



# **STATE OF NEW MEXICO**

## **City of Socorro**

### **ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

(This page is intentionally left blank)

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Table of Contents**  
**June 30, 2023**

**Page No.**

**INTRODUCTORY SECTION:**

Official Roster .....	7
-----------------------	---

**FINANCIAL SECTION:**

Independent Auditors' Report.....	10-12
-----------------------------------	-------

**BASIC FINANCIAL STATEMENTS:**

Government-Wide Financial Statements:

Statement of Net Position (Exhibit A-1) .....	14-15
---	-------

Statement of Activities (Exhibit A-2) .....	16-17
---	-------

Fund Financial Statements:

Balance Sheet – Governmental Funds (Exhibit B-1) .....	18
--	----

Reconciliation of the Balance Sheet – Governmental Funds to The Statement of Net Position .....	19
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit B-2) .....	20
--	----

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities .....	21
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: General Fund (Exhibit C-1).....	23
--	----

Proprietary Funds - Statement of Net Position (Exhibit D-1).....	24
--	----

Proprietary Funds - Statement of Revenues, Expenditures, and Changes in Net Position (Exhibit D-2) .....	25
---	----

Proprietary Funds - Statement of Cash Flows (Exhibit D-3) .....	26
---	----

Notes to Financial Statements – Governmental Activities .....	27-66
---	-------

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Table of Contents**  
**June 30, 2023**

**Page No.**

**REQUIRED SUPPLEMENTARY INFORMATION:**

Schedule of the City's Proportionate Share of the Net Pension liability – of PERA Fund Division – Municipal General (Schedule I) .....	68
Schedule of the City's Proportionate Share of the Net Pension liability – of PERA Fund Division – Municipal Police (Schedule I) .....	69
Schedule of the City's Proportionate Share of the Net Pension liability – of PERA Fund Division – Municipal Fire (Schedule I) .....	70
Schedule of Contributions PERA Fund Division – Municipal General (Schedule II) .....	71
Schedule of Contributions PERA Fund Division – Municipal Police (Schedule II) .....	72
Schedule of Contributions PERA Fund Division – Municipal Fire (Schedule II) .....	73
Schedule of the City's Proportionate Share of the Net OPEB Liability – of Retiree Healthcare (Schedule III) .....	74
Schedule of Contributions Retiree Healthcare (Schedule IV) .....	75
Notes to the Required Supplementary Information .....	76

**SUPPLEMENTARY INFORMATION:**

Non-major Fund Descriptions .....	78-81
-----------------------------------	-------

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

Combining Balance Sheets – Non-major Governmental Funds (Statement A-1) .....	82-85
Combining Statements of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds (Statement A-2) .....	86-89

**SUPPORTING SCHEDULES:**

Schedule of Deposits and Investments (Schedule V) .....	92
Schedule of Collateral Pledged by Depository for Public Funds (Schedule VI) .....	93

**COMPLIANCE SECTION:**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards .....	96-97
--	-------

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Table of Contents**  
**June 30, 2023**

**Page No.**

**FEDERAL FINANCIAL ASSISTANCE:**

Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance..... 100-101

Schedule of Expenditures of Federal Awards (Schedule VII) ..... 102

Notes to the Schedule of Expenditures of Federal Awards..... 103-104

Schedule of Findings and Questioned Costs..... 105

Exit Conference ..... 106

**STATE OF NEW MEXICO  
City of Socorro  
Official Roster  
June 30, 2023**

**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  
Valen Alonzo..... General Ledger Clerk

(This page is intentionally left blank)



## **FINANCIAL SECTION**



Auditors~Consultants~CPA

## INDEPENDENT AUDITOR'S REPORT

Joseph M. Maestas, P.E.  
New Mexico State Auditor  
and  
The City Council  
City of Socorro  
Socorro, New Mexico

### Opinions

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 of the general fund of the City Socorro, New Mexico (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 of the general fund of the City, as of June 30, 2023, 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.

### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Key Audit Matters

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Long-term Debt in Note 8 to the financial statements due to business type activities recognizing total long-term debt of \$16,842,045 and having pledged revenues in fiscal year 2023 in the amount of \$694,719 and total future pledged revenues of \$19,498,317 through fiscal year 2063. The future net operating revenues of the Joint Utility are secured to service these liabilities.

Due to the increase in operating expenditures in excess of revenues of \$733,608 during fiscal year 2023 over fiscal year 2022 the City will be required to increase charges for services or decrease operating expenses to maintain operating viability of Joint Utility over the long-term horizon.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and governmental auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **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 68-76 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.

### **Supplementary Information**

Our audit was conducted for the purpose 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 are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards (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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2023 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*

Albuquerque, New Mexico  
September 26, 2023

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 6,990,445	\$ 2,920,257	\$ 9,910,702
Restricted cash	246,937	1,361,218	1,608,155
Other receivables, net	572,458	317,529	889,987
Taxes receivable	1,339,305	-	1,339,305
Customer receivables, net	295,705	1,304,386	1,600,091
Inventory	16,275	91,805	108,080
<b>Total current assets</b>	<b>9,461,125</b>	<b>5,995,195</b>	<b>15,456,320</b>
<b>Noncurrent assets</b>			
Real estate contract receivable	354,559	-	354,559
Lease receivable	333,076	-	333,076
Capital assets	46,169,602	53,523,683	99,693,285
Less: Accumulated depreciation	(22,885,497)	(27,471,653)	(50,357,150)
<b>Total noncurrent assets</b>	<b>23,971,740</b>	<b>26,052,030</b>	<b>50,023,770</b>
<b>Deferred outflows of resources</b>			
Deferred outflows from pension	1,636,151	605,152	2,241,303
Deferred outflows from OPEB	639,597	236,563	876,160
<b>Total deferred outflows</b>	<b>2,275,748</b>	<b>841,715</b>	<b>3,117,463</b>
<b>Total assets, and deferred outflows of resources</b>	<b>\$ 35,708,613</b>	<b>\$ 32,888,940</b>	<b>\$ 68,597,553</b>

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 279,956	\$ 452,653	\$ 732,609
Accrued salaries and benefits	47,380	-	47,380
Accrued interest	10,763	26,295	37,058
Loans and bonds payable	179,743	694,719	874,462
Compensated absences	136,052	86,894	222,946
<b>Total current liabilities</b>	<b>653,894</b>	<b>1,260,561</b>	<b>1,914,455</b>
<b>Noncurrent liabilities</b>			
Customer deposits	-	22,720	22,720
Loans and bonds payable	2,356,582	13,728,262	16,084,844
Compensated absences	121,892	75,616	197,508
Landfill closure liability	-	1,896,554	1,896,554
Net pension liability	8,844,790	3,271,361	12,116,151
Net OPEB liability	1,715,139	634,366	2,349,505
<b>Total noncurrent liabilities</b>	<b>13,038,403</b>	<b>19,628,879</b>	<b>32,667,282</b>
<b>Total liabilities</b>	<b>13,692,297</b>	<b>20,889,440</b>	<b>34,581,737</b>
<b>Deferred inflows of resources</b>			
Deferred inflows - lease	333,076	-	333,076
Deferred inflows from pension	278,445	102,987	381,432
Deferred inflows from OPEB	1,721,353	636,666	2,358,019
<b>Total deferred inflows</b>	<b>2,332,874</b>	<b>739,653</b>	<b>3,072,527</b>
<b>Net position</b>			
Net investment in capital assets	20,747,780	11,629,049	32,376,829
<b>Restricted for:</b>			
Debt Service	246,871	457,873	704,744
Capital projects	443,968	880,625	1,324,593
Special Revenue	468,466	-	468,466
Unrestricted	(2,223,643)	(1,707,700)	(3,931,343)
<b>Total net position</b>	<b>19,683,442</b>	<b>11,259,847</b>	<b>30,943,289</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 35,708,613</b>	<b>\$ 32,888,940</b>	<b>\$ 68,597,553</b>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Functions and Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities:</b>				
General government	\$ 2,789,432	\$ 1,622,004	\$ 1,781,522	\$ -
Public safety	4,576,982	-	641,554	252,137
Public works	1,814,538	-	-	2,221,234
Culture and recreation	2,345,473	303,560	-	-
Health and welfare	225,498	-	107,436	-
Interest on long-term debt	59,886	-	-	-
<b>Total governmental Activities</b>	<b>11,811,809</b>	<b>1,925,564</b>	<b>2,530,512</b>	<b>2,473,371</b>
<b>Business-type activities</b>				
Joint utility	12,065,571	11,252,983	479,091	-
<b>Total business-type activities</b>	<b>12,065,571</b>	<b>11,252,983</b>	<b>479,091</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 23,877,380</b>	<b>\$ 13,178,547</b>	<b>\$ 3,009,603</b>	<b>\$ 2,473,371</b>
<b>General revenues:</b>				
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
\$ 614,094	\$ -	\$ 614,094
(3,683,291)	-	(3,683,291)
406,696	-	406,696
(2,041,913)	-	(2,041,913)
(118,062)	-	(118,062)
(59,886)	-	(59,886)
<u>(4,882,362)</u>	<u>-</u>	<u>(4,882,362)</u>
-	(333,497)	(333,497)
-	(333,497)	(333,497)
<u>(4,882,362)</u>	<u>\$ (333,497)</u>	<u>\$ (5,215,859)</u>
732,345	-	732,345
6,369,276	184,551	6,553,827
96,325	-	96,325
141,674	-	141,674
431,311	-	431,311
144,296	-	144,296
163,498	16,277	179,775
446,548	-	446,548
<u>(399,999)</u>	<u>399,999</u>	<u>-</u>
<u>8,125,274</u>	<u>600,827</u>	<u>8,726,101</u>
3,242,912	267,330	3,510,242
16,440,530	10,992,517	27,433,047
<u>\$ 19,683,442</u>	<u>\$ 11,259,847</u>	<u>\$ 30,943,289</u>

**State of New Mexico  
City of Socorro  
Balance Sheet  
Governmental Funds  
June 30, 2023**

Exhibit B-1  
Page 1 of 2

	<b>General Fund # 101</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 6,618,069	\$ 372,376	\$ 6,990,445
Restricted cash	-	246,937	246,937
Other Receivables	66,970	505,488	572,458
Property taxes receivable	132,119	-	132,119
Gross receipt taxes receivable	1,113,363	-	1,113,363
Lodgers taxes receivables	-	52,038	52,038
Gas taxes receivable	-	13,919	13,919
Cannabis taxes	27,866	-	27,866
Ambulance receivables	295,705	-	295,705
Inventory	16,275	-	16,275
Real estate contract receivable	354,559	-	354,559
Lease receivable	333,076	-	333,076
<b>Total assets</b>	<b>\$ 8,958,002</b>	<b>\$ 1,190,758</b>	<b>\$ 10,148,760</b>
<b>Liabilities, deferred inflows of resources and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 243,051	\$ 36,905	\$ 279,956
Accrued salaries and benefits	47,380	-	47,380
<b>Total liabilities</b>	<b>290,431</b>	<b>36,905</b>	<b>327,336</b>
<b>Deferred Inflows of resources</b>			
Deferred inflows - property taxes	98,557	-	98,557
Deferred inflows - ambulance services	197,198	-	197,198
Deferred inflows - real estate contract	354,559	-	354,559
Deferred inflows - lease receivable	333,076	-	333,076
<b>Total deferred inflows</b>	<b>983,390</b>	<b>-</b>	<b>983,390</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,273,821</b>	<b>36,905</b>	<b>1,310,726</b>
<b>Fund balance</b>			
Spendable			
Restricted for:			
Public safety	-	29,467	29,467
Public works	-	9,431	9,431
Culture and recreation	-	348,794	348,794
Health and welfare	-	80,774	80,774
Debt service expenditures	-	246,871	246,871
Capital projects	-	443,968	443,968
Committed to:			
Minimum fund balance	686,684	-	686,684
Unassigned	6,997,497	(5,452)	6,992,045
<b>Total fund balance</b>	<b>7,684,181</b>	<b>1,153,853</b>	<b>8,838,034</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,958,002</b>	<b>\$ 1,190,758</b>	<b>\$ 10,148,760</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
City of Socorro  
Governmental Funds**

Exhibit B-1  
Page 2 of 2

**Reconciliation of the Balance Sheet to the Statement of Net Position  
June 30, 2023**

<b>Total fund balance governmental funds</b>	\$ 8,838,034
--	--------------

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	46,169,602
Less: Accumulated depreciation	(22,885,497)

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	98,557
Delinquent ambulance receivables	197,198
Real estate contract receivable	354,559

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

Accrued interest	(10,763)
------------------	----------

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

Deferred outflows from pension	1,636,151
Deferred inflows from pension	(278,445)
Deferred outflows from OPEB	639,597
Deferred inflows from OPEB	(1,721,353)

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	(257,944)
Loans payable	(2,536,325)
Net pension liability	(8,844,790)
Net OPEB liability	(1,715,139)

<b>Total net position governmental activities</b>	<b>\$ 19,683,442</b>
---	----------------------

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

Exhibit B-2  
 Page 1 of 2

	General Fund # 101	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 729,680	\$ -	\$ 729,680
Gross receipt taxes	6,352,095	17,181	6,369,276
Gas taxes	-	96,325	96,325
Franchise taxes	141,674	-	141,674
Lodger's taxes	-	431,311	431,311
State operating grants	394,270	524,000	918,270
State capital grants	267,554	2,181,583	2,449,137
Federal operating grants	1,387,252	224,990	1,612,242
Federal capital grants	-	24,234	24,234
Charges for services	1,622,004	303,560	1,925,564
Licenses and fees	129,728	14,568	144,296
Interest income	41,056	122,442	163,498
Miscellaneous income	447,539	18,928	466,467
<b>Total revenue</b>	<u>11,512,852</u>	<u>3,959,122</u>	<u>15,471,974</u>
<b>Expenditures</b>			
Current:			
General government	2,458,125	-	2,458,125
Public safety	3,209,671	823,692	4,033,363
Public works	545,928	1,053,093	1,599,021
Culture and recreation	1,048,283	1,018,613	2,066,896
Health and welfare	129,311	69,404	198,715
Capital outlay	848,888	2,550,940	3,399,828
Debt service:			
Principal	-	176,153	176,153
Interest	-	60,299	60,299
<b>Total expenditures</b>	<u>8,240,206</u>	<u>5,752,194</u>	<u>13,992,400</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>3,272,646</u>	<u>(1,793,072)</u>	<u>1,479,574</u>
<b>Other financing sources (uses)</b>			
Transfers in	20,000	2,010,061	2,030,061
Transfers out	(2,410,060)	(20,000)	(2,430,060)
<b>Total other financing sources (uses)</b>	<u>(2,390,060)</u>	<u>1,990,061</u>	<u>(399,999)</u>
Net change in fund balance	882,586	196,989	1,079,575
Fund balance - beginning of year	6,801,595	956,864	7,758,459
<b>Fund balance - end of year</b>	<u>\$ 7,684,181</u>	<u>\$ 1,153,853</u>	<u>\$ 8,838,034</u>

See Independent Auditors' Report and Notes to Financial Statements

<b>STATE OF NEW MEXICO</b> <b>City of Socorro</b> <b>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund</b> <b>Balances - Governmental Funds to the Statement of Activities</b> <b>For the Year Ended June 30, 2023</b>	Exhibit B-2 Page 2 of 2
--	----------------------------

<b>Net Change in Fund Balance - Governmental Funds</b>	<b>\$ 1,079,575</b>
--	---------------------

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	3,399,828
Depreciation expense	(1,630,468)

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	(248,231)
Change in OPEB liability	522,076

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

Increase in delinquent property taxes	2,665
Increase in deferred ambulance receivables	11,486
Decrease in real estate contract receivable	(31,405)

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

Increase in accrued compensated absences	(39,180)
Decrease in accrued interest expense	413

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	176,153
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 3,242,912</u></b>

(This page is intentionally left blank)

## 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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
				Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ 662,660	\$ 731,337	\$ 729,105	\$ (2,232)
Gross receipts taxes	5,718,716	6,311,396	6,292,136	(19,260)
Franchise tax	129,810	143,263	142,826	(437)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<b>Intergovernmental income:</b>				
Federal operating grants	1,246,608	1,375,804	1,371,606	(4,198)
Federal capital grants	-	-	-	-
State operating grants	358,339	395,477	394,270	(1,207)
State capital grants	228,316	251,978	251,209	(769)
Charges for services	1,448,355	1,598,461	1,593,583	(4,878)
Licenses and fees	117,906	130,125	129,728	(397)
Interest income (loss)	15,803	17,441	17,388	(53)
Miscellaneous	428,265	472,649	471,207	(1,442)
<b>Total revenue</b>	<u>10,354,778</u>	<u>11,427,931</u>	<u>11,393,058</u>	<u>(34,873)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,532,212	3,641,975	3,404,010	237,965
Public safety	3,417,647	3,523,849	3,293,603	230,246
Public works	566,489	584,092	545,928	38,164
Culture and recreation	1,087,764	1,121,565	1,048,283	73,282
Health and welfare	113,381	116,904	109,266	7,638
Capital outlay	286,295	295,192	275,904	19,288
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>9,003,788</u>	<u>9,283,577</u>	<u>8,676,994</u>	<u>606,583</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ 1,350,990</u>	<u>\$ 2,144,354</u>	<u>\$ 2,716,064</u>	<u>\$ 571,710</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	(1,350,990)	(2,144,354)		
Transfers in	516,000	480,000	20,000.00	(460,000)
Transfers out	(1,685,145)	(2,554,371)	(2,010,060)	544,311
<b>Total other financing sources (uses)</b>	<u>(1,169,145)</u>	<u>(2,074,371)</u>	<u>(1,990,060)</u>	<u>84,311</u>
Net Change in fund balance	181,845	69,983	\$ 726,004	
Fund balance - beginning of year			5,679,969	
<b>Fund balance - end of year</b>			<u>\$ 6,405,973</u>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			726,004	
Adjustments to revenue for increase in receivables			119,794	
Adjustment to expenditures for decrease in liabilities			36,788	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ 882,586</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, 2023**

Exhibit D-1

	<b>Joint Utility</b> <b># 501</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,920,257
Restricted cash and cash equivalents	1,361,218
Other receivables	317,529
Accounts receivable, net	1,304,386
Inventory	91,805
<b>Total current assets</b>	<b>5,995,195</b>
<b>Noncurrent assets</b>	
Capital Assets	53,523,683
Less: Accumulated depreciation	(27,471,653)
<b>Total noncurrent assets</b>	<b>26,052,030</b>
<b>Deferred outflows of resources</b>	
Deferred outflows from pension	605,152
Deferred outflows from OPEB	236,563
<b>Total deferred outflows of resources</b>	<b>841,715</b>
<b>Total assets, and deferred outflows of resources</b>	<b>\$ 32,888,940</b>
<b>Liabilities, deferred inflows and net position</b>	
<b>Liabilities</b>	
Accounts payable	\$ 452,653
Accrued interest	26,295
Notes and bonds payable	694,719
Compensated absences	86,894
<b>Total current liabilities</b>	<b>1,260,561</b>
<b>Noncurrent liabilities</b>	
Customer deposits	22,720
Notes and bonds payable	13,728,262
Compensated absences	75,616
Landfill closure liability	1,896,554
Net pension liability	3,271,361
Net OPEB liability	634,366
<b>Total noncurrent liabilities</b>	<b>19,628,879</b>
<b>Total Liabilities</b>	<b>20,889,440</b>
<b>Deferred inflows of resources</b>	
Deferred inflows from pension	102,987
Deferred inflows from OPEB	636,666
<b>Total deferred inflows of resources</b>	<b>739,653</b>
<b>Net position</b>	
Net investment in capital asset	11,629,049
Restricted for:	
Debt service	457,873
Capital projects	880,625
Unrestricted	(1,707,700)
<b>Total net position</b>	<b>11,259,847</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 32,888,940</b>

See Independent Auditors' Report and Notes to Financial Statements



## STATE OF NEW MEXICO

Exhibit D-2

## City of Socorro

**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>Joint Utility</b>
	<b># 501</b>
<b>Operating revenues:</b>	
Charges for services	\$ 11,252,983
<b>Total operating revenues</b>	<b>11,252,983</b>
<b>Operating expenses:</b>	
Depreciation and amortization	1,160,034
COGS (Gas)	4,004,511
Personnel services	2,898,597
Contractual services	193,530
Supplies	147,522
Maintenance and Materials	1,221,466
Utilities	739,529
Insurance	448,917
Payment in lieu of taxes	510,331
Landfill Closure Expense	172,414
Miscellaneous	277,145
<b>Total operating expense</b>	<b>11,773,996</b>
<b>Operating income (loss)</b>	<b>(521,013)</b>
<b>Non-operating revenues (expense):</b>	
Gross receipts taxes	184,551
Interest income	16,277
Interest expense	(291,575)
<b>Total non-operating revenues (expense)</b>	<b>(90,747)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(611,760)</b>
Transfers in	399,999
State and federal capital grants	479,091
<b>Total contributions and transfers</b>	<b>879,090</b>
<b>Change in Net Position</b>	<b>267,330</b>
<b>Net Position, beginning of year</b>	<b>10,992,517</b>
<b>Net Position - end of the year</b>	<b>\$ 11,259,847</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

Exhibit D-3

	<b>Joint Utility # 501</b>
<b>Cash flow from operating activities</b>	
Cash received from customers	\$ 11,319,274
Cash payments to employees for services	(2,995,220)
Cash payments to suppliers for goods and services	(7,848,184)
<b>Net cash provided from operating activities</b>	<u>\$ 475,870</u>
<b>Cash flow from noncapital financing activities</b>	
Gross Receipts tax	\$ 184,551
Transfers	400,001
<b>Net cash flows provided (used) by noncapital financing activities</b>	<u>\$ 584,552</u>
<b>Cash flows from capital and related financing activities</b>	
Interest paid	\$ (292,454)
Principal payments	(3,714,961)
Debt proceeds	5,051,561
Acquisition of capital assets	(2,549,746)
Governmental capital contributions	364,482
<b>Net cash provided (used) by capital and related financing activities</b>	<u>\$ (1,141,118)</u>
<b>Cash flows from investing activities</b>	
Interest income	\$ 16,277
<b>Net cash provided by investing activities</b>	<u>\$ 16,277</u>
Net increase (decrease) in cash and cash equivalents	\$ (64,419)
Cash & cash equivalents - beginning of year	4,345,894
<b>Cash &amp; cash equivalents - end of year</b>	<u><u>\$ 4,281,475</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ (521,013)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>	
Depreciation	1,160,034
Employer pension and OPEB expense	(101,284)
<b>Changes in assets &amp; liabilities:</b>	
Receivables	80,741
Inventory	21,102
Accounts payable	(326,335)
Compensated absences	4,661
Customer deposits	(14,450)
Net change in landfill liability	172,414
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 475,870</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**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, planning and zoning, highways and streets, public utilities (wastewater, water, gas 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, 2023**

**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, 2023**

**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, 2023**

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

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

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

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

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

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

The 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, 2023**

**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, 2023 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, 2023**

**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 City implemented GASB 89 and interest cost incurred before the end of a construction period was recognized as an expense in the period in which the cost is incurred.

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

<b>Asset</b>	<b>Years</b>
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, 2023, 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, 2023**

**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:

<u>Service</u>	<u>Accumulation</u>
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, 2023**

**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, 2023, the City has presented restricted and committed fund balance on the governmental funds balance sheet in the amount of \$1,845,989 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.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**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 \$686,684 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, 2023**

**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, 2023 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, 2023.

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, 2023**

**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, 2023, \$4,246,167 of the City's bank balance of \$4,605,540 was exposed to custodial credit risk, \$4,246,167 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 \$0 was uninsured and uncollateralized at June 30, 2023.

	First State Bank	Washington Federal	Total
Deposits	\$ 4,496,167	\$ 109,373	\$ 4,605,540
Less: FDIC Coverage	(250,000)	(109,373)	(359,373)
Total uninsured public funds	<u>\$ 4,246,167</u>	<u>\$ -</u>	<u>\$ 4,246,167</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	4,246,167	-	4,246,167
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirements (50% of uninsured funds)	\$ 2,123,084	\$ -	\$ 2,123,084
Pledged Collateral	6,458,123	-	6,458,123
Over (under) collateralized	<u>\$ 4,335,039</u>	<u>\$ -</u>	<u>\$ 4,335,039</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

As of June 30, 2023 the City held investments in the Local Government Investment Pool (LGIP) at a market value of \$5,885,411.

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](http://www.nmsto.gov).

As of June 30, 2023, the LGIP maturities are WAM (R) at 22 days and the WAM (F) at 86 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).

Concentration Risk -- GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk.

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.

The LGIP investment portfolio is posted on the State Treasurer's Office website, [www.nmsto.gov](http://www.nmsto.gov), and is available for review at any time.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**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 \$5,885,411 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	\$ 9,910,702
Restricted cash and cash equivalents per Exhibit A-1	1,608,155
Total cash and cash equivalents	<u>\$ 11,518,857</u>
Add: Outstanding checks	\$ 612,558
Less: Outstanding deposits	(54,129)
Less: Petty cash	(900)
Less: LGIP Investments	(5,885,411)
Less: Cash held at the NMFA	<u>(1,585,435)</u>
Bank balance of deposits	<u><u>\$ 4,605,540</u></u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 4. Accounts and Taxes Receivable**

Receivables as of June 30, 2023 are as follows:

	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Total</b>
<b>Taxes Receivable:</b>			
Property taxes	\$ 132,119	\$ -	\$ 132,119
Gross receipts taxes	1,113,363	-	1,113,363
Franchise taxes	14,898	-	14,898
Gasoline taxes	13,919	-	13,919
Lodgers taxes	52,038	-	52,038
Cannabis Taxes	27,866		27,866
<b>Other receivables:</b>			
State and federal grants	557,560	317,529	875,089
Real estate contract receivable	354,559	-	354,559
Lease receivable	333,076	-	333,076
<b>Total</b>	<b>\$ 2,599,398</b>	<b>\$ 317,529</b>	<b>\$ 2,916,927</b>
<b>Customer Receivables:</b>			
Ambulance receivables (net)	295,705	\$ -	\$ 295,705
Customer receivables (net)	-	1,304,386	1,304,386
<b>Net Customer Accounts Receivables</b>	<b>\$ 295,705</b>	<b>\$ 1,304,386</b>	<b>\$ 1,600,091</b>
<b>Total receivables, net</b>	<b>\$ 2,895,103</b>	<b>\$ 1,621,915</b>	<b>\$ 4,517,018</b>

Governmental receivables are deemed 100% collectible. Ambulance receivables accrued an allowance for doubtful accounts of \$773,513 and proprietary funds accrued an allowance for doubtful accounts for customer receivables of \$115,525. In accordance with GASB 33, property tax revenue receivables not collected within the period of availability was determined to be \$98,557 and ambulance receivables not collected within the period of availability was determined to be \$197,198 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, 2023, totaling \$354,559. The City recognized interest income of \$11,946 and principal payments of \$17,518 for the year ended June 30, 2023, related to these contracts. Governmental fund financial statements reported a deferred inflow of resources of \$354,559, 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, 2023**

**NOTE 5. GASB 87, Lease Receivables and Deferred Inflows of Resources**

The City has two 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, 2023:

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 April 1, 2033. The City recognized \$303 as a reduction of the lease receivable and \$9,697 in interest income related to this lease agreement during the fiscal year ending June 30, 2023 in the general fund. The City uses a discount rate of 6% to discount the future revenues to the present value resulting a lease receivable and deferred inflows of resources in the amount of \$161,311.

On April 30, 2023 the City leased property to United Postal Services for a term of 10 years. The lease is for \$1,800 a month and will continue until January 1, 2082. The City recognized \$3,573 as a reduction of the lease receivable and \$27 in interest income related to this lease agreement during the fiscal year ending June 30, 2023 in the general fund. The City uses a discount rate of 6% to discount the future revenues to the present value resulting a lease receivable and deferred inflows of resources in the amount of \$175,641.

**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, 2023 were as follows:

Transfer In	Transfer Out	Amount
General Fund	Lodgers Tax	\$ 20,000
Sedillo Park Renovations	General Fund	25,000
Municipal Street	General Fund	840,000
Recreation	General Fund	376,000
Senior Citizens	General Fund	78,361
Rodeo Arena	General Fund	193,000
Street Improvements	General Fund	100,000
Capital Projects	General Fund	9,200
CDBG	General Fund	388,500
Joint Utility	General Fund	399,999
		<u>\$ 2,430,060</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 7. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2023 follows (land and construction in progress is not subject to depreciation):

**Governmental Activities**

	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>CIP Transfers</b>	<b>Balance June 30, 2023</b>
Capital assets not being depreciated:				
Land	\$ 308,224	\$ -	\$ -	\$ 308,224
Construction in progress (CIP)	453,741	2,700,390	(61,362)	3,092,769
Total capital assets, not depreciated	<u>761,965</u>	<u>2,700,390</u>	<u>(61,362)</u>	<u>3,400,993</u>
Capital assets depreciated:				
Buildings	17,867,028	197,309	-	18,064,337
Equipment	5,723,528	502,129	-	6,225,657
Infrastructure	18,417,253	-	61,362	18,478,615
Total capital assets, depreciated	<u>42,007,809</u>	<u>699,438</u>	<u>61,362</u>	<u>42,768,609</u>
Total capital assets	<u>42,769,774</u>	<u>3,399,828</u>	<u>-</u>	<u>46,169,602</u>
Less accumulated depreciation:				
Buildings	10,033,402	607,687	-	10,641,089
Equipment	3,616,201	335,137	-	3,951,338
Infrastructure	7,605,426	687,644	-	8,293,070
Total accumulated depreciation	<u>21,255,029</u>	<u>1,630,468</u>	<u>-</u>	<u>22,885,497</u>
Capital Assets, Net	<u>\$ 21,514,745</u>			<u>\$ 23,284,105</u>

Depreciation expense was charged to the following Governmental Activities:

<b>Governmental Activities:</b>	
General government	\$ 387,007
Public safety	635,013
Public works	251,750
Culture and recreation	325,412
Health and welfare	31,286
	<u>\$ 1,630,468</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Business Type Activities**

	Balance June 30, 2022	Additions	Balance June 30, 2023
Capital assets not depreciated:			
Land	\$ 331,556	\$ -	\$ 331,556
Construction in progress (CIP)	11,285,916	2,217,742	13,503,658
Total capital assets not depreciated	<u>11,617,472</u>	<u>2,217,742</u>	<u>13,835,214</u>
Capital asset depreciated:			
Buildings	24,549,057	-	24,549,057
Equipment	5,910,003	332,004	6,242,007
Plant and Infrastructure	8,897,405	-	8,897,405
Total capital assets, depreciated	<u>39,356,465</u>	<u>332,004</u>	<u>39,688,469</u>
Total capital assets	<u>50,973,937</u>	<u>2,549,746</u>	<u>53,523,683</u>
Less accumulated depreciation:			
Buildings	16,457,646	635,304	17,092,950
Equipment	4,608,082	221,309	4,829,391
Plant and Infrastructure	5,245,891	303,421	5,549,312
Total accumulated depreciation	<u>26,311,619</u>	<u>1,160,034</u>	<u>27,471,653</u>
Capital Assets, Net	<u>\$ 24,662,318</u>		<u>\$ 26,052,030</u>

**NOTE 8. Long-term Debt**

**Governmental Activities:**

During the year ended June 30, 2023, the following changes occurred in the long-term debt reported in the Government-Wide Statement of Net Position:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
NMFA loans	\$ 2,592,783	\$ -	\$ (147,596)	\$ 2,445,187	\$ 150,294
Capital leases	119,695	-	(28,557)	91,138	29,449
Total Loans Payable	<u>\$ 2,712,478</u>	<u>\$ -</u>	<u>\$ (176,153)</u>	<u>\$ 2,536,325</u>	<u>\$ 179,743</u>
Compensated Absences	\$ 218,764	\$ 175,232	\$ (136,052)	\$ 257,944	\$ 136,052
Total Long Term Debt	<u>\$ 2,931,242</u>	<u>\$ 175,232</u>	<u>\$ (312,205)</u>	<u>\$ 2,794,269</u>	<u>\$ 315,795</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Governmental Activities (continued)**

The City had the following loans outstanding in governmental funds at June 30, 2023:

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

On September 13, 2019 the City obtained a loan from the New Mexico Finance Authority in the amount of \$1,061,094 and bears interest at a rate of 2.38%, with payments due May 1<sup>st</sup> and November 1<sup>st</sup>. The loan is for the purposes of improvements to the City's Convention Center. Revenues pledged to service this loan are Convention Center Fees imposed by the City pursuant to Section 5-14-1 through 5-14-15 NMSA 1978 and the Tax Ordinance for the use of rooms in lodging facilities. The revenues pledged total \$1,311,690 at June 30, 2023, which is 26.34% of Convention Center fees at their current rates. During the year ended June 30, 2023 the City recognized a total of \$50,225 in pledged convention center revenues, and retired \$55,225 in loan principal and interest.

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

On June 28, 2019 the City obtained a loan from the New Mexico Finance Authority in the amount of \$339,146 and bears interest at a rate of 2%, with payments due May 1<sup>st</sup> and November 1<sup>st</sup>. The Loan is for the purposes of road improvements. Revenues pledged to service this loan are solely from the one eighth 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 \$292,656 at June 30, 2023, which is 0.27% of gross receipt taxes at their current rate. During the year ended June 30, 2023 the City recognized a total of \$17,180 in pledged GRT revenues, and retired \$17,180 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 payments due in May and November of each year, maturing on May 1, 2038. Revenues pledged to service this loan agreement are from the City's Lodgers Tax revenues pursuant to the Lodgers Tax Act, Section 3-38-12 through 3-38-34. NMSA 1978, as amended. Revenues pledged total \$1,200,890 at June 30, 2023, which is 18.58% of Lodger's Taxes at their current rate. During the year ended June 30, 2023 the City recognized a total of \$80,132 in pledged lodgers tax revenues, and retired \$80,132 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's Fire Department. 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. Revenues pledged to service this loan agreement are from the State Fire Protection Funds made periodically by the State Treasurer pursuant to Section 59A-53-7, NMSA 1978. The revenues pledged total \$234,500 at June 30, 2023, which is 23% of future state fire allotment at their current rate. During the year ended June 30, 2023 the City recognized a total of \$57,982 in pledged fire allotment revenues, and retired \$57,982 in loan principal and interest.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Governmental Activities (continued)**

The annual requirements to amortize the above loans including interest payments as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2024	150,294.00	55,225.00	205,519.00
2025	153,252.00	51,186.00	204,438.00
2026	156,545.00	49,618.00	206,163.00
2027	160,105.00	47,344.00	207,449.00
2028	102,616.00	44,922.00	147,538.00
2029-2033	555,230.00	182,456.00	737,686.00
2034-2038	654,458.00	97,527.00	751,985.00
2039-2043	221,590.00	50,196.00	271,786.00
2044-2048	238,016.00	16,023.00	254,039.00
2049-2053	53,081.00	52.00	53,133.00
Total	<u>\$ 2,445,187</u>	<u>\$ 594,549</u>	<u>\$ 3,039,736</u>

**Street Sweeper Capital Lease**

On July 26, 2021 the City entered into a capital lease agreement to purchase a street sweeper. The loan is secured by the street sweeper and gas tax revenues are dedicated to the debt service requirements in fund 216 Municipal Streets. The capital lease bears interest at 3.125%, with an annual principal and interest payments due on January 18 of each year of \$32,297, maturing on January 18, 2022 with the asset title passing to the City. Total revenues dedicated to service this capital lease agreement as of June 30, 2023 are \$96,893 which is 31.74% of gas tax revenues at their current rate. During Fiscal year 2023 the City recognized a total of \$32,297 in dedicated gas tax revenues, and retired \$32,297 in capital lease principal and interest.

The annual requirements to amortize the above capital lease including interest payments as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2024	29,449	2,848	32,297
2025	30,370	1,928	32,298
2026	31,319	979	32,298
	<u>\$ 91,138</u>	<u>\$ 5,755</u>	<u>\$ 96,893</u>

A summary of the NMFA loans and capital lease outstanding in governmental activities at June 30, 2023 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2023	Current Portion
NMFA PPRF-4936 Convention Center Loan	13-Sep-19	1-May-49	2.38%	\$ 1,061,094	\$ 963,012	\$ 27,717
NMFA PPRF-4938 Road Improvements	28-Jun-19	1-May-39	2.00%	\$ 339,146	245,767	12,178
NMFA PPRF-2896 Rodeo Sports Facility	1-Jun-13	1-May-38	2.34%	\$ 1,495,751	1,004,552	54,187
NMFA PPRF-3679 Fire Truck	1-Jun-17	1-May-27	1.09%	\$ 425,976	231,856	56,212
Street Sweeper / Lease with Government Capital Lease Co.	26-Jul-21	18-Jan-26	3%	\$ 150,000	91,138	29,449
					<u>\$ 2,536,325</u>	<u>\$ 179,743</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**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, 2023:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
NMFA loans	\$ 1,815,918	\$ 976,970	\$ (351,659)	\$ 2,441,229	\$ 411,837
NMED loans	977,749	-	(72,127)	905,622	72,127
USDA bonds payable	7,943,504	3,265,500	(169,864)	11,039,140	196,412
Rural Community Assistance Co. LOC	2,298,474	809,091	(3,107,565)	-	-
Capital leases	50,736	-	(13,746)	36,990	14,343
Total bonds and loans payable	\$ 13,086,381	\$ 5,051,561	\$ (3,714,961)	\$ 14,422,981	\$ 694,719
Compensated Absences	\$ 157,849	\$ 91,555	\$ (86,894)	\$ 162,510	\$ 86,894
Landfill closure liability	1,724,140	172,414	-	1,896,554	-
Total	\$ 1,881,989	\$ 263,969	\$ (86,894)	\$ 2,059,064	\$ 86,894
Total Long Term Debt	\$ 14,968,370	\$ 5,315,530	\$ (3,801,855)	\$ 16,482,045	\$ 781,613

The Joint Utility had the following loans outstanding in the Joint Utility during fiscal year 2023:

**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 interest 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 system revenues of the Joint Utility of the City per City Ordinance No. 9-3-16 adopted April 2, 2009. The revenues pledged total \$465,449 at June 30, 2023, which is -14.89% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$77,574 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 \$18,589 are due annually in June, maturing in June of 2024. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility of the City per City Resolution No. 13-04-15 adopted April 15, 2013. The revenues pledged total \$18,855 at June 30, 2023, which is -3.75% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$18,589 in loan principal and interest.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Business-Type Activities (continued)**

**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. The Loan was finalized on June 28, 2012, with a maximum loan amount of \$484,000. The loan bears an interest rate of 0.25%, and matures in April of 2036. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility of the City per City Resolution No. 13-05-20a adopted May 20, 2013. The revenues pledged total \$323,520 at June 30, 2023, which is -4.78% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$24,882 in loan principal and interest.

**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 system revenues of the Joint Utility of the City per City Resolution No. 16-07-20b adopted August 15, 2016. The revenues pledged total \$455,476 at June 30, 2023, which is -13.44% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$56,366 in loan principal and interest.

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

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the purchase of new commercial dumpsters for the solid waste department. The loan was finalized on June 14, 2019, with the City borrowing \$150,000. The note bears interest at 1%. Principal payments on the loan are due on May 1<sup>st</sup> and interest payments are due May 1<sup>st</sup> and November 1<sup>st</sup>, maturing on May 1, 2024. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility per City resolution No. 19-05-06a. The revenues pledged total \$30,071 at June 30, 2023, which is -5.96% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$31,071 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. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility of the City per City Resolution No. 20-09-19 adopted September 14, 2020. The revenues pledged total \$150,000 at June 30, 2023, which is -9.64% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$832,139 in pledged revenues, and retired \$50,225 in loan principal and interest.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Business-Type Activities (continued)**

**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. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility of the City per City Resolution No. 20-09-19 adopted September 14, 2020. The revenues pledged total \$91,460 at June 30, 2023, which is -5.85% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$30,487 in loan principal and interest.

**Garbage Trucks (NMFA PPRF-6066)**

The City entered into a loan agreement with the New Mexico Finance Authority for the purpose of purchasing two new natural gas garbage trucks. The loan was finalized on June 16, 2023 with the City borrowing \$976,970 with \$880,625 sitting in project funds cash at the NMFA and \$97,780 sitting in Dept Service Reserve cash at the NMFA as of June 30, 2023. The loan bears interest at 2.52% and payments of approximately \$222,155 will be due annually in May of each year, with the loan maturing in May of 2028. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility of the City per City Resolution No. 20-05-02 adopted May 2, 2023. The revenues pledged total \$1,051,937 at June 30, 2023, which will be -31.35% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$0 in loan principal and interest.

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

The City entered into a loan agreement with the New Mexico Environment Department for the purpose of improving the wastewater facilities of the City. The loan was finalized on December 19, 2011 with the City borrowing \$75,075. The loan bears no interest and principal payments of \$3,757 are due annually in December, with the loan 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 \$22,523 at June 30, 2023, which is -0.72% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$3,754 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 \$570,000 at June 30, 2023, which is -9.12% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$47,500 in loan principal.



**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Business-Type Activities (continued)**

**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 and 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 \$313,099 at June 30, 2023, which is -4.01% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$20,873 in loan principal.

The Annual requirements to amortize the above loans in the Joint Utility including interest payments as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2024	\$ 483,964	\$ 40,562	\$ 524,526
2025	496,626	37,137	533,763
2026	504,954	28,866	533,820
2027	433,033	20,357	453,390
2028	441,716	11,730	453,446
2029-2033	712,919	5,147	718,066
2034-2038	273,639	432	274,071
	<u>\$ 3,346,851</u>	<u>\$ 144,231</u>	<u>\$ 3,491,082</u>

A summary of all the loans outstanding in the Joint Utility at June 30, 2023 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2023	Current Portion
NMFA PPRF-2268 Landfill Improvements	15-May-09	1-May-29	3.59%	1,093,740	402,840	60,628
NMFA DW-2707 Meter Readers	28-May-13	1-Jun-24	0.25%	185,130	18,542	18,542
NMFA DW-2866 Drinking Water System	1-Jun-14	1-Apr-36	0.25%	484,400	317,869	24,087
NMFA PPRF-3491 Gas Valve Project	1-Sep-16	1-May-31	0.1-2%	811,138	453,433	56,481
NMFA PPRF -4930 Dumpster Loan Agreement	14-Jun-19	1-May-24	1.00%	150,000	31,040	31,040
NMFA PPRF-5242 Water System Improvements	30-Oct-20	1-May-25	0.46%	250,000	150,000	50,000
NMFA PPRF-5323 Water System / Evergreen Well	30-Oct-20	1-May-26	0.46%	150,000	90,535	30,052
NMFA PPRF-6066 Garbage Trucks	16-Jun-23	1-May-28	2.25%	976,970	976,970	141,007
NMED - AARA CWSRF 14 Waste Water Plant Improvements	19-Dec-11	5-Apr-30	0.00%	75,075	22,523	3,754
NMED - CWSRF 22 Wastewater Collection System	6-May-15	1-Mar-35	0.00%	950,000	570,000	47,500
NMED - CWSRF 25 Clean Water State Revolving	12-Apr-18	27-Feb-38	0.00%	\$ 417,635	313,099	20,873
					<u>\$ 3,346,851</u>	<u>\$ 483,964</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Business-Type Activities (continued)**

The Joint Utility had the following bonds outstanding during fiscal year 2023:

**USDA 11 - Wastewater Revenue Bonds Series 2010**

On February 19, 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%. Principal and interest payments on the bonds are due annually on February 19<sup>th</sup> and the bonds mature 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. 09-11-25. Revenues pledged total \$147,477 at June 30, 2023, which is -1.03% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$5,380 in loan principal and interest.

**USDA 13 - 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. 11-01-18a. Revenues pledged total \$573,800 at June 30, 2023, which is -3.98% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$20,725 in loan principal and interest.

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

On January 18, 2013 the City Issued \$1,230,000 of revenue bonds to the USDA for the purpose of constructing, enlarging, improving and extending the arsenic treatment facility component of the Joint Utility System. The loan was finalized on January 4, 2015. The bonds bear interest at 2.5%. Payments on the bonds are due on January 8<sup>th</sup> and maturing on January 8, 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 \$1,483,500 at June 30, 2023, which is -8.88% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$46,250 in loan principal and interest.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Business-Type Activities (continued)**

**USDA Bond Series 2021 A**

On November 4, 2021 the City Issued \$4,950,000 of revenue bonds to the USDA for the purpose of funding the construction of a Waste Water Reclamation Facility. The bonds bear interest at 1.75% and payment of approximately \$14,347 is due on the 4<sup>th</sup> day of each month and maturing on November 4, 2061. Revenues pledged for the payment of these bonds are the net system revenues of the Joint Utility System. The bonds were issued under and persistent to City Ordinance NO. 21-11-01. Revenues pledged total \$6,631,869 at June 30, 2023, which is -30.02% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$172,020 in loan principal and interest.

**USDA Bonds Series 2021 B**

On November 4, 2021 the City Issued \$1,474,000 of revenue bonds to the USDA for the purpose of providing perinate funding for the construction of a Waste Water Reclamation Facility. The bonds bear interest at 1.75% and payment of approximately \$4,272 is due on the 4<sup>th</sup> day of each month and maturing on November 4, 2061. Revenues pledged for the payment of these bonds are the net revenues of the Joint Utility system. The bonds were issued under and persistent to City Ordinance NO. 21-11-01. Revenues pledged total \$1,969,464 at June 30, 2023, which is -9.58% of the net Joint Utility revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$51,300 in loan principal and interest.

**USDA Bonds Series 2022 A**

On December 6, 2022 the City Issued \$2,725,500 of revenue bonds to the USDA for the purpose of providing perinate funding for the construction of a Waste Water Reclamation Facility. The bonds bear interest at 2.70% and payment of approximately \$9,377 are due on the 6<sup>h</sup> day of each month and maturing on December 6, 2062. Revenues pledged for the payment of these bonds are the net system revenues of the Joint Utility System. The bonds were issued under and persistent to City Ordinance NO. 22-11-15a. Revenues pledged total \$4,444,612 at June 30, 2023, which is -10.8% of the net Joint Utility revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$56,256 in loan principal and interest.

**USDA Bonds Series 2022 B**

On December 6, 2022 the City Issued \$540,000 of revenue bonds to the USDA for the purpose of providing perinate funding for the construction of a Waste Water Reclamation Facility. The bonds bear interest at 1.75% and payment of approximately \$1,566 is due on the 6<sup>h</sup> day of each month and maturing on December 6, 2062. Revenues pledged for the payment of these bonds are the net revenues of the Joint Utility System. The bonds were issued under and persistent to City Ordinance NO. 22-11-15b. Revenues pledged total \$740,798 at June 30, 2023, which is -1.80% of the net Joint Utility revenues at their current rate. During the year ended June 30, 2023 the City recognized \$823,139 in pledged Joint Utility revenues, and retired \$9,395 in loan principal and interest.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**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, 2023 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2024	\$ 196,412	\$ 229,979	\$ 426,391
2025	199,783	225,908	425,691
2026	204,221	221,670	425,891
2027	207,730	217,361	425,091
2028	221,209	213,182	434,391
2029-2033	1,167,134	994,072	2,161,206
2034-2038	1,275,918	866,637	2,142,555
2039-2043	1,426,826	726,329	2,153,155
2044-2048	1,580,109	567,796	2,147,905
2049-2053	1,732,568	392,587	2,125,155
2054-2058	1,555,778	217,926	1,773,704
2059-2063	1,271,452	55,667	1,327,119
	<u>\$ 11,039,140</u>	<u>\$ 4,929,114</u>	<u>\$ 15,968,254</u>

A summary of all the bonds outstanding in the Joint Utility at June 30, 2023 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2023	Current Portion
USDA - 11A JU System Improvement Bonds - Series 2011A	4-Aug-11	4-Aug-51	2.50%	\$ 515,000	\$ 103,300	\$ 2,600
USDA - 13 Arsenic Bonds - Series 2013A	10-Feb-10	19-Feb-50	2.63%	\$ 132,000	419,000	10,000
USDA - 16 W/W Revenue Bonds - Series 2010	18-Jan-13	1-Jan-52	2.50%	\$ 1,230,000	1,030,000	20,000
USDA Bond Series 2021A Revenue Bond	4-Nov-21	4-Nov-21	1.75%	\$ 4,950,000	4,812,772	88,646
USDA Bond Series 2021B Revenue Bond	4-Nov-21	4-Nov-21	1.75%	\$ 1,474,000	1,432,888	26,397
USDA Bond Series 2022A Revenue Bond - Loan 17	6-Dec-22	6-Dec-62	2.70%	\$ 2,725,500	2,706,301	39,261
USDA Bond Series 2022B Revenue Bond - Loan 68031	5-Dec-22	6-Nov-62	1.75%	\$ 540,000	534,879	9,508
					<u>\$ 11,039,140</u>	<u>\$ 196,412</u>

**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 \$38,959 at June 30, 2023, which is -3% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2023 the City recognized \$832,138 in pledged joint Utility revenues, and retired \$15,570 in loan principal and interest.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Business-Type Activities (continued)**

**Capital Lease Agreement**

A summary of the capital leases outstanding in the Joint Utility at June 30, 2023 are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2023	Current Portion
KS State Bank Dump Truck	3-Oct-18	26-Jan-26	4.40%	\$ 93,777	\$ 36,990	\$ 14,343

The Annual requirements to amortize the above capital leases in the Joint Utility including interest payments as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2024	14,343	1,249	15,592
2025	14,943	650	15,593
2026	7,704	92	7,796
Total	\$ 36,990	\$ 1,991	\$ 38,981

**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 23, 2023 the City performing post closure operations as they used the landfill up to that date, resulting the City's engineer modifying the estimated liability from the previous year's estimate of \$1,724,140 to \$1,896,554. The \$1,896,554 reported as landfill closure liability (includes estimated closure construction, post-closure maintenance, environmental monitoring, and phase I and phase II assessment) at June 30, 2023, 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.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**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, 2023, 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, 2023 were as follows:

- Fire Protection Fund 209: \$(3,972)

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**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, 2022 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 2022 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures at:

[http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2022.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2022.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 \$735,572 for the year ended June 30, 2023. 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, 2023**

**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 FY22						
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, 2023**

**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, 2022. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2022, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2022.

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, 2022. Only employer contributions for the pay period end dates that fell within the period of July 1, 2021 to June 30, 2022 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2022 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, 2023 (Measurement June 30, 2022), the City reported a liability of \$6,304,647 (with an allotment for proprietary funds) for its proportionate share of the net pension liability. At the June 30, 2022 measurement date, the City's proportion was .355 percent, which was slightly changed from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized PERA Fund Division Municipal General Pension expense of \$176,822. At June 30, 2023, the City reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 25,274	\$ 153,326
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	623,944	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	168,997	-
City's contributions subsequent to the measurement date	382,497	-
Total	<u>\$ 1,200,712</u>	<u>\$ 153,326</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

\$382,497 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date June 30, 2022 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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>
2024	\$ 208,736
2025	144,296
2026	(180,791)
2027	492,648
Thereafter	-
Total	<u>\$ 664,889</u>

For PERA Fund Division Municipal Police, at June 30, 2023 (Measurement June 30, 2022), the City reported a liability of \$2,276,394 for its proportionate share of the net pension liability. At the measurement date of June 30, 2022, the City's proportion was .2830 percent, which was slightly changed from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized PERA Fund Division Municipal Police pension expense of \$82,682. At June 30, 2023, 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	\$ 59,296	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	198,907	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	79,625	55,692
City's contributions subsequent to the measurement date	178,855	-
Total	<u>\$ 516,683</u>	<u>\$ 55,692</u>

The City's contributions of \$178,855 are reported as deferred outflows of resources related to pensions, resulting in the City's contributions subsequent to the measurement date June 30, 2022 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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>
2024	\$ 80,960
2025	81,749
2026	(38,770)
2027	158,197
Thereafter	-
Total	<u>\$ 282,136</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

For PERA Fund Division Municipal Fire, at June 30, 2023 (measurement June 30, 2022), the City reported a liability of \$3,535,110 for its proportionate share of the net pension liability. At the measurement date of June 30, 2022, the City's proportion was 0.465 percent, which was slightly changed from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized PERA Fund Division Municipal Fire pension expense of \$80,538. At June 30, 2023, the City reported PERA Fund Division Municipal Fire deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 21,988	\$ 2,496
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	157,624	169,918
Changes in proportion and differences between City's contributions and proportionate share of contributions	170,076	-
City's contributions subsequent to the measurement date	174,220	-
Total	<u>\$ 523,908</u>	<u>\$ 172,414</u>

\$174,220 reported as deferred outflows of resources related to pensions resulting in the City's contributions subsequent to the measurement date June 30, 2022 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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>
2024	\$ 69,740
2025	56,778
2026	(72,945)
2027	123,701
Thereafter	-
Total	<u>\$ 177,274</u>

**Actuarial Assumptions:** The total pension liability at June 30, 2022 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2022
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, 2020

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	35.5%	6.35%
Risk Reduction	19.5%	1.90%
Credit Oriented	15.0%	4.45%
Real Assets	20.0%	5.10%
Multi Risk Allocation	10.0%	5.65%
Total	100%	

**Discount rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.25% assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the City's net pension liability in each PERA Fund Division that the City participates in, under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

<b>PERA Fund Division Municipal Government</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's proportionate share of the net pension liability	\$ 9,540,281	\$ 6,304,647	\$ 3,616,689
<b>PERA Fund Division Municipal Police</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's proportionate share of the net pension liability	\$ 3,415,279	\$ 2,276,394	\$ 1,344,572
<b>PERA Fund Division Fire Government</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's proportionate share of the net pension liability	\$ 4,656,424	\$ 3,535,110	\$ 2,614,356

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 22 PERA financial report. The report is available at:

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

**Payables to pension plan:** As of June 30, 2023, 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 FY22 audit available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2022.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2022.pdf).

**Changes of Assumptions**

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2022 report is available at:

<https://www.nmpera.org/assets/uploads/downloads/6-30-2022-PERA-Valuation-Report-FINAL.pdf>

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

**Plan Description:**

Employees of the City are provided with other post-employment benefits (OPEB) through New Mexico Retiree Health Care Authority (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.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**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 \$174,180 for the year ending June 30, 2023.

At June 30, 2023 the City reported a liability of \$2,349,505 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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 measurement date of June 30, 2022. At June 30, 2022, the City's proportion was 0.101 percent.

For the year ended June 30, 2023, the City recognized OPEB expense of \$(715,171). At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 39,079	\$ 348,247
Changes of assumptions	501,329	1,741,662
Net difference between projected and actual earnings on pension plan investments	32,397	-
Changes in proportion	129,175	268,110
City's contributions subsequent to the measurement date	174,180	-
<b>Total</b>	<b>\$ 876,160</b>	<b>\$ 2,358,019</b>

Deferred outflows of resources totaling \$174,180 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, 2024. Other amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year Ended</b>	<b>Amount</b>
2023	\$ (567,672)
2024	(405,202)
2025	(228,795)
2026	(282,944)
2027	(171,427)
<b>Total</b>	<b>\$ (1,656,040)</b>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Actuarial Assumptions**

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

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal, level percent of pay
Asset valuation method	Market value of assets
Actuarial Cost:	Entry Age Cost Method
Inflation	2.3% for ERB; 2.5% for PERA
Projected payroll increase	3.25-13%
Investment rate of return	7.00 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.

**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:

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Core Fixed Income	20.0%	0.40%
US Equity-Large Cap	20.0%	76.60%
Non US Emerging	15.0%	9.20%
NON US Developed	12.0%	7.30%
Private Equity	10.0%	10.60%
Credit and Structured	10.0%	3.10%
Real Estate	5.0%	3.70%
Absolute Return	5.0%	2.50%
US Equity Small Cap	3.0%	6.60%
<b>Total</b>	<b>100%</b>	

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

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

**Discount Rate**

The discount rate used to measure the total OPEB liability is 5.42% as of June 30, 2022. 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 Authority'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, 2059. The 7.00% discount rate, which includes the assumed inflation rate of 2.30% for ERB members and 2.50% for PERA members, was used to calculate the net OPEB liability through 2059. Beyond 2059, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.54%) was applied. Thus, 5.42% is the blended discount rate.

**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 (4.42 percent) or 1-percentage-point higher (6.42 percent) than the current discount rate:

<b>RHC Fund Division Municipal Government</b>	<b>1% Decrease (4.42%)</b>	<b>Current Discount Rate (5.42%)</b>	<b>1% Increase (6.42%)</b>
City's proportionate share of the net OPEB liability	\$ 2,923,815	\$ 2,349,505	\$ 1,891,609

**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, 2022.

**NOTE 13. Subsequent Events**

The date to which events occurring after June 30, 2023, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is September 26, 2023 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 \$1,159,305. For descriptions of the related enabling legislation for special revenue, capital projects, see page 30 and pages 78-81 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 \$1,338,498. This amount is restricted for capital projects and debt service for the Joint Utility.



**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 15. Related Party**

As of June 30, 2023, the City's management was aware of the following related party relationships:

<u>Vendor Name</u>	<u>Relationship</u>	<u>Expenditures</u>
Best Western Socorro Hotel	Owned by the Mayor	\$ 4,055
Bhasker Medical Clinic PC	Owned by the Mayor	\$ 9,660
Lukesh Caral Janitorial Services	Related to Accounts Payable Clerk	\$ 6,600
The Water / Ice Store, LLC	Owned by City Council Member	\$ 3,266
Hicks Paint and Body Shop	Owned My City Council Member Gordon Hicks	\$ 2,339

**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, 2023.

**NOTE 17. GASB 96 Subscription- Based Information and Technology Arrangements**

The City had no subscription based information and technology agreements as of June 30, 2023.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 18. 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**

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

Schedule I  
Page 1 of 3

	Measurement Date June 30,	2022	2019	2018	2017	2016	2015	2014	2013	2012
<b>MUNICIPAL GENERAL FUND</b>		<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>
City's proportion of the net pension liability (asset)		0.3550%	0.3418%	0.3403%	0.3389%	0.3852%	0.3886%	0.3889%	0.3903%	0.3941%
City's proportionate share of the net pension liability (asset)		\$ 6,304,647	\$ 3,851,579	\$ 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		\$ 3,999,857	\$ 3,455,699	\$ 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		157.62%	111.46%	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		69.35%	77.25%	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**  
**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\***

Schedule I  
Page 2 of 3

Measurement Date June 30,	2022	2019	2018	2017	2016	2015	2014	2013	2012
	<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>
<b>MUNICIPAL POLICE FUND</b>									
City's proportion of the net pension liability (asset)	0.2830%	0.2666%	0.2725%	0.2998%	0.2975%	0.2948%	0.2998%	0.2965%	0.2999%
City's proportionate share of the net pension liability (asset)	\$ 2,276,394	\$ 1,378,788	\$ 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	\$ 946,001	\$ 802,999	\$ 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	240.63%	171.70%	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	69.35%	77.25%	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

	Measurement Date June 30,	2022	2019	2018	2017	2016	2015	2014	2013	2012
		<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
<b>MUNICIPAL FIRE FUND</b>										
City's proportion of the net pension liability (asset)		0.4650%	0.4933%	0.4382%	0.4614%	0.4606%	0.4617%	0.4721%	0.4655%	0.4568%
City's proportionate share of the net pension liability (asset)		\$ 3,535,110	\$ 2,994,910	\$ 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		\$ 626,822	\$ 532,965	\$ 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		563.97%	561.93%	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		69.35%	77.25%	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

	Measurement Date June 30,	2022	2019	2018	2017	2016	2015	2014	2013	2012
<b>MUNICIPAL GENERAL FUND</b>		<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>
Contractually required contribution		\$ 382,497	\$ 330,019	\$ 332,103	\$ 324,600	\$ 308,002	\$ 311,000	\$ 326,000	\$ 590,000	\$ 638,000
Contributions in relation to the contractually required contribution		\$ 382,497	\$ 330,733	\$ 332,357	\$ 324,600	\$ 308,131	\$ 311,000	\$ 326,000	\$ 590,000	\$ 638,000
Contribution deficiency (excess)		\$ -	\$ (714)	\$ (254)	\$ -	\$ (129)	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll		\$ 3,999,857	\$ 3,455,699	\$ 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%	9.57%	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

	Measurement Date June 30,	2022	2019	2018	2017	2016	2015	2014	2013	2012
		<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>
<b>MUNICIPAL POLICE FUND</b>										
Contractually required contribution		\$ 178,855	\$ 151,847	\$ 130,566	\$ 127,485	\$ 119,553	\$ 119,000	\$ 115,000	\$ 170,000	\$ 141,000
Contributions in relation to the contractually required contribution		\$ 178,855	\$ 151,869	\$ 130,568	\$ 127,521	\$ 119,553	\$ 119,000	\$ 115,000	\$ 170,000	\$ 141,000
Contribution deficiency (excess)		\$ -	\$ (22)	\$ (2)	\$ 36	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll		\$ 946,001	\$ 802,999	\$ 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%	18.91%	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

	Measurement Date June 30,	2022	2019	2018	2017	2016	2015	2014	2013	2012
		<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>
<b>MUNICIPAL FIRE FUND</b>										
Contractually required contribution		\$ 174,220	\$ 147,365	\$ 130,508	\$ 127,521	\$ 121,813	\$ 127,000	\$ 124,000	\$ 160,000	\$ 127,000
Contributions in relation to the contractually required contribution		\$ 174,220	\$ 148,131	\$ 130,568	\$ 127,521	\$ 121,813	\$ 127,000	\$ 124,000	\$ 160,000	\$ 127,000
Contribution deficiency (excess)		\$ -	\$ (766)	\$ (60)	\$ -	\$ -	\$ -	\$ -	-	-
City's covered-employee payroll		\$ 626,822	\$ 532,965	\$ 472,001	\$ 461,197	\$ 458,233	\$ 504,651	\$ 452,185	\$ 466,525	\$ 481,072
Contributions as a percentage of covered-employee payroll		27.79%	27.79%	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

	Measurement Date June 30,	2022	2021	2020	2019	2018	2017
<b>CITY IN SUMMATION</b>		<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY2018</b>
City's proportion of the net OPEB liability (asset)		0.1016%	0.1006%	0.0978%	0.1039%	0.1108%	0.1118%
City's proportionate share of the net OPEB liability		\$ 2,349,505	\$ 3,309,763	\$ 4,105,272	\$ 3,369,490	\$ 4,791,017	\$ 5,065,051
City's covered-employee payroll		\$ 5,222,989	\$ 4,655,232	\$ 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		44.98%	71.10%	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

	Measurement Date June 30,	2022	2021	2020	2019	2018	2017
<b>CITY IN SUMMATION</b>		<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY2018</b>
Contractually required contribution		\$ 174,180	\$ 154,876	\$ 145,289	\$ 140,908	\$ 90,881	\$ 139,978
Contributions in relation to the contractually required contribution		\$ 174,180	\$ 154,876	\$ 145,295	\$ 141,526	\$ 90,887	\$ 94,094
City's covered-employee payroll		\$ 5,222,989	\$ 4,655,232	\$ 4,612,353	\$ 4,403,381	\$ 3,029,368	\$ 4,665,944
Contributions as a percentage of covered-employee payroll		3.33%	3.33%	3.15%	3.21%	3.00%	2.02%

\*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, 2023**

**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, 2022 report is available at [www.nmpera.org](http://www.nmpera.org).

There were no major changes to benefit terms which impact the measurements provided in the Retirement Healthcare Fund. The 2022 report can be found at [www.nmrhc.org](http://www.nmrhc.org).

**Changes in Assumption**

The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in PERA June 30, 2022 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, 2023**

**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.

**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, 2023**

**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.

**Senior Citizens Fund – 220**

To account for operation of the City's Senior Citizens program. Funding is provided through the department of health and human services. The fund was created under the authority of the Older Americans Act 1965, Title III, Part A and F, Public Laws 89-73, as amended.

**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 session and requires the tax to be used in this manner.

(This page is intentionally left blank)



**STATE OF NEW MEXICO**  
**City of Socorro**  
**Nonmajor Governmental Fund Description**  
**June 30, 2023**

**Capital Projects Funds**

**Airport Improvement Fund – 304**

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

**Street Improvements Fund - 309**

To account for improvements to streets. Resources for the various projects are provided by the New Mexico State Highway and Transportation Department, state appropriations, federal appropriations, City matching contributions and transfers from the General Fund and Joint Utility Fund.

**Capital Projects Fund - 311**

To account for capital grants and related capital expenditures to City property and equipment.

**CDBG – 315**

To account for improvements to various roads. Resources for the project are provided by the General Fund, Enterprise Fund, and federal and state funding.

**Debt Service Funds**

**Debt Service Fund – 403**

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

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	Special Revenue				
	<b>Sedillo Park Renovations # 107</b>	<b>Corrections # 201</b>	<b>EMS # 206</b>	<b>Fire Protection # 209</b>	<b>LEPF # 211</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 14,951	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	-	1,480	-
Other Receivables	-	-	-	-	-
Lodgers taxes receivables	-	-	-	-	-
Gas taxes receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 14,951</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,480</b>	<b>\$ -</b>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 5,452	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,452</b>	<b>-</b>
<b>Fund balance</b>					
Spendable					
Restricted for:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	14,951	-	-	-	-
Health and welfare	-	-	-	-	-
Debt service expenditures	-	-	-	1,480	-
Capital projects	-	-	-	-	-
Unassigned	-	-	-	(5,452)	-
<b>Total fund balances</b>	<b>14,951</b>	<b>-</b>	<b>-</b>	<b>(3,972)</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,951</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,480</b>	<b>\$ -</b>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

<b>Lodgers Tax # 214</b>	<b>Lodgers Tax Promotion # 215</b>	<b>Municipal Street # 216</b>	<b>Recreation # 217</b>	<b>Library # 218</b>	<b>Senior Citizens # 220</b>	<b>Juvenile Justice # 241</b>	<b>Rodeo Arena # 249</b>	<b>Convention Center # 250</b>
\$ 69,843	\$ 80,722	\$ 2,359	\$ 10,814	\$ 669	\$ -	\$ 33,687	\$ 4,689	\$ 63,940
-	57,079	-	-	-	-	-	-	15,994
-	57,396	-	-	-	80,774	-	-	-
15,028	22,095	-	-	-	-	-	-	14,915
-	-	13,919	-	-	-	-	-	-
<u>\$ 84,871</u>	<u>\$ 217,292</u>	<u>\$ 16,278</u>	<u>\$ 10,814</u>	<u>\$ 669</u>	<u>\$ 80,774</u>	<u>\$ 33,687</u>	<u>\$ 4,689</u>	<u>\$ 94,849</u>
\$ 773	\$ 226	\$ 6,847	\$ 3,780	\$ -	\$ -	\$ 4,220	\$ 1,489	\$ -
<u>773</u>	<u>226</u>	<u>6,847</u>	<u>3,780</u>	<u>-</u>	<u>-</u>	<u>4,220</u>	<u>1,489</u>	<u>-</u>
-	-	-	-	-	-	29,467	-	-
-	-	9,431	-	-	-	-	-	-
84,098	159,987	-	7,034	669	-	-	3,200	78,855
-	-	-	-	-	80,774	-	-	-
-	57,079	-	-	-	-	-	-	15,994
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>84,098</u>	<u>217,066</u>	<u>9,431</u>	<u>7,034</u>	<u>669</u>	<u>80,774</u>	<u>29,467</u>	<u>3,200</u>	<u>94,849</u>
<u>\$ 84,871</u>	<u>\$ 217,292</u>	<u>\$ 16,278</u>	<u>\$ 10,814</u>	<u>\$ 669</u>	<u>\$ 80,774</u>	<u>\$ 33,687</u>	<u>\$ 4,689</u>	<u>\$ 94,849</u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	Capital Projects				Debt Service
	Airport Improvements # 304	Street Improvements # 309	Capital Projects # 311	CDBG # 315	Debt Service # 403
<b>Assets</b>					
Cash and cash equivalents	\$ 32,099	\$ 50,554	\$ 195	\$ 7,854	\$ -
Restricted cash	-	66	-	-	172,318
Other Receivables	-	-	20,000	347,318	-
Lodgers taxes receivables	-	-	-	-	-
Gas taxes receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 32,099</b>	<b>\$ 50,620</b>	<b>\$ 20,195</b>	<b>\$ 355,172</b>	<b>\$ 172,318</b>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 14,118	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>14,118</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Spendable					
Restricted for:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Debt service expenditures	-	-	-	-	172,318
Capital projects	32,099	50,620	6,077	355,172	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>32,099</b>	<b>50,620</b>	<b>6,077</b>	<b>355,172</b>	<b>172,318</b>
<b>Total liabilities and fund balances</b>	<b>\$ 32,099</b>	<b>\$ 50,620</b>	<b>\$ 20,195</b>	<b>\$ 355,172</b>	<b>\$ 172,318</b>

See Independent Auditors' Report and Notes to Financial Statements

**Total  
Nonmajor  
Governmental  
Funds**

---

\$	372,376
	246,937
	505,488
	52,038
	13,919
\$	<u>1,190,758</u>

\$	<u>36,905</u>
	<u>36,905</u>

	29,467
	9,431
	348,794
	80,774
	246,871
	443,968
	<u>(5,452)</u>
	1,153,853
\$	<u><u>1,190,758</u></u>

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2023**

	Special Revenue				
	<b>Sedillo Park Renovations # 107</b>	<b>Corrections # 201</b>	<b>EMS # 206</b>	<b>Fire Protection # 209</b>	<b>LEPF # 211</b>
<b>Revenues</b>					
Gross receipt taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-
Lodger's taxes	-	-	-	-	-
State operating grants	-	-	20,000	-	504,000
State capital grants	-	-	-	252,137	-
Federal operating grants	-	-	-	-	-
Federal capital grants	-	-	-	-	-
Charges for services	21,160	-	-	-	-
Licenses and fees	-	14,568	-	-	-
Interest income	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
<b>Total revenue</b>	<u>21,160</u>	<u>14,568</u>	<u>20,000</u>	<u>252,137</u>	<u>504,000</u>
<b>Expenditures</b>					
Current:					
Public safety	-	14,568	20,000	205,491	473,010
Public works	-	-	-	-	-
Culture and recreation	112	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay	36,333	-	-	8,050	33,326
Debt service:					
Principal	-	-	-	55,251	-
Interest	-	-	-	1,366	-
<b>Total expenditures</b>	<u>36,445</u>	<u>14,568</u>	<u>20,000</u>	<u>270,158</u>	<u>506,336</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(15,285)</u>	<u>-</u>	<u>-</u>	<u>(18,021)</u>	<u>(2,336)</u>
<b>Other financing sources (uses)</b>					
Transfers in	25,000	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	9,715	-	-	(18,021)	(2,336)
Fund balance - beginning of year	5,236	-	-	14,049	2,336
<b>Fund balance - end of year</b>	<u>\$ 14,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,972)</u>	<u>\$ -</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	Senior Citizens # 220	Juvenile Justice # 241	Rodeo Arena # 249	Convention Center # 250
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	96,325	-	-	-	-	-	-
132,713	298,598	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	57,396	99,564	-	-	-	-	-	-
-	-	-	-	-	107,436	117,554	-	-
-	-	-	-	-	-	-	-	-
-	-	-	8,343	-	-	-	83,382	190,675
-	-	-	-	-	-	-	-	-
-	2,292	-	-	-	-	-	-	892
-	8,754	180	6,847	-	1,096	-	-	2,051
132,713	367,040	196,069	15,190	-	108,532	117,554	83,382	193,618
-	-	-	-	-	-	110,623	-	-
-	-	1,004,688	-	-	-	-	-	-
79,521	212,687	-	378,683	-	-	-	270,798	76,812
-	-	-	-	-	69,404	-	-	-
-	-	-	-	-	36,715	-	-	44,976
-	52,974	28,557	-	-	-	-	-	27,391
-	27,159	3,740	-	-	-	-	-	22,834
79,521	292,820	1,036,985	378,683	-	106,119	110,623	270,798	172,013
53,192	74,220	(840,916)	(363,493)	-	2,413	6,931	(187,416)	21,605
-	-	840,000	376,000	-	78,361	-	193,000	-
(20,000)	-	-	-	-	-	-	-	-
(20,000)	-	840,000	376,000	-	78,361	-	193,000	-
33,192	74,220	(916)	12,507	-	80,774	6,931	5,584	21,605
50,906	142,846	10,347	(5,473)	669	-	22,536	(2,384)	73,244
\$ 84,098	\$ 217,066	\$ 9,431	\$ 7,034	\$ 669	\$ 80,774	\$ 29,467	\$ 3,200	\$ 94,849

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2023**

	Capital Projects				Debt Service
	Airport Improvements # 304	Street Improvements # 309	Capital Projects # 311	CDBG # 315	Debt Service # 403
<b>Revenues</b>					
Gross receipt taxes	\$ -	\$ -	\$ -	\$ -	\$ 17,181
Gas taxes	-	-	-	-	-
Lodger's taxes	-	-	-	-	-
State operating grants	-	-	-	-	-
State capital grants	-	-	1,019,737	752,749	-
Federal operating grants	-	-	-	-	-
Federal capital grants	24,234	-	-	-	-
Charges for services	-	-	-	-	-
Licenses and fees	-	-	-	-	-
Interest income	-	116,011	-	-	3,247
Miscellaneous income	-	-	-	-	-
<b>Total revenue</b>	<b>24,234</b>	<b>116,011</b>	<b>1,019,737</b>	<b>752,749</b>	<b>20,428</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	31,483	16,922	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	373,570	1,012,164	1,005,806	-
Debt service:					
Principal	-	-	-	-	11,980
Interest	-	-	-	-	5,200
<b>Total expenditures</b>	<b>-</b>	<b>373,570</b>	<b>1,043,647</b>	<b>1,022,728</b>	<b>17,180</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>24,234</b>	<b>(257,559)</b>	<b>(23,910)</b>	<b>(269,979)</b>	<b>3,248</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	100,000	9,200	388,500	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>100,000</b>	<b>9,200</b>	<b>388,500</b>	<b>-</b>
Net change in fund balance	24,234	(157,559)	(14,710)	118,521	3,248
Fund balance - beginning of year	7,865	208,179	20,787	236,651	169,070
<b>Fund balance - end of year</b>	<b>\$ 32,099</b>	<b>\$ 50,620</b>	<b>\$ 6,077</b>	<b>\$ 355,172</b>	<b>\$ 172,318</b>

See Independent Auditors' Report and Notes to Financial Statements



**Total  
Nonmajor  
Governmental  
Funds**

\$	17,181
	96,325
	431,311
	524,000
	2,181,583
	224,990
	24,234
	303,560
	14,568
	122,442
	18,928
	<u>3,959,122</u>

	823,692
	1,053,093
	1,018,613
	69,404
	2,550,940
	176,153
	60,299
	<u>5,752,194</u>

(1,793,072)

	2,010,061
	<u>(20,000)</u>
	1,990,061
	<u>196,989</u>
	956,864
\$	<u><u>1,153,853</u></u>

(This page is intentionally left blank)

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Schedule of Deposits and Investments**  
**June 30, 2023**

Schedule V

<b>Bank Name/Account Name</b>	<b>Account Type</b>	<b>Bank Balance</b>	<b>Deposits in Transit</b>	<b>Outstanding Checks</b>	<b>Book Balance</b>
<b>New Mexico LGIP</b>					
LGIP	Interest Bearing - Investments	\$ 5,885,411	\$ -	\$ -	\$ 5,885,411
<b>Total Wells Fargo Bank, N.A.</b>		<u>5,885,411</u>	<u>-</u>	<u>-</u>	<u>5,885,411</u>
<b>First State Bank:</b>					
Operating Account	Interest Bearing - Checking	3,452,592	37,596	(514,473)	2,975,715
CDBG	Noninterest Bearing - Checking	2,165	-	-	2,165
Savings	Interest Bearing - Savings	905,026	-	-	905,026
USDA #2	Interest Bearing - Checking	5,295	15,000	(4,794)	15,501
USDA	Interest Bearing - Checking	40,164	-	(15,000)	25,164
Payroll Account	Interest Bearing - Checking	90,925	-	(78,291)	12,634
<b>Total First State Bank</b>		<u>4,496,167</u>	<u>52,596</u>	<u>(612,558)</u>	<u>3,936,205</u>
<b>Washington Federal</b>					
Operating Account	Interest Bearing - Checking	109,373	1,533	-	110,906
<b>Total Washington Federal</b>		<u>109,373</u>	<u>1,533</u>	<u>-</u>	<u>110,906</u>
<b>New Mexico Finance Authority:</b>					
Debt Service Account	Interest Bearing - Debt Service	291,975	-	-	291,975
Debt Service Reserve Escrow	Interest Bearing - Debt Escrow	412,835	-	-	412,835
Project Funds	Interest Bearing - Capital Projects	880,625	-	-	880,625
<b>Total New Mexico Finance Authority</b>		<u>1,585,435</u>	<u>-</u>	<u>-</u>	<u>1,585,435</u>
<b>Total</b>		<u>\$ 12,076,386</u>	<u>\$ 54,129</u>	<u>\$ (612,558)</u>	<u>11,517,957</u>
Petty cash					900
<b>Total Deposits</b>					<u>\$ 11,518,857</u>
Total cash and cash equivalents per Statement of Net Position					\$ 9,910,702
Total restricted cash and cash equivalents per Statement of Net Position					1,608,155
Total customer deposits per Statement of Net Position					-
Total cash and cash equivalents					<u>\$ 11,518,857</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2023**

Schedule VI

<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 2.80	03/09/34	3133EKKG0	\$ 1,995,948
First State Bank	FFCB 2.450	05/03/29	3133EGNR2	1,099,180
First State Bank	FFCB 3.620	07/26/32	3133EAGW2	1,068,927
First State Bank	FFCB 2.400	09/27/34	3133EKU46	1,793,946
First State Bank	FFCB 40375	01/13/38	3133EN5Z9	500,122
				<u>\$ 6,458,123</u>

See Independent Auditors' Report

(This page is intentionally left blank)

## **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*

Joseph M. Maestas, P.E.  
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, 2023, 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 26, 2023.

**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 26, 2023

(This page is intentionally left blank)

## **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

Joseph M. Maestas, P.E.  
New Mexico State Auditor  
and  
The City Council  
City of Socorro  
Socorro, New Mexico

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

***Opinion on Each Major Federal Program***

We have audited City of Socorro, New Mexico's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 26, 2023

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

Schedule VII

<b>Federal grantor/Pass-through Grantor/Program Title</b>	<b>Assisted Listing Number</b>	<b>Major Program</b>	<b>Project Number</b>	<b>Federal Expenditures</b>	<b>Loan and Loan Guarantees</b>	<b>Total</b>
<b>United States Department of Transportation</b>						
Passed Through New Mexico Department of Transportation						
Public Rural Transportation	20.509	No	DD82-5311	\$ 182,154	\$ -	\$ 182,154
<b>United States Department of Justice</b>						
Passed through New Mexico Children and Youth Families Department						
Juvenile Assistance Grant	16.601	No	21-690-3200-20819	110,623	-	110,623
<b>United States Center of Disease Control</b>						
Passed through New Mexico Department of Health						
Community Transformation Grant	93.531	No	66500-06104	67,075	-	67,075
<b>United States Federal Emergency Management Agency</b>						
Passed through New Mexico Department of Substance Abuse						
Drug Free Communities	93.959	No	BD30-SABG	99,363	-	99,363
<b>United States Department of Health and Human Services</b>						
Passed through New Mexico Department of Finance and Administration						
American Rescue Plan Funding	21.027	Yes	FRF-SOCOR-085	1,215,527	-	1,215,527
<b>United States Department of the Treasury</b>						
Passed through North Central New Mexico Economic Development District						
Special Program for Aging	93.044	No	FRF-SOCRO-085	88,459	-	88,459
Special Program for Aging	93.045	No	FRF-SOCRO-085	18,977	-	18,977
				<u>107,436</u>	<u>-</u>	<u>107,436</u>
<b>United States Department of Agriculture</b>						
Direct						
Waste Water Collection Lines	10.760	Yes	1780-12	479,097	3,265,500	3,744,597
<b>Total Expenditures of Federal Awards</b>				<u>\$ 2,261,275</u>	<u>\$ 3,265,500</u>	<u>\$ 5,526,775</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

**NOTE 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Socorro (City) under program of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Title 2-U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule only presents a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of the City.

**NOTE 2. Significant Accounting Policies**

The schedule of federal awards includes federal grant activity and loan guaranties expensed by the City of Socorro and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements.

The information in this Schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3. Loan Guarantees**

The City received federal capital grants and loan for the waste water disposal system, assisted listing number 10.760 and expend federal awards related to loans or loan guaranties in the amount of \$3,265,500 during the year. At June 30, 2023 the City had a total of federal loans outstanding with the USAD of \$11,039,140.

**NOTE 4. Federally Funded Insurance**

The City has no federally funded insurance.

**NOTE 5. Funds Provided to Sub-recipients**

The City did not provide any funds to subrecipients during the year ended June 30, 2023.

**NOTE 6. Noncash Assistance**

The City did not receive any noncash assistance during the year ended June 30, 2023.

**STATE OF NEW MEXICO**  
**City of Socorro**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

**NOTE 3. General**

The following is a reconciliation of the total Federal Awards of the City for the year ended June 30, 2023:

City of Socorro's federal expenditures of federal awards on SEFA	\$ 5,526,775
Expenditures funded by other sources	<u>30,871,069</u>
Total expenditures	<u>\$ 36,397,844</u>



**STATE OF NEW MEXICO**  
**City of Socorro**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

**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:

Assisted Listing Number	Name of Federal Program or Cluster	Federal Funding Source
21.027	American Rescue Plan	Unites States department of Treasury
10.760	Waste Water Collection Lines	United States Department of Argiculture

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

Auditee qualified as a low-risk auditee? Yes

**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, 2023**

**Exit Conference**

An exit conference was held on September 26, 2023. In attendance were the following:

Representing the City of Socorro:

Marry Ann Chavez-Lopez	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
----------------------	-----------------

**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.