



STATE OF NEW MEXICO

City of Socorro

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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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, 2021**

CITY COUNCIL

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

ADMINISTRATIVE OFFICIALS

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

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FINANCIAL SECTION



Auditors~Consultants~CPA

INDEPENDENT AUDITORS' REPORT

To Honorable Brian S. Colón
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 of the City of Socorro, New Mexico (the City) as of and for the year ended June 30, 2021, 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, we considered 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 of the City, as of June 30, 2021, 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 70-78 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 Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Schedule VII), the combining and individual non-major fund financial statements (Statement A-1 and Statement 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 Schedule of Expenditures of Federal Awards (Schedule VII), 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 Schedule of Expenditures of Federal Awards (Schedule VII), the combining and individual non-major fund financial statements (Statement A-1 and A-2) and Supporting Schedules V and VI 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 15, 2021 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 15, 2021

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
City of Socorro
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 6,267,708	\$ 3,417,120	\$ 9,684,828
Restricted cash	459,973	350,922	810,895
Other receivables, net	400,943	-	400,943
Taxes receivable	1,189,609	-	1,189,609
Customer receivables, net	-	1,415,417	1,415,417
Inventory	13,920	106,408	120,328
Total current assets	<u>8,332,153</u>	<u>5,289,867</u>	<u>13,622,020</u>
Noncurrent assets			
Real estate contract receivable	396,290	-	396,290
Rent receivable	311,304	-	311,304
Customer deposits	-	44,775	44,775
Capital assets	38,630,802	44,429,367	83,060,169
Less: Accumulated depreciation	<u>(20,028,892)</u>	<u>(25,152,824)</u>	<u>(45,181,716)</u>
Total noncurrent assets	<u>19,309,504</u>	<u>19,321,318</u>	<u>38,630,822</u>
Deferred outflows of resources			
Deferred outflows from pension	2,344,859	867,276	3,212,135
Deferred outflows from OPEB	<u>710,710</u>	<u>262,866</u>	<u>973,576</u>
Total deferred outflows	<u>3,055,569</u>	<u>1,130,142</u>	<u>4,185,711</u>
Total assets, and deferred outflows of resources	<u><u>\$ 30,697,226</u></u>	<u><u>\$ 25,741,327</u></u>	<u><u>\$ 56,438,553</u></u>

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 1,094,241	\$ 1,395,445	\$ 2,489,686
Accrued salaries and benefits	21,917	-	21,917
Unearned revenue	1,275,744	-	1,275,744
Accrued interest	10,672	29,666	40,338
Loans and bonds payable	175,223	603,082	778,305
Compensated absences	179,717	97,700	277,417
Total current liabilities	2,757,514	2,125,893	4,883,407
Noncurrent liabilities			
Customer deposits	-	44,775	44,775
Loans and bonds payable	2,592,783	8,233,912	10,826,695
Compensated absences	25,208	53,187	78,395
Landfill closure liability	-	1,568,545	1,568,545
Net pension liability	9,151,637	3,384,852	12,536,489
Net OPEB liability	2,996,849	1,108,423	4,105,272
Total noncurrent liabilities	14,766,477	14,393,694	29,160,171
Total liabilities	17,523,991	16,519,587	34,043,578
Deferred inflows of resources			
Deferred inflows - rent	311,304	-	311,304
Deferred inflows from pension	411,838	152,324	564,162
Deferred inflows from OPEB	1,448,450	535,728	1,984,178
Total deferred inflows	2,171,592	688,052	2,859,644
Net position			
Net investment in capital assets	15,833,904	10,439,549	26,273,453
Restricted for:			
Debt Service	183,106	350,922	534,028
Capital projects	478,498	-	478,498
Special Revenue	385,252	-	385,252
Unrestricted	(5,879,117)	(2,256,783)	(8,135,900)
Total net position	11,001,643	8,533,688	19,535,331
Total liabilities, deferred inflows of resources, and net position	\$ 30,697,226	\$ 25,741,327	\$ 56,438,553

STATE OF NEW MEXICO
City of Socorro
Statement of Activities
For the Year Ended June 30, 2021

Functions and Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 1,878,866	\$ 839,156	\$ 472,334	\$ -
Public safety	3,592,530	301,486	654,334	234,317
Public works	1,380,003	-	-	3,037,080
Culture and recreation	1,120,716	152,880	-	-
Health and welfare	518,781	-	-	-
Interest on long-term debt	65,285	-	-	-
Total governmental Activities	8,556,181	1,293,522	1,126,668	3,271,397
Business-type activities				
Joint utility	7,110,937	8,024,043	50,000	-
Total business-type activities	7,110,937	8,024,043	50,000	-
Total primary government	\$ 15,667,118	\$ 9,317,565	\$ 1,176,668	\$ 3,271,397

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 - ending

See Independent Auditors' Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Government Activities	Business- Type Activities	Total
\$ (567,376)	\$ -	\$ (567,376)
(2,402,393)	-	(2,402,393)
1,657,077	-	1,657,077
(967,836)	-	(967,836)
(518,781)	-	(518,781)
(65,285)	-	(65,285)
(2,864,594)	-	(2,864,594)
-	963,106	963,106
-	963,106	963,106
\$ (2,864,594)	\$ 963,106	\$ (1,901,488)
678,379	-	678,379
5,400,788	93,787	5,494,575
122,209	-	122,209
166,726	-	166,726
310,060	-	310,060
118,301	-	118,301
45,368	6,408	51,776
400,184	60,134	460,318
56,616	(56,616)	-
7,298,631	103,713	7,402,344
4,434,037	1,066,819	5,500,856
6,567,606	7,466,869	14,034,475
\$ 11,001,643	\$ 8,533,688	\$ 19,535,331

**State of New Mexico
City of Socorro
Balance Sheet
Governmental Funds
June 30, 2021**

	General Fund # 101	Street Improvements # 309	Capital Projects # 311	Non-Major Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,837,048	\$ 2,121,762	\$ 5,125	\$ 303,773
Restricted cash	-	276,867	-	183,106
Other Receivables	304,385	-	-	96,558
Property taxes receivable	105,910	-	-	-
Gross receipt taxes receivable	989,392	-	-	-
Lodgers taxes receivables	-	-	-	94,307
Inventory	13,920	-	-	-
Real estate contract receivable	396,290	-	-	-
Rent receivable	311,304	-	-	-
Due from other funds	40,753	-	-	-
Total assets	\$ 5,999,002	\$ 2,398,629	\$ 5,125	\$ 677,744
Liabilities, deferred inflows of resources and fund balance				
Liabilities				
Accounts payable	\$ 29,173	721,346	306,102	\$ 37,620
Accrued salaries and benefits	21,917	-	-	-
Due to other funds	-	-	-	40,753
Unearned revenue	-	1,275,744	-	-
Total liabilities	51,090	1,997,090	306,102	78,373
Deferred inflows of resources				
Deferred inflows - property taxes	75,804	-	-	-
Deferred inflows - ambulance services	168,833	-	-	-
Deferred inflows - real estate contract	396,290	-	-	-
Deferred inflows - rent	311,304	-	-	-
Total deferred inflows	952,231	-	-	-
Total liabilities and deferred inflows of resources	1,003,321	1,997,090	306,102	78,373
Fund balance				
Nonspendable				
Interfund Loans	40,753	-	-	-
Spendable				
Restricted for:				
Public safety	-	-	-	73,480
Culture and recreation	-	-	-	311,772
Debt service expenditures	-	-	-	183,106
Capital projects	-	401,539	-	76,959
Committed to:				
Minimum fund balance	528,092	-	-	-
Unassigned	4,426,836	-	(300,977)	(45,946)
Total fund balances	4,995,681	401,539	(300,977)	599,371
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,999,002	\$ 2,398,629	\$ 5,125	\$ 677,744

See Independent Auditors' Report and Notes to Financial Statements

Total Governmental Funds	
<hr/>	
\$	6,267,708
	459,973
	400,943
	105,910
	989,392
	94,307
	13,920
	396,290
	311,304
	40,753
<hr/>	
\$	9,080,500
<hr/>	
\$	1,094,241
	21,917
	40,753
<hr/>	
	1,275,744
<hr/>	
	2,432,655
<hr/>	
	75,804
	168,833
	396,290
<hr/>	
	311,304
<hr/>	
	952,231
<hr/>	
	3,384,886
<hr/>	
	40,753
	73,480
	311,772
	183,106
	478,498
	528,092
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	4,079,913
<hr/>	
	5,695,614
<hr/>	
\$	9,080,500
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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, 2021

Exhibit B-1

Page 2 of 2

Total fund balance governmental funds \$ 5,695,614

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	38,630,802
Less: Accumulated depreciation	(20,028,892)

Delinquent property taxes, ambulance receivables 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	75,804
Delinquent ambulance receivables	168,833
Real estate contract receivable	396,290

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	2,344,859
Deferred inflows from pension	(411,838)
Deferred outflows from OPEB	710,710
Deferred inflows from OPEB	(1,448,450)

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	(204,925)
Loans payable	(2,768,006)
Net pension liability	(9,151,637)
Net OPEB liability	(2,996,849)

Total net position governmental activities \$ 11,001,643

STATE OF NEW MEXICO
City of Socorro
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund # 101	Street Improvements # 309	Capital Projects # 311	Non-Major Governmental Funds
Revenues				
Property taxes	\$ 687,583	\$ -	\$ -	\$ -
Gross receipt taxes	5,399,405	-	-	1,383
Gas taxes	-	-	-	122,209
Franchise taxes	166,726	-	-	-
Lodger's taxes	-	-	-	310,060
State operating grants	472,334	-	-	91,122
State capital grants	175,020	2,159,239	383,650	234,317
Federal operating grants	-	-	-	563,212
Federal capital grants	17,000	-	-	302,171
Charges for services	1,140,642	-	-	152,880
Licenses and fees	110,162	-	-	8,139
Interest income	37,542	1,849	-	5,977
Miscellaneous income	270,198	-	-	1,217
Total revenue	<u>8,476,612</u>	<u>2,161,088</u>	<u>383,650</u>	<u>1,792,687</u>
Expenditures				
Current:				
General government	1,713,720	-	-	-
Public safety	2,968,465	-	-	308,294
Public works	481,879	-	314,122	462,705
Culture and recreation	681,277	-	-	340,932
Health and welfare	142,840	-	-	330,342
Capital outlay	348,917	2,159,238	415,404	1,142,228
Debt service:				
Principal	-	-	-	246,836
Interest	-	-	-	65,285
Total expenditures	<u>6,337,098</u>	<u>2,159,238</u>	<u>729,526</u>	<u>2,896,622</u>
Excess (deficiency) of revenues over expenditures	<u>2,139,514</u>	<u>1,850</u>	<u>(345,876)</u>	<u>(1,103,935)</u>
Other financing sources (uses)				
Transfers in	165,960	-	-	708,540
Transfers out	(651,924)	-	-	(165,960)
Total other financing sources (uses)	<u>(485,964)</u>	<u>-</u>	<u>-</u>	<u>542,580</u>
Net change in fund balance	1,653,550	1,850	(345,876)	(561,355)
Fund balance - beginning of year	3,342,131	399,689	44,899	1,160,726
Fund balance - end of year	<u>\$ 4,995,681</u>	<u>\$ 401,539</u>	<u>\$ (300,977)</u>	<u>\$ 599,371</u>

See Independent Auditors' Report and Notes to Financial Statements

Total Governmental Funds	
<hr/>	
\$	687,583
	5,400,788
	122,209
	166,726
	310,060
	563,456
	2,952,226
	563,212
	319,171
	1,293,522
	118,301
	45,368
	271,415
	<hr/>
	12,814,037
	<hr/>
	1,713,720
	3,276,759
	1,258,706
	1,022,209
	473,182
	4,065,787
	246,836
	65,285
	<hr/>
	12,122,484
	<hr/>
	691,553
	<hr/>
	874,500
	(817,884)
	<hr/>
	56,616
	<hr/>
	748,169
	4,947,445
	<hr/>
\$	5,695,614
	<hr/>

STATE OF NEW MEXICO

City of Socorro

Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2021

Exhibit B-2

Page 2 of 2

Net Change in Fund Balance - Governmental Funds \$ 748,169

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	4,065,787
Depreciation expense	(1,315,827)

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	254,733
Change in OPEB liability	305,280

In governmental funds, delinquent property taxes, ambulance receivables and real estate contract receivable collected after sixty days of 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	(9,204)
Increase in deferred ambulance receivables	168,833
Decrease in real estate contract receivable	(40,064)

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

Decrease in accrued compensated absences	9,494
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments on bonds and loans payable	246,836
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Change in Net Position of Governmental Activities	\$ 4,434,037
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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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
				Final to actual
Revenues				
Taxes:				
Property taxes	\$ 650,000	\$ 650,000	\$ 677,663	\$ 27,663
Gross receipts taxes	2,880,000	3,080,000	5,156,252	2,076,252
Franchise tax	180,000	180,000	158,522	(21,478)
Gasoline and motor vehicle	130,000	130,000	-	(130,000)
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	564,150	564,150	450,592	(113,558)
State capital grants	-	-	-	-
Charges for services	818,265	818,265	1,463,124	644,859
Licenses and fees	64,650	64,650	110,162	45,512
Interest income (loss)	-	-	2,442	2,442
Miscellaneous	1,151,490	1,182,690	537,410	(645,280)
Total revenue	<u>6,438,555</u>	<u>6,669,755</u>	<u>8,556,167</u>	<u>1,886,412</u>
Expenditures				
Current				
General government	1,889,598	1,972,288	1,828,250	144,038
Public safety	3,066,406	3,200,594	2,966,852	233,742
Public works	498,049	519,844	481,879	37,965
Culture and recreation	704,138	734,951	681,277	53,674
Health and welfare	147,633	154,094	142,840	11,254
Capital outlay	362,292	378,146	350,530	27,616
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,668,116</u>	<u>6,959,917</u>	<u>6,451,628</u>	<u>508,289</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (229,561)</u>	<u>\$ (290,162)</u>	<u>\$ 2,104,539</u>	<u>\$ 2,394,701</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	229,561	290,162		
Transfers in	165,960	165,960	165,960	-
Transfers out	(694,759)	(798,429)	(532,000)	266,429
Total other financing sources (uses)	<u>(528,799)</u>	<u>(632,469)</u>	<u>(366,040)</u>	<u>266,429</u>
Net Change in fund balance	(758,360)	(922,631)	\$ 1,738,499	
Fund balance - beginning of year			3,342,131	
Fund balance - end of year			<u>\$ 5,080,630</u>	
Net change in fund balance (non-GAAP budgetary basis)			1,738,499	
Adjustments to revenue for decrease in receivables			(79,555)	
Adjustment to expenditures for increase in liabilities			(5,394)	
Net Change in fund balance (GAAP basis)			<u>\$ 1,653,550</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, 2021

Exhibit D-1

	Joint Utility # 501
Assets	
Cash and cash equivalents	\$ 3,417,120
Restricted cash and cash equivalents	350,922
Accounts receivable, net	1,415,417
Inventory	106,408
Total current assets	<u>5,289,867</u>
Noncurrent assets	
Customer deposits	44,775
Capital Assets	44,429,367
Less: Accumulated depreciation	<u>(25,152,824)</u>
Total noncurrent assets	<u>19,321,318</u>
Deferred outflows of resources	
Deferred outflows from pension	867,276
Deferred outflows from OPEB	262,866
Total deferred outflows of resources	<u>1,130,142</u>
Total assets, and deferred outflows of resources	<u>\$ 25,741,327</u>
Liabilities, deferred inflows and net position	
Liabilities	
Accounts payable	\$ 1,395,445
Accrued interest	29,666
Notes and bonds payable	603,082
Compensated absences	97,700
Total current liabilities	<u>2,125,893</u>
Noncurrent liabilities	
Customer deposits	44,775
Notes and bonds payable	8,233,912
Compensated absences	53,187
Landfill closure liability	1,568,545
Net pension liability	3,384,852
Net OPEB liability	1,108,423
Total noncurrent liabilities	<u>14,393,694</u>
Total Liabilities	<u>16,519,587</u>
Deferred inflows of resources	
Deferred inflows from pension	152,324
Deferred inflows from OPEB	535,728
Total deferred inflows of resources	<u>688,052</u>
Net position	
Net investment in capital asset	10,439,549
Restricted for:	
Debt service	350,922
Unrestricted	<u>(2,256,783)</u>
Total net position	<u>8,533,688</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 25,741,327</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Socorro
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit D-2

	Joint Utility # 501
Operating revenues:	
Charges for services	\$ 8,024,043
Total operating revenues	8,024,043
Operating expenses:	
Depreciation and amortization	1,168,152
COGS (Gas)	942,870
Personnel services	2,041,787
Contractual services	97,152
Supplies	84,702
Maintenance and Materials	888,731
Utilities	912,458
Insurance	381,429
Payment in lieu of taxes	339,566
Miscellaneous	175,220
Total operating expense	7,032,067
Operating income (loss)	991,976
Non-operating revenues (expense):	
Gross receipts taxes	93,787
Interest income	6,408
Interest expense	(78,870)
Miscellaneous income (expense)	60,134
Total non-operating revenues (expense)	81,459
Income (loss) before contributions and transfers	1,073,435
Transfers in	18,384
Transfers out	(75,000)
State and federal capital grants	50,000
Total contributions and transfers	(6,616)
Change in Net Position	1,066,819
Net Position, beginning of year	7,466,869
Net Position - end of the year	\$ 8,533,688

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, 2021

Exhibit D-3

	Joint Utility # 501
Cash flow from operating activities	
Cash received from customers	\$ 7,911,509
Cash payments to employees for services	(2,326,438)
Cash payments to suppliers for goods and services	(2,516,215)
Net cash provided from operating activities	<u>3,068,856</u>
Cash flow from noncapital financing activities	
Miscellaneous	60,134
Gross Receipts tax	93,787
Transfers	(56,616)
Net cash flows provided (used) by noncapital financing activities	<u>97,305</u>
Cash flows from capital and related financing activities	
Interest paid	(77,382)
Principal payments	(370,260)
Debt proceeds	2,870,402
Acquisition of capital assets	(4,554,435)
Governmental capital contributions	50,000
Net cash provided (used) by capital and related financing activities	<u>(2,081,675)</u>
Cash flows from investing activities	
Interest income	6,408
Net cash provided by investing activities	<u>6,408</u>
Net increase (decrease) in cash and cash equivalents	1,090,894
Cash & cash equivalents - beginning of year	2,721,923
Cash & cash equivalents - end of year	<u>\$ 3,812,817</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 991,976
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	1,168,152
Employer pension and OPEB expense	(283,506)
Changes in assets & liabilities:	
Receivables	(66,664)
Inventory	(17,518)
Accounts payable	1,323,431
Compensated absences	(1,145)
Customer deposits	(45,870)
Net cash provided (used) by operating activities	<u>\$ 3,068,856</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, 2021

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 (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, 2021

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, 2021

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, 2021

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.

Street Improvements Capital Projects Fund 309 accounts 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.

Capital Projects Fund 311 accounts for capital grants and related capital expenditures to City property and equipment.

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, 2021

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, 2021 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, 2021

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 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 \$17,945 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, 2021, 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, 2021

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. 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 and deferred inflows 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:

Total Years of Service	Yearly Accumulation
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, 2021

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, 2021, the City has presented restricted and committed fund balance on the governmental funds balance sheet in the amount of \$1,574,948 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, 2021

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 \$528,092 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 'measurable' 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, 2021

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, 2021 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, 2021.

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, 2021

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, 2021, \$8,290,511 of the City's bank balance of \$8,630,516 was exposed to custodial credit risk, \$5,521,103 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 \$2,769,408 was uninsured and uncollateralized at June 30, 2021.

	First State Bank	Washington Federal	Total
Deposits	\$ 8,540,511	\$ 90,005	\$ 8,630,516
Less: FDIC Coverage	(250,000)	(90,005)	(340,005)
Total uninsured public funds	<u>\$ 8,290,511</u>	<u>\$ -</u>	<u>\$ 8,290,511</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	5,521,103	-	5,521,103
Uninsured and uncollateralized	<u>\$ 2,769,408</u>	<u>\$ -</u>	<u>\$ 2,769,408</u>
Collateral requirements (50% of uninsured funds)	\$ 4,145,256	\$ -	\$ 4,145,256
Pledged Collateral	5,521,103	-	5,521,103
Over (under) collateralized	<u>\$ 1,375,847</u>	<u>\$ -</u>	<u>\$ 1,375,847</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 3. Deposits and Investments (continued)

As of June 30, 2021 the City held investments in the Local Government Investment Pool (LGIP) at a market value of \$1,753,042 and a cost basis of \$1,737,159.

According to GASB Statement 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.nmsto.gov.

As of June 30, 2021, the LGIP maturities are WAM (R) at 48 days and the WAM (F) at 78 days.

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.

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).

Credit Risk --With respect to credit risk, the LGIP is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

Foreign Currency Risk --GASB Statement No. 40 defines foreign currency risk as the potential that changes in exchange rates may adversely affect the fair value of an investment or deposit. The LGIP does not have any foreign currency risk as all investments are denominated in US dollars.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 3. Deposits and Investments (continued)

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.

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	\$ 9,684,828
Restricted cash and cash equivalents per Exhibit A-1	810,895
Customer Deposits	<u>44,775</u>
 Total cash and cash equivalents	 <u>\$ 10,540,498</u>
 Add: Outstanding checks	 \$ 631,462
Less: Outstanding deposits	(13,807)
Less: Petty cash	(900)
Less: LGIP Investments	(1,753,042)
Less: Cash held at the NMFA	<u>(773,695)</u>
 Bank balance of deposits	 <u><u>\$ 8,630,516</u></u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 4. Accounts and Taxes Receivable

Receivables as of June 30, 2021 are as follows:

	Governmental Funds	Proprietary Funds	Total
Taxes Recieveable:			
Property taxes	\$ 105,910	\$ -	\$ 105,910
Gross receipts taxes	989,392	-	989,392
Franchise taxes	30,057	-	30,057
Gasoline taxes	24,335	-	24,335
Lodgers taxes	94,307	-	94,307
Other receivables:			
State and federal grants	108,973	-	108,973
Real estate contract receivable	396,290	-	396,290
Rent recieveable	311,304	-	311,304
Total	\$ 2,060,568	\$ -	\$ 2,060,568
Customer Receivables:			
Ambulance receivables (net)	\$ 237,578	\$ -	\$ 237,578
Customer receivables (net)	-	1,415,417	1,415,417
Net Customer Accounts Receivables	\$ 237,578	\$ 1,415,417	\$ 1,652,995
Total receivables, net	\$ 2,298,146	\$ 1,415,417	\$ 3,713,563

Governmental receivables are deemed 100% collectible. Ambulance receivables accrued an allowance for doubtful accounts of \$699,238 and proprietary funds accrued an allowance for doubtful accounts for customer receivables of \$160,000. In accordance with GASB 33, property tax revenue receivables not collected within the period of availability was determined to be \$75,804 and ambulance receivables not collected within the period of availability was determined to be \$168,833 and are reclassified as deferred inflow of resources in the governmental fund financial statements.

The City carries three real estate contracts receivable as of June 30, 2021, totaling \$396,290. The City recognized interest income of \$27,263 and principal payments of \$40,064 for the year ended June 30, 2021, related to these contracts. Governmental fund financial statements reported a deferred inflow of resources of \$396,290, 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, 2021

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, 2021:

On January 1, 1983 the City leased property 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 \$2,163 in lease revenue and \$7,837 in interest income related to this lease agreement during the fiscal year ending June 30, 2021 in the general fund. The City uses a discount rate of 2.5% to discount the future revenues to the present value resulting a lease receivable and deferred inflows of resources in the amount of \$311,304.

NOTE 6. Transfers and Interfund Balances

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, 2021 were as follows:

Transfer In	Transfer Out	Amount
Recreation	General Fund	\$ 106,000
Municipal Streets	General Fund	365,000
Rodeo Arena	General Fund	61,000
Debt Service	General Fund	101,540
Joint Utility	General Fund	18,384
General fund	COVID 19	32,894
Joint Utility	Debt Service	133,066
CDBG	Joint Utility	75,000
		<u>\$ 892,884</u>

The City records temporary interfund receivables and payables to enable funds to operate. The composition of interfund balances as of June 30, 2021 was as follows:

Due To	Due From	Amount
General Fund	Airport Improvements	\$ 40,753

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2021 follows (land and construction in progress is not subject to depreciation):

Governmental Activities

	Balance June 30, 2020	Additions	Deletions	CIP Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 308,224	\$ -	\$ -	\$ -	\$ 308,224
Construction in progress (CIP)	1,281,772	3,133,495	-	(175,794)	4,239,473
Total capital assets, not depreciated	1,589,996	3,133,495	-	(175,794)	4,547,697
Capital assets depreciated:					
Buildings	15,373,035	-	-	175,794	15,548,829
Equipment	7,442,802	451,654	(3,440,643)		4,453,813
Infrastructure	13,599,825	480,638	-		14,080,463
Total capital assets, depreciated	36,415,662	932,292	(3,440,643)	175,794	34,083,105
Total capital assets	38,005,658				38,630,802
Less accumulated depreciation:					
Buildings	8,936,219	563,645	-	-	9,499,864
Equipment	6,704,711	208,450	(3,440,643)	-	3,472,518
Infrastructure	6,512,778	543,732	-	-	7,056,510
Total accumulated depreciation	22,153,708	1,315,827	(3,440,643)	-	20,028,892
Capital Assets, Net	<u>\$ 15,851,950</u>				<u>\$ 18,601,910</u>

Depreciation expense was charged to the following Governmental Activities:

General Government	\$ 291,167
Public Safety	556,731
Public Works	213,858
Culture and Recreation	173,676
Health and welfare	80,395
	<u>\$ 1,315,827</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 7. Capital Assets (continued)

Business Type Activities

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not depreciated:				
Land	\$ 331,556	\$ -	\$ -	\$ 331,556
Construction in progress (CIP)	1,397,550	3,843,654	-	5,241,204
Total capital assets not depreciated	<u>1,729,106</u>	<u>3,843,654</u>	<u>-</u>	<u>5,572,760</u>
Capital asset depreciated:				
Buildings	24,549,057	-	-	24,549,057
Equipment	5,890,220	501,049	(862,119)	5,529,150
Plant and Infrastructure	8,568,668	209,732	-	8,778,400
Total capital assets, depreciated	<u>39,007,945</u>	<u>710,781</u>	<u>(862,119)</u>	<u>38,856,607</u>
Total capital assets	<u><u>40,737,051</u></u>			<u><u>44,429,367</u></u>
Less accumulated depreciation:				
Buildings	15,178,511	643,655	-	15,822,166
Equipment	5,064,002	195,269	(862,119)	4,397,152
Plant and Infrastructure	4,604,278	329,228	-	4,933,506
Total accumulated depreciation	<u>24,846,791</u>	<u>1,168,152</u>	<u>(862,119)</u>	<u>25,152,824</u>
Capital Assets, Net	<u><u>\$ 15,890,260</u></u>			<u><u>\$ 19,276,543</u></u>

NOTE 8. Long-term Debt

Governmental Activities:

During the year ended June 30, 2021, the following changes occurred in the long-term debt reported in the Government-Wide Statement of Net Position:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
NMFA loans	\$ 3,006,369	\$ -	\$ (238,363)	\$ 2,768,006	\$ 175,223
Capital leases	8,473	-	(8,473)	-	-
Total Loans Payable	<u>\$ 3,014,842</u>	<u>\$ -</u>	<u>\$ (246,836)</u>	<u>\$ 2,768,006</u>	<u>\$ 175,223</u>
Compensated Absences	<u>\$ 214,419</u>	<u>\$ 170,223</u>	<u>\$ (179,717)</u>	<u>\$ 204,925</u>	<u>\$ 179,717</u>
Total Long Term Debt	<u><u>\$ 3,229,261</u></u>	<u><u>\$ 170,223</u></u>	<u><u>\$ (426,553)</u></u>	<u><u>\$ 2,972,931</u></u>	<u><u>\$ 354,940</u></u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

The City had the following loans outstanding in governmental funds during fiscal year 2021:

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 1st and November 1st. 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 \$1,415,910 at June 30, 2021, which is 6.15% of Convention Center fees and Lodgers Taxes at their current rate. During the year ended June 30, 2021 the City recognized a total of \$121,597 in pledged revenues, and retired \$46,457 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 1st and November 1st. 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 \$344,556 at June 30, 2021, which is 29.76% of municipal infrastructure gross receipt taxes at their current rate. During the year ended June 30, 2021 the City recognized a total of \$146,814 in pledged GRT revenues, and retired \$34,720 in loan principal and interest.

Infrastructure Projects (NMFA - PPRF-1849)

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 1st and November 1st and matured on May 1, 2021. Revenue pledged to service this loan were 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 \$0 at June 30, 2021, which is 0% of gross receipt taxes at their current rate. During the year ended June 30, 2021 the City recognized a total of \$146,814 in pledged GRT revenues, and retired \$95,185 in loan principal and interest.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

Fire Station Renovation Project (NMFA - PPRF-2485)

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, matured on May 1, 2021. The payment of principal and interest due under the loan agreement were 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 \$0 at June 30, 2021, which is 0% of the state fire allotments at their current rate. During the year ended June 30, 2021 the City recognized a total of \$61,813 in pledged fire allotment revenues, and retired \$35,220 in loan principal and interest.

Rodeo Sports Facility (NMFA PPRF-2896)

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. Lodgers tax revenues pledged total \$1,395,175 at June 30, 2021, which is 23% of Lodger's Taxes at their current rate. During the year ended June 30, 2021 the City recognized a total of \$98,369 in pledged lodgers tax revenues, and retired \$71,344 in loan principal and interest.

Fire Truck (NMFA PPRF-3679)

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 1%, 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 \$350,728 at June 30, 2021, which is 11.35% of future state fire allotment at their current rate. During the year ended June 30, 2021 the City recognized a total of \$61,813 in pledged fire allotment revenues, and retired \$26,593 in loan principal and interest.

A summary of the loans outstanding in governmental activities at June 30, 2021 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of	
				Original Issue	Balance June 30, 2021
NMFA PPRF-4936 Convention Center Loan	9/13/2019	5/1/2049	2.38%	\$ 1,061,094	\$ 1,021,248
NMFA PPRF-4938 Road Improvements	28-Jun-19	1-May-39	2.00%	\$ 339,146	286,797
NMFA PPRF-2896 Rodeo Sports Facility	1-Jun-13	1-May-38	2.34%	\$ 1,495,751	1,118,199
NMFA PPRF-3679 Fire Truck	1-Jun-17	1-May-27	1.09%	\$ 425,976	341,762
					<u>\$ 2,768,006</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

The Annual requirements to amortize the above loans including interest payments as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 175,223	\$ 91,503	\$ 266,726
2023	147,596	85,314	232,910
2024	150,294	82,942	233,236
2025	153,252	79,241	232,493
2026	156,545	78,047	234,592
2027-2031	586,569	359,975	946,544
2032-2036	606,232	296,781	903,013
2037-2041	417,146	252,950	670,096
2042-2046	220,531	251,131	471,662
2047-2050	154,618	156,495	311,113
Total	<u>\$ 2,768,006</u>	<u>\$ 1,734,378</u>	<u>\$ 4,502,384</u>

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, 2021:

The Joint Utility had the following loans outstanding in the Joint Utility during fiscal year 2021:

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 a 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 \$158,200 at June 30, 2021, which is 9.10% of the Joint Utility's net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 in pledged revenues, and retired \$69,450 in loan principal and interest.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

Landfill Scale House (NMFA PPRF 1272)

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 4.25%, 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 \$39,750 at June 30, 2021, which is 73.56% of the municipal environmental service gross receipt taxes at their current rate. During the year ended June 30, 2021 the City recognized \$39,747 in pledged revenues, and retired \$39,747 in loan principal and interest.

Landfill Improvements (NMFA PPRF-2268)

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 \$636,549 at June 30, 2021, which is 8.31% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 in pledged revenues, and retired \$61,632 in loan principal and interest.

Drinking Water Replacement of Meter Readers (NMFA DW-2707)

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 \$55,766 at June 30, 2021, which is 2.05% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 in pledged revenues, and retired \$19,116 in loan principal and interest.

Drinking Water System Improvement Project (NMFA DW-2866)

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 \$373,283 at June 30, 2021, which is 2.67% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 in pledged revenues, and retired \$24,940 in loan principal and interest.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

Gas Valve Project (NMFA PPRF-3491)

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 0.25%. Principal and interest payments on the loan are due May 1st and November 15 maturing on May 1, 2031. Revenues pledged for the payment of this loan are the net revenues of the City's Joint Utility. The revenues pledged total \$584,359 at June 30, 2021, which is 6.04% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 in pledged revenues, and retired \$42,685 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 1st and interest payments are due May 1st and November 1st, 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 \$98,284 at June 30, 2021, which is 2.79% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 in pledged revenues, and retired \$26,000 in loan principal and interest.

Water System Improvements (NMFA PPRF-5242)

The City entered into a loan agreement with the New Mexico Finance Authority for the purpose of making water system improvements. The loan was finalized on October 30, 2020 with the City borrowing \$250,000. The loan bears interest at 0.46% and payments of \$50,000 are due annually in May of each year, with the loan maturing in May of 2025. The revenues pledged total \$251,910 at June 30, 2021, which will be 5.39% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 in pledged revenues, and retired \$0 in loan principal and interest.

Water System Improvements (NMFA PPRF-5323)

The City entered into a loan agreement with the New Mexico Finance Authority for the purpose of making water system improvements to evergreen well. The loan was finalized on October 30, 2020 with the City borrowing \$150,000. The loan bears interest at 0.46% and payments of \$30,478 are due annually in May of each year, with the loan maturing in May of 2026. The revenues pledged total \$152,434 at June 30, 2021, which will be 3.20% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 in pledged revenues, and retired \$0 in loan principal and interest.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

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, 2011 with the City borrowing \$75,075. The loan bears no interest and principal payments of \$3,757 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 \$30,030 at June 30, 2021, which is 0.80% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 in pledged revenues, and retired \$7,508 in loan principal.

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 1, 2035. Revenues pledged for the payment of this loan are the net revenues of the City's Joint Utility. The revenues pledged total \$665,000 at June 30, 2021, which is 5.09% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,384 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 \$354,846 at June 30, 2021, which is 2.24% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,348 in pledged revenues, and retired \$20,873 in loan principal.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

A summary of all the loans outstanding in the Joint Utility at June 30, 2021 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2021
NMFA PPRF-4883 Tractor Trailer Scraper	1-Mar-19	1-May-23	1.46%	\$ 327,244	\$ 182,030
NMFA PPRF-1272 Landfill Scale House	6-Jul-02	1-May-22	4.25%	526,185	38,024
NMFA PPRF-2268 Landfill Improvements	15-May-09	1-May-29	3.59%	1,903,740	533,685
NMFA DW-2707 Meter Readers	28-May-13	1-Jun-24	0.25%	185,130	55,488
NMFA DW-2866 Drinking Water System	1-Jun-14	1-Apr-36	0.25%	484,400	365,863
NMFA PPRF-3491 Gas Valve Project	1-Sep-16	1-May-31	0.1-2%	811,138	577,964
NMFA PPRF -4930 Dumpster Loan Agreement	14-Jun-19	1-May-24	1.00%	150,000	98,098
NMFA PPRF-5242 Water System Improvements	30-Oct-20	1-May-25	0.46%	250,000	250,000
NMFA PPRF-5323 Water System / Evergreen Well	30-Oct-20	1-May-26	0.46%	150,000	150,000
NMED - AARA CWSRF 14 Waste Water Plant Improvements	19-Dec-11	5-Apr-30	0.00%	75,075	30,030
NMED - CWSRF 22 Wastewater Collection System	6-May-15	1-Mar-35	0.00%	950,000	665,000
NMED - CWSRF 25 Clean Water State Revolving	12-Apr-18	27-Feb-38	0.00%	\$ 417,635	\$ 354,846
					<u>\$ 3,301,028</u>

The Annual requirements to amortize the above loans in the Joint Utility including interest payments as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 557,366	\$ 35,076	\$ 592,442
2023	423,791	21,721	445,512
2024	343,085	18,134	361,219
2025	295,960	15,647	311,607
2026	248,770	12,894	261,664
2027-2031	972,592	34,004	1,006,596
2032-2036	417,847	1,236	419,083
2037-2041	41,617	122	41,739
Total	<u>\$ 3,301,028</u>	<u>\$ 138,834</u>	<u>\$ 3,439,862</u>

The Joint Utility had the following bonds outstanding during fiscal year 2021:

USDA 13 - Wastewater Revenue Bonds Series 2010

On February 10, 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 bonds bear interest at 2.625%. Payments on the bonds are due on February 19th 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 pursuant to City Bond Ordinance NO. 11-01-18a. Revenues pledged total \$158,200 at June 30, 2021, which is 0.57% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,348 in pledged revenues, and retired \$5,400 in loan principal and interest.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

USDA 11A - Wastewater Revenue Bonds Series 2011A

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 pursuant to City Bond Ordinance NO. 09-11-25. Revenues pledged total \$636,100 at June 30, 2021, which is 2.16% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,348 in pledged revenues, and retired \$20,200 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 8th and maturing on January 1, 2052. Revenues pledged for the payment of these bonds are the net system revenues of the Joint Utility System. The Bonds were issued under and pursuant to City Bond Ordinance NO. 11-01-18F. Revenues pledged total \$1,576,500 at June 30, 2021, which is 5.12% of the net Joint Utility revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,348 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, 2021 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2021
USDA - 13 W/W Revenue Bonds - Series 2010	10-Feb-10	19-Feb-50	2.63%	\$ 132,000	\$ 108,400
USDA - 11A JU System Improvement Bonds - Series 2011A	4-Aug-11	4-Aug-51	2.50%	515,000	439,000
USDA - 16 Arsenic Bonds - Series 2013A	18-Jan-13	1-Jan-52	2.50%	\$ 1,230,000	\$ 1,070,000
					<u>\$ 1,617,400</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2021	\$ 32,500	\$ 40,650	\$ 73,150
2022	32,600	39,850	72,450
2023	32,600	39,050	71,650
2024	32,700	38,250	70,950
2025	33,800	37,350	71,150
2026-2030	212,100	177,600	389,700
2031-2035	232,000	150,400	382,400
2036-2040	252,500	120,850	373,350
2041-2045	304,100	87,900	392,000
2046-2050	325,500	49,100	374,600
2051-2054	127,000	9,750	136,750
Total	<u>\$ 1,617,400</u>	<u>\$ 790,750</u>	<u>\$ 2,408,150</u>

Construction Loan

RCAC Construction Loan

On May 13, 2019 the City obtained two construction loans from Rural Community Assistance Corporation 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, 2021 the City increased these lines of credit to \$8,215,500 and during the fiscal year the City drew an additional \$2,470,402 related to capital improvements to the waste water system. At June 30, 2021 the City's total draws on these lines of credit was \$3,854,614. This line of credit accrues interest at 5%. Once construction is complete the City will refinance these construction loans with the USDA for \$9,290,475 over a 40-year term. The City has pledged revenues from the waste water system to service this debt when construction is completed. Upon completion of construction total revenues pledged are estimated to be approximately \$9,290,475 at an interest rate of 3.5%. The Debt service for this loan if paid monthly will be \$35,990 per month or \$431,885 per year which will be approximately 46.28% of the Joint utility revenues at their current rate. The City expects this project to be completed and refinanced with the USDA approximately in December of 2022.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

Capital Lease Agreement

The Joint Utility had the following capital lease agreements outstanding during fiscal year 2021:

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 six-yard dump body. The capital lease agreement bears interest at a rate of 4.4%. 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. Revenues pledged for the payment of this capital lease are the net system revenues of the Joint Utility System. Revenues pledged total \$70,143 at June 30, 2021, which is 2.16% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2021 the City recognized \$409,348 in pledged revenues, and retired \$16,124 in loan principal and interest.

A summary of the capital leases outstanding in the Joint Utility at June 30, 2021 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Original Issue	2020
KS State Bank Dump Truck	3-Oct-18	26-Jan-26	4.40%	\$ 93,777	\$ 63,952
					\$ 63,952

The Annual requirements to amortize the above capital leases in the Joint Utility including interest payments as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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
Total	\$ 63,952	\$ 6,191	\$ 70,143

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

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. On January 22, 2021 the City performing post closure operations as they used the landfill during fiscal year 2021, resulting the City's engineer not modifying the estimated liability from the previous year's estimate 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, 2021, 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.

NOTE 9. 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, 2021, 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.

NOTE 10. Other Required Disclosures

Deficit fund balances of Individual funds as of June 30, 2021 were as follows:

- Capital Projects Fund 311: \$(300,977)
- Emergency Medical Services (EMS) Fund 206: \$(1,380)
- Law Enforcement Protection Fund (LEPF) Fund 211: \$(596)
- Recreation Fund 217: \$(3,217)
- Airport Improvements Fund 304: \$(40,753)

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 employers 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, 2020 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 fiscal year 2021 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_2020.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 \$593,178 for the year ended June 30, 2021. The City did pick-up portions of the employee's contributions.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 FY20						
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%	17.24%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.7%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.80%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.80%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.30%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.70%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.70%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	19.20%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	19.20%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	19.20%	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%	17.30%	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%

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2020. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2020, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2020.

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, 2020. Only employer contributions for the pay period end dates that fell within the period of July 1, 2019 to June 30, 2020 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2021 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, 2021, the City reported a liability of \$6,881,639 (with an allotment for proprietary funds) for its proportionate share of the net pension liability. At June 30, 2021, the City's proportion was .3403 percent, which was slightly changed from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized PERA Fund Division Municipal General Pension expense of \$(238,182). At June 30, 2021, the City reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 190,706	\$ -
Changes of assumptions	127,324	-
Net difference between projected and actual earnings on pension plan investments	1,258,446	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	16,131	312,802
City's contributions subsequent to the measurement date	332,357	-
Total	<u>\$ 1,924,964</u>	<u>\$ 312,802</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

\$332,357 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2022	\$ 306,502
2023	294,355
2024	370,166
2025	308,782
Thereafter	-
Total	<u>\$ 1,279,805</u>

For PERA Fund Division Municipal Police, at June 30, 2021, the City reported a liability of \$2,340,420 for its proportionate share of the net pension liability. At June 30, 2021, the City's proportion was .2725 percent, which was slightly changed from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized PERA Fund Division Municipal Police pension expense of \$(93,572). At June 30, 2021, the City reported PERA Fund Division Municipal Police 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	\$ 136,004	\$ -
Changes of assumptions	55,423	-
Net difference between projected and actual earnings on pension plan investments	401,705	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	10,508	135,764
City's contributions subsequent to the measurement date	130,568	-
Total	<u>\$ 734,208</u>	<u>\$ 135,764</u>

The City's contributions of \$130,568 are reported as deferred outflows of resources related to pensions, resulting in the City's contributions subsequent to the measurement date June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

<u>Year Ended</u>	<u>Amount</u>
2022	\$ 157,917
2023	115,791
2024	95,553
2025	98,625
Thereafter	-
Total	<u>\$ 467,886</u>

For PERA Fund Division Municipal Fire, at June 30, 2021, the City reported a liability of \$3,314,430 for its proportionate share of the net pension liability. At June 30, 2021, the City's proportion was 0.4382 percent, which was slightly changed from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized PERA Fund Division Municipal Fire pension expense of \$(93,572). At June 30, 2021, 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	\$ 73,482	\$ -
Changes of assumptions	39,721	-
Net difference between projected and actual earnings on pension plan investments	306,761	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	2,431	115,596
City's contributions subsequent to the measurement date	130,568	-
Total	<u>\$ 552,963</u>	<u>\$ 115,596</u>

\$130,568 reported as deferred outflows of resources related to pensions resulting in the City's contributions subsequent to the measurement date June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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>
2022	\$ 92,162
2023	76,067
2024	63,149
2025	75,320
Thereafter	-
Total	<u>\$ 306,698</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

Actuarial Assumptions: The total pension liability at June 30, 2021 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2020
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
Remaining Amortization Period	25 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%
Post Retirement increase	1.6% Compounded annually
Mortality assumption	RPH-2014 Blue Collar Mortality
Experience study dates	July 1, 2012 to June 30, 2019

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.5%	5.90%
Risk Reduction	19.5%	1.00%
Credit Oriented	15.0%	4.20%
Real Assets	20.0%	6.00%
Multi Risk Allocation	10.0%	6.40%
Total	100%	

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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.

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.

PERA Fund Division Municipal Government	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	\$ 9,852,717	\$ 6,881,639	\$ 4,418,017
PERA Fund Division Municipal Police	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	\$ 3,358,728	\$ 2,340,420	\$ 1,506,989
PERA Fund Division Fire Government	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	\$ 4,289,305	\$ 3,314,430	\$ 2,513,158

Detailed information about the pension plan's fiduciary net position is available in the separately issued FY20 PERA financial report. The report is available at:

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

Payables to pension plan: As of June 30, 2021, 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 FY20 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2020.pdf.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

Changes of Assumptions

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2020 report is available at:

<https://www.nmpera.org/assets/uploads/downloads/6-30-2020-PERA-Valuation-Report-FINAL.pdf>

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 \$145,295 for the year ending June 30, 2020.

At June 30, 2021, the City reported a liability of \$4,105,272 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020. At June 30, 2021, the City's proportion was 0.0978 percent.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$(418,193). At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,387	\$ 728,986
Changes of assumptions	805,894	729,068
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion	-	526,124
City's contributions subsequent to the measurement date	145,295	-
Total	\$ 973,576	\$ 1,984,178

Deferred outflows of resources totaling \$145,295 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, 2022. Other amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended	Amount
2021	\$ (483,823)
2022	(420,258)
2023	(246,036)
2024	(88,496)
2025	82,716
Total	\$ (1,155,897)

Actuarial Assumptions

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

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal, level percent of pay
Asset valuation method	Market value of assets
Actuarial Cost:	Entry Age Cost Method
Inflation	2.5% for ERB; 2.5% 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.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 are summarized as follows:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	10.0%	5.30%
Real Estate	5.0%	4.90%
Absolute Return	5.0%	4.10%
US Equity Small Cap	3.0%	7.10%
Total	100%	

Discount Rate

The discount rate used to measure the Fund's total OPEB liability is 2.86% as of June 30, 2020. 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, 2020. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2039. Beyond 2020, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa (3.5%) or higher, thus 2.86% is the blended discount rate.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 (1.86 percent) or 1-percentage-point higher (3.86 percent) than the current discount rate:

RHC Fund Division Municipal Government	1% Decrease (1.86%)	Current Discount Rate (2.86%)	1% Increase (3.86%)
City's proportionate share of the net OPEB liability	\$ 5,102,870	\$ 4,105,272	\$ 3,334,232

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, 2020.

NOTE 13. Subsequent Events

The date to which events occurring after June 30, 2021, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is September 15, 2021 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 \$1,046,856. For descriptions of the related enabling legislation for special revenue, capital projects, see page 32 and pages 80-83 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 \$350,922. 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:

Vendor Name	Relationship	Total Expenditures
Best Western Socorro Hotel	Owned by the Mayor	\$ 1,619
Bhasker Medical Clinic PC	Owned by the Mayor	\$ 15,274
Lukesh Caral Janitorial Services	Related to Accounts Payable Clerk	\$ 4,400
The Water / Ice Store, LLC	Owned by City Council Member	\$ 1,831

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, 2021.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

Animal Shelter

Participants	County of Socorro City of Socorro
Responsible party	Socorro County and City of Socorro
Description	City of Socorro animal shelter agrees to accept and process stray animals brought in by Socorro County Sheriff's Department, or other county Staff dedicated to control stray animals.
Term of agreement	Perpetual
Amount of project	Unknown
City contributions	None
Audit responsibility	City of Socorro

REQUIRED SUPPLEMENTARY 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*

MUNICIPAL GENERAL FUND	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.3403%	0.3389%	0.3852%	0.3886%	0.3889%	0.3903%	0.3941%
City's proportionate share of the net pension liability (asset)	\$ 6,881,639	\$ 5,866,696	\$ 6,141,513	\$ 5,339,693	\$ 6,087,098	\$ 3,944,781	\$ 3,093,126
City's covered-employee payroll	\$ 3,477,523	\$ 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	197.89%	172.62%	190.43%	191.14%	209.52%	137.62%	113.96%
Plan fiduciary net position as a percentage of the total pension liability	66.36%	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

STATE OF NEW MEXICO

City of Socorro

Schedule I

Page 2 of 3

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*

MUNICIPAL POLICE FUND	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.2725%	0.2998%	0.2975%	0.2948%	0.2998%	0.2965%	0.2999%
City's proportionate share of the net pension liability (asset)	\$ 2,340,420	\$ 2,214,530	\$ 2,029,855	\$ 1,637,807	\$ 2,296,864	\$ 1,520,948	\$ 1,131,182
City's covered-employee payroll	\$ 690,462	\$ 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	338.96%	328.31%	320.90%	249.96%	363.68%	188.26%	150.77%
Plan fiduciary net position as a percentage of the total pension liability	66.36%	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 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*

Schedule I
 Page 3 of 3

MUNICIPAL FIRE FUND	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.4382%	0.4614%	0.4606%	0.4617%	0.4721%	0.4655%	0.4568%
City's proportionate share of the net pension liability (asset)	\$ 3,314,430	\$ 3,170,911	\$ 2,641,592	\$ 2,641,592	\$ 3,118,700	\$ 2,408,724	\$ 1,999,760
City's covered-employee payroll	\$ 472,001	\$ 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	702.21%	687.54%	669.19%	523.45%	689.70%	516.31%	415.69%
Plan fiduciary net position as a percentage of the total pension liability	66.36%	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

MUNICIPAL GENERAL FUND	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 332,103	\$ 324,600	\$ 308,002	\$ 311,000	\$ 326,000	\$ 590,000	\$ 638,000
Contributions in relation to the contractually required contribution	\$ 332,357	\$ 324,600	\$ 308,131	\$ 311,000	\$ 326,000	\$ 590,000	\$ 638,000
Contribution deficiency (excess)	\$ (254)	\$ -	\$ (129)	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,477,523	\$ 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	9.56%	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

MUNICIPAL POLICE FUND	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 130,566	\$ 127,485	\$ 119,553	\$ 119,000	\$ 115,000	\$ 170,000	\$ 141,000
Contributions in relation to the contractually required contribution	\$ 130,568	\$ 127,521	\$ 119,553	\$ 119,000	\$ 115,000	\$ 170,000	\$ 141,000
Contribution deficiency (excess)	\$ (2)	\$ 36	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 690,462	\$ 674,523	\$ 632,555	\$ 655,232	\$ 631,560	\$ 807,916	\$ 807,916
Contributions as a percentage of covered-employee payroll	18.91%	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

MUNICIPAL FIRE FUND	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 130,508	\$ 127,521	\$ 121,813	\$ 127,000	\$ 124,000	\$ 160,000	\$ 127,000
Contributions in relation to the contractually required contribution	\$ 130,568	\$ 127,521	\$ 121,813	\$ 127,000	\$ 124,000	\$ 160,000	\$ 127,000
Contribution deficiency (excess)	\$ (60)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 472,001	\$ 461,197	\$ 458,233	\$ 504,651	\$ 452,185	\$ 466,525	\$ 481,072
Contributions as a percentage of covered-employee payroll	27.66%	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	2021	2020	2019	2018
City's proportion of the net OPEB liability (asset)	0.0978%	0.1039%	0.1108%	0.1118%
City's proportionate share of the net OPEB liability	\$ 4,105,272	\$ 3,369,490	\$ 4,791,017	\$ 5,065,051
City's covered-employee payroll	\$ 4,612,353	\$ 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	89.01%	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	2021	2020	2019	2018
Contractually required contribution	\$ 145,289	\$ 140,908	\$ 90,881	\$ 139,978
Contributions in relation to the contractually required contribution	\$ 145,295	\$ 141,526	\$ 90,887	\$ 94,094
City's covered-employee payroll	\$ 4,612,353	\$ 4,403,381	\$ 3,029,368	\$ 4,665,944
Contributions as a percentage of covered-employee payroll	3.15%	3.21%	3.00%	2.02%

* Outflows for 2020 and 2021 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, 2021

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, 2020 report is available at www.nmpera.org.

There were no major changes to benefit terms which impact the measurements provided in the Retirement Healthcare Fund. The 2020 report can be found at www.nmrhc.org.

Changes in Assumption

The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in PERA June 30, 2020 pension valuation. The Actuarial Assumptions are contained in Sections 3 of the RHCA GASB Actuarial Report.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Socorro
Nonmajor Governmental Fund Description
June 30, 2021

Special Revenue Funds

Sedillo Park Renovations Fund - 107

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

Corrections 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 lodger's 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.

The Municipal Street Fund – 216

To account for gas taxes collected and operating, maintenance and capital improvements of City Streets Pursuant to the County and Municipal Gasoline Tax act, NMSA 7-21-1.

STATE OF NEW MEXICO
City of Socorro
Nonmajor Governmental Fund Description
June 30, 2021

Special Revenue Funds (continued)

Recreation Fund - 217

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

Library 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.

COVID 19 Fund – 219

To account for cares act funding received from the federal government related to COVID 19 relief. The fund was established per the grant agreement award number CARES-25002-CSO.

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. The Fund was established per City ordinance.

Convention Center Fund -250

To account for the design, construction, equipping, furnishing, landscaping, operation and maintenance of the convention center. Financing is provided by a fee charged to each lodger for each day a room is occupied within city limits. New Mexico legislature enacted the Convention Center Financing act during the 2003 legislature secession and requires the tax to be used in this manner.

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.

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.

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STATE OF NEW MEXICO
City of Socorro
Nonmajor Governmental Fund Description
June 30, 2021

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, 2021

	Special Revenue				
	Sedillo			Fire	
	Park	Corrections	EMS	Protection	LEPF
	Renovations	# 201	# 206	# 209	# 211
	# 107				
Assets					
Cash and cash equivalents	\$ 2,039	\$ -	\$ -	\$ 9,979	\$ 3,868
Restricted cash	-	-	-	-	-
Other Receivables	-	-	-	-	-
Lodgers taxes receivables	-	-	-	-	-
Total assets	\$ 2,039	\$ -	\$ -	\$ 9,979	\$ 3,868
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 1,380	\$ -	\$ 4,464
Due to other funds	-	-	-	-	-
Total liabilities	-	-	1,380	-	4,464
Fund balance					
Spendable					
Restricted for:					
Public safety	-	-	-	9979	-
Culture and recreation	2,039	-	-	-	-
Debt service expenditures	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	-	-	(1,380)	-	(596)
Total fund balances	2,039	-	(1,380)	9,979	(596)
Total liabilities and fund balances	\$ 2,039	\$ -	\$ -	\$ 9,979	\$ 3,868

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

Lodgers Tax # 214	Lodgers Tax Promotion # 215	Municipal Street # 216	Recreation # 217	Library # 218	COVID 19 # 219	Juvenile Justice # 241
\$ 39,683	\$ 121,574	\$ 3,391	\$ 761	\$ 669	\$ -	\$ 14,352
-	8,562		-	-	-	-
-	-	24,335	-	-	-	29,502
9,999	58,776		-	-	-	-
<u>\$ 49,682</u>	<u>\$ 188,912</u>	<u>\$ 27,726</u>	<u>\$ 761</u>	<u>\$ 669</u>	<u>\$ -</u>	<u>\$ 43,854</u>
\$ -	\$ 227	\$ 8,079	\$ 3,978	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>-</u>	<u>227</u>	<u>8,079</u>	<u>3,978</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	19,647	-	-	-	43,854
49,682	180,123			669	-	-
-	8,562		-	-	-	-
-	-		-	-	-	-
-	-		(3,217)	-	-	-
<u>49,682</u>	<u>188,685</u>	<u>19,647</u>	<u>(3,217)</u>	<u>669</u>	<u>-</u>	<u>43,854</u>
<u>\$ 49,682</u>	<u>\$ 188,912</u>	<u>\$ 27,726</u>	<u>\$ 761</u>	<u>\$ 669</u>	<u>\$ -</u>	<u>\$ 43,854</u>

STATE OF NEW MEXICO
City of Socorro
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue		Capital Projects		Debt Service
	Rodeo Arena # 249	Convention Center # 250	Airport Improvements # 304	CDBG # 315	Debt Service # 403
Assets					
Cash and cash equivalents	\$ 846	29,652	\$ -	\$ 76,959	\$ -
Restricted cash	-	4,850	-	-	169,694
Other Receivables	42,721		-	-	-
Lodgers taxes receivables	-	25,532	-	-	-
Total assets	\$ 43,567	\$ 60,034	\$ -	\$ 76,959	\$ 169,694
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 3,715	\$ 15,777	\$ -	\$ -	\$ -
Due to other funds	-		40,753	-	-
Total liabilities	3,715	15,777	40,753	-	-
Fund balance					
Spendable					
Restricted for:					
Public safety	-		-	-	-
Culture and recreation	39,852	39,407	-	-	-
Debt service expenditures	-	4,850	-	-	169,694
Capital projects	-			76,959	-
Unassigned	-		(40,753)	-	-
Total fund balances	39,852	44,257	(40,753)	76,959	169,694
Total liabilities and fund balances	\$ 43,567	\$ 60,034	\$ -	\$ 76,959	\$ 169,694

See Independent Auditors' Report and Notes to Financial Statements

Total Nonmajor Governmental Funds	
<hr/>	
\$	303,773
	183,106
	96,558
	94,307
<hr/>	
\$	677,744
<hr/>	
\$	37,620
	40,753
<hr/>	
	78,373
<hr/>	
	73,480
	311,772
	183,106
	76,959
	(45,946)
<hr/>	
	599,371
<hr/>	
\$	677,744
<hr/>	

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, 2021

	Special Revenue				
	Sedillo Park Renovations # 107	Corrections # 201	EMS # 206	Fire Protection # 209	LEPF # 211
Revenues					
Gross receipt taxes	\$ -	\$ -	\$ -	\$ 1,383	\$ -
Gas taxes	-	-	-	-	-
Lodger's taxes	-	-	-	-	-
State operating grants	-	-	20,000	-	28,401
State capital grants	-	-	-	234,317	-
Federal operating grants	-	-	-	-	-
Federal capital grants	-	-	-	-	-
Charges for services	1,901	-	-	-	-
Licenses and fees	-	8,139	-	-	-
Interest income	-	-	-	2	-
Miscellaneous income	-	-	-	-	-
Total revenue	<u>1,901</u>	<u>8,139</u>	<u>20,000</u>	<u>235,702</u>	<u>28,401</u>
Expenditures					
Current:					
Public safety	-	8,139	21,380	168,880	4,464
Public works	-	-	-	-	-
Culture and recreation	717	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	-	33,774
Debt service:					
Principal	-	-	-	52,789	-
Interest	-	-	-	4,801	-
Total expenditures	<u>717</u>	<u>8,139</u>	<u>21,380</u>	<u>226,470</u>	<u>38,238</u>
Excess (deficiency) of revenues over expenditures	<u>1,184</u>	<u>-</u>	<u>(1,380)</u>	<u>9,232</u>	<u>(9,837)</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>1,184</u>	<u>-</u>	<u>(1,380)</u>	<u>9,232</u>	<u>(9,837)</u>
Fund balance - beginning of year	<u>855</u>	<u>-</u>	<u>-</u>	<u>747</u>	<u>9,241</u>
Fund balance - end of year	<u>\$ 2,039</u>	<u>\$ -</u>	<u>\$ (1,380)</u>	<u>\$ 9,979</u>	<u>\$ (596)</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue						
Lodgers Tax # 214	Lodgers Tax Promotion # 215	Municipal Street # 216	Recreation # 217	Library # 218	COVID 19 # 219	Juvenile Justice # 241
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	122,209	-	-	-	-
92,140	217,920	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	449,538	113,674
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2	-	-	-	-	-
-	100	343	674	100	-	-
92,140	218,022	122,552	674	100	449,538	113,674
-	-	-	-	-	-	105,431
-	-	462,705	-	-	-	-
64,288	43,529	-	110,988	-	-	-
-	-	-	-	-	330,342	-
84,625	21,311	-	-	-	86,302	-
-	-	-	-	-	-	-
-	42,149	8,473	-	-	-	-
-	29,194	-	-	-	-	-
148,913	136,183	471,178	110,988	-	416,644	105,431
(56,773)	81,839	(348,626)	(110,314)	100	32,894	8,243
-	-	365,000	106,000	-	-	-
-	-	-	-	-	(32,894)	-
-	-	365,000	106,000	-	(32,894)	-
(56,773)	81,839	16,374	(4,314)	100	-	8,243
106,455	106,846	3,273	1,097	569	-	35,611
\$ 49,682	\$ 188,685	\$ 19,647	\$ (3,217)	\$ 669	\$ -	\$ 43,854

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, 2021

	Special Revenue		Capital Projects		Debt Service
	Rodeo Arena # 249	Convention Center # 250	Airport Improvements # 304	CDBG # 315	Debt Service # 403
Revenues					
Gross receipt taxes	\$ -		\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-
Lodger's taxes	-	-	-	-	-
State operating grants	42,721	-	-	-	-
State capital grants	-	-	-	-	-
Federal operating grants	-	-	-	-	-
Federal capital grants	-	-	302,171	-	-
Charges for services	22,085	128,894	-	-	-
Licenses and fees	-	-	-	-	-
Interest income	-	144	-	-	5,829
Miscellaneous income	-	-	-	-	-
Total revenue	64,806	129,038	302,171	-	5,829
Expenditures					
Current:					
Public safety	-		-	-	-
Public works	-		-	-	-
Culture and recreation	86,325	35,085	-	-	-
Health and welfare	-		-	-	-
Capital outlay	-	569,718	346,498	-	-
Debt service:					
Principal	-	23,006	-	-	120,419
Interest	-	23,480	-	-	7,810
Total expenditures	86,325	651,289	346,498	-	128,229
Excess (deficiency) of revenues over expenditures	(21,519)	(522,251)	(44,327)	-	(122,400)
Other financing sources (uses)					
Transfers in	61,000	-	-	75,000	101,540
Transfers out	-	-	-	-	(133,066)
Total other financing sources (uses)	61,000	-	-	75,000	(31,526)
Net change in fund balance	39,481	(522,251)	(44,327)	75,000	(153,926)
Fund balance - beginning of year	371	566,508	3,574	1,959	323,620
Fund balance - end of year	\$ 39,852	\$ 44,257	\$ (40,753)	\$ 76,959	\$ 169,694

See Independent Auditors' Report and Notes to Financial Statements

**Total
Nonmajor
Governmental
Funds**

\$	1,383
	122,209
	310,060
	91,122
	234,317
	563,212
	302,171
	152,880
	8,139
	5,977
	1,217
	<u>1,792,687</u>
	308,294
	462,705
	340,932
	330,342
	1,142,228
	246,836
	65,285
	<u>2,896,622</u>
	<u>(1,103,935)</u>
	708,540
	<u>(165,960)</u>
	542,580
	<u>(561,355)</u>
	1,160,726
\$	<u><u>599,371</u></u>

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Socorro
Schedule of Deposits and Investments
June 30, 2021

Schedule V

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
New Mexico LGIP					
LGIP	Investments	\$ 1,753,042	\$ -	\$ -	\$ 1,753,042
Total Wells Fargo Bank, N.A.		<u>1,753,042</u>	<u>-</u>	<u>-</u>	<u>1,753,042</u>
First State Bank:					
Operating Account	Checking	3,659,439	8,957	(601,692)	3,066,704
E-Pay	Checking	503,259	4,850		508,109
CDBG	Checking	76,959			76,959
Savings	Savings	4,202,372			4,202,372
USDA #2	Checking	49,150			49,150
USDA	Checking	10,784			10,784
Payroll Account	Checking	38,548		(29,770)	8,778
Total First State Bank		<u>8,540,511</u>	<u>13,807</u>	<u>(631,462)</u>	<u>7,922,856</u>
Washington Federal					
Operating Account	Operating Account	90,005	-	-	90,005
Total Washington Federal		<u>90,005</u>	<u>-</u>	<u>-</u>	<u>90,005</u>
New Mexico Finance Authority:					
Debt Service Account	Debt Service	129,750	-	-	129,750
Debt Service Reserve Escrow	Debt Escrow	366,847	-	-	366,847
Project Funds	Capital Projects	277,098	-	-	277,098
Total New Mexico Finance Authority		<u>773,695</u>	<u>-</u>	<u>-</u>	<u>773,695</u>
Total		<u>\$ 11,157,253</u>	<u>\$ 13,807</u>	<u>\$ (631,462)</u>	<u>10,539,598</u>
Petty cash					900
Total Deposits					<u>\$ 10,540,498</u>
Total cash and cash equivalents per Statement of Net Position					\$ 9,684,828
Total restricted cash and cash equivalents per Statement of Net Position					810,895
Total customer deposits per Statement of Net Position					44,775
Total cash and cash equivalents					<u>\$ 10,540,498</u>

See Independent Auditors' Report

STATE OF NEW MEXICO

Schedule VI

City of Socorro

Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2021

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP / Description</u>	<u>Fair Market Value</u>
First State Bank	FFCB 2.270	July 1, 2021	3133EEB33	\$ 891,926
First State Bank	FFCB Non CBL	July 1, 2021	31331VKU9	506,665
First State Bank	FNMA 6.090	July 1, 2021	31364FCB5	606,289
First State Bank	FFCB 2.80	July 1, 2021	3133EKKG0	1,994,560
First State Bank	FFCB 2.85	July 1, 2021	3133EHYH0	400,612
First State Bank	FFCB 2.450	July 1, 2021	3133EGNR2	1,121,051
				<u>\$ 5,521,103</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. Colón
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 of the City of Socorro, New Mexico (the City), as of and for the year ended June 30, 2021, 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 15, 2021.

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 15, 2021

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FEDERAL FINANCIAL ASSISTANCE



Auditors~Consultants~CPA

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Socorro, New Mexico (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Southwest Accounting Solutions, LLC

Albuquerque, New Mexico
September 15, 2021

STATE OF NEW MEXICO
City of Socorro
Schedule of Expenditures of Federal Awards
June 30, 2021

Schedule VII

<u>Federal grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
Unites States Department of Transportation					
Passed Through New Mexico Department of Transportation					
Public Rural Transportation	20.509	No	\$ 289,440	\$ -	\$ -
Unites States Department of Justice					
Passed through New Mexico Children and Youth Families Department					
Juvenile Assistance Grant	16.601	No	105,431	-	-
United States Center of Disease Control					
Passed through New Mexico Department of Health					
Community Transformation Grant	93.531	No	20,031	-	-
United States Federal Emergency Management Agency					
Passed through New Mexico Department of Substance Abuse					
Drug Free Communities	93.959	No	122,808	-	-
United States Department of the Treasury					
Passed through New Mexico Department of Finance and Administration				-	-
Coronavirus Relief Fund - Cares Funding	21.109	Yes	440,152	-	-
United States Department of Transportation					
Direct					
United States Federal Aviation Agency - Airport Project	20.106	Yes	346,498	-	-
United States Department of Agriculture					
Direct					
Community Facilities Loans and Grants	10.766	No	67,000	-	-
Total Expenditures of Federal Awards			<u>\$ 1,391,360</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Socorro
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

NOTE 1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the financial statements.

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

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

The City has no federally funded insurance.

NOTE 2. General

The following is a reconciliation of the total Federal Awards of the City for the year ended June 30, 2021:

City of Socorro's federal expenditures of federal awards on SEFA	\$ 1,391,360
Expenditures funded by other sources	<u>21,598,604</u>
Total expenditures	<u>\$ 22,989,964</u>

STATE OF NEW MEXICO
City of Socorro
Schedule of Findings and Questioned Costs
June 30, 2021

Section I: SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued **Unmodified**

Internal control over financial reporting:

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

Federal Awards:

Type of Auditors report issued on compliance for major federal programs **Unmodified**

Internal control over major federal programs:

Material weakness(es) identified?	No
Significant Deficiency(ies) identified?	No

Any Audit finding disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs and type of auditors report issued on compliance for major federal programs:

CFDA Numbers	Name of Federal Program or Cluster	Federal Funding Source
21.109	Coronavirus Relief Fund	Unites States department of Treasury
20.106	United States Federal Aviation Agency	United States Department of Transportation

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

Auditee qualified as a low-risk auditee? 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, 2021**

Exit Conference

An exit conference was held on September 15, 2021. In attendance were the following:

Representing the City of Socorro:

Peter Romero	City Councilor
Donald Monette	City Administrator
Ruby Lopez	Finance Director
Valen Alonzo	General Ledger Clerk

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.