000	350,000	416,480	66,480
Interest income			71	71
Intergovernmental			2,889	2,889
Charges for services	17,000	17,000	15,270	(1,730)
<i>Total revenues</i>	<u>367,000</u>	<u>367,000</u>	<u>434,710</u>	<u>67,710</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Culture & Recreation	511,400	511,400	334,008	177,392
<i>Noncurrent:</i>				
Debt service - principal	-	-	48,227	(48,227)
Debt service - Interest	-	-	31,905	(31,905)
Capital outlay	-	-	49,438	(49,438)
<i>Total expenditures</i>	<u>511,400</u>	<u>511,400</u>	<u>463,578</u>	<u>47,822</u>
<i>Other financing sources (uses)</i>				
Trasnfers in	-	-	(70,000)	(70,000)
Transfers out	(70,000)	(105,000)		105,000
<i>Total other financing sources (uses)</i>	<u>(70,000)</u>	<u>(105,000)</u>	<u>(70,000)</u>	<u>35,000</u>
<i>Net change in fund balances</i>	<u>\$ (214,400)</u>	<u>(249,400)</u>	<u>(98,868)</u>	<u>150,532</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			16,848	
Changes in expenses			<u>1</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (82,019)</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
RECREATION - SPECIAL REVENUE FUND 217
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Charges fir servuces	\$ 51,900	51,900	35,045	(16,855)
Miscellaneous income			(2,276)	(2,276)
<i>Total revenues</i>	<u>51,900</u>	<u>51,900</u>	<u>32,769</u>	<u>(19,131)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Culture & Recreation	454,782	492,282	471,024	21,258
<i>Noncurrent:</i>				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>454,782</u>	<u>492,282</u>	<u>471,024</u>	<u>21,258</u>
<i>Other financing sources (uses)</i>				
Transfers in	388,072	425,572	425,572	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>388,072</u>	<u>425,572</u>	<u>425,572</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ (14,810)</u>	<u>(14,810)</u>	<u>(12,683)</u>	<u>2,127</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			2,276	
Changes in expenses			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (10,407)</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
INTERGOVERNMENTAL GRANTS - SPECIAL REVENUE FUND 218
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Intergovernmental - State	\$ 750	750	817	67
Charges for services			48	
Contributions & donations	2,100	2,100	100	(2,000)
<i>Total revenues</i>	<u>2,850</u>	<u>2,850</u>	<u>965</u>	<u>(1,933)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Culture & recreation	2,850	10,850	854	9,996
<i>Total expenditures</i>	<u>2,850</u>	<u>10,850</u>	<u>854</u>	<u>9,996</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>(8,000)</u>	<u>111</u>	<u>8,111</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			(8,143)	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (8,032)</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
JUVENILE JUSTICE GRANT - SPECIAL REVENUE FUND 241
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Miscellaneous Income	\$ 100,317	100,317	5,385	(94,932)
<i>Total revenues</i>	<u>100,317</u>	<u>100,317</u>	<u>5,385</u>	<u>(94,932)</u>
<i>Expenditures:</i>				
Public Safety	100,317	100,317	-	100,317
<i>Total expenditures</i>	<u>100,317</u>	<u>100,317</u>	<u>-</u>	<u>100,317</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>5,385</u>	<u>5,385</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			17,489	
Changes in expenses			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 22,874</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
CONVENTION CENTER - SPECIAL REVENUE FUND 250
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Charges for services	\$ 70,000	70,000	152,578	82,578
<i>Total revenues</i>	<u>70,000</u>	<u>70,000</u>	<u>152,578</u>	<u>82,578</u>
<i>Expenditures:</i>				
Culture and Recreation	70,000	70,000	-	70,000
<i>Total expenditures</i>	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>152,578</u>	<u>152,578</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			20,707	
Changes in expenses			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 173,285</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
SOLANO ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND 252
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Intergovernmental	\$ 250,000	250,000	250,000	-
	-	-	-	-
<i>Total revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	250,000	250,000	-	250,000
<i>Total expenditures</i>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<i>Other financing sources (uses)</i>				
Transfer in	-	-		-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>250,000</u>	<u>(250,000)</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 250,000</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
AIRPORT CONSTRUCTION - CAPITAL PROJECTS FUND 304
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Intergovernmental - state sources	\$ 37,000	352,500	1,212	(351,288)
<i>Total revenues</i>	<u>37,000</u>	<u>352,500</u>	<u>1,212</u>	<u>(351,288)</u>
<i>Expenditures:</i>				
Capital outlay	40,000	352,500	1,442	351,058
<i>Total expenditures</i>	<u>40,000</u>	<u>352,500</u>	<u>1,442</u>	<u>351,058</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>\$ (3,000)</u>	<u>-</u>	<u>(230)</u>	<u>(230)</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (230)</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
STREET IMPROVEMENT - CAPITAL PROJECTS FUND 309
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Intergovernmental - state sources	\$ 563,241	563,241	225,691	(337,550)
<i>Total revenues</i>	<u>563,241</u>	<u>563,241</u>	<u>225,691</u>	<u>(337,550)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Economic and physical development	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
<i>Noncurrent:</i>				
Capital outlay	551,153	551,153	295,824	255,329
<i>Total expenditures</i>	<u>551,153</u>	<u>551,153</u>	<u>295,824</u>	<u>255,329</u>
<i>Other financing sources (uses)</i>				
Transfers in	108,747	383,747	133,747	(250,000)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>108,747</u>	<u>383,747</u>	<u>133,747</u>	<u>(250,000)</u>
<i>Net change in fund balances</i>	<u>\$ 120,835</u>	<u>395,835</u>	<u>63,614</u>	<u>(332,221)</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 63,614</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
RODEO ARENA - CAPITAL PROJECT FUND 311
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Intergovernmental - state sources	\$ 595,000	595,000	118,504	(476,496)
Investment income	-	-	279	279
Miscellaneous income	-	-	52,921	52,921
<i>Total revenues</i>	<u>595,000</u>	<u>595,000</u>	<u>171,704</u>	<u>(423,296)</u>
<i>Expenditures:</i>				
Capital outlay	645,000	645,000	496,020	148,980
<i>Total expenditures</i>	<u>645,000</u>	<u>645,000</u>	<u>496,020</u>	<u>148,980</u>
<i>Other financing sources (uses)</i>				
Transfers in	50,000	50,000	250,000	200,000
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>50,000</u>	<u>50,000</u>	<u>250,000</u>	<u>200,000</u>
<i>Net change in fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>(74,316)</u>	<u>(74,316)</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			(52,700)	
Changes in expenses			33,482	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (93,534)</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
CDBG CUBA ROAD - CAPITAL PROJECTS FUND 315
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Intergovernmental	\$ -	250,000	14,436	(235,564)
<i>Total revenues</i>	-	250,000	14,436	(235,564)
<i>Expenditures:</i>				
Noncurrent:				
Capital outlay	-	115,000	50,968	64,032
<i>Total expenditures</i>	-	115,000	50,968	64,032
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	\$ -	135,000	(36,532)	(171,532)
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			-	
Net Change in Fund Balances (GAAP Basis)			\$ (36,532)	

STATE OF NEW MEXICO
CITY OF SOCORRO
INFRASTRUCTURE LOAN INTERCEPT - DEBT SERVICE FUND 403
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 117,327	117,327	117,327	-
Investment income	960	960	2,036	1,076
<i>Total revenues</i>	<u>118,287</u>	<u>118,287</u>	<u>119,363</u>	<u>1,076</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	2,614	2,614	-	2,614
<i>Noncurrent:</i>				
Debt service payments	116,947	116,947	94,435	22,512
<i>Total expenditures</i>	<u>119,561</u>	<u>119,561</u>	<u>94,435</u>	<u>25,126</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	(8,826)	(8,826)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(8,826)</u>	<u>(8,826)</u>
<i>Net change in fund balances</i>	<u>\$ (1,274)</u>	<u>\$ (1,274)</u>	<u>16,102</u>	<u>\$ 17,376</u>
<i>Reconciliation to GAAP basis:</i>				
Changes in revenues			-	
Changes in expenses			(23,410)	
<i>Net Change in Fund Balances (GAAP Basis)</i>			<u>\$ (7,308)</u>	

STATE OF NEW MEXICO
CITY OF SOCORRO
JOINT ENTERPRISE FUND 500
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Operating Income:</i>				
Charges for services	\$ 8,081,500	8,081,500	7,061,904	(1,019,596)
Grants/Appropriations	375,037	80,000	231,508	151,508
Other revenue	613,700	613,700		(382,192)
Total operating income	<u>9,070,237</u>	<u>8,775,200</u>	<u>7,293,412</u>	<u>(1,250,280)</u>
<i>Operating expenses:</i>				
Other operating expense	<u>8,751,088</u>	<u>8,943,088</u>	<u>8,142,872</u>	<u>800,216</u>
Total operating expenses	<u>8,751,088</u>	<u>8,943,088</u>	<u>8,142,872</u>	<u>800,216</u>
Net operating income	319,149	(167,888)	(849,460)	(450,064)
<i>Non-operating income (expenses)</i>				
Taxes	80,000	80,000	101,368	21,368
Capital grants	-	-	205,406	
Interest income	3,482	3,482	2,216	(1,266)
Transfers (out) to other funds	(284,217)	(484,217)	(200,000)	284,217
Transfers in from other funds	284,217	284,217	-	(284,217)
Net non-operating income	<u>\$ 3,482</u>	<u>3,482</u>	<u>108,990</u>	<u>(1,266)</u>
<i>Change in net position</i>			<u>(740,470)</u>	

SUPPORTING SCHEDULES

CITY OF SOCORRO, NEW MEXICO
 SCHEDULE OF VENDORS FOR PURCHASES EXCEEDING \$60,000
 June 30, 2016

Agency Number	Agency Name	Agency Type	RFB#/RFP# (If applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
6166	City of Socorro	Municipalities	81315	Competitive (RFP or RFB)	Tarter Farm & Ranch Equipment	Winner	\$104,437	-	10739 S. Hwy 127, Dunnville, KY 42528 5520 Broadway Blvd. SE, Albuquerque, NM	No	No	Bucking & Roping Chutes, Corral Panels and accessories	N/A
6166	City of Socorro	Municipalities	42816	Competitive (RFP or RFB)	HR Construction	Winner	\$298,000	-	87105 2404 Claremont Ave. NE, Albuquerque, NM	No	No	Landfill Earthwork and Liner Installation Cell 1	N/A
6166	City of Socorro	Municipalities	51716	Competitive (RFP or RFB)	McDade-Woodcock, Inc.	Winner	\$220,839	-	87107	No	Yes	Rodeo Arena Lighting	N/A

COMPLIANCE SECTION

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

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, business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund of the City of Socorro, New Mexico (City) as of and for the year ended June 30, 2016, 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 December 15, 2016.

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 City'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. We did not identify any deficiencies in internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2016-001, 2016-002, and 2016-003.

The City's Response to Findings

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



Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
December 15, 2016

**CITY OF SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

A – AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

2016-001 Payroll disbursements (Compliance and Other matter)

Condition: Out of 49 payroll disbursements selected for controls testing, the following exceptions were noted:

- 2 of 49 did not contain supporting documents for a wage increase;
- 5 of 49 did not contain indication of supervisor approval on the timesheet;
- 2 of 49 were noted that the supervisor approved his/her own timesheet.

Criteria: Pursuant to City policy, wage increases for City employees are required to be authorized and documented in the respective employees personnel file. In addition, timesheets are to be approved and endorsed by someone other than the employee and particularly by a person that oversees or manages that employee.

Effect: The City was in violation of its own policy with respect to payroll file management and timesheet authorization.

Cause: Files were not reviewed and/or proper authorization was not actually received for the pay increases; supervisors failed to endorse timesheets resulting in a supervisor endorsing his/her own timesheet.

Recommendation: We recommend that the City continue to enforce the policies in place for file management and timesheet approval to mitigate future instances of this nature.

Management's Response: The City of Socorro encourages the Summer Youth employees to attend an orientation training that emphasizes profession dress and conduct. Attendance at this training determines the starting wage for each Summer Youth participant. Attendees start at \$7.75/hour, while non-attendees start at \$7.50/hour. The documentation required to initiate the \$7.75/hour rate is the sign-in sheet from the training session, which the Payroll Clerk keeps on file. An annual letter, as well as frequent reminders, are provided to Supervisors and Directors regarding required signatures on timesheets. Supervisors are required to approve departmental timesheets, which include their own. Going forward the City Administrator will sign off on Supervisor and Director timesheets, as required.

Responsible Party for Corrective action: Payroll Clerk, Department Directors and City Administrator

Timeline for Corrective action: Immediately

**CITY OF SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

A – AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

2016-002 Cash disbursements (Compliance and Other matter)

Condition: Out of 40 cash disbursements selected for testing, the following exceptions were noted:

- 5 out of 40 items did not contain a purchase order with the supporting documentation in the amount of \$1,838;
- 1 out of 40 items did not contain a travel request approval form in the amount of \$191;
- 2 out of 40 items did not contain the clerk's endorsement as okay to pay in the amount of \$1,530;
- 1 out of 40 items did not contain indication of department approval on purchase voucher in the amount of \$1,696.
-

Criteria: Pursuant to City policy, all purchases are required to contain certain supporting documentation and have indication of proper authorization to pay.

Effect: The City was in violation of its own policies over cash disbursements.

Cause: Staff responsible for ensuring that the purchases noted above contained the proper support and authorization overlooked the controls for these items

Recommendation: We recommend that the City continue to enforce the policies in place for cash disbursement to mitigate future instances of this nature.

Management's Response: The City of Socorro, through the Clerk/Treasurer's office, continues to train responsible staff on City policies and procedures. The importance of proper and corresponding documentation is continually stressed and emphasized. A review of City policies and procedures will take place immediately and reviews held throughout the year if discrepancies are found.

Responsible Party for Corrective action: Clerk/Treasurer, City Administrator and Accounts Payable Clerk

Timeline for Corrective action: Immediately

**CITY OF SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

C – OTHER MATTERS AS REQUIRED BY NEW MEXICO STATE STATUTE 12-6-5, NMSA 1978

2016-003 Travel and Per Diem (Compliance and Other Matter)

Condition: Out of 5 travel and per diem disbursements selected for testing, the following exceptions were noted:

- 1 out of 5 did not contain a proper authorizing signature for the travel in the amount of \$305;
- 1 out of 5 did not contain a travel approval and reimbursement request form in the amount of \$37;
- 1 out of 5 did not contain proper supporting documentation for a fuel reimbursement in the amount of \$37.

Criteria: Pursuant to City policy as well as the requirements of 2.42.2 NMAC, all travel disbursements are required to contain the proper supporting documentation indicating information about the travel as well as proper authorization to travel.

Effect: The City was in violation of their internal policies and the aforementioned state statute.

Cause: Staff responsible for processing the travel documents did not ensure that the proper documentation was on file to support the disbursement.

Recommendation: We recommend that the City personnel continue to enforce the policies in place to mitigate future instances of this nature.

Management's Response: The City of Socorro, through the Clerk/Treasurer's office, continues to train responsible staff on City policies and procedures, as well as State statutes. The importance of proper and corresponding documentation is continually stressed and emphasized. A review of City policies, procedures and State statutes will take place immediately and reviews held throughout the year if discrepancies are found.

Responsible Party for Corrective action: Clerk/Treasurer, City Administrator and Accounts Payable Clerk

Timeline for Corrective action: Immediately

**CITY OF SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016**

STATUS OF PRIOR YEAR FINDINGS

2015-001	Budget deficit in excess of cash (Compliance)	Resolved
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**CITY OF SOCORRO, NEW MEXICO
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2016**

An exit conference was held with the City on December 14, 2016.

In attendance were:

CITY OF SOCORRO, NEW MEXICO

Ravi Bhasker-Mayor-City of Socorro
Mable Gonzales-Clerk/Treasurer-City of Socorro
Toby Jaramillo-Audit Committee-City of Socorro
Donald Monette-Administrator-City of Socorro
Stephanie Saavedra-Payroll/Deputy Clerk-City of Socorro

AXIOM CPAS AND BUSINESS ADVISORS, LLC

Mark Santiago, CPA-Audit Manager, Axiom CPA's

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report.