



# **STATE OF NEW MEXICO**

## **City of Socorro**

### **ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

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**STATE OF NEW MEXICO**  
**City of Socorro**  
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**City of Socorro**  
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**City of Socorro**  
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**STATE OF NEW MEXICO  
City of Socorro  
Official Roster  
June 30, 2020**

**CITY COUNCIL**

Ravi Bhasker ..... Mayor  
Marry Ann Chavez-Lopez ..... Councilor  
Deborah Dean..... Councilor  
Nick Fleming ..... Councilor  
Gordon E. Hicks..... Councilor  
Toby S. Jaramillo ..... Councilor  
Michael Olguin Jr. .... Councilor  
Peter D. Romero ..... Councilor  
Anton Salome ..... Councilor

**ADMINISTRATIVE OFFICIALS**

Donald Monette ..... City Administrator  
Ruby Lopez..... Finance Director  
Stephanie Saavedra ..... City Clerk  
Leopoldo Pineda, JR..... Chief Procurement Officer

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## **FINANCIAL SECTION**



Auditors~Consultants~CPA

## **INDEPENDENT AUDITORS' REPORT**

To Honorable Brian S. Colon  
New Mexico State Auditor  
and  
The City Council  
City of Socorro  
Socorro, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the City of Socorro, New Mexico (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the City's basic financial statements 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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

An audit also includes evaluating the appropriateness of the 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City, as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that Schedule I through IV and the Notes to the Required Supplementary Information on pages 72-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual non-major fund financial statements (Statement A-1 and A-2) and the Supporting Schedules V and VI required by Section 2.2.2 NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual non-major fund financial statements (Statement A-1 and A-2) and the Supporting Schedules V and VI are the responsibility of management and was 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 combining and individual non-major fund financial statements (Statement A-1 and A-2) and Supporting Schedules V and VI required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2020 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 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.

*Southwest Accounting Solutions, LLC*

Southwest Accounting Solutions, LLC  
Albuquerque, New Mexico  
September 9, 2020

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 3,069,946	\$ 2,335,316	\$ 5,405,262
Restricted cash	687,395	295,962	983,357
Taxes receivable	896,650	-	896,650
Other receivables, net	425,478	-	425,478
Customer receivables, net	-	1,348,753	1,348,753
Inventory	16,167	88,890	105,057
<b>Total current assets</b>	<b>5,095,636</b>	<b>4,068,921</b>	<b>9,164,557</b>
<b>Noncurrent assets</b>			
Land contract receivable	436,354	-	436,354
Rent recieveable	313,467	-	313,467
Customer deposits	-	90,645	90,645
Capital assets	38,005,658	40,737,051	78,742,709
Less: Accumulated Depreciation	(22,153,708)	(24,846,791)	(47,000,499)
<b>Total noncurrent assets</b>	<b>16,601,771</b>	<b>15,980,905</b>	<b>32,582,676</b>
<b>Deferred outflows of resources</b>			
Deferred outflows from pension	1,266,410	468,398	1,734,808
Deferred outflows from OPEB	103,314	38,212	141,526
<b>Total deferred outflows</b>	<b>1,369,724</b>	<b>506,610</b>	<b>1,876,334</b>
<b>Total assets, and deferred outflows of resources</b>	<b>\$ 23,067,131</b>	<b>\$ 20,556,436</b>	<b>\$ 43,623,567</b>

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 55,590	\$ 70,526	\$ 126,116
Accrued salaries and benefits	7,593	-	7,593
Accrued interest	10,672	79,822	90,494
Loans and bonds payable	259,656	416,212	675,868
Compensated absences	163,548	85,540	249,088
<b>Total current liabilities</b>	<b>497,059</b>	<b>652,100</b>	<b>1,149,159</b>
<b>Noncurrent liabilities</b>			
Customer deposits	-	90,645	90,645
Loans and bonds payable	2,755,186	5,870,484	8,625,670
Compensated absences	50,871	66,492	117,363
Landfill closure liability	-	1,568,545	1,568,545
Net pension liability	8,214,060	3,038,077	11,252,137
Net OPEB liability	2,459,728	909,762	3,369,490
<b>Total noncurrent liabilities</b>	<b>13,479,845</b>	<b>11,544,005</b>	<b>25,023,850</b>
<b>Total Liabilities</b>	<b>13,976,904</b>	<b>12,196,105</b>	<b>26,173,009</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - rent	313,467	-	313,467
Deferred inflows from pension	525,699	270,814	796,513
Deferred inflows from OPEB	1,683,455	622,648	2,306,103
<b>Total Deferred inflows</b>	<b>2,522,621</b>	<b>893,462</b>	<b>3,416,083</b>
<b>Net Position</b>			
Net investment in capital assets	12,837,108	9,603,564	22,440,672
<b>Restricted for:</b>			
Debt Service	323,620	146,916	470,536
Capital projects	472,320	149,046	621,366
Special Revenue	809,374	-	809,374
Unrestricted	(7,874,816)	(2,432,657)	(10,307,473)
<b>Total net position</b>	<b>6,567,606</b>	<b>7,466,869</b>	<b>14,034,475</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 23,067,131</b>	<b>\$ 20,556,436</b>	<b>\$ 43,623,567</b>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

<b>Functions and Programs</b>	<b>Program Revenues</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>PRIMARY GOVERNMENT</b>			
<b>Governmental Activities</b>			
General Government	\$ 2,024,418	\$ 1,539,386	\$ 807,160
Public Safety	3,913,232	-	171,386
Public Works	1,197,007	-	-
Culture and Recreation	2,155,789	92,924	-
Health and welfare	227,502	-	-
Interest on Long-Term Debt	65,247	-	-
<b>Total Governmental Activities</b>	<b>9,583,195</b>	<b>1,632,310</b>	<b>978,546</b>
<b>Business-Type Activities</b>			
Joint Utility	7,572,779	7,448,436	-
<b>Total Business-Type Activities</b>	<b>7,572,779</b>	<b>7,448,436</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 17,155,974</b>	<b>\$ 9,080,746</b>	<b>\$ 978,546</b>

**General Revenues:**

Taxes:

Property Taxes levied for general purposes

Gross receipt taxes

Gas taxes

Franchise taxes

Lodgers taxes

Licenses, permits, fees, and fines

Interest income

Miscellaneous Income

Transfers

Subtotal, General Revenues

Change in Net Position

Net Position - beginning

Net Position - restatement (Note 9)

Net Position - as restated

Net Position - ending

See Independent Auditors' Report and Notes to Financial Statements



Net (Expense) Revenue and Changes in Net Position		
Government Activities	Business- Type Activities	Total
\$ 322,128	\$ -	\$ 322,128
(3,515,882)	-	(3,515,882)
(189,383)	-	(189,383)
(2,062,865)	-	(2,062,865)
(227,502)	-	(227,502)
(65,247)	-	(65,247)
(5,738,751)	-	(5,738,751)
-	(124,343)	(124,343)
-	(124,343)	(124,343)
(5,738,751)	(124,343)	(5,863,094)
663,350	-	663,350
4,701,853	103,379	4,805,232
127,257	-	127,257
158,425	-	158,425
403,993	-	403,993
137,097	-	137,097
40,663	16,136	56,799
309,535	53,471	363,006
(42,254)	42,254	-
6,499,919	215,240	6,715,159
761,168	90,897	852,065
5,806,438	8,629,139	14,435,577
-	(1,253,167)	(1,253,167)
5,806,438	7,375,972	13,182,410
\$ 6,567,606	\$ 7,466,869	\$ 14,034,475

**State of New Mexico  
City of Socorro  
Balance Sheet  
Governmental Funds  
June 30, 2020**

	Special Revenue Funds			
	General Fund	Municipal	Convention	Non-Major
	# 107	Streets	Center	Governmental
		# 216	# 250	Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 2,228,058	\$ 433	\$ 478,008	\$ 363,447
Restricted cash	-	-	78,651	608,744
Other Receivables	369,789	20,492	9,849	25,348
Property taxes receivable	104,563	-	-	-
Gross receipt taxes receivable	754,093	-	-	-
Lodgers taxes receivables	-	-	-	37,994
Inventory	16,167	-	-	-
Land contract receivable	436,354	-	-	-
Rent recieveable	313,467	-	-	-
<b>Total assets</b>	<b>\$ 4,222,491</b>	<b>\$ 20,925</b>	<b>\$ 566,508</b>	<b>\$ 1,035,533</b>
<b>Liabilities, deferred inflows of resources and fund balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 37,938	\$ 17,652	\$ -	\$ -
Accrued salaries and benefits	7,593	-	-	-
<b>Total liabilities</b>	<b>45,531</b>	<b>17,652</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>				
Deferred inflows - real estate contract	436,354	-	-	-
Deferred inflows - property taxes	85,008	-	-	-
Deferred inflows - rent	313,467	-	-	-
<b>Total deferred inflows</b>	<b>834,829</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>880,360</b>	<b>17,652</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>				
Nonspendable				
Interfund Loans				
Spendable				
Restricted for:				
Public safety	-	-	-	45,599
Public works	-	3,273	-	-
Culture and recreation	-	-	566,508	193,994
Debt service expenditures	-	-	-	323,620
Capital projects	-	-	-	472,320
Committed to:				
Minimum fund balance	494,132	-	-	-
Unassigned	2,847,999	-	-	-
<b>Total fund balances</b>	<b>3,342,131</b>	<b>3,273</b>	<b>566,508</b>	<b>1,035,533</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,222,491</b>	<b>\$ 20,925</b>	<b>\$ 566,508</b>	<b>\$ 1,035,533</b>

See Independent Auditors' Report and Notes to Financial Statements

<b>Total Governmental Funds</b>	
\$	3,069,946
	687,395
	425,478
	104,563
	754,093
	37,994
	16,167
	436,354
	313,467
\$	<u>5,845,457</u>

\$	55,590
	7,593
	<u>63,183</u>

	436,354
	85,008
	<u>313,467</u>
	<u>834,829</u>

	<u>898,012</u>
--	----------------

	45,599
	3,273
	760,502
	323,620
	472,320
	494,132
	<u>2,847,999</u>
	<u>4,947,445</u>
\$	<u>5,845,457</u>

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**STATE OF NEW MEXICO**

**City of Socorro**

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2020**

Exhibit B-1

Page 2 of 2

<b>Total Fund Balance - Governmental Funds</b>	\$ 4,947,445
------------------------------------------------	--------------

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

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

Capital assets	38,005,658
Less: Accumulated depreciation	(22,153,708)

Delinquent property taxes and the real estate contract receivable not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows in the fund financial statements, but have already been recognized as revenues in the Statement of Activities.

Delinquent property taxes	85,008
Real estate contract receivable	436,354

Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:

Accrued interest	(10,672)
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Deferred outflows and inflows relating to pension and OPEB liabilities are not payable / collected in the current period and therefore are not reported in the fund financial statements. Deferred outflows and inflows consist of the following:

Deferred outflows from pension	1,266,410
Deferred inflows from pension	(525,699)
Deferred outflows from OPEB	103,314
Deferred inflows from OPEB	(1,683,455)

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

Accrued compensated absences	(214,419)
Loans payable	(3,014,842)
Net pension liability	(8,214,060)
Net OPEB liability	(2,459,728)

<b>Total Net Position of Governmental Activities</b>	<b>\$ 6,567,606</b>
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**STATE OF NEW MEXICO**  
**City of Socorro**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

		Special Revenue Funds		
	General Fund	Municipal	Convention	Non-Major
	# 101	Streets	Center	Governmental
		# 216	# 250	Funds
<b>Revenues</b>				
Property taxes	\$ 662,719	\$ -	\$ -	\$ -
Gross receipt taxes	4,571,647	-	-	130,206
Gas taxes	-	127,257	-	-
Franchise taxes	158,425	-	-	-
Lodger's taxes	-	-	-	403,993
State operating grants	643,650	-	-	47,752
State capital grants	-	-	-	695,606
Federal operating grants	163,510	-	-	123,634
Federal capital grants	-	-	-	537,982
Charges for services	1,378,820	-	160,566	92,924
Licenses and fees	122,975	-	-	14,122
Interest income	16,814	-	11,515	12,334
Miscellaneous income	294,948	-	-	22,469
<b>Total revenue</b>	<b>8,013,508</b>	<b>127,257</b>	<b>172,081</b>	<b>2,081,022</b>
<b>Expenditures</b>				
Current:				
General government	1,647,289	-	-	-
Public safety	2,853,071	-	-	331,165
Public works	433,054	423,672	-	117,291
Culture and recreation	736,793	-	109,299	901,619
Health and welfare	185,121	-	-	-
Capital outlay	74,250	-	972,221	1,209,846
Debt service:				
Debt Issuance cost	-	-	7,959	-
Principal	-	30,531	16,839	214,360
Interest	-	-	14,971	48,164
<b>Total expenditures</b>	<b>5,929,578</b>	<b>454,203</b>	<b>1,121,289</b>	<b>2,822,445</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,083,930</b>	<b>(326,946)</b>	<b>(949,208)</b>	<b>(741,423)</b>
<b>Other financing sources (uses)</b>				
Transfers in	20,000	321,200	-	438,017
Transfers out	(759,217)	-	-	(62,254)
Loan proceeds	-	-	1,007,959	53,135
<b>Total other financing sources (uses)</b>	<b>(739,217)</b>	<b>321,200</b>	<b>1,007,959</b>	<b>428,898</b>
Net change in fund balance	1,344,713	(5,746)	58,751	(312,525)
Fund balance - beginning of year	1,997,418	9,019	507,757	1,348,058
<b>Fund balance - end of year</b>	<b>\$ 3,342,131</b>	<b>\$ 3,273</b>	<b>\$ 566,508</b>	<b>\$ 1,035,533</b>

See Independent Auditors' Report and Notes to Financial Statements

<b>Total</b>	
\$	662,719
	4,701,853
	127,257
	158,425
	403,993
	691,402
	695,606
	287,144
	537,982
	1,632,310
	137,097
	40,663
	317,417
	<u>10,393,868</u>

	1,647,289
	3,184,236
	974,017
	1,747,711
	185,121
	2,256,317
	7,959
	261,730
	63,135
	<u>10,327,515</u>

	<u>66,353</u>
--	---------------

	779,217
	(821,471)
	1,061,094
	<u>1,018,840</u>
	1,085,193
	<u>3,862,252</u>
\$	<u><u>4,947,445</u></u>

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<b>STATE OF NEW MEXICO</b> <b>City of Socorro</b> <b>Reconciliation of the Statement of Revenues, Expenses and Changes in Fund</b> <b>Balances - Governmental Funds to the Statement of Activities</b> <b>For the Year Ended June 30, 2020</b>	Exhibit B-2 Page 2 of 2
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<b>Net Change in Fund Balance - Governmental Funds</b>	<b>\$ 1,085,193</b>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital expenditures recorded in capital outlay	2,256,317
Depreciation expense	(1,378,414)

Governmental funds report City pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension and OPEB expense:

Change in net pension liability	(735,861)
Change in OPEB liability	348,182

In governmental funds, delinquent property taxes and real estate contract receivable collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows in the fund financial statements, but are considered revenues in the Statement of Activities

Decrease in delinquent property taxes	631
Decrease in real estate contract receivable	(7,882)

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

Increase in accrued compensated absences	(5,522)
Increase in accrued interest expense	(2,112)

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.

Principal payments on bonds and loans payable	261,730
Net proceeds from debt issuance	(1,061,094)

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 761,168</u></b>
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## STATE OF NEW MEXICO

Exhibit C-1

## City of Socorro

## General Fund

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
				<u>Final to actual</u>
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ 586,012	\$ 605,057	\$ 662,171	\$ 57,114
Gross receipts taxes	3,951,006	4,079,409	4,464,485	385,076
Franchise tax	140,204	144,760	158,425	13,665
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<b>Intergovernmental income:</b>				
Federal operating grants	140,213	144,769	158,435	13,666
Federal capital grants	-	-	-	-
State operating grants	569,621	588,133	643,650	55,517
State capital grants	-	-	-	-
Charges for services	1,337,329	1,380,790	1,511,130	130,340
Licenses and fees	108,831	112,368	122,975	10,607
Interest income (loss)	8,325	8,596	9,407	811
Miscellaneous	274,394	283,312	310,055	26,743
<b>Total revenue</b>	<u>7,115,935</u>	<u>7,347,194</u>	<u>8,040,733</u>	<u>693,539</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,751,834	1,831,470	1,684,735	146,735
Public safety	2,961,836	3,096,477	2,848,391	248,086
Public works	467,112	488,347	449,221	39,126
Culture and recreation	766,138	800,965	736,793	64,172
Health and welfare	186,463	194,939	179,321	15,618
Capital outlay	82,074	85,805	78,930	6,875
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>6,215,457</u>	<u>6,498,003</u>	<u>5,977,391</u>	<u>520,612</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 900,478</u>	<u>\$ 849,191</u>	<u>\$ 2,063,342</u>	<u>\$ 1,214,151</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	(900,478)	(849,191)		
Transfers in	20,000	20,000	20,000	-
Transfers out	(694,759)	(798,429)	(759,217)	39,212
<b>Total other financing sources (uses)</b>	<u>(674,759)</u>	<u>(778,429)</u>	<u>(739,217)</u>	<u>39,212</u>
Net Change in fund balance	225,719	70,762	1,324,125	
Fund balance - beginning of year			<u>\$ 1,997,418</u>	
<b>Fund balance - end of year</b>			<u>1,344,713</u>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			1,324,125	
Adjustments to revenue for decreases in receivables			(27,225)	
Adjustment to expenditures for increases in liabilities			47,813	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ 1,344,713</u>	

See Independent Auditors' Report and Notes to Financial Statements

## STATE OF NEW MEXICO

Exhibit C-2

## City of Socorro

## Municipal Street

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
				<u>Final to actual</u>
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	218,000	218,000	133,745	(84,255)
Franchise tax	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<b>Intergovernmental income:</b>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>218,000</u>	<u>218,000</u>	<u>133,745</u>	<u>(84,255)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	494,784	510,784	424,696	86,088
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	30,531	30,531	30,531	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>525,315</u>	<u>541,315</u>	<u>455,227</u>	<u>86,088</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ (307,315)</u>	<u>\$ (323,315)</u>	<u>\$ (321,482)</u>	<u>\$ 1,833</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	307,315	323,315		
Transfers in	304,351	320,351	321,200	849
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>304,351</u>	<u>320,351</u>	<u>321,200</u>	<u>849</u>
Net Change in fund balance	(2,964)	(2,964)	(282)	
Fund balance - beginning of year			\$ 9,019	
<b>Fund balance - end of year</b>			<u>8,737</u>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			(282)	
Adjustments to revenue for decreases in receivables			(6,488)	
Adjustment to expenditures for increase in liabilities			1,024	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ (5,746)</u>	

See Independent Auditors' Report and Notes to Financial Statements

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## STATE OF NEW MEXICO

Exhibit C-3

## City of Socorro

## Convention Center

## Statement of Revenues, Expenditures and Changes in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
				Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Franchise tax	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<b>Intergovernmental income:</b>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	229,500	229,500	162,099	(67,401)
Licenses and fees	-	-	-	-
Interest income	-	-	11,515	11,515
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>229,500</u>	<u>229,500</u>	<u>173,614</u>	<u>(55,886)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	252,644	252,644	68,521	184,123
Health and welfare	-	-	-	-
Capital outlay	-	-	1,020,958	(1,020,958)
Debt Service:	-	-	-	-
Principal	16,839	16,839	16,839	-
Interest	-	-	14,971	(14,971)
<b>Total expenditures</b>	<u>269,483</u>	<u>269,483</u>	<u>1,121,289</u>	<u>(851,806)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ (39,983)</u>	<u>\$ (39,983)</u>	<u>\$ (947,675)</u>	<u>\$ (907,692)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	39,983	39,983	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Loan proceeds	-	-	1,007,959	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>1,007,959</u>	<u>-</u>
Net Change in fund balance	(39,983)	(39,983)	60,284	
Fund balance - beginning of year			\$ 507,757	
<b>Fund balance - end of year</b>			<u>568,041</u>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			60,284	
Adjustments to revenue for decrease in receivables			(1,533)	
Adjustment to expenditures			-	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ 58,751</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

Exhibit D-1

	<b>Joint Utility</b> <b># 501</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,335,316
Restricted cash and cash equivalents	295,962
Accounts receivable, net	1,348,753
Inventory	88,890
<b>Total current assets</b>	<b>4,068,921</b>
<b>Noncurrent assets</b>	
Customer deposits	90,645
Capital Assets	40,737,051
Less: Accumulated depreciation	(24,846,791)
<b>Total noncurrent assets</b>	<b>15,980,905</b>
<b>Deferred outflows of resources</b>	
Deferred outflows from pension	468,398
Deferred outflows from OPEB	38,212
<b>Total deferred outflows of resources</b>	<b>506,610</b>
<b>Total assets, and deferred outflows of resources</b>	<b>\$ 20,556,436</b>
<b>Liabilities, deferred inflows and net position</b>	
<b>Liabilities</b>	
Accounts payable	\$ 70,526
Accrued interest	79,822
Notes and bonds payable	416,212
Compensated absences	85,540
<b>Total current liabilities</b>	<b>652,100</b>
<b>Noncurrent liabilities</b>	
Customer deposits	90,645
Notes and bonds payable	5,870,484
Compensated absences	66,492
Landfill closure liability	1,568,545
Net pension liability	3,038,077
Net OPEB liability	909,762
<b>Total noncurrent liabilities</b>	<b>11,544,005</b>
<b>Total Liabilities</b>	<b>12,196,105</b>
<b>Deferred inflows of resources</b>	
Deferred inflows from pension	270,814
Deferred inflows from OPEB	622,648
<b>Total deferred inflows of resources</b>	<b>893,462</b>
<b>Net position</b>	
Net investment in capital asset	9,603,564
Restricted for:	
Debt service	146,916
Capital projects	149,046
Unrestricted	(2,432,657)
<b>Total net position</b>	<b>7,466,869</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 20,556,436</b>

See Independent Auditors' Report and Notes to Financial Statements

## STATE OF NEW MEXICO

Exhibit D-2

## City of Socorro

**Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2020**

	<b>Joint Utility</b>
	<b># 501</b>
<b>Operating revenues:</b>	
Charges for services	\$ 7,448,436
<b>Total operating revenues</b>	<b>7,448,436</b>
<b>Operating expenses:</b>	
Depreciation and amortization	1,186,589
COGS (Gas)	876,359
Personnel services	2,390,109
Contractual services	113,721
Supplies	148,731
Maintenance and Materials	790,170
Utilities	826,645
Insurance	375,621
Payment in lieu of taxes	398,686
Landfill Closure Expense	149,397
Miscellaneous	235,586
<b>Total operating expense</b>	<b>7,491,614</b>
<b>Operating income (loss)</b>	<b>(43,178)</b>
<b>Non-operating revenues (expense):</b>	
Gross receipts taxes	103,379
Interest income	16,136
Interest expense	(81,165)
Miscellaneous income (expense)	53,471
<b>Total non-operating revenues (expense)</b>	<b>91,821</b>
<b>Income (loss) before contributions and transfers</b>	<b>48,643</b>
Transfers in	42,254
<b>Total contributions and transfers</b>	<b>42,254</b>
<b>Change in Net Position</b>	<b>90,897</b>
<b>Net Position, beginning of year</b>	<b>8,629,139</b>
<b>Restatement (Note 9)</b>	<b>(1,253,167)</b>
<b>Net Position - beginning of the year, restated</b>	<b>7,375,972</b>
<b>Net Position - end of the year</b>	<b>\$ 7,466,869</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

Exhibit D-3

	<b>Joint Utility</b> <b># 501</b>
<b>Cash flow from operating activities</b>	
Cash received from customers	\$ 7,456,640
Cash payments to employees for services	(2,233,227)
Cash payments to suppliers for goods and services	(3,796,118)
<b>Net cash provided from operating activities</b>	<u>1,427,295</u>
<b>Cash flow from noncapital financing activities</b>	
Miscellaneous	53,471
Gross Receipts tax	103,379
Transfers	<u>42,254</u>
<b>Net cash flows provided (used) by noncapital financing activities</b>	<u>199,104</u>
<b>Cash Flows from capital and related financing activities</b>	
Interest paid	(32,301)
Principal payments	(433,859)
Debt proceeds	1,334,056
Acquisition of capital assets	<u>(1,514,844)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(646,948)</u>
<b>Cash flows from investing activities</b>	
Interest income	<u>16,136</u>
<b>Net cash provided by investing activities</b>	<u>16,136</u>
Net increase (decrease) in cash and cash equivalents	995,587
Cash & cash equivalents - beginning of year	<u>1,726,336</u>
<b>Cash &amp; cash equivalents - end of year</b>	<u><u>\$ 2,721,923</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ (43,178)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>	
Depreciation	1,186,589
Employer pension and OPEB expense	146,010
<b>Changes in assets &amp; liabilities:</b>	
Receivables	190
Inventory	(4,358)
Accounts payable	(26,241)
Compensated absences	10,872
Customer deposits	8,014
Net change in landfill liability	<u>149,397</u>
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 1,427,295</u></u>

See Independent Auditors' Report and Notes to Financial Statements



**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies**

The City of Socorro (City) was incorporated in 1918. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety services (police and fire), culture and recreation, public improvements, housing, planning and zoning, highways and streets, public utilities (wastewater, water and solid waste), health and social services, and general administrative services.

The City is a body politic and incorporated under the name and form of government selected by its qualified electors. The City may:

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

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

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

**A. Financial Reporting Entity**

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

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

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**A. Financial Reporting Entity (continued)**

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

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

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

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

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

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

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

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

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

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

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

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

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

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

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

Governmental funds are used to account for the City's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Major governmental funds include:

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

The *Municipal Street Fund* accounts for gas taxes collected and operating and maintenance of City Streets Pursuant to the County and Municipal Gasoline Tax act, NMSA 7-21-1.

*Convention Center Fund* accounts for the design, construction, equipping, furnishing, landscaping, operations 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. New Mexico Legislature enacted the Convention Center Financing Act during 2003 Legislative Secession and requires the tax to be used in this manner.

The City reports the following proprietary funds as major funds:

The *Joint Utility fund* accounts for the activities of the City's natural gas, water, waste water, solid waste, landfill, and recycling operations.

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

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

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

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

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

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

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

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements. As of June 30, 2020 the City had no prepaid expenses.

**Inventory:** Inventories in governmental funds consist of expendable supplies held for consumption and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

**Lease Receivables – GASB 87:** The City recognize a lease receivable and a deferred inflow of resources at the commencement of all lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The City did not derecognize the asset underlying the lease. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The City recognized interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the City during the current fiscal year was \$50,156 in the City's Joint Utility

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

<u>Asset</u>	<u>Years</u>
Buildings	5-40
Equipment	5-20
Plant and Infrastructure	5-40

**Accrued Expenses:** Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2020, along with applicable PERA and Retiree Health Care.

**Unearned Revenues:** There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

**Inflows of Resources Governmental Funds:** Deferred inflows are reported in the balance sheet for governmental funds regarding property tax revenue, real estate contract receivable and rent receivables. These amounts are deferred and recognized as revenue in that period that the amounts become available.

**Deferred Outflows/Inflows of Resources Government Wide Statement of Net Position:** In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a recognized consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred outflows for pension liabilities, and retirement healthcare (OPEB liabilities).

**Compensated Absences:** Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated is forfeited. A maximum of 120 hours of annual vacation leave may be carried forward at the end of a calendar year. Upon retirement, payment for sick leave is limited to 500 hours accumulated in excess of 600 hours, at 50% of the individual's hourly rate. Accrued vacation and sick leave pay are recorded as a liability and as an increase or decrease in expenses in the government-wide financial statements.

Employees earn vacation leave at various rates depending on the employee's length of service based on the following total years of services:

<b>Total Years of Service</b>	<b>Yearly Accumulation</b>
0-5	96 Hours
6 - 19	144 Hours
20 or More	160 Hours

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

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

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

Net Investment in Capital Assets - Net investment in capital assets consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

Non-spendable – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of inter-fund loans.

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

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

At June 30, 2020, the City has presented restricted and committed fund balance on the governmental funds balance sheet in the amount of \$2,099,446 for various City operations as restricted and committed by the minimum fund balance in the General Fund and enabling legislation in the special revenue funds, debt service, and for capital projects. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 18 and 19.



**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

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

Minimum Fund Balance Policy: The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 1/12th the General Fund expenditures for the upcoming budget year. The City has presented committed fund balance on the governmental funds balance sheet in the amount of \$494,132 to meet minimum fund balance requirements for the General Fund.

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

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

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

**Tax Revenues:** The City receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and May 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The City recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The City records only the portion of the taxes considered 'measureable' and 'available' in the governmental fund financial statements.

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

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The City is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The City Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2020 is presented as part of the budgetary statements.

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. The City is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2020.

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 by collateral deposited as security or by bond given by the financial institution.

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.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 3. Deposits and Investments (continued)**

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

All of the City's accounts are at an insured depository institution, including all noninterest-bearing transaction accounts, which will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

The collateral pledged is listed in the supplementary information. 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.

Custodial Credit Risk Deposits - is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978) that require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued to the City for at least one half the amount in excess of FDIC coverage on deposit with the institution.

At June 30, 2020, \$3,722,861 of the City's bank balance of \$4,059,129 was exposed to custodial credit risk. \$2,321,537 of the City's cash deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name, and \$1,401,324 was uninsured and uncollateralized at June 30, 2020.

	First State Bank	Washington Federal	Total
Deposits	\$ 3,972,861	\$ 86,268	\$ 4,059,129
Less: FDIC Coverage	(250,000)	(86,268)	(336,268)
Total uninsured public funds	<u>\$ 3,722,861</u>	<u>-</u>	<u>3,722,861</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	2,321,537	-	2,321,537
Uninsured and uncollateralized	<u>\$ 1,401,324</u>	<u>\$ -</u>	<u>\$ 1,401,324</u>
Collateral requirements (50% of uninsured funds)	\$ 1,861,431	\$ -	\$ 1,861,431
Pledged Collateral	2,321,537	-	2,321,537
Over (under) collateralized	<u>\$ 460,106</u>	<u>\$ -</u>	<u>\$ 460,106</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 3. Deposits and Investments (continued)**

Custodial Credit Risk Investments - For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are that are in the possession of an outside party. The City's policy related to investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

New Mexico Local Government Investment Pool (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(1) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2020, the City had the following investments and maturities:

Investment Type	Maturities	Market Value	Rating	Fair value
New Mexico LGIP	[25] day WAM R; [77] day WAM (F)	[25] day WAM R; [77] day WAM (F)	AAAm	\$ 1,750,479

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- Level 2 Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 3. Deposits and Investments (continued)**

All of the City's investments in New Mexico LGIP of \$1,750,479 are measured through level 1 input.

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

Cash and cash equivalents per Exhibit A-1	\$ 5,405,262
Restricted cash and cash equivalents per Exhibit A-1	983,357
Customer Deposits	<u>90,645</u>
Total cash and cash equivalents	<u>\$ 6,479,264</u>
Add: Outstanding checks	\$ 275,104
Less: Outstanding deposits	(7,775)
Less: Petty cash	(900)
Less: LGIP Investments	(1,750,479)
Less: Cash held at the NMFA	<u>(936,085)</u>
Bank balance of deposits	<u><u>\$ 4,059,129</u></u>

**NOTE 4. Accounts and Taxes Receivable**

Receivables as of June 30, 2020 are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
<b>Taxes Receivable:</b>			
Property taxes	\$ 104,563	\$ -	\$ 104,563
Gross receipts taxes	754,093	-	754,093
Franchise taxes	21,853	-	21,853
Gasoline taxes	20,492	-	20,492
Lodgers taxes	47,843	-	47,843
<b>Other receivables:</b>			
State and federal grants	48,037	-	48,037
Real estate contract receivable	436,354	-	436,354
Rent receivable	313,467		
<b>Total</b>	<u>\$ 1,746,702</u>	<u>\$ -</u>	<u>\$ 1,433,235</u>
<b>Customer Receivables:</b>			
Ambulance receivables	\$ 1,214,024	\$ -	\$ 1,214,024
Customer receivables	-	1,368,753	1,368,753
Less: allowance for customer receivables	(888,777)	(20,000)	(908,777)
<b>Net Customer Accounts Receivables</b>	<u>\$ 325,247</u>	<u>\$ 1,348,753</u>	<u>\$ 1,674,000</u>
<b>Total receivables, net</b>	<u>\$ 2,071,949</u>	<u>\$ 1,348,753</u>	<u>\$ 3,107,235</u>

With the exception of ambulance receivables noted above, governmental receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenue receivables not collected within the period of availability was determined to be \$84,377 and is reclassified as deferred inflow of resources in the governmental fund financial statements.

The City carries three real estate contracts receivable as of June 30, 2020, totaling \$436,354. The City recognized interest income of \$15,297 and principal payments of \$9,783 for the year ended June 30, 2020, related to these contracts. Governmental fund financial statements reported a deferred inflow of resources of \$436,354, due to revenues in the governmental financial statements being recognized as soon as they are available to pay liabilities of the current period.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**Note 5. Lease Receivables and Deferred Inflows of Resources**

During fiscal year ending June 30, 2020 the City elected to implement GASB 87 early for leases. The City has one lease outstanding during the year the qualified as lease receivable and deferred inflows of resources under the definition of GASB 87. The City recognized a lease receivable and a deferred inflow of resources to account for property the City leases to other entities. The City measured the deferred inflow of resources at the initial value of the lease receivable, plus the amount of any payments received at or before the commencement of the lease term that relate to future periods (for example, the final month's rent). The City subsequently recognizes the deferred inflow of resources as revenue, if available, in a systematic and rational manner over the term of the lease.

The City had the following lease activity other than short term leases during the fiscal year ending June 30, 2020:

On January 1, 1983 the City entered into a lease to lease property located to Southwest Community Health Services for a term of 99 years. The lease is for \$10,000 per year and will continue until January 1, 2082. The City recognized \$2,110 in lease revenue and \$7,890 in interest income related to this lease agreement during the fiscal year ending June 30, 2020 in the general fund.

**NOTE 6. Interfund Transfers**

Operating transfers are made to close out funds and supplement other funding sources in the normal course of operations. Operating transfers for the year ended June 30, 2020 were as follows:

Transfer In	Transfer Out	Amount
Recreation	General Fund	\$ 275,000
Minicipal Streets	General Fund	321,200
Airport Improvements	General Fund	9,117
Rodeo Arena	General Fund	153,900
General Fund	Lodgers Tax	20,000
Joint Utility	CDBG	42,254
		<u>\$ 821,471</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 7. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2020 follows (land and construction in progress is not subject to depreciation):

**Governmental Activities**

	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>CIP Transfers</b>	<b>Balance June 30, 2020</b>
Capital assets not being depreciated:					
Land	\$ 308,224	\$ -	\$ -		\$ 308,224
Construction in progress (CIP)	364,258	1,975,031	-	(1,057,517)	1,281,772
Total capital assets, not depreciated	672,482	1,975,031	-	(1,057,517)	1,589,996
Capital assets depreciated:					
Buildings	15,393,583	-	(20,548)	-	15,373,035
Equipment	7,762,037	281,286	(600,521)	-	7,442,802
Infrastructure	12,542,308	-	-	1,057,517	13,599,825
Total capital assets, depreciated	35,697,928	281,286	(621,069)	1,057,517	36,415,662
Total capital assets	36,370,410				38,005,658
Less accumulated depreciation:					
Buildings	8,329,256	627,511	(20,548)	-	8,936,219
Equipment	7,038,972	266,260	(600,521)	-	6,704,711
Infrastructure	6,028,135	484,643	-	-	6,512,778
Total accumulated depreciation	21,396,363	1,378,414	(621,069)	-	22,153,708
Capital Assets, Net	<u>\$ 14,974,047</u>				<u>\$ 15,851,950</u>

Depreciation expense was charged to the following Governmental Activities:

General Government	\$ 293,426
Public Safety	567,199
Public Works	173,499
Culture and Recreation	311,315
Health and welfare	32,975
	<u>\$ 1,378,414</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 7. Capital Assets (continued)**

**Business Type Activities**

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not depreciated:				
Land	\$ 331,556	\$ -	\$ -	\$ 331,556
Construction in progress (CIP)	-	1,397,550	-	1,397,550
Total capital assets not depreciated	<u>331,556</u>	<u>1,397,550</u>	<u>-</u>	<u>1,729,106</u>
Capital asset depreciated:				
Buildings	24,562,803	-	(13,746)	24,549,057
Equipment	6,140,896	-	(250,676)	5,890,220
Plant and Infrastructure	8,455,195	117,294	(3,821)	8,568,668
Total capital assets, depreciated	<u>39,158,894</u>	<u>117,294</u>	<u>(268,243)</u>	<u>39,007,945</u>
Total capital assets	<u><u>39,490,450</u></u>			<u><u>40,737,051</u></u>
Less accumulated depreciation:				
Buildings	14,540,081	652,176	(13,746)	15,178,511
Equipment	5,128,681	185,997	(250,676)	5,064,002
Plant and Infrastructure	4,259,682	348,417	(3,821)	4,604,278
Total accumulated depreciation	<u>23,928,444</u>	<u>1,186,590</u>	<u>(268,243)</u>	<u>24,846,791</u>
Capital Assets, Net	<u><u>\$ 15,562,006</u></u>			<u><u>\$ 15,890,260</u></u>

**NOTE 8. Long-term Debt**

**Governmental Activities:**

During the year ended June 30, 2020, the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
NMFA loans	\$ 2,176,474	\$ 1,061,094	\$ (231,199)	\$ 3,006,369	\$ 251,183
Capital leases	39,004	-	(30,531)	8,473	8,473
Total Loans Payable	<u>\$ 2,215,478</u>	<u>\$ 1,061,094</u>	<u>\$ (261,730)</u>	<u>\$ 3,014,842</u>	<u>\$ 259,656</u>
Compensated Absences	<u>\$ 208,897</u>	<u>\$ 169,070</u>	<u>\$ (163,548)</u>	<u>\$ 214,419</u>	<u>\$ 163,548</u>
Total Long Term Debt	<u><u>\$ 2,424,375</u></u>	<u><u>\$ 1,230,164</u></u>	<u><u>\$ (425,278)</u></u>	<u><u>\$ 3,229,261</u></u>	<u><u>\$ 423,204</u></u>



**STATE OF NEW MEXICO**  
**City of Socorro**  
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**For the Year Ended June 30, 2020**

**NOTE 8. Long-term Debt (continued)**

**Governmental Activities (continued)**

**The City had the following loans outstanding in governmental funds during fiscal year 2020:**

**Convention Center Improvements (NMFA PPRF-4936)**

On September 13, 2019 the City obtained a loan from the New Mexico Finance Authority in the amount of \$1,061,094 and bears interest at a rate of 2.38%, with payments due May 1<sup>st</sup> and November 1<sup>st</sup>. The loan is for the purposes of improvements to the City's Convention Center. Revenues pledged to service this loan are Convention Center Fees imposed by the City pursuant to Section 5-14-1 through 5-14-15 NMSA 1978 and the Tax Ordinance for the use of rooms in lodging facilities. The revenues pledged total \$1,462,367 at June 30, 2020, which is 8.77% of Convention Center fees and Lodgers Taxes at their current rate. During the year ended June 30, 2020 the City recognized a total of \$128,368 in pledged revenues, and retired \$50,226 in loan principal and interest.

**Road Improvements (NMFA PPRF- 4938)**

On June 28, 2019 the City obtained a loan from the New Mexico Finance Authority in the amount of \$339,146 and bears interest at a rate of 2%, with payments due May 1<sup>st</sup> and November 1<sup>st</sup>. The Loan is for the purposes of road improvements. Revenues pledged to service this loan are solely from the one eight of one percent (.0128%) municipal infrastructure gross receipts tax imposed pursuant to section 7-19D-11 NMSA 1978 and City Ordinance No. 19-05-20. The revenues pledged total \$379,276 at June 30, 2020, which is .353% of gross receipt taxes at their current rate. During the year ended June 30, 2020 the City recognized a total of \$124,409 in pledged GRT revenues, and retired \$29,223 in loan principal and interest.

**Infrastructure Projects (NMFA 7)**

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%. Payments are due May 1<sup>st</sup> and November 1<sup>st</sup> and mature on May 1, 2021. Revenue pledged to service this loan is 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. 06-02-0GA. The revenues pledged total \$92,154 at June 30, 2020, which is 2% of gross receipt taxes at their current rate. During the year ended June 30, 2020 the City recognized a total of \$124,409 in pledged GRT revenues, and retired \$95,185 in loan principal and interest.

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**NOTE 8. Long-term Debt (continued)**

**Fire Station Renovation Project (NMFA 18)**

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, 2021. 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. The revenues pledged total \$35,222 at June 30, 2020, which is 15.61% of the state fire allotments at their current rate. During the year ended June 30, 2020 the City recognized a total of \$57,985 in pledged revenues fire allotment revenues, and retired \$33,201 in loan principal and interest.

**Rodeo Sports Facility (NMFA 23)**

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. The revenues pledged total \$1,429,358 at June 30, 2020, which is 19.05% of Lodger's Taxes at their current rate. During the year ended June 30, 2020 the City recognized a total of \$128,386 in pledged Lodgers tax revenues, and retired \$78,159 in loan principal and interest.

**Fire Truck (NMFA 34)**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the purchase of a new fire truck for the City. The loan was finalized on June 9, 2017, with the City borrowing \$425,976. The note bears interest at 0.925819%, with an annual principal and interest payments due in May of each year, maturing on May 1, 2027. The payments of this loan are secured by the State Fire Allotment. The revenues pledged total \$373,225 at June 30, 2020, which is 10.09% of future state fire allotment at their current rate. During the year ended June 30, 2020 the City recognized a total of \$57,985 in pledged fire allotment revenues, and retired \$22,763 in loan principal and interest.

A summary of the loans outstanding in governmental activities at June 30, 2020 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2020
NMFA PPRF-4936 Convention Center Loan	9/13/2019	5/1/2049	2.38%	\$ 1,061,094	\$ 1,044,254
NMFA Socorro PPRF-4938 Road Improvements	28-Jun-19	1-May-39	2.00%	\$ 339,146	315,392
NMFA Socorro City 7 Infrastructure Projects	1-Mar-06	1-May-21	3.39%	\$ 1,094,999	91,824
NMFA Socorro City 18 Fire Station Renovation Project	1-Sep-10	1-May-21	2.39%	\$ 309,575	34,153
NMFA Socorro City 23 Rodeo Sports Facility	1-Jun-13	1-May-38	2.34%	\$ 1,495,751	1,160,348
NMFA Socorro City 34 Fire Truck	1-Jun-17	1-May-27	1.09%	\$ 425,976	360,398
					<u>\$ 3,006,369</u>

**STATE OF NEW MEXICO**  
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**NOTE 8. Long-term Debt (continued)**

The Annual requirements to amortize the above loans including interest payments as of June 30, 2020 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 251,183	\$ 90,805	\$ 341,988
2022	162,403	87,734	250,137
2023	147,596	85,314	232,910
2024	150,294	82,942	233,236
2025	153,252	79,241	232,493
2026-2030	632,296	370,466	1,002,762
2031-2035	588,083	311,000	899,083
2036-2040	505,981	256,061	762,042
2041-2045	213,703	251,130	464,833
2046-2049	201,578	206,721	408,299
Total	<u>\$ 3,006,369</u>	<u>\$ 1,821,414</u>	<u>\$ 4,827,783</u>

**Capital Lease Agreement**

The City purchased a Caterpillar Moto Grader under a capital lease agreement on September 20, 2013 for \$200,750. The note bears interest at 3% and is required to make monthly principal and interest payments of \$2,652.56. This capital lease agreement will be paid off in full on September 20, 2019. The annual requirements to amortize this capital lease agreement including interest payments as of June 30, 2020 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 8,473	\$ 40	\$ 8,513

**Business-Type Activities**

The Joint Utility has incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant, and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2020:

	<u>Balance June 30,</u>	<u>Restatement</u>	<u>Balance June 30,</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	<u>Due Within</u>
	<u>2019</u>		<u>2019 Restated</u>			<u>June 30, 2020</u>	<u>One Year</u>
USDA bonds payable	\$ 1,680,200	\$ -	\$ 1,680,200		\$ (31,400)	\$ 1,648,800	\$ 31,400
NMFA loans	2,390,513	-	2,390,513	-	(289,091)	2,101,422	299,976
NMED loans	1,197,884	-	1,197,884	-	(72,127)	1,125,757	72,127
Capital leases	117,902	-	117,902	-	(41,241)	76,661	12,709
Rual Community Assistance Co.	-	-	-	1,334,056	-	1,334,056	-
Total bonds and loans payable	<u>\$ 5,386,499</u>	<u>\$ -</u>	<u>\$ 5,386,499</u>	<u>\$ 1,334,056</u>	<u>\$ (433,859)</u>	<u>\$ 6,286,696</u>	<u>\$ 416,212</u>
Compensated Absences	\$ 141,160	\$ -	\$ 141,160	\$ 96,412	\$ (85,540)	\$ 152,032	\$ 85,540
Landfill closure liability	165,981	1,253,167	1,419,148	149,397		1,568,545	85,540
Total	<u>\$ 141,160</u>	<u>\$ 1,253,167</u>	<u>\$ 1,560,308</u>	<u>\$ 245,809</u>	<u>\$ (85,540)</u>	<u>\$ 1,720,577</u>	<u>\$ 171,080</u>
Total Long Term Debt	<u>\$ 5,527,659</u>	<u>\$ 1,253,167</u>	<u>\$ 6,946,807</u>	<u>\$ 1,579,865</u>	<u>\$ (519,399)</u>	<u>\$ 8,007,273</u>	<u>\$ 587,292</u>

**STATE OF NEW MEXICO**  
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**NOTE 8. Long-term Debt (continued)**

**Business-Type Activities (continued)**

The Joint Utility had the following loans outstanding in the Joint Utility during fiscal year 2020:

**Tractor Trailer Scraper (NMFA PPRF- 4883)**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the purchase of Tractor Trailer Scraper. The loan was finalized on March 1, 2019, with the City borrowing \$327,244. The note bears interest at 1.46%. Principal payments on the loan are due on May 1st and interest payments are due May and November 1st, maturing on May 1, 2023. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility of the City per City resolution No. 19-02-19b. The revenues pledged total \$254,716 at June 30, 2020, which is 17.68% of the Joint Utility's net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$84,920 in loan principal and interest.

**Landfill Scale House (NMFA 2)**

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 and November 1st, maturing on May 1, 2022. Revenues pledged for the payment of this loan are the Municipal Environment Services GRT pursuant to section 7-190-10 and 7-1-6.15, and City resolution No. 02-06-17-1. The revenues pledged total \$79,489 at June 30, 2020, which is 62% of the municipal environmental service gross receipt taxes at their current rate. During the year ended June 30, 2020 the City recognized \$39,746 in pledged revenues, and retired \$39,746 in loan principal and interest.

**Landfill Improvements (NMFA 15)**

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. Revenues pledged for the payment of this loan are the net revenues of the City's Joint Utility System. The revenues pledged total \$698,181 at June 30, 2020, which is 16.15% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$77,574 in loan principal and interest.

**Drinking Water Replacement of Meter Readers (NMFA 21)**

The City entered into a loan agreement with the New Mexico Finance Authority 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 \$185,130. The loan bears interest at 0.25% and payments of \$18,854 are due annually in June, maturing in June of 2024. The revenues pledged total \$74,714 at June 30, 2020, which is 3.87% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$18,585 in loan principal and interest.

**STATE OF NEW MEXICO**  
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**NOTE 8. Long-term Debt (continued)**

**Business-Type Activities (continued)**

**Drinking Water System Improvement Project (NMFA 24)**

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, with a maximum loan amount of \$484,000. The loan bears an interest rate of 0.25%, and matures in April 2036. Revenues pledged for the payment of this loan are the net revenues of the City's Joint Utility. The revenues pledged total \$398,326 at June 30, 2020, which is 5.18% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$24,882 in loan principal and interest.

**Gas Valve Project (NMFA 30)**

The City entered into a loan agreement with the New Mexico Finance Authority for the purpose of financing costs associated with natural gas transmission line replacement. The loan was finalized September 30, 2016 with the City borrowing \$811,138. The loan has a blended rate of 0.246972%. Principal and interest payments on the loan are due May 1st and November 15 maturing on May 1, 2035. Revenues pledged for the payment of this loan are the net revenues of the City's Joint Utility. The revenues pledged total \$630,774 at June 30, 2020, which is 11.73% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$56,366 in loan principal and interest.

**Dumpster Loan (NMFA PPRF- 4930)**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the purchase of new commercial dumpsters for the solid waste department. The loan was finalized on June 14, 2019, with the City borrowing \$150,000. The note bears interest at 1%. Principal payments on the loan are due on May 1<sup>st</sup> and interest payments are due May 1<sup>st</sup> and November 1<sup>st</sup>, maturing on May 1, 2024. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility per City resolution No. 19-05-06a. The revenues pledged total \$124,284 at June 30, 2020, which is 5.45% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$26,158 in loan principal and interest.

**Wastewater Treatment Plant Improvements (CWSRF 14)**

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. Revenues pledged for the payment of this loan are the net revenues of the City's Joint Utility. The revenues pledged total \$37,538 at June 30, 2020, which is 0.78% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$3,754 in loan principal and interest.

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**NOTE 8. Long-term Debt (continued)**

**Business-Type Activities (continued)**

**Wastewater Collection System Expansion (CWSRF 22)**

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 loan was finalized May 6, 2015 with the City borrowing \$950,000. The loan bears interest at 0% with annual payments of \$47,500, maturing March 2031. Revenues pledged for the payment of this loan are the net revenues of the City's Joint Utility. The revenues pledged total \$712,500 at June 30, 2020, which is 9.89% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$47,500 in loan principal.

**Clean Water State Revolving Fund (CWSRF 25)**

The City entered into a loan agreement with the New Mexico Environment Department for the purpose construction of the wastewater facility improvements. The loan was finalized April 12, 2018 with the City borrowing \$417,635. The loan does not charge interest. Principal payments on the loan are due February 27th of each year, maturing on February 27, 2038. Revenues pledged for the payment of this loan are the net revenues of the City's Joint Utility. The revenues pledged total \$375,719 at June 30, 2020, which is 4.35% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$20,873 in loan principal.

A summary of all the loans outstanding in the Joint Utility at June 30, 2020 are as follows:

The Annual requirements to amortize the above loans in the Joint Utility including interest payments as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 372,103	\$ 33,132	\$ 405,235
2022	377,671	33,804	411,475
2023	343,847	21,688	365,535
2024	263,276	18,272	281,548
2025	215,788	15,729	231,517
2026-2030	1,045,051	34,964	1,080,015
2031-2035	521,907	1,292	523,199
2036-2040	87,536	122	87,658
Total	<u>\$ 3,227,179</u>	<u>\$ 159,003</u>	<u>\$ 3,386,182</u>

**STATE OF NEW MEXICO**  
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**NOTE 8. Long-term Debt (continued)**

**Business-Type Activities (continued)**

**USDA 11A - Joint Utility System Improvement Revenue Bonds Series 2011A**

The Joint Utility had the following bonds outstanding during fiscal year 2020:

**USDA 13 - Wastewater Revenue Bonds Series 2010**

On February 9, 2010 the City Issued \$132,000 of revenue bonds to the USDA for the purpose of improving and extending the waste water component of the Joint Utility System. The loan was finalized on February 19, 2010. The bonds bear interest at 2.625%. Payments on the bonds are due on February 19<sup>th</sup> and maturing on February 19, 2050. Revenues pledged for the payment of these bonds are the net system revenues of the Joint Utility System. The Bonds were issued under and persistent to City Bond Ordinance NO. 11-01-18a. Revenues pledged total \$163,600 at June 30, 2020, which is 1.12% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$5,400 in loan principal and interest.

On August 4, 2011 the City Issued \$515,000 of revenue bonds to the USDA for the purpose of constructing, enlarging, improving and extending the waste water system component of the Joint Utility System. The loan was finalized on August 4, 2011. The bonds bear interest at 2.5%. Payments on the bonds are due on August 4 and maturing on August 4, 2051. Revenues pledged for the payment of these bonds are the net system revenues of the Joint Utility System. The Bonds were issued under and persistent to City Bond Ordinance NO. 09-11-25. Revenues pledged total \$656,300 at June 30, 2020, which is 4.27% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$20,500 in loan principal and interest.

**USDA 16 – Arsenic Revenue Bonds Series 2013A**

On January 18, 2013 the City Issued \$1,230,000 of revenue bonds to the USDA for the purpose of constructing, enlarging, improving and extending the arsenic treatment facility component of the Joint Utility System. The loan was finalized on January 4, 2015. The bonds bear interest at 2.5%. Payments on the bonds are due on January 8<sup>th</sup> and maturing on August 4, 2051. Revenues pledged for the payment of these bonds are the net system revenues of the Joint Utility System. The Bonds were issued under and persistent to City Bond Ordinance NO. 11-01-18F. Revenues pledged total \$1,623,750 at June 30, 2020, which is 9.94% of the net Joint Utility revenues at their current rate. During the year ended June 30, 2020 the City recognized \$434,262 in pledged revenues, and retired \$47,750 in loan principal and interest.

A summary of all the bonds outstanding in the Joint Utility at June 30, 2020 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2020
USDA - 13 W/W Revenue Bonds - Series 2010	10-Feb-10	1-Feb-50	2.63%	\$ 132,000	\$ 110,800
USDA - 11A JU System Improvement Bonds - Series 2011A	4-Aug-11	1-Aug-51	2.50%	\$ 515,000	448,000
USDA - 16 Arsenic Bonds - Series 2013A	18-Jan-13	1-Jan-53	2.50%	\$ 1,230,000	1,090,000
					<u>\$ 1,648,800</u>

**STATE OF NEW MEXICO**  
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**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 8. Long-term Debt (continued)**

**Business-Type Activities (continued)**

The Annual requirements to amortize the above bonds in the Joint Utility including interest payments as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 31,400	\$ 41,450	\$ 72,850
2022	32,500	40,650	73,150
2023	32,600	39,850	72,450
2024	32,600	39,050	71,650
2025	32,700	38,250	70,950
2026-2030	200,700	177,600	378,300
2031-2035	229,600	150,400	380,000
2036-2040	241,000	120,850	361,850
2041-2045	301,500	87,900	389,400
2046-2050	317,200	49,100	366,300
2051-2054	197,000	9,750	206,750
Total	<u>\$ 1,648,800</u>	<u>\$ 794,850</u>	<u>\$ 2,443,650</u>

**Construction Loan**

**RCAC Construction Loan**

On May 13, 2019 the City obtained a construction loan from Rural Community Assistance Corporation for \$1,615,455 for the purpose of constructing and improving the waste water facility and constructing and improving the Waste Water Collection System. During the Fiscal year ending June 30, 2020 the City drew \$1,334,056 on the construction loan and incurred \$50,156 in accrued interest expense that the City capitalized as part of the project. The line of credit bears an interest rate of 5.25% on amounts drawn. At June 30, 2020 the City has a remaining balance to draw on the construction loan of \$231,118. The City expects to obtain two additional loans in fiscal year 2021 for \$4,950,000 and \$2,725,000 to complete the construction and improvements of the City's waste water facility and Waste Water Collection System. Once construction is complete the City will refinance all three of these construction loans with the USDA for \$9,290,475.

**Capital Lease Agreement**

The Joint Utility had the following capital lease agreements outstanding during fiscal year 2020:

**KS State Bank Dump Truck**

On October 3, 2018 the City entered into a capital lease agreement with Kansas State Bank for \$93,777 for the purpose of purchasing an International MV607 with a 6 yard dump body. The capital lease agreement bears interest at a rate of 4%. Monthly payments are due in the amount of \$1,299.37 which consists of interest and principal. The capital lease agreement will be paid in full on January 15, 2026.



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**NOTE 8. Long-term Debt (continued)**

**Business-Type Activities (continued)**

A summary of the capital leases outstanding in the Joint Utility at June 30, 2020 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Original Issue	2020
KS State Bank Dump Truck	3-Oct-18	26-Jan-15	4.00%	\$ 93,777	\$ 76,661
					<u>\$ 76,661</u>

The Annual requirements to amortize the above capital leases in the Joint Utility including interest payments as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	12,709	2,883	15,592
2022	13,216	2,376	15,592
2023	13,768	1,824	15,592
2024	14,343	1,249	15,592
2025	14,943	650	15,593
2026	7,682	92	7,774
<u>Total</u>	<u>\$ 76,661</u>	<u>\$ 9,074</u>	<u>\$ 85,735</u>

**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. At June 30, 2020 the City performed a closure and post closure estimate as of June 30, 2019 and June 30, 2020 resulting in a restatement to the City's landfill liability of \$1,253,167. The City recognized post closure expense of \$149,379 and landfill closure liability as at June 30, 2020 of \$1,568,545. The \$1,568,545 reported as landfill closure liability (includes estimated closure construction, post-closure maintenance, environmental monitoring, and phase I and phase II assessment) at June 30, 2020, 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.

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**NOTE 9. Restatement**

The Joint Utility recorded a restatement to beginning net position in the amount of \$(1,253,167) for their estimate of the landfill closure liability.

**NOTE 10. 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 New Mexico Mutual 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 year ended June 30, 2020, 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.

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**NOTE 11. Pension Plan- Public Employees Retirement Association**

**General Information about the Pension Plan**

**Plan description:**

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

**Benefits provided**

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2019 available at <http://saonm.org/>.

**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 FY20 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures:

[http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2019.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2019.pdf).

The PERA coverage options that apply to the City are: Municipal General, Municipal Police, and Municipal Fire Division. Statutorily required contributions to the pension plan from the City were \$579,642 for the year ended June 30, 2020. The City did pick-up portions of the employee's contributions.

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

**Contributions.** See PERA's comprehensive annual financial report for Contributions Provided descriptions.

PERA Contribution Rates and Pension Factors In effect during FY19						
Coverage Plan	Employee Contribution		Employer Contribution Percentage	Pension Factor per year		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

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

**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, 2019. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2019, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2019.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City'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, 2019. Only employer contributions for the pay period end dates that fell within the period of July 1, 2018 to June 30, 2019 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2019 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2020, the City reported a liability of \$5,866,696 (with an allotment for proprietary funds) for its proportionate share of the net pension liability. At June 30, 2020, the City's proportion was .3389 percent, which was slightly changed from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the City recognized PERA Fund Division Municipal General Pension expense of \$535,641. At June 30, 2020, the City reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 175,894	\$ 63,464
Changes of assumptions	261,593	14,450
Net difference between projected and actual earnings on pension plan investments	197,692	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	19,581	482,840
City's contributions subsequent to the measurement date	324,600	-
Total	<u>\$ 979,360</u>	<u>\$ 560,754</u>

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

\$324,600 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$	152,750
2022		(39,637)
2023		(51,633)
2024		32,526
Thereafter		-
Total	\$	<u>94,006</u>

For PERA Fund Division Municipal Police, at June 30, 2019, the City reported a liability of \$2,214,530 for its proportionate share of the net pension liability. At June 30, 2020, the City's proportion was .2998 percent, which was slightly changed from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the City recognized PERA Fund Division Municipal Police pension expense of \$232,447. At June 30, 2020, the City reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 92,517	\$ 94,336
Changes of assumptions	125,614	5,634
Net difference between projected and actual earnings on pension plan investments	69,153	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	17,789	20,227
City's contributions subsequent to the measurement date	<u>127,521</u>	<u>-</u>
Total	<u>\$ 432,594</u>	<u>\$ 120,197</u>

The City's contributions of \$127,521 are reported as deferred outflows of resources related to pensions, resulting in the City's contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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

<u>Year Ended</u>	<u>Amount</u>
2021	\$ 52,694
2022	83,387
2023	37,447
2024	11,348
Thereafter	-
Total	<u>\$ 184,876</u>

For PERA Fund Division Municipal Fire, at June 30, 2020, the City reported a liability of \$3,170,911 for its proportionate share of the net pension liability. At June 30, 2020, the City's proportion was 0.4614 percent, which was slightly changed from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the City recognized PERA Fund Division Municipal Fire pension expense of \$242,554. At June 30, 2020, the City reported PERA Fund Division Municipal Fire deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 53,855	\$ 100,203
Changes of assumptions	86,998	5,017
Net difference between projected and actual earnings on pension plan investments	50,708	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	3,772	10,342
City's contributions subsequent to the measurement date	127,521	-
Total	<u>\$ 322,854</u>	<u>\$ 115,562</u>

\$127,521 reported as deferred outflows of resources related to pensions resulting in the City's contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2021	\$ (1,062)
2022	44,791
2023	27,766
2024	8,276
Thereafter	-
Total	<u>\$ 79,771</u>

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**Notes to the Financial Statements**  
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**NOTE 11. Pension Plan- Public Employees Retirement Association (continued)**

**Actuarial Assumptions:** The total pension liability at June 30, 2020 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Amortization Period	Solved for based on statutory rates
Retirement	Changes to current assumed rates of Retirement reduce expectations.
Disability	Lower rates for State police, Muni Male and Muni Police
Projected Benefit Payment	100 Years
Administrative Expenses	.5% of Payroll
Actuarial assumptions:	Fair value
Investment rate of return	7.25% Static
Payroll growth	3.00% Static
Projected salary increases	3.25%-13.5%
Includes Inflation at	2.50% Static
Mortality assumption	RPH-2014 Blue Collar Mortality
Experience study dates	July 1, 2012 to June 30, 2018

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:

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	42.3%	7.48%
Risk Reduction	21.4%	2.37%
Credit Oriented	15.0%	5.47%
Real Assets	20.0%	6.48%
Multi Risk Allocation	1.3%	
Total	100%	

**Discount rate**

The discount rate used to measure the total pension liability was 7.25%. 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 7.25% 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.



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

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 point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

<b>PERA Fund Division Municipal Government</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's proportionate share of the net pension liability	\$ 8,873,024	\$ 5,866,696	\$ 3,379,363
<b>PERA Fund Division Municipal Police</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's proportionate share of the net pension liability	\$ 3,351,287	\$ 2,214,530	\$ 1,287,150
<b>PERA Fund Division Fire Government</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's proportionate share of the net pension liability	\$ 4,202,446	\$ 3,170,911	\$ 2,325,544

Detailed information about the pension plan's fiduciary net position is available in the separately issued FY19 PERA financial report. The report is available at:

<http://www.pera.state.nm.us/publications.html>.

**Payables to pension plan:** As of June 30, 2020, the City had no outstanding amount of contributions to the pension plan.

**Changes of Benefit Terms**

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY19 audit available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2019.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2019.pdf).

**Changes of Assumptions**

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2019 report is available at:

[http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2019%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2019%20PERA%20Valuation%20Report_FINAL.pdf).

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**Notes to the Financial Statements**  
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**NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan**

**Plan Description:**

Employees of the City are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

**Benefits Provided**

The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

**Contributions**

Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the City were \$141,525 for the year ending June 30, 2020.

At June 30, 2020, the City reported a liability of \$3,369,490 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2019. At June 30, 2020, the City's proportion was 0.1039 percent.

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**Notes to the Financial Statements**  
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**NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

For the year ended June 30, 2020, the City recognized OPEB expense of \$(476,963). At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 847,935
Changes of assumptions	-	1,087,509
Net difference between projected and actual earnings on pension plan investments	-	31,328
Changes in proportion	-	339,331
City's contributions subsequent to the measurement date	141,526	-
<b>Total</b>	<b>\$ 141,526</b>	<b>\$ 2,306,103</b>

Deferred outflows of resources totaling \$141,526 which represents the City's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year Ended</b>	<b>Amount</b>
2020	\$ (608,797)
2021	(608,797)
2022	(541,234)
2023	(356,325)
2024	(190,950)
<b>Total</b>	<b>\$ (2,306,103)</b>

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal, level percent of pay
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.5% for ERB; 2.25% for PERA
Projected payroll increase	3.25-13.5%
Investment rate of return	7.25 net of OPEB plan expense and margin for adverse deviation including inflation
Health care cost trend	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality assumption	RP-2000 Combined mortality table with white collar adjustment (males) and GRS Southwest Regional Teacher Mortality Tables (females) PERA members: RP-2000 combined healthcare mortality.

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

**Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized are as follows:

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Core Fixed Income	20.0%	2.10%
US Equity-Large Cap	20.0%	7.10%
Non US Emerging	15.0%	10.20%
NON US Developed	12.0%	7.80%
Private Equity	10.0%	11.80%
Credit and Structured	21.5%	5.30%
Real Estate	5.0%	4.90%
Absolute Return	5.0%	4.10%
US Equity Small Cap	3.0%	7.10%
<b>Total</b>	<b>100%</b>	

**Discount Rate**

The discount rate used to measure the Fund's total OPEB liability is 4.16% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2039. Beyond 2039, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa (3.5%) or higher, thus, 4.16 is the blended discount rate.

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

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.**

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.16 percent) or 1-percentage-point higher (5.16 percent) than the current discount rate:

<b>RHC Fund Division Municipal Government</b>	<b>1% Decrease (3.16%)</b>	<b>Current Discount Rate (4.16%)</b>	<b>1% Increase (5.16%)</b>
City's proportionate share of the net OPEB liability	\$ 4,121,699	\$ 3,369,490	\$ 2,778,184

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2019.

**NOTE 13. Subsequent Events**

The date to which events occurring after June 30, 2020, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is September 9, 2020 which is the date on which the financial statements were available to be issued.

**NOTE 14. Restricted net position**

The government-wide statement of net position reports restricted net position in governmental funds of \$1,065,314. For descriptions of the related enabling legislation for special revenue, capital projects, see page 36 and pages 82-83 for descriptions of the related restrictions for special revenue, debt service capital projects funds. The government-wide statement of net position reports restricted net position in business-type activities of \$295,962. This amount is restricted for capital projects and debt service for the Joint Utility.

**NOTE 15. Related Party**

As of June 30, 2020, the City's management was aware of the following related party relationships:

<b>Vendor Name</b>	<b>Relationship</b>	<b>Total Expenditures</b>
Best Western Socorro Hotel	Owned by the Mayor	\$ 1,619
Bhasker Medical Clinic PC	Owned by the Mayor	\$ 7,588
Lukesh Caral Janitorial Services	Related to Accounts Payable Clerk	\$ 7,500
Anthony Lukesh Janitorial Services	Related to Accounts Payable Clerk	\$ 1,900
Trujillo Signs T-Shirts	Owned By City Compliance Officer	\$ 2,767
Serna's Locksmith	Owned By City Code Enforcement	\$ 505
The Water / Ice Store, LLC	Owned by City Council Member	\$ 1,664

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**Notes to the Financial Statements**  
**For the Year Ended June 30, 2020**

**NOTE 16. GASB 77 Disclosures (Tax Abatements)**

Management of the City is not aware of any tax abatement agreements that existed as of June 30, 2020.

**NOTE 17. Joint Powers Agreements**

**Central Solid Waste Authority**

Participants	County of Socorro City of Socorro
Responsible party	Socorro County and City of Socorro
Description	Commencing May 1, 2019 and every year thereafter the County shall distribute \$40,000.00 from County fund .No 401-010-5245 to the City, for the sole purpose of applying the funds toward the Ambulance (EMS) Services per NMSA 1978, Section 5-1-1 (1974). Commencing May 1, 2019, the City shall distribute all monies remaining after May 1, of that year, in City fund .No 201 to the County, for the sole purpose of applying the funds toward the maintenance and operation of the Socorro County Detention Center pursuant to NMSA 1978 Section 33-3-1 (1984).
Term of agreement	2018 with automatic one year renewals on January 1.
Amount of project	Unknown
City contributions	Unknown
Audit responsibility	City of Socorro and Socorro County

## **REQUIRED SUPPLEMENTAY INFORMATION**

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

<b>MUNICIPAL GENERAL FUND</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's proportion of the net pension liability (asset)	0.3389%	0.3852%	0.3886%	0.3889%	0.3903%	0.3941%
City's proportionate share of the net pension liability (asset)	\$ 5,866,696	\$ 6,141,513	\$ 5,339,693	\$ 6,087,098	\$ 3,944,781	\$ 3,093,126
City's covered-employee payroll	\$ 3,398,523	\$ 3,225,155	\$ 2,793,566	\$ 2,905,236	\$ 2,866,523	\$ 2,714,235
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	172.62%	190.43%	191.14%	209.52%	137.62%	113.96%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	73.74%	73.74%	69.18%	76.99%	81.29%

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

See Independent Auditors' Report



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

<b>MUNICIPAL POLICE FUND</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's proportion of the net pension liability (asset)	0.2998%	0.2975%	0.2948%	0.2998%	0.2965%	0.2999%
City's proportionate share of the net pension liability (asset)	\$ 2,214,530	\$ 2,029,855	\$ 1,637,807	\$ 2,296,864	\$ 1,520,948	\$ 1,131,182
City's covered-employee payroll	\$ 674,523	\$ 632,555	\$ 655,232	\$ 631,560	\$ 807,916	\$ 750,255
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	328.31%	320.90%	249.96%	363.68%	188.26%	150.77%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

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

See Independent Auditors' Report

## Schedules of Required Supplementary Information

## Schedule of the City's Proportionate Share of the Net Pension Liability of PERA

## Fund Division – Municipal Fire

## Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years\*

<b>MUNICIPAL FIRE FUND</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's proportion of the net pension liability (asset)	0.4614%	0.4606%	0.4617%	0.4721%	0.4655%	0.4568%
City's proportionate share of the net pension liability (asset)	\$ 3,170,911	\$ 2,641,592	\$ 2,641,592	\$ 3,118,700	\$ 2,408,724	\$ 1,999,760
City's covered-employee payroll	\$ 461,197	\$ 440,555	\$ 504,651	\$ 452,185	\$ 466,525	\$ 481,072
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	687.54%	669.19%	523.45%	689.70%	516.31%	415.69%
Plan fiduciary net position as a percentage of the total pension liability	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

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

See Independent Auditors' Report

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

Schedule II  
Page 1 of 3

<b>MUNICIPAL GENERAL FUND</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 324,600	\$ 308,002	\$ 311,000	\$ 326,000	\$ 590,000	\$ 638,000
Contributions in relation to the contractually required contribution	\$ 324,600	\$ 308,131	\$ 311,000	\$ 326,000	\$ 590,000	\$ 638,000
Contribution deficiency (excess)	\$ 0	\$ (129)	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,398,523	\$ 3,225,155	\$ 2,793,566	\$ 2,905,236	\$ 2,866,523	\$ 2,714,235
Contributions as a percentage of covered-employee payroll	9.55%	9.55%	11.13%	11.22%	20.58%	23.51%

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

See Independent Auditors' Report

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

Schedule II  
Page 2 of 3

<b>MUNICIPAL POLICE FUND</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 127,485	\$ 119,553	\$ 119,000	\$ 115,000	\$ 170,000	\$ 141,000
Contributions in relation to the contractually required contribution	\$ 127,521	\$ 119,553	\$ 119,000	\$ 115,000	\$ 170,000	\$ 141,000
Contribution deficiency (excess)	\$ 36	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 674,523	\$ 632,555	\$ 655,232	\$ 631,560	\$ 807,916	\$ 807,916
Contributions as a percentage of covered-employee payroll	18.91%	18.90%	18.16%	18.21%	21.04%	17.45%

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

See Independent Auditors' Report

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

Schedule II  
Page 3 of 3

<b>MUNICIPAL FIRE FUND</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 127,521	\$ 121,813	\$ 127,000	\$ 124,000	\$ 160,000	\$ 127,000
Contributions in relation to the contractually required contribution	\$ 127,521	\$ 121,813	\$ 127,000	\$ 124,000	\$ 160,000	\$ 127,000
Contribution deficiency (excess)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 461,197	\$ 458,233	\$ 504,651	\$ 452,185	\$ 466,525	\$ 481,072
Contributions as a percentage of covered-employee payroll	27.65%	27.65%	28.70%	27.42%	29.90%	29.90%

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

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Schedules of Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**Retiree Health Care Last 10 Fiscal Years\***

Schedule III

**CITY IN SUMMATION**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.1039%	0.1108%	0.1118%
City's proportionate share of the net OPEB liability	\$ 3,369,490	\$ 4,791,017	\$ 5,065,051
City's covered-employee payroll	\$ 4,403,381	\$ 3,029,368	\$ 4,665,944
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	76.52%	158.15%	108.55%

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

See Independent Auditors' Report

**STATE OF NEW MEXICO  
City of Socorro  
Schedules of Contributions  
OPEB  
Last 10 Fiscal Years\***

Schedule IV

**CITY IN SUMMATION**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 140,908	\$ 90,881	\$ 139,978
Contributions in relation to the contractually required contribution	\$ 141,526	\$ 90,887	\$ 94,094
City's covered-employee payroll	\$ 4,403,381	\$ 3,029,368	\$ 4,665,944
Contributions as a percentage of covered-employee payroll	3.21%	3.00%	2.02%

\* Outflows for 2020 are accelerated in comparison with prior years

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

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Required Supplementary Information**  
**June 30, 2020**

**Changes of Benefit Terms:** The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CAFR. <https://www.saonm.org>.

**Assumptions:** The Public Employees Retirement Association of New Mexico Annual Actuarial Valuations as of June 30 2019 report is available at [www.nmpera.org](http://www.nmpera.org).

There were no major changes to benefit terms which impact the measurements provided in the Retirement Healthcare Fund. The 2019 report can be found at [www.nmrhc.org](http://www.nmrhc.org).

**Changes in Assumption**

The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in PERA June 30, 2019 pension valuation. The Actuarial Assumptions are contained in Sections 3 of the RHCA GASB Actuarial Report.

See Independent Auditors' Report



## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Nonmajor Governmental Fund Description**  
**June 30, 2020**

**Special Revenue Funds**

**Sedillo Park 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 (EMS) 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-IOA-1 through 24-IOA-10 NMSA, 1978.

**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 N MSA, 1978.

**Law Enforcement Protection Fund (LEPF) - 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.

**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.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Nonmajor Governmental Fund Description**  
**June 30, 2020**

**Special Revenue Funds (continued)**

**Library 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 – 241**

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

**Rodeo Arena Fund – 249**

To account for City revenues and expenditures related to the rodeo arena facilities.

**Capital Projects Funds**

**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 Improvements 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, federal appropriations, City matching contributions and transfers from the General Fund and Joint Utility Fund.

**Rodeo Area Fund - 311**

To account for improvements and facilities to the rodeo area 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 – 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 Funds**

**Debt Service Fund – 403**

To account for accumulation of monies and payment of interest, principal & required reserves on the Master Equipment Lease Purchase Agreement, the HS Road Intercept and Reserve Fund, infrastructure improvements, and the rodeo sports facility loans.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue			
	<b>Sedillo Park Renovations # 107</b>	<b>Corrections # 201</b>	<b>State EMS # 206</b>	<b>Fire Protection # 209</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 855	\$ -	\$ -	\$ -
Restricted cash	-	-	-	747
Other Receivables	-	-	-	-
Lodgers taxes receivables	-	-	-	-
<b>Total assets</b>	<b>\$ 855</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 747</b>
<b>Fund balance</b>				
Restricted for:				
Public safety	-	-	-	747
Culture and recreation	855	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
<b>Total fund balances</b>	<b>855</b>	<b>-</b>	<b>-</b>	<b>747</b>
<b>Total liabilities and fund balances</b>	<b>\$ 855</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 747</b>

See Independent Auditors' Report and Notes to Financial Statements

## Special Revenue

<b>LEPF # 211</b>	<b>Lodgers Tax # 214</b>	<b>Lodgers Tax Promotion # 215</b>	<b>Recreation # 217</b>	<b>Library # 218</b>	<b>Juvenile Justice # 241</b>	<b>Rodeo Arena # 249</b>
\$ 9,241	\$ 96,455	\$ 69,493	\$ 1,097	\$ 569	\$ 10,263	\$ 371
-	-	9,359	-	-	-	-
-	-	-	-	-	25,348	-
-	10,000	27,994	-	-	-	-
<u>\$ 9,241</u>	<u>\$ 106,455</u>	<u>\$ 106,846</u>	<u>\$ 1,097</u>	<u>\$ 569</u>	<u>\$ 35,611</u>	<u>\$ 371</u>
9,241	-	-	-	-	35,611	-
-	106,455	84,647	1,097	569	-	371
-	-	-	-	-	-	-
-	-	22,199	-	-	-	-
<u>9,241</u>	<u>106,455</u>	<u>106,846</u>	<u>1,097</u>	<u>569</u>	<u>35,611</u>	<u>371</u>
<u><u>\$ 9,241</u></u>	<u><u>\$ 106,455</u></u>	<u><u>\$ 106,846</u></u>	<u><u>\$ 1,097</u></u>	<u><u>\$ 569</u></u>	<u><u>\$ 35,611</u></u>	<u><u>\$ 371</u></u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Capital Projects			
	<b>Airport Improvements # 304</b>	<b>Street Improvements # 309</b>	<b>Rodeo Area # 311</b>	<b>CDBG # 315</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,574	\$ 124,671	\$ 44,899	\$ 1,959
Restricted cash	-	275,018	-	-
Other Receivables	-	-	-	-
Lodgers taxes receivables	-	-	-	-
<b>Total assets</b>	<u>\$ 3,574</u>	<u>\$ 399,689</u>	<u>\$ 44,899</u>	<u>\$ 1,959</u>
<b>Fund balance</b>				
Restricted for:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	3,574	399,689	44,899	1,959
<b>Total fund balances</b>	<u>3,574</u>	<u>399,689</u>	<u>44,899</u>	<u>1,959</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 3,574</u></u>	<u><u>\$ 399,689</u></u>	<u><u>\$ 44,899</u></u>	<u><u>\$ 1,959</u></u>

See Independent Auditors' Report and Notes to Financial Statements

<u>Debt Service</u>	
<b>Debt Service # 403</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 363,447
323,620	608,744
-	25,348
-	37,994
<u>\$ 323,620</u>	<u>\$ 1,035,533</u>
-	45,599
-	193,994
323,620	323,620
-	472,320
<u>323,620</u>	<u>1,035,533</u>
<u><u>\$ 323,620</u></u>	<u><u>\$ 1,035,533</u></u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue			
	<b>Sedillo Park Renovations # 107</b>	<b>Corrections # 201</b>	<b>EMS # 206</b>	<b>Fire Protection # 209</b>
<b>Revenues</b>				
Gross receipt taxes	\$ -	\$ -	\$ -	\$ -
Lodger's taxes	-	-	-	-
State operating grants	-	-	20,000	-
State capital grants	-	-	-	225,964
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
Charges for services	5,366	-	-	-
Licenses and fees	-	14,122	-	-
Interest income	-	-	-	618
Miscellaneous income	-	-	-	-
<b>Total revenue</b>	<u>5,366</u>	<u>14,122</u>	<u>20,000</u>	<u>226,582</u>
<b>Expenditures</b>				
Current:				
Public safety	-	14,122	20,000	166,916
Public works	-	-	-	-
Culture and recreation	8,612	-	-	-
Capital outlay	17,739	-	-	-
Debt service:				
Principal	-	-	-	51,868
Interest	-	-	-	6,113
<b>Total expenditures</b>	<u>26,351</u>	<u>14,122</u>	<u>20,000</u>	<u>224,897</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(20,985)</u>	<u>-</u>	<u>-</u>	<u>1,685</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Loan proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(20,985)	-	-	1,685
Fund balance - beginning of year	21,840	-	-	(938)
<b>Fund balance - end of year</b>	<u>\$ 855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747</u>

See Independent Auditors' Report and Notes to Financial Statements



Special Revenue						
LEPF # 211	Lodgers Tax # 214	Lodgers Tax Promotion # 215	Recreation # 217	Library # 218	Juvenile Justice # 241	Rodeo Arena # 249
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	158,908	245,085	-	-	-	-
27,200	552	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	123,634	-
-	-	-	-	-	-	-
-	-	-	18,710	-	-	68,848
-	-	-	-	-	-	-
-	-	515	-	-	-	-
-	-	12,575	9,894	-	-	-
27,200	159,460	258,175	28,604	-	123,634	68,848
17,959	-	-	-	-	112,168	-
-	-	-	-	-	-	-
-	120,227	218,679	302,657	1,100	-	222,377
-	-	-	-	-	-	-
-	-	50,126	-	-	-	-
-	-	30,006	-	-	-	-
17,959	120,227	298,811	302,657	1,100	112,168	222,377
9,241	39,233	(40,636)	(274,053)	(1,100)	11,466	(153,529)
-	-	-	275,000	-	-	153,900
-	(20,000)	-	-	-	-	-
-	-	-	-	-	-	-
-	(20,000)	-	275,000	-	-	153,900
9,241	19,233	(40,636)	947	(1,100)	11,466	371
-	87,222	147,482	150	1,669	24,145	-
\$ 9,241	\$ 106,455	\$ 106,846	\$ 1,097	\$ 569	\$ 35,611	\$ 371

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Capital Projects			
	<b>Airport</b>	<b>Street</b>	<b>Rodeo</b>	
	<b>Improvements</b>	<b>Improvements</b>	<b>Area</b>	<b>CDBG</b>
	<b># 304</b>	<b># 309</b>	<b># 311</b>	<b># 315</b>
<b>Revenues</b>				
Gross receipt taxes	\$ -	\$ -	\$ -	\$ -
Lodger's taxes	-	-	-	-
State operating grants	-	-	-	-
State capital grants	27,082	237,500	201,506	3,554
Federal operating grants	-	-	-	-
Federal capital grants	318,034	219,948	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	5,808	-	-
Miscellaneous income	-	-	-	-
<b>Total revenue</b>	<b>345,116</b>	<b>463,256</b>	<b>201,506</b>	<b>3,554</b>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	45,846	69,261	-	2,184
Culture and recreation	-	-	27,967	-
Capital outlay	308,759	754,708	128,640	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>354,605</b>	<b>823,969</b>	<b>156,607</b>	<b>2,184</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(9,489)</b>	<b>(360,713)</b>	<b>44,899</b>	<b>1,370</b>
<b>Other financing sources (uses)</b>				
Transfers in	9,117	-	-	-
Transfers out	-	-	-	(42,254)
Loan proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>9,117</b>	<b>-</b>	<b>-</b>	<b>(42,254)</b>
Net change in fund balance	(372)	(360,713)	44,899	(40,884)
Fund balance - beginning of year	3,946	760,402	-	42,843
<b>Fund balance - end of year</b>	<b>\$ 3,574</b>	<b>\$ 399,689</b>	<b>\$ 44,899</b>	<b>\$ 1,959</b>

See Independent Auditors' Report and Notes to Financial Statements

<u>Debt Service</u>			
<b>Debt</b>			
<b>Service</b>		<b>Total Nonmajor</b>	
<b># 403</b>		<b>Governmental Funds</b>	
<hr/>		<hr/>	
\$ 130,206	\$	130,206	
-		403,993	
-		47,752	
-		695,606	
-		123,634	
-		537,982	
-		92,924	
-		14,122	
5,393		12,334	
-		22,469	
<hr/>		<hr/>	
135,599		2,081,022	
<hr/>		<hr/>	
-		331,165	
-		117,291	
-		901,619	
-		1,209,846	
112,366		214,360	
12,045		48,164	
<hr/>		<hr/>	
124,411		2,822,445	
<hr/>		<hr/>	
11,188		(741,423)	
<hr/>		<hr/>	
-		438,017	
-		(62,254)	
53,135		53,135	
<hr/>		<hr/>	
53,135		428,898	
<hr/>		<hr/>	
64,323		(312,525)	
259,297		1,348,058	
<hr/>		<hr/>	
\$ 323,620	\$	1,035,533	
<hr/>		<hr/>	

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## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Schedule of Deposits and Investments**  
**June 30, 2020**

Schedule V

<b>Bank Name/Account Name</b>	<b>Account Type</b>	<b>Bank Balance</b>	<b>Deposits in Transit</b>	<b>Outstanding Checks</b>	<b>Book Balance</b>
<b>New Mexico LGIP</b>					
LGIP	Investments	\$ 1,750,479	\$ -	\$ -	\$ 1,750,479
<b>Total Wells Fargo Bank, N.A.</b>		<u>1,750,479</u>	<u>-</u>	<u>-</u>	<u>1,750,479</u>
<b>First State Bank:</b>					
Operating Account	Checking	2,838,616	7,775	(261,854)	2,584,537
E-Pay	Checking	230,819	-	-	230,819
CDBG	Savings	6,946	-	(7,308)	(362)
Savings	Savings	851,721	-	-	851,721
Operating Account	Payroll /Checking	631	-	-	631
USDA	Savings	29,983	-	-	29,983
Payroll Account	Checking	14,145	-	(5,942)	8,203
<b>Total First State Bank</b>		<u>3,972,861</u>	<u>7,775</u>	<u>(275,104)</u>	<u>3,705,532</u>
<b>Washington Federal</b>					
Operating Account	Operating Account	86,268	-	-	86,268
<b>Total Washington Federal</b>		<u>86,268</u>	<u>-</u>	<u>-</u>	<u>86,268</u>
<b>New Mexico Finance Authority:</b>					
Cash	Cash	10,740	-	-	10,740
Reserve Funds Payable	Debt Service	193,863	-	-	193,863
Program Funds Payable	capital Projects	731,482	-	-	731,482
<b>Total New Mexico Finance Authority</b>		<u>936,085</u>	<u>-</u>	<u>-</u>	<u>936,085</u>
<b>Total</b>		<u>\$ 6,745,693</u>	<u>\$ 7,775</u>	<u>\$ (275,104)</u>	<u>6,478,364</u>
Petty cash					<u>900</u>
<b>Total Deposits</b>					<u><u>\$ 6,479,264</u></u>
Total cash and cash equivalents per Statement of Net Position					\$ 5,405,262
Total restricted cash and cash equivalents per Statement of Net Position					983,357
Total customer deposits per Statement of Net Position					90,645
Total cash and cash equivalents					<u><u>\$ 6,479,264</u></u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2020**

Schedule VI

<b><u>Name of Depository</u></b>	<b><u>Description of Pledged Collateral</u></b>	<b><u>Maturity Date</u></b>	<b><u>CUSIP / Description</u></b>	<b><u>Fair Market Value</u></b>
First State Bank	FFCB 2.850	April 16, 2025	3133EHYHO	\$ 300,500
First State Bank	FNMA 6.090	April 16, 2025	31364FCB5	623,327
First State Bank	FFCB 2.270	July 22, 2024	3033EEB33	889,287
First State Bank	FFCB NON CBL	April 16, 2025	31331VKU9	508,423
				<u>\$ 2,321,537</u>

See Independent Auditors' Report

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## **COMPLIANCE SECTION**



Auditors~Consultants~CPA

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

To Honorable Brian S. Colon  
New Mexico State Auditor  
and  
The City Council  
City of Socorro  
Socorro, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the City of Socorro, New Mexico (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 9, 2020.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Southwest Accounting Solutions, LLC*

Albuquerque, New Mexico  
September 9, 2020

**STATE OF NEW MEXICO  
City of Socorro  
Schedule of Findings and Responses  
June 30, 2020**

**Section I: SUMMARY OF AUDIT RESULTS**

***Financial Statements:***

<b>Type of auditors' report issued</b>	<b>Unmodified</b>
----------------------------------------	-------------------

**Internal control over financial reporting:**

Material Weakness identified	No
Significant deficiencies identified?	No
Noncompliance material to the financial statements?	No

**Section II: Prior Year Audit Findings**

No Previous year audit findings

**Section III: Audit Findings**

No Current year audit findings

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Exit Conference**  
**June 30, 2020**

**Exit Conference**

An exit conference was held on September 9, 2020. In attendance were the following:

Representing the City of Socorro:

Peter Romero	City Councilor
Donald Monette	City Administrator
Ruby Lopez	Finance Director
Polo Pineda	City Clerk
Kristy Padilla	Payroll Clerk
Lena Chavez	City Administrator Assistant/HR

Representing Southwest Accounting Solutions, LLC

Robert Peixotto, CPA	Managing Member
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**Auditor Prepared Financial Statements**

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