



STATE OF NEW MEXICO

City of Socorro

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

STATE OF NEW MEXICO
City of Socorro
Table of Contents
June 30, 2025

Page No.

INTRODUCTORY SECTION:

Official Roster7

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 27-72

**STATE OF NEW MEXICO
City of Socorro
Table of Contents
June 30, 2025**

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).....	74
Schedule of the City’s Proportionate Share of the Net Pension liability – of PERA Fund Division – Municipal Police (Schedule I).....	75
Schedule of the City’s Proportionate Share of the Net Pension liability – of PERA Fund Division – Municipal Fire (Schedule I)	76
Schedule of Contributions PERA Fund Division – Municipal General (Schedule II).....	77
Schedule of Contributions PERA Fund Division – Municipal Police (Schedule II).....	78
Schedule of Contributions PERA Fund Division – Municipal Fire (Schedule II)	79
Schedule of the City’s Proportionate Share of the Net OPEB Liability – of Retiree Healthcare (Schedule III)	80
Schedule of Contributions Retiree Healthcare (Schedule IV).....	81
Notes to the Required Supplementary Information.....	82

SUPPLEMENTARY INFORMATION:

Non-major Fund Descriptions	84-87
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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheets – Non-major Governmental Funds (Statement A-1).....	88-91
Combining Statements of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds (Statement A-2)	92-95

SUPPORTING SCHEDULES:

Schedule of Deposits and Investments (Schedule V).....	98
Schedule of Collateral Pledged by Depository for Public Funds (Schedule VI).....	99

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	102-103
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**STATE OF NEW MEXICO
City of Socorro
Table of Contents
June 30, 2025**

	Page No.
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE:	
Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	106-107
Schedule of Expenditures of Federal Awards (Schedule VII)	108
Notes to the Schedule of Expenditures of Federal Awards	109-111
Schedule of Findings and Questioned Costs	112
Exit Conference	113

**STATE OF NEW MEXICO
City of Socorro
Official Roster
June 30, 2025**

CITY COUNCIL

Ravi Bhasker Mayor
Marry Ann Chavez-Lopez Councilor
Deborah Dean..... Councilor
Nick Fleming Councilor
Joel D. Partridge 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

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FINANCIAL SECTION



Auditors~Consultants~CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Joseph M. Maestas, P.E. CFE
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 comparison of the general fund of the City Socorro, New Mexico (the City) as of and for the year ended June 30, 2025, 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 comparison of the general fund of the City, as of June 30, 2025, 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.

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 and Government 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 Government 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 Schedule IV and the Notes to the Required Supplementary Information on pages 74-82 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 December 19, 2025, 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

December 19, 2025

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
City of Socorro
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 10,872,461	\$ 4,132,956	\$ 15,005,417
Restricted cash	319,517	1,023,345	1,342,862
Taxes receivable	1,565,724	-	1,565,724
Other receivables, net	1,630,097	-	1,630,097
Customer receivables, net	-	1,601,233	1,601,233
Ambulance receivables, net	326,158	-	326,158
Inventory	21,078	101,429	122,507
Total current assets	14,735,035	6,858,963	21,593,998
Noncurrent assets			
Real estate contract receivable	329,506	-	329,506
Lease receivable	312,848	-	312,848
Capital assets	54,302,456	63,986,994	118,289,450
Less: Accumulated depreciation	(26,208,343)	(31,022,572)	(57,230,915)
Total noncurrent assets	28,736,467	32,964,422	61,700,889
Deferred outflows of resources			
Deferred outflows from pension	3,333,977	1,233,115	4,567,092
Deferred outflows from OPEB	693,964	256,672	950,636
Total deferred outflows	4,027,941	1,489,787	5,517,728
Total assets, and deferred outflows of resources	\$ 47,499,443	\$ 41,313,172	\$ 88,812,615

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 2,137,869	\$ 85,392	\$ 2,223,261
Accrued salaries and benefits	46,720	-	46,720
Unearned revenue	1,086,807	-	1,086,807
Accrued interest	8,270	82,117	90,387
Loans and bonds payable	156,545	861,077	1,017,622
Unamortized premium on notes payable	-	279,781	279,781
Compensated absences	237,950	97,998	335,948
Total current liabilities	3,674,161	1,406,365	5,080,526
Noncurrent liabilities			
Customer deposits	-	29,740	29,740
Loans and bonds payable	1,985,097	11,974,869	13,959,966
Unamortized premium on notes payable	-	5,050,536	5,050,536
Compensated absences	356,927	146,996	503,923
Landfill closure liability	-	2,168,240	2,168,240
Net pension liability	12,872,760	4,761,158	17,633,918
Net OPEB liability	1,436,225	531,206	1,967,431
Total noncurrent liabilities	16,651,009	24,662,745	41,313,754
Total liabilities	20,325,170	26,069,110	46,394,280
Deferred inflows of resources			
Deferred inflows - lease	312,848	-	312,848
Deferred inflows from pension	77,398	28,627	106,025
Deferred inflows from OPEB	1,103,369	408,095	1,511,464
Total deferred inflows	1,493,615	436,722	1,930,337
Net position			
Net investment in capital assets	25,952,471	14,798,159	40,750,630
Restricted for:			
Debt Service	319,517	993,605	1,313,122
Capital projects	568,847	-	568,847
Special Revenue	778,813	-	778,813
Unrestricted	(1,938,990)	(984,424)	(2,923,414)
Total net position	25,680,658	14,807,340	40,487,998
Total liabilities, deferred inflows of resources, and net position	\$ 47,499,443	\$ 41,313,172	\$ 88,812,615

STATE OF NEW MEXICO
City of Socorro
Statement of Activities
For the Year Ended June 30, 2025

<u>Functions and Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 2,994,205	\$ 400,587	\$ 1,264,257	\$ 30,878
Public safety	6,718,080	707,797	698,523	267,971
Public works	1,539,626	-	-	3,396,352
Culture and recreation	3,306,190	253,813	315,707	1,448,103
Health and welfare	1,051,100	12,413	88,697	1,009,788
Interest on long-term debt	53,751	-	-	-
Total governmental Activities	15,662,952	1,374,610	2,367,184	6,153,092
Business-type activities				
Joint utility	11,500,043	9,931,900	-	1,332,252
Total business-type activities	11,500,043	9,931,900	-	1,332,252
Total primary government	\$ 27,162,995	\$ 11,306,510	\$ 2,367,184	\$ 7,485,344

General revenues:

Taxes:

Property taxes levied for general purposes

Gross receipt taxes

Gas taxes

Franchise taxes

Lodgers taxes

Licenses, permits, fees, and fines

Interest income

Miscellaneous income

Transfers

Subtotal, general revenues

Change in net position

Net position - beginning

Change in accounting principal - Note 18

Net Position - restated

Net position - ending

See Independent Auditors' Report and Notes to Financial Statements

**Net (Expense) Revenue and
Changes in Net Position**

Government Activities	Business- Type Activities	Total
\$ (1,298,483)	\$ -	\$ (1,298,483)
(5,043,789)	-	(5,043,789)
1,856,726	-	1,856,726
(1,288,567)	-	(1,288,567)
59,798	-	59,798
(53,751)	-	(53,751)
<u>(5,768,066)</u>	<u>-</u>	<u>(5,768,066)</u>
-	(235,891)	(235,891)
-	<u>(235,891)</u>	<u>(235,891)</u>
<u>(5,768,066)</u>	<u>\$ (235,891)</u>	<u>\$ (6,003,957)</u>
788,187	-	788,187
8,033,316	365,025	8,398,341
55,613	-	55,613
151,718	-	151,718
780,257	-	780,257
161,003	-	161,003
166,506	289,843	456,349
649,183	37,483	686,666
<u>(893,672)</u>	<u>893,672</u>	<u>-</u>
<u>9,892,111</u>	<u>1,586,023</u>	<u>11,478,134</u>
<u>4,124,045</u>	<u>1,350,132</u>	<u>5,474,177</u>
21,768,274	13,505,508	35,273,782
<u>(211,661)</u>	<u>(48,300)</u>	<u>(259,961)</u>
<u>21,556,613</u>	<u>13,457,208</u>	<u>35,013,821</u>
<u>\$ 25,680,658</u>	<u>\$ 14,807,340</u>	<u>\$ 40,487,998</u>

**State of New Mexico
City of Socorro
Balance Sheet
Governmental Funds
June 30, 2025**

Exhibit B-1
Page 1 of 2

	General Fund # 101	Capital Projects		Non-Major Governmental Funds	Total Governmental Funds
		Street Improvements # 309	Capital Projects # 311		
Assets					
Cash and cash equivalents	\$ 8,664,693	\$ 834,232	\$ 137,305	\$ 1,236,231	\$ 10,872,461
Restricted cash	-	-	-	319,517	319,517
Property taxes receivable	188,982	-	-	-	188,982
Gross receipt taxes receivable	1,290,218	-	-	-	1,290,218
Lodgers taxes receivables	-	-	-	53,628	53,628
Gas taxes receivable	-	-	-	9,148	9,148
Franchise taxes receivable	15,442	-	-	-	15,442
Cannabis taxes	8,306	-	-	-	8,306
Ambulance receivables	326,158	-	-	-	326,158
Other Receivables	77,110	150,000	1,223,328	179,659	1,630,097
Inventory	21,078	-	-	-	21,078
Real estate contract receivable	329,506	-	-	-	329,506
Lease receivable	312,848	-	-	-	312,848
Total assets	\$ 11,234,341	\$ 984,232	\$ 1,360,633	\$ 1,798,183	\$ 15,377,389
Liabilities, deferred inflows of resources and fund balance					
Liabilities					
Accounts payable	\$ 248,328	\$ 2,458	\$ 1,848,969	\$ 38,114	\$ 2,137,869
Accrued salaries and benefits	46,720	-	-	-	46,720
Unearned revenue	12,007	781,709	-	293,091	1,086,807
Total liabilities	307,055	784,167	1,848,969	331,205	3,271,396
Deferred inflows of resources					
Deferred inflows - ambulance services	213,944	-	-	-	213,944
Deferred inflows - real estate contract	329,506	-	-	-	329,506
Deferred inflows - lease receivable	312,848	-	-	-	312,848
Total deferred inflows	856,298	-	-	-	856,298
Total liabilities and deferred inflows of resources	1,163,353	784,167	1,848,969	331,205	4,127,694
Fund balance					
Spendable					
Restricted for:					
Public safety	-	-	-	36,279	36,279
Public works	-	-	-	6,978	6,978
Culture and recreation	-	-	-	653,013	653,013
Health and welfare	-	-	-	82,543	82,543
Debt service expenditures	-	-	-	319,517	319,517
Capital projects	-	200,065	-	368,782	568,847
Committed to:					
Minimum fund balance	936,218	-	-	-	936,218
Unassigned	9,134,770	-	(488,336)	(134)	8,646,300
Total fund balance	10,070,988	200,065	(488,336)	1,466,978	11,249,695
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,234,341	\$ 984,232	\$ 1,360,633	\$ 1,798,183	\$ 15,377,389

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, 2025**

Total fund balance governmental funds \$ 11,249,695

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 governmental funds. Instead, such assets are reported in the Statement of Net Position under the government-wide financial statements.

Capital assets	54,302,456
Less: Accumulated depreciation	(26,208,343)

Deferred property taxes, ambulance receivables, grant receivables, and the real estate contract receivable that are not collected within sixty days after year-end are not considered "available" revenues under the modified accrual basis of accounting. Accordingly, they are reported as deferred inflows of resources in the fund financial statements. However, these amounts have already been recognized as revenues in the Statement of Activities under the accrual basis of accounting.

Deferred ambulance receivables	213,944
Deferred Real estate contract receivable	329,506

Interest on long-term debt is not accrued in the governmental fund financial statements because it is not a current financial resource. Instead, such interest is recognized only when it becomes due and payable. In the government-wide financial statements, however, interest expense is accrued as it is incurred under the accrual basis of accounting.

Accrued interest	(8,270)
------------------	---------

Deferred outflows and inflows of resources related to pension and OPEB liabilities are not payable or collectible in the current period and, therefore, are not reported in the governmental fund financial statements. These items are reported in the government-wide financial statements and consist of the following:

Deferred outflows from pension	3,333,977
Deferred inflows from pension	(77,398)
Deferred outflows from OPEB	693,964
Deferred inflows from OPEB	(1,103,369)

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 governmental fund financial statements. Such liabilities are reported in the government-wide financial statements. Long-term and other liabilities outstanding at year-end consist of the following:

Accrued compensated absences	(594,877)
Loans payable	(2,141,642)
Net pension liability	(12,872,760)
Net OPEB liability	(1,436,225)
	(27,045,504)

Total net position governmental activities \$ 25,680,658

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025**

	General Fund # 101	Capital Projects		Non-Major Governmental Funds	Total Governmental Funds
		Street Improvements # 309	Capital Projects # 311		
Revenues					
Property taxes	\$ 911,863	\$ -	\$ -	\$ -	\$ 911,863
Gross receipt taxes	8,016,136	-	-	17,180	8,033,316
Gas taxes	-	-	-	55,613	55,613
Franchise taxes	151,718	-	-	-	151,718
Lodger's taxes	-	-	-	780,257	780,257
State operating grants	965,479	-	-	785,011	1,750,490
State capital grants	30,878	1,486,819	785,582	2,167,030	4,470,309
Federal operating grants	298,778	-	-	317,916	616,694
Federal capital grants	-	-	1,187,323	783,569	1,970,892
Charges for services	1,077,963	-	-	266,226	1,344,189
Licenses and fees	159,023	-	-	1,980	161,003
Interest income	153,790	-	-	12,716	166,506
Miscellaneous income	586,599	-	-	69,222	655,821
Total revenue	12,352,227	1,486,819	1,972,905	5,256,720	21,068,671
Expenditures					
Current:					
General government	2,478,368	-	-	-	2,478,368
Public safety	4,735,137	-	-	825,561	5,560,698
Public works	673,442	4,073	1,963	594,903	1,274,381
Culture and recreation	1,275,232	-	-	1,461,372	2,736,604
Health and welfare	125,141	-	-	744,877	870,018
Capital outlay	456,022	1,482,746	923,878	2,246,483	5,109,129
Debt service:					
Debt Issuance cost					
Principal	-	-	-	214,940	214,940
Interest	-	-	-	55,174	55,174
Total expenditures	9,743,342	1,486,819	925,841	6,143,310	18,299,312
Excess (deficiency) of revenues over expenditures	2,608,885	-	1,047,064	(886,590)	2,769,359
Other financing sources (uses)					
Transfers in	910,782	-	141,517	1,144,950	2,197,249
Transfers out	(1,241,955)	-	(1,845,971)	(2,995)	(3,090,921)
Total other financing sources (uses)	(331,173)	-	(1,704,454)	1,141,955	(893,672)
Net change in fund balance	2,277,712	-	(657,390)	255,365	1,875,687
Fund balance - beginning of year	7,793,276	200,065	169,054	1,211,613	9,374,008
Fund balance - end of year	\$ 10,070,988	\$ 200,065	\$ (488,336)	\$ 1,466,978	\$ 11,249,695

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Year Ended June 30, 2025

Net Change in Fund Balance - Governmental Funds \$ 1,875,687

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

Governmental funds report capital outlay as expenditures at the time of purchase. However, in the Statement of Activities, the cost of those assets is capitalized and then allocated over their estimated useful lives. This allocation is reported as depreciation expense in the government-wide financial statements.

Capital expenditures recorded in capital outlay	5,109,129
Depreciation expense	(1,674,357)

Governmental funds report pension and OPEB contributions as expenditures when they are paid. However, in the Statement of Activities, the cost of benefits earned during the period net of employee contributions is reported as pension and OPEB expense in accordance with GASB standards.

Change in net pension liability	(1,362,607)
Change in OPEB liability	425,980

In governmental funds, deferred property taxes, ambulance receivables, grant receivables, and real estate contract receivables that are collected more than sixty days after year-end are not considered "available" revenues under the modified accrual basis of accounting. Accordingly, they are reported as deferred inflows of resources in the fund financial statements. However, under the accrual basis of accounting, these amounts are recognized as revenues in the Statement of Activities.

Decrease in deferred inflows - property taxes	(123,676)
Increase in deferred inflows - ambulance receivables	30,421
Decrease in deferred inflows - grant receivables	(288,109)
Decrease deferred inflows - real estate contract receivable	(6,638)

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These include items such as changes in compensated absences, and accrued interest on long-term debt.

Increase in accrued compensated absences	(78,148)
Decrease in accrued interest expense	1,423

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 such debt consumes current financial resources of governmental funds. Neither transaction, however, affects the government-wide net position.

Principal payments on bonds and loans payable	214,940
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Change in Net Position of Governmental Activities	<u><u>\$ 4,124,045</u></u>
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STATE OF NEW MEXICO

Exhibit C-1

City of Socorro

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ 649,910	\$ 667,349	\$ 757,882	\$ 90,533
Gross receipts taxes	7,126,921	7,318,156	8,310,938	992,782
Franchise tax	130,339	133,837	151,993	18,156
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	277,565	285,013	323,678	38,665
Federal capital grants	-	-	-	-
State operating grants	819,894	841,894	956,106	114,212
State capital grants	26,479	27,189	30,878	3,689
Charges for services	924,391	949,195	1,077,963	128,768
Licenses and fees	136,368	140,027	159,023	18,996
Interest income (loss)	109,638	112,579	127,852	15,273
Miscellaneous	1,295,641	1,330,407	1,510,890	180,483
Total revenue	11,497,146	11,805,646	13,407,203	1,601,557
Expenditures				
Current				
General government	2,758,031	2,874,045	2,463,143	410,902
Public safety	5,140,741	5,356,983	4,587,587	769,396
Public works	759,565	791,516	678,353	113,163
Culture and recreation	1,417,709	1,477,344	1,266,128	211,216
Health and welfare	140,123	146,017	125,141	20,876
Capital outlay	564,942	588,706	504,539	84,167
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	10,781,111	11,234,611	9,624,891	1,609,720
Excess (deficiency) of revenues over expenditures	\$ 716,035	\$ 571,035	\$ 3,782,312	\$ 3,211,277
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(716,035)	(571,035)		
Transfers in	609,250	2,158,520	1,155,945	(1,002,575)
Transfers out	(1,368,385)	(3,365,165)	(2,397,900)	967,265
Total other financing sources (uses)	(759,135)	(1,206,645)	(1,241,955)	(35,310)
Net Change in fund balance	(43,100)	(635,610)	\$ 2,540,357	
Fund balance - beginning of year			6,124,336	
Fund balance - end of year			\$ 8,664,693	
Net change in fund balance (non-GAAP budgetary basis)			2,540,357	
Adjustments to revenue			(1,267,838)	
Adjustment to expenditures			1,005,193	
Net Change in fund balance (GAAP basis)			\$ 2,277,712	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
City of Socorro
Statement of Net Position
Proprietary Funds
June 30, 2025

Exhibit D-1

	Joint Utility
	# 501
Assets	
Cash and cash equivalents	\$ 4,132,956
Restricted cash and cash equivalents	1,023,345
Accounts receivable, net	1,601,233
Inventory	101,429
Total current assets	6,858,963
Noncurrent assets	
Capital Assets	63,986,994
Less: Accumulated depreciation	(31,022,572)
Total noncurrent assets	32,964,422
Deferred outflows of resources	
Deferred outflows from pension	1,233,115
Deferred outflows from OPEB	256,672
Total deferred outflows of resources	1,489,787
Total assets, and deferred outflows of resources	\$ 41,313,172
Liabilities, deferred inflows and net position	
Liabilities	
Accounts payable	\$ 85,392
Accrued interest	82,117
Notes and bonds payable	861,077
Unamortized premium on notes payable	279,781
Compensated absences	97,998
Total current liabilities	1,406,365
Noncurrent liabilities	
Customer deposits	29,740
Notes and bonds payable	11,974,869
Unamortized premium on notes payable	5,050,536
Compensated absences	146,996
Landfill closure liability	2,168,240
Net pension liability	4,761,158
Net OPEB liability	531,206
Total noncurrent liabilities	24,662,745
Total Liabilities	26,069,110
Deferred inflows of resources	
Deferred inflows from pension	28,627
Deferred inflows from OPEB	408,095
Total deferred inflows of resources	436,722
Net position	
Net investment in capital asset	14,798,159
Restricted for:	
Debt service	993,605
Unrestricted	(984,424)
Total net position	14,807,340
Total liabilities, deferred inflows of resources and net position	\$ 41,313,172

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, 2025**

	<u>Joint Utility # 501</u>
Operating revenues:	
Charges for services	<u>\$ 9,931,900</u>
Total operating revenues	<u>9,931,900</u>
Operating expenses:	
Depreciation and amortization	2,048,798
COGS (Gas)	1,291,263
Personnel services	3,973,425
Contractual services	181,626
Supplies	105,562
Maintenance and Materials	1,289,305
Utilities	420,725
Insurance	634,038
Payment in lieu of taxes	390,151
Landfill Closure Expense	207,598
Miscellaneous	310,414
Total operating expense	<u>10,852,905</u>
Operating income (loss)	<u>(921,005)</u>
Non-operating revenues (expense):	
Gross receipts taxes	365,025
Interest income	289,843
Interest expense	(444,944)
Miscellaneous income (expense)	37,483
Bond / loan issuance expense	(202,194)
Total non-operating revenues (expense)	<u>45,213</u>
Income (loss) before contributions and transfers	<u>(875,792)</u>
Transfers in	1,845,971
Transfers out	(952,299)
State and federal capital grants	1,332,252
Total contributions and transfers	<u>2,225,924</u>
Change in Net Position	1,350,132
Net Position, beginning of year	13,505,508
Change in accounting principal - Note 18	(48,300)
Net Position - beginning of the year, restated	<u>13,457,208</u>
Net Position - end of the year	<u>\$ 14,807,340</u>

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, 2025

Exhibit D-3

	<u>Joint Utility</u> <u># 501</u>
Cash flow from operating activities	
Cash received from customers	\$ 9,611,091
Cash payments to employees for services	(3,594,484)
Cash payments to suppliers for goods and services	<u>(4,576,006)</u>
Net cash provided from operating activities	<u>\$ 1,440,601</u>
Cash flow from noncapital financing activities	
Miscellaneous	\$ 37,483
Gross Receipts tax	365,025
Transfers	<u>893,672</u>
Net cash flows provided (used) by noncapital financing activities	<u>\$ 1,296,180</u>
Cash flows from capital and related financing activities	
Interest paid	\$ (400,284)
Cost of debt issuance	(202,194)
Principal payments	(10,079,697)
Loan proceeds	11,441,542
Acquisition of capital assets	(6,000,109)
Capital contributions from others	910,782
Governmental capital contributions	<u>1,332,252</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (2,997,708)</u>
Cash flows from investing activities	
Interest income	\$ 289,844
Net cash provided by investing activities	<u>\$ 289,844</u>
Net increase (decrease) in cash and cash equivalents	\$ 28,917
Cash & cash equivalents - beginning of year	<u>5,127,384</u>
Cash & cash equivalents - end of year	<u>\$ 5,156,301</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (921,005)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	2,048,798
Employer pension and OPEB expense	346,422
Changes in assets & liabilities:	
Receivables	(315,419)
Inventory	(9,003)
Accounts payable	56,081
Compensated absences	32,519
Customer deposits	(5,390)
Net change in landfill liability	<u>207,598</u>
Net cash provided (used) by operating activities	<u>\$ 1,440,601</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, 2025

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, 2025

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 are 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, 2025

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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, 2025

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

Street Improvements Capital Projects Fund 309 is used 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. The Fund was established as required by various granting sources.

Capital Projects Fund 311 is used to account for capital grants and related capital expenditures to City property and equipment from federal grants and state appropriations. The Fund was established as required by various granting sources.

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, wastewater, 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 of 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, 2025

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 age 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 government-wide and proprietary financial statements. As of June 30, 2025, 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, 2025

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:

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

Accrued Expenses: Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2025, along with applicable PERA and Retiree Health Care.

Unearned Revenues: 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).

Deferred Inflows of Resources: 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, 2025

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, grants 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, retirement healthcare (OPEB liabilities) lease receivables and the grant subsidy component of below market rate debt issued by granting entities.

Compensated Absences: the City recognizes a liability for compensated absence in accordance with GASB 101. A liability for compensated absences is recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Full-time, permanent employees are granted paid time off for various purposes, which accrue at different rates. These benefits include emergency / funeral leave (3 working days) jury/court leave (as mandated by the court), military leave (15 working days), extended military leave (90 days) short term education leave to improve the quality of services to the City (3 months) employee injured on the job (7 calendar days). For sick leave (8 hours per month full-time), all City employees who have an excess of 600 hours of accumulated sick leave (not to include emergency leave) may convert (sell back) the amount in excess, not to exceed 500 hours, at a rate of two (2) hours of sick leave to one hour of cash payment, to be paid at a rate of pay equal to the employee's ending hourly wage. Vacation leave, which accrue in varying amounts up to 120 hours. Only accumulated, unused vacation leave is payable upon termination of employment. The City tracks vacation leave based on each employee's hire date anniversary. Vacation leave is earned at various rates depending on the employee's length of service based on the following total years of services:

<u>Service</u>	<u>Full Time</u>
1-5 Years	96 hours
6-10 Years	144 hours
11 and over	160 hours

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 an effective interest method. Bond liabilities are reported net of the applicable bond premium or discount.

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.

On June 30, 2025, the City presented restricted and committed fund balance on the governmental funds balance sheet in the amount of \$2,603,395 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 page 18.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 \$936,218 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, 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, 2025

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, 2025 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, 2025.

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.

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.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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.

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits.

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.

On June 30, 2025, \$6,393,898 of the City's bank balance of \$6,677,525 was exposed to custodial credit risk, \$6,378,619 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 \$15,279 was uninsured and uncollateralized at June 30, 2025.

	First State Bank	Washington Federal	Total
Deposits	\$6,643,898	\$ 33,627	\$6,677,525
Less: FDIC Coverage	(250,000)	(33,627)	(283,627)
Total uninsured public funds	<u>\$6,393,898</u>	<u>\$ -</u>	<u>\$6,393,898</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>6,378,619</u>	-	<u>6,378,619</u>
Uninsured and uncollateralized	<u>\$ 15,279</u>	<u>\$ -</u>	<u>\$ 15,279</u>
Collateral requirements (50% of uninsured funds)	\$3,196,949	\$ -	\$3,196,949
Pledged Collateral	6,378,619	-	6,378,619
Over (under) collateralized	<u>\$3,181,670</u>	<u>\$ -</u>	<u>\$3,181,670</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 3. Deposits and Investments (continued)

As of June 30, 2025, the City held investments in the Local Government Investment Pool (LGIP) at a market value of \$8,913,720.

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

As of June 30, 2025, the LGIP AAAM rate; \$8,913,720 have maturities of 18 day WAM (R) and 75 day WAM (F).

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, 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, 2025

NOTE 3. Deposits and Investments (continued)

The carrying balance 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	\$ 15,005,417
Restricted cash and cash equivalents per Exhibit A-1	<u>1,342,862</u>
Total cash and cash equivalents	<u>\$ 16,348,279</u>
Add: Outstanding checks	\$ 593,624
Less: Outstanding deposits	(36,423)
Less: Petty cash	(1,000)
Less: LGIP Investments	(8,913,720)
Less: Cash held at the NMFA	<u>(1,313,235)</u>
Bank balance of deposits	<u><u>\$ 6,677,525</u></u>

NOTE 4. Accounts and Taxes Receivable

Receivables as of June 30, 2025, are as follows:

	Governmental Funds	Proprietary Funds	Total
Taxes Receivable:			
Property taxes	\$ 188,982	\$ -	\$ 188,982
Gross receipts taxes	1,290,218	-	1,290,218
Franchise taxes	15,442	-	15,442
Gasoline taxes	9,148	-	9,148
Lodgers taxes	53,628	-	53,628
Cannabis Taxes	8,306	-	8,306
Other receivables:			
Grants	1,623,982	-	1,623,982
Real estate contract receivable	329,506	-	329,506
Lease receivable	312,848	-	312,848
Miscellaneous receivable	6,115	-	6,115
Total	<u>\$ 3,838,175</u>	<u>\$ -</u>	<u>\$ 3,838,175</u>
Customer Receivables:			
Ambulance receivables (net)	\$ 326,158	\$ -	\$ 326,158
Customer receivables (net)	<u>-</u>	<u>1,601,233</u>	<u>1,601,233</u>
Net Customer Accounts Receivables	<u>\$ 326,158</u>	<u>\$ 1,601,233</u>	<u>\$ 1,927,391</u>
Total receivables, net	<u><u>\$ 4,164,333</u></u>	<u><u>\$ 1,601,233</u></u>	<u><u>\$ 5,765,566</u></u>

Governmental receivables are deemed 100% collectible. Ambulance receivables accrued an allowance for doubtful accounts of \$1,017,778 and proprietary funds accrued an allowance for doubtful accounts for customer receivables of \$734,992. In accordance with GASB 33, ambulance receivables not collected within the period of availability were determined to be \$204,870 and are reclassified as deferred inflow of resources in the governmental fund financial statements.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 4. Accounts and Taxes Receivable (continued)

The City carries three real estate contracts receivable as of June 30, 2025, totaling \$327,070. The City recognized interest income of \$14,022 and principal payments of \$9,074 for the year ended June 30, 2025, related to these contracts. Governmental fund financial statements reported a deferred inflow of resources of \$329,506. This balance arises because, under the modified accrual basis of accounting, revenues are recognized only when they are both *measurable* and *available*. Amounts not collected within the period of availability are therefore reported as deferred inflows in governmental funds.

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

The City has two lease outstanding during the year, that 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 relates 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, 2025:

On January 1, 1983, the City leased property to Southwest Community Health Services for a term of 99 years. The lease is \$10,000 per year and will continue until January 1, 2082. The City recognized \$341 as a reduction of the lease receivable and \$9,9,659 in interest related to this lease agreement during the fiscal year ending June 30, 2025, in the general fund. The City uses a discount rate of 6% to discount the future revenues to the present value resulting in a lease receivable and deferred inflows of resources in the amount of \$160,649.

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 April 30, 2033. The City recognized \$12,072 as a reduction of the lease receivable and \$9,528 in interest income related to this lease agreement during the fiscal year ending June 30, 2025, in the general fund. The City uses a discount rate of 6% to discount the future revenues to the present value resulting in a lease receivable and deferred inflows of resources in the amount of \$152,199.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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, 2025, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Recreation	\$ 448,400
General Fund	Senior Citizens	13,699
General Fund	Sendillo Park Renovations	64,000
General Fund	Municipal Street	319,000
General Fund	Airport Improvements	24,356
General Fund	Rodeo Arena	272,500
General Fund	Capital Projects fund	100,000
Capital Projects	Joint Utility	1,845,971
Debt Service	Lodgers Tax Promotion	1,803
Debt Service	Convention Center	1,192
Joint Utility	Capital Projects	41,517
Joint Utility	General Fund	910,782
		<u>\$ 4,043,220</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 7. Capital Assets

A summary of capital assets and the changes occurring during the fiscal year ending June 30, 2025, is presented below. Land and construction in progress are reported separately, as these assets are not subject to depreciation.

Governmental Activities

	Balance June 30, 2024	Additions	CIP Transfers	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 308,224	\$ -	\$ -	\$ 308,224
Construction in progress (CIP)	4,254,639	3,469,515	(2,065,627)	5,658,527
Total capital assets, not depreciated	<u>4,562,863</u>	<u>3,469,515</u>	<u>(2,065,627)</u>	<u>5,966,751</u>
Capital assets depreciated:				
Buildings	18,361,804	461,378	1,762,375	20,585,557
Equipment	6,555,492	201,053	-	6,756,545
Infrastructure	19,713,168	977,183	303,252	20,993,603
Total capital assets, depreciated	<u>44,630,464</u>	<u>1,639,614</u>	<u>2,065,627</u>	<u>48,335,705</u>
Total capital assets	<u>49,193,327</u>	<u>5,109,129</u>	<u>-</u>	<u>54,302,456</u>
Less accumulated depreciation:				
Buildings	11,244,426	631,805	-	11,876,231
Equipment	4,375,513	422,024	-	4,797,537
Infrastructure	8,914,047	620,528	-	9,534,575
Total accumulated depreciation	<u>24,533,986</u>	<u>1,674,357</u>	<u>-</u>	<u>26,208,343</u>
Capital Assets, Net	<u>\$ 24,659,341</u>			<u>\$ 28,094,113</u>

Depreciation expense was charged to the following Governmental Activities:

Governmental Activities:	
General government	\$ 321,181
Public safety	720,630
Public works	165,151
Culture and recreation	354,646
Health and welfare	112,749
	<u>\$ 1,674,357</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 7. Capital Assets (continued)

Business Type Activities

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Balance June 30, 2025</u>
Capital assets not depreciated:			
Land	\$ 331,556	\$ -	\$ 331,556
Construction in progress (CIP)	1,148,721	5,275,237	6,423,958
Total capital assets not depreciated	<u>1,480,277</u>	<u>5,275,237</u>	<u>6,755,514</u>
Capital asset depreciated:			
Buildings	24,549,057	-	24,549,057
Equipment	9,305,753	679,467	9,985,220
Plant and Infrastructure	22,651,798	45,405	22,697,203
Total capital assets, depreciated	<u>56,506,608</u>	<u>724,872</u>	<u>57,231,480</u>
Total capital assets	<u>57,986,885</u>	<u>6,000,109</u>	<u>63,986,994</u>
Less accumulated depreciation:			
Buildings	17,728,255	623,568	18,351,823
Equipment	5,133,232	714,149	5,847,381
Plant and Infrastructure	6,112,287	711,081	6,823,368
Total accumulated depreciation	<u>28,973,774</u>	<u>2,048,798</u>	<u>31,022,572</u>
Capital Assets, Net	<u>\$ 29,013,111</u>		<u>\$ 32,964,422</u>

NOTE 8. Long-term Debt

Governmental Activities:

During the year ended June 30, 2025, the following changes occurred in the long-term debt reported in the Government-Wide Statement of Net Position:

	Balance June 30, 2024	Accounting Changes Note 18	Balance June 30, 2024 Restated	Additions	Retirements	Balance June 30, 2025	Due Within One Year
NMFA loans	\$ 2,294,893	\$ -	\$ 2,294,893	\$ -	\$ (153,251)	\$ 2,141,642	\$ 156,545
Equipment loan	61,689	-	61,689	-	(61,689)	-	-
Total Loans Payable	<u>\$ 2,356,582</u>	<u>\$ -</u>	<u>\$ 2,356,582</u>	<u>\$ -</u>	<u>\$ (214,940)</u>	<u>\$ 2,141,642</u>	<u>\$ 156,545</u>
Compensated Absences	305,068	211,661	516,729	78,148		594,877	237,950
Total Long Term Debt	<u>\$ 2,661,650</u>			<u>\$ 78,148</u>	<u>\$ (214,940)</u>	<u>\$ 2,736,519</u>	<u>\$ 394,495</u>

The change in compensated absences for the year ended June 30, 2025 is the net amount.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

A summary of the NMFA loans and equipment loan outstanding in governmental activities on June 30, 2025, are as follows:

Description	Date of Issue	Maturity	Interest Rate	Original Issue	June 30, 2025	Portion
NMFA PPRF-4936 Convention Center Loan	13-Sep-19	1-May-49	2.38%	\$ 1,061,094	\$ 907,240	\$ 28,429
NMFA PPRF-4938 Road Improvements	28-Jun-19	1-May-39	2.00%	\$ 339,146	221,208	12,591
NMFA PPRF-2896 Rodeo Sports Facility	1-Jun-13	1-May-38	2.34%	\$ 1,495,751	894,836	57,019
NMFA PPRF-3679 Fire Truck	1-Jun-17	1-May-27	1.09%	\$ 425,976	118,358	58,506
					<u>\$ 2,141,642</u>	<u>\$ 156,545</u>

A description of the above loans, including their secured revenue sources and related debt service schedules to maturity in the governmental activities, as of June 30, 2025, is presented below:

Convention Center Improvisent (NMFA PPRF-4936)

On September 13, 2019, the City obtained a loan from the New Mexico Finance Authority in the original amount of \$1,061,094, bearing interest at 2.38%, with semiannual payments due on May 1 and November 1. The loan was issued for the purpose of making improvements to the City's Convention Center. Revenues pledged to service this loan include Convention Center fees imposed pursuant to Section 5-14-1 through 5-14-15 NMSA 1978 and the lodgers' tax ordinance on the use of rooms in lodging facilities. As of June 30, 2025, the revenues pledged totaled \$1,211,329, representing 16.20% of Convention Center fees and dedicated lodgers' tax at current rates. During the fiscal year ended June 30, 2025, the City recognized \$50,226 in pledged Convention Center and lodgers' tax revenues and retired \$50,225 in loan principal and interest.

The annual requirements to amortize the above loan which is secured by convention center fees and lodgers tax ordinance including interest payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 28,429	\$ 21,797	\$ 50,226
2027	28,832	21,394	50,226
2028	29,271	20,955	50,226
2029	29,748	20,478	50,226
2030	30,259	19,967	50,226
2031-2035	161,398	89,731	251,129
2036-2040	184,021	67,108	251,129
2041-2045	213,703	37,427	251,130
2046-2050	201,579	5,142	206,721
	<u>\$ 907,240</u>	<u>\$ 303,999</u>	<u>\$ 1,211,239</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

Rodeo Sports Facility (NMFA PPRF-2896)

On June 14, 2013, the City entered into a loan agreement with the New Mexico Finance Authority (NMFA) in the original amount of \$1,495,751 to finance the construction of rodeo and sports facilities. The note bears interest at 2.344%, with semiannual payments due in May and November, and matures on May 1, 2038. Revenues pledged to service this loan consist of the City's lodgers' tax revenues, pursuant to the Lodgers' Tax Act, Section 3-38-12 through 3-38-34, NMSA 1978, as amended. As of June 30, 2025, pledged revenues totaled \$1,035,062, representing 35.11% of dedicated lodgers' tax revenues at current rates. For the fiscal year ended June 30, 2025, the City recognized \$80,131 in pledged lodgers' tax revenues and retired \$80,131 in loan principal and interest.

The annual requirements to amortize the above loan which is secured by lodger's tax revenues including interest payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 57,019	\$ 22,218	\$ 79,237
2027	58,615	20,678	79,293
2028	60,315	19,037	79,352
2029	62,137	17,276	79,413
2030	64,094	15,381	79,475
2031-2035	354,136	44,242	398,378
2036-2040	238,520	1,394	239,914
	<u>\$ 894,836</u>	<u>\$ 140,226</u>	<u>\$ 1,035,062</u>

Road Improvements (NMFA - PPRF- 4938)

On June 28, 2019, the City obtained a loan from the New Mexico Finance Authority in the amount of \$339,146 and bears interest at a rate of 2%, with payments due May 1st and November 1st. The Loan is for the purposes of road improvements. Revenues pledged to service this loan are solely from the one 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 \$267,476, on June 30, 2025, which is 0.20% of gross receipt taxes at their current rate. During the year ended June 30, 2025, the City recognized a total of \$179,631 in pledged GRT revenues, and retired \$17,180 in loan principal and interest.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

The annual requirements to amortize the above loan which is secured by gross receipt tax revenues including interest payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 12,591	\$ 4,589	\$ 17,180
2027	12,806	4,374	17,180
2028	13,030	4,150	17,180
2029	13,268	3,911	17,179
2030	13,524	3,655	17,179
2031-2035	72,549	13,350	85,899
2036-2040	83,440	3,059	86,499
	<u>\$ 221,208</u>	<u>\$ 37,088</u>	<u>\$ 258,296</u>

Fire Truck (NMFA PPRF-3679)

On June 9, 2017, the City entered into a loan agreement with the New Mexico Finance Authority (NMFA) in the original amount of \$425,976 to finance the purchase of a new fire truck for the City's Fire Department. The note bears interest at 1%, with annual principal and interest payments due each May, and matures on May 1, 2027. The loan is secured by the State Fire Allotment, with revenues pledged from the State Fire Protection Funds made periodically by the State Treasurer pursuant to Section 59A-53-7, NMSA 1978. As of June 30, 2025, pledged revenues totaled \$118,536, representing 21.64% of future State Fire Allotment revenues at current rates. For the fiscal year ended June 30, 2025, the City recognized \$57,984 in pledged State Fire Allotment revenues and retired \$57,984 in loan principal and interest.

The annual requirements to amortize the above loan which is secured by state fire allotment revenues including interest payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 58,506	\$ 118	\$ 58,624
2027	59,852	60	59,912
	<u>\$ 118,358</u>	<u>\$ 178</u>	<u>\$ 118,536</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Governmental Activities (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, 2025:

	Balance June 30, 2024	Accounting Changes Note 18	Balance June 30, 2024 Restated	Additions	Retirements	Balance June 30, 2025	Due Within One Year
NMFA loans	\$ 4,157,112	\$ -	\$ 4,157,112	\$ -	\$ (637,202)	\$ 3,519,910	\$ 654,642
NMED loans	833,495	(133,273)	700,222	5,233,610	(52,553)	5,881,279	163,685
NMED construction loans	947,493	(355,978)	591,515	1,347,293	-	1,938,808	-
NMED premiums	-	489,251	489,251	4,860,639	(19,574)	5,330,316	279,781
USDA bonds payable	10,843,694	-	10,843,694	-	(9,356,694)	1,487,000	33,800
Equipment loan	22,624	-	22,624	-	(13,674)	8,950	8,950
Total bonds and loans payable	\$ 16,804,418	\$ -	\$ 16,804,418	\$ 11,441,542	\$ (10,079,697)	\$ 18,166,263	\$ 1,140,858
Compensated absences	\$ 164,175	\$ 48,300	\$ 212,475	\$ 32,519	\$ -	\$ 244,994	\$ 97,998
Landfill closure liability	1,960,642	-	1,960,642	207,598	-	2,168,240	-
Total	\$ 2,124,817			\$ 240,117	\$ -	\$ 2,413,234	\$ 97,998
Total Long Term Debt	\$ 18,929,235			\$ 11,681,659	\$ (10,079,697)	\$ 20,579,497	\$ 1,238,856

The change in compensated absences for the year ended June 30, 2025 is the net amount.

A summary of all the loans and bonds outstanding in the Joint Utility on June 30, 2025, are as follows:

Description	Date of Issue	Maturity	Interest Rate	Amount of Original Issue	Balance June 30, 2025	Current Portion
NMFA PPRF-2268 Landfill Improvements	15-May-09	1-May-29	3.59%	1,093,740	279,235	65,531
NMFA DW-2866 Drinking Water System	1-Jun-14	1-Apr-36	0.25%	484,400	269,635	24,207
NMFA PPRF-3491 Gas Valve Project	1-Sep-16	1-May-31	0.1-2%	811,138	340,415	56,594
NMFA PPRF-5242 Water System Improvements	30-Oct-20	1-May-25	0.46%	250,000	50,000	50,000
NMFA PPRF-5323 Water System / Evergreen Well	30-Oct-20	1-May-26	0.46%	150,000	30,311	30,312
NMFA PPRF-6066 Garbage Trucks	16-Jun-23	1-May-28	2.25%	976,970	635,297	206,184
NMFA PPRF-6093 Trash Compactor	4-Aug-23	1-May-33	2.53%	900,417	735,417	90,000
NMFA PPRF-6100 Landfill Cell - GRT	4-Aug-23	5-Apr-29	2.58%	1,401,733	1,179,600	131,815
NMED - CWSRF 14 - Waste Water Plant Improvements	19-Dec-11	5-Apr-30	0.00%	75,075	13,467	3,148
NMED - CWSRF 14 - Premium	19-Dec-11	5-Apr-30	4.50%	24,049	1,548	606
NMED - CWSRF 22 Wastewater Collection System	6-May-15	1-Mar-35	2.50%	950,000	415,723	37,106
NMED - CWSRF 22 Premium	6-May-15	1-Mar-35	2.50%	208,356	59,277	10,393
NMED - CWSRF 25 - Waste Water Treatment Plant Upgrades	12-Apr-18	27-Feb-38	3.25%	417,635	218,479	13,773
NMED - CWSRF 25 - Premium	12-Apr-18	27-Feb-38	3.25%	113,982	52,874	7,101
NMED 153 - Refinance USDA Waste Water bonds	16-Jun-25	4/29/2050	5.00%	5,233,610	5,233,610	109,658
NMED 153 - Premium	16-Jun-25	4/29/2050	5.00%	4,049,827	4,049,827	261,680
NMED CWSRF EQ 129 - Sweer System Expansion - Construction	4-Mar-23	Unknown	5.00%	5,570,000	1,817,945	-
NMED CWSRF EQ 129 - Premium (Construction Phase)	4-Mar-23	Unknown	5.00%	2,192,721	1,094,055	-
NMED CWSRF 130 - Belt Press Sewer Plant (Construction Phase)	4-Mar-23	Unknown	5.00%	2,750,000	120,862	-
NMED CWSRF 130 - Premium (Construction Phase)	4-Mar-23	Unknown	5.00%	1,033,190	72,736	-
USDA - 11 Wastewater Revenue Bonds - Series 2010	4-Aug-11	4-Aug-51	2.50%	515,000	\$ 98,000	\$ 2,800
USDA - 13 Wastewater Revenue Bonds Series 2011A	10-Feb-10	19-Feb-50	2.63%	132,000	399,000	11,000
USDA - 16 Joint Utility Revenue Bonds Series 2013A	18-Jan-13	1-Jan-52	2.50%	1,230,000	990,000	20,000
KS State Bank Dump Truck	3-Oct-18	26-Jan-26	4.40%	93,777	8,950	8,950
					<u>\$ 18,166,263</u>	<u>\$ 1,140,858</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

As of June 30, 2025, the City had the following loans outstanding with the New Mexico Finance Authority (NMFA), which are secured by the net revenues of the Joint Utility:

Landfill Improvements (NMFA PPRF-2268)

On May 15, 2009, the City entered into a loan agreement with the New Mexico Finance Authority (NMFA) in the original amount of \$1,093,740 to finance the construction of a new landfill cell. The loan carries a blended interest rate of 3.588%, with semiannual principal and interest payments due on May 1 and November 1 and matures on May 1, 2029. Revenues pledged for repayment of this loan consist of the net system revenues of the Joint Utility, pursuant to City Ordinance No. 9-3-16, adopted April 2, 2009. As of June 30, 2025, pledged revenues totaled \$310,299, representing -8.42% of Joint Utility net revenues at current rates. During the fiscal year ended June 30, 2025, the City recognized \$1,075,659 in pledged Joint Utility revenues related to debt service and retired \$77,575 in loan principal and interest on this loan.

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, pursuant to City Resolution No. 13-05-20a adopted May 20, 2013. The revenues pledged total \$273,757 on June 30, 2025, which is -2.70% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2025, the City recognized a total of \$1,075,659 in pledged Joint Utility revenues related to debt service, and retired \$24,881 in loan principal and interest on this loan.

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, pursuant to City Resolution No. 16-07-20b adopted August 15, 2016. The revenues pledged total \$341,607 on June 30, 2025, which is -7.67% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2025, the City recognized \$1,075,659 in pledged Joint Utility revenues related to debt service and retired \$56,934 in loan principal and interest on this loan.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

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 2026. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility, pursuant to City Resolution No. 20-09-19 adopted September 14, 2020. The revenues pledged total \$50,000 on June 30, 2025, which is -5.43% of the Joint Utility net revenues at their current rate. The City recognized \$1,075,659 in pledged Joint Utility revenues related to debt service and retired \$50,000 on loan principal.

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, pursuant to City Resolution No. 20-09-19 adopted September 14, 2020. The revenues pledged total \$30,487 on June 30, 2025, which is -3.13% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2025, the City recognized \$1,075,659 in pledged Joint Utility revenues related to debt service and retired \$30,487 in loan principal and interest on this loan.

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. 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, pursuant to City Resolution No. 20-05-02 adopted May 2, 2024. The revenues pledged total \$666,466 on June 30, 2025, which is -24.21% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2025, the City recognized \$1,075,659 in pledged Joint Utility revenues related to debt service and retired \$222,156 in loan principal and interest on this loan.

Trash Compactor (NMFA PPRF-6093)

The City entered into a loan agreement with the New Mexico Finance Authority for the purpose of purchasing a new trash compactor. The loan was finalized on August 4, 2023, with the City borrowing \$810,375. The loan bears interest at 2.53% and monthly payments ranging from \$8,875 to \$13,968 are due monthly through June 1, 2031. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility, pursuant to City Resolution No. 23-06-20 adopted June 20, 2023. The revenues pledged total \$805,629 on June 30, 2025, which is -11.56% of the Joint Utility net revenues at their current rate. During the year ended June 30, 2025, the City recognized \$1,075,659 in pledged Joint Utility revenues related to debt service and retired \$106,499 in loan principal and interest on this loan.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

The annual requirements to amortize the above NMFA loans which are secured by Joint Utility revenues including interest payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 522,828	\$ 48,172	\$ 571,000
2027	455,906	37,032	492,938
2028	469,589	25,727	495,316
2029	303,630	15,010	318,640
2030	233,488	7,579	241,067
2030-2034	330,050	4,292	334,342
2035-2039	24,819	122	24,941
	<u>\$ 2,340,310</u>	<u>\$ 137,934</u>	<u>\$ 2,478,244</u>

As of June 30, 2025, the City had the following loans outstanding with the New Mexico Finance Authority (NMFA), which are secured by gross receipt tax revenues:

Landfill Cell – GRT (NMFA PPRF-6100)

The City entered into a loan agreement with the New Mexico Finance Authority (NMFA) for the purpose of constructing a new landfill cell. The loan was finalized on August 4, 2023, with the City borrowing \$1,261,594. The loan bears interest at 2.58% and payments ranging from \$163,179 to 167,677 are due each May 1 of each year with the loan maturing on May 1, 2033. Revenues pledged for the payment of this loan are 0.125% increment of municipal local option gross receipts (GRT) taxes, pursuant section 7-19D-9, NMSA 1978 and Ordinance No. 01-01-17 passed and approved on November 5, 2001. The revenues pledged total \$1,319,250 on June 30, 2025, which is 1.92% of the gross receipt revenues at their current rate. During the year ended June 30, 2025, the City recognized \$179,631 in pledged GRT revenues related to debt service and retired \$162,451 in loan principal and interest on this loan.

The annual requirements to amortize the above NMFA PPRF-6100 which are secured by gross receipt tax revenues including interest payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 131,815	\$ 30,943	\$ 162,758
2027	136,007	27,173	163,180
2028	140,305	23,419	163,724
2029	144,753	19,603	164,356
2030	149,341	15,680	165,021
2030-2034	477,379	22,832	500,211
	<u>\$ 1,179,600</u>	<u>\$ 139,650</u>	<u>\$ 1,319,250</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

Wastewater Treatment Plant Improvements (NMED CWSRF 14)

As of June 30, 2025, the City had the following loans outstanding with the New Mexico Environment Department (NMED), which are secured by the net revenues of the Joint Utility:

On May 6, 2015, the City entered into a below-market, zero-interest loan agreement with the New Mexico Environment Department to finance the wastewater treatment plant improvements. The loan, with original proceeds of \$71,321, is due in full on April 5, 2029. In accordance with GASB Statement No. 62, the present value of the future repayment obligation was measured at \$13,476 as of June 30, 2025, using the City's estimated incremental borrowing rate of 4.5 percent. On June 30, 2025, the City reported a premium of \$1,548 to reflect the cash received in excess of the fair market value of the loan. The premium will be amortized as revenue over the life of the loan. During the fiscal year ended June 30, 2025, the City recognized \$742 related to the amortization of the premium. Revenues pledged for repayment of this loan are the net system revenues of the Joint Utility Fund. As of June 30, 2025, pledged revenues totaled \$15,015, representing -0.41 percent of current Joint Utility net revenues. During the year, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$3,754 in loan principal and imputed interest on this obligation.

Wastewater Collection System Expansion (NMED CWSRF 22)

On May 6, 2015, the City entered into a below-market, zero-interest loan agreement with the New Mexico Environment Department to finance the expansion of the wastewater system for residents currently relying on aged septic tanks and other systems. The loan, with original proceeds of \$950,000, is due in full on March 1, 2035. In accordance with GASB Statement No. 62, the present value of the future repayment obligation was measured at \$415,723 as of June 30, 2025, using the City's estimated incremental borrowing rate of 2.5 percent. On June 30, 2025, the City reported a premium of \$59,277 to reflect the cash received in excess of the fair market value of the loan. The premium will be recognized as revenue over the life of the loan. During the fiscal year ended June 30, 2025, the City recognized \$11,298 in revenue related to the amortization of the premium. Revenues pledged for repayment of this loan are the net system revenues of the Joint Utility Fund. As of June 30, 2025, pledged revenues totaled \$463,649, representing -5.16 percent of to current Joint Utility net revenues. During the year, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$47,500 in loan principal and imputed interest on this obligation.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

Clean Water State Revolving Fund (NMED CWSRF 25)

On April 12, 2018, the City entered into a below-market, zero-interest loan agreement with the New Mexico Environment Department to finance wastewater facility improvements. The loan, with original proceeds of \$417,465, is due in full on February 27, 2028. In accordance with GASB Statement No. 62, the present value of the future repayment obligation was measured at \$218,479 as of June 30, 2025, using the City's estimated incremental borrowing rate of 3.25 percent. On June 30, 2025, the City reported a premium of \$52,847 to reflect the cash received in excess of the fair market value of the loan. The premium will be recognized as revenue the life of the loan. During the fiscal year ended June 30, 2025, the City recognized \$7,534 in revenue related to the amortization of the premium. Revenues pledged for repayment of this loan are the net system revenues of Joint Utility Fund. As of June 30, 2025, pledged revenues totaled \$271,354, representing -2.27 percent of current Joint Utility net revenues. During the year, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$20,873 in loan principal and imputed interest on this obligation.

Clean Water State Revolving Fund - Refinance USDA Wastewater bonds (NMED CWSRF 153)

On June 16, 2025, the City received \$9,283,435 in proceeds under a below-market, zero-interest loan agreement with the Mexico Environment Department to refinance the 2021 and 2022 USDA revenue bonds. The loan is amortized over 25 years and will be paid in full on April 29, 2050. Under GASB Statement No. 62, the present value of the future repayment obligation was determined to be \$5,233,610 based on the government's estimated incremental borrowing rate of 5%. On June 30, 2025, the City reported a premium of \$4,049,872, to reflect the cash received in excess of the fair market value of the loan. The premium will be recognized as revenue as eligibility requirements are met over the life of the loan. Revenues pledged for repayment of this loan are the net system revenues of Joint Utility Fund. As of June 30, 2025, pledged revenues totaled \$9,283,439 with annual debt service of \$371,339. Debt service will commence on April 29, 2026, and will represent -40.32 percent of current Joint Utility net revenues at their current rate. During the year, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$0 in loan principal and imputed interest on this obligation.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

The annual requirements to amortize the above NMED loans (CWSRF 114, 22, 25, and 153), which are secured by the net revenues of the Joint Utility Fund, including imputed interest payments, as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 163,685	\$ 279,781	\$ 443,466
2027	170,684	272,780	443,464
2028	178,002	265,463	443,465
2029	185,655	257,812	443,467
2030	189,900	249,811	439,711
2031-2035	1,080,239	1,107,010	2,187,249
2036-2040	1,045,747	873,561	1,919,308
2041-2045	1,259,673	597,015	1,856,688
2046-2050	1,607,694	248,990	1,856,684
	<u>\$ 5,881,279</u>	<u>\$ 4,152,223</u>	<u>\$ 10,033,502</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

The following two loans with the New Mexico Environment Department (NMED) are currently in the construction phase, and the City has not yet fully drawn the available balances under these agreements. These loans are reported as outstanding in the Joint Utility Fund and are secured by the net revenues of the Joint Utility:

Clean Water State Revolving Loan (NMED CWSRF EQ 129)

On March 29, 2024, the City entered into a loan and grant agreement with the New Mexico Environment Department (NMED) in the amounts of \$5,820,000 (loan) and \$2,500,000 (grant) to finance the expansion of the City's sewer system. The loan is structured as a below-market, zero-interest agreement, with repayments scheduled to begin one year after project completion. Repayments will be amortized over a 20-year period, with amortization expected to commence on January 1, 2027, with final maturity on January 1, 2046. In accordance with GASB Statement No. 62, the present value of the future repayment obligation on the loan balance drawn as of June 30, 2025, of \$2,404,682 was calculated to be \$1,817,945, using the government's estimated incremental borrowing rate of 5%. On June 30, 2025, the City reported a premium of \$1,094,055 to reflect the cash received in excess of the fair market value of the loan as of June 30, 2025. This premium will be recognized as revenue over the repayment life of the loan. Upon the loan being fully drawn, the net present value of the obligation is expected to total approximately \$3,633,391, and the total premium is expected to total approximately \$2,192,719. Revenue will be recognized from the premium in future reporting periods as the loan is amortized. Future revenues pledged for repayment of this loan consist of the net system revenues of the Joint Utility Fund. Beginning in fiscal year 2027, annual debt service requirements are projected at \$291,305, based on pledged revenues of \$5,826,110 as of fiscal year 2026. These future debt service requirements represent approximately -31.63 percent of current Joint Utility net revenues at existing rates reported in fiscal year 2025. During the fiscal year ending June 30, 2025, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$0 in loan principal and imputed interest, as repayments have not yet commenced on this obligation.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

Upon the NMED CWSRF EQ 129 being fully drawn in fiscal year 2026, future debt service requirements, including imputed interest payments, are expected to be as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ -	\$ -	\$ -
2027	109,999	181,306	291,305
2028	115,488	175,817	291,305
2029	121,251	170,054	291,305
2030	127,302	164,004	291,306
2031-2035	738,375	718,153	1,456,528
2036-2040	941,926	514,602	1,456,528
2041-2045	1,201,590	254,938	1,456,528
2046-2050	277,460	13,845	291,305
	<u>\$ 3,633,391</u>	<u>\$ 2,192,719</u>	<u>\$ 5,826,110</u>

Clean Water State Revolving Loan (NMED CWSRF 130)

On March 29, 2024, the City entered into a loan agreement with the New Mexico Environment Department (NMED) in the amounts of \$2,750,000 to finance the replacement of the belt press at the City's sewer plant. The loan is structured as a below-market, 0.01 percent interest agreement, with repayments scheduled to begin one year after project completion. Repayments will be amortized over a 20-year period, and are expected to commence on January 1, 2027, with final maturity on January 1, 2046. In accordance with GASB Statement No. 62, the present value of the future repayment obligation on the loan balance drawn as of June 30, 2025, of \$193,597 was calculated at \$120,862, using the government's estimated incremental borrowing rate of 5%. On June 30, 2025, the City reported a premium of \$72,735, to reflect the cash received in excess of the fair market value of the loan. This premium will be recognized as revenue over the repayment life of the loan. When the loan is fully drawn, the net present value of the obligation is expected to total approximately \$1,716,809 and the total premium is expected to total approximately \$1,033,190. Revenue will be recognized from the premium in future reporting periods as the loan is amortized. Future revenues pledged for repayment of this loan consist of the net system revenues of the Joint Utility Fund. Beginning in fiscal year 2027, annual debt service requirements are projected at \$137,645, based on pledged revenues of \$2,752,887 as of fiscal year 2026. These future debt service requirements represent approximately -14.95 percent of current Joint Utility net revenues at existing rates. During the fiscal year ended June 30, 2025, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$0 in loan principal and imputed interest, as repayments have not yet commenced on this obligation.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

Upon the NMED CWSRF 130 being fully drawn in fiscal year 2026, future debt service requirements, including imputed interest payments, are expected to be as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ -	\$ -	\$ -
2027	51,976	85,669	137,645
2028	54,569	83,075	137,644
2029	57,292	80,352	137,644
2030	60,151	77,493	137,644
2031-2035	348,889	339,333	688,222
2036-2040	445,068	243,154	688,222
2041-2045	567,762	120,460	688,222
2046-2050	131,102	6,542	137,644
	<u>\$ 1,716,809</u>	<u>\$ 1,036,078</u>	<u>\$ 2,752,887</u>

As of June 30, 2025, the City had the following bonds outstanding with the U.S. Department of Agriculture (USDA), which are secured by the net revenues of the Joint Utility:

USDA 11 - Wastewater Revenue Bonds Series 2010

On February 19, 2010, the City issued \$132,000 of revenue bonds to the U.S. Department of Agriculture (USDA) for the purpose of improving and extending the wastewater component of the Joint Utility System. The bonds bear interest at 2.625%, with annual principal and interest payments due each February 19, and mature on February 19, 2050. Revenues pledged for repayment of these bonds consist of the net system revenues of the Joint Utility System, pursuant to City Bond Ordinance No. 09-11-25. As of June 30, 2025, pledged revenues totaled \$136,600, representing -0.58% of Joint Utility net revenues at current rates. During the fiscal year ended June 30, 2025, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$5,343 in bond principal and interest on this obligation.

USDA 13 - Wastewater Revenue Bonds Series 2011A

On August 4, 2011, the City issued \$515,000 of revenue bonds to the U.S. Department of Agriculture (USDA) for the purpose of constructing, enlarging, improving, and extending the wastewater system component of the Joint Utility System. The bonds bear interest at 2.50%, with annual principal and interest payments due each August 4, and mature on August 4, 2051. Revenues pledged for repayment of these bonds consist of the net system revenues of the Joint Utility System, pursuant to City Bond Ordinance No. 11-01-18a. As of June 30, 2025, pledged revenues totaled \$553,500, representing -2.20% of Joint Utility net revenues at current rates. During the fiscal year ended June 30, 2025, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$20,225 in bond principal and interest on this obligation.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

USDA 16 – Joint Utility Revenue Bonds Series 2013A

On January 18, 2013, the City issued \$1,230,000 of revenue bonds to the U.S. Department of Agriculture (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 2.50%, with annual principal and interest payments due each January 8, and mature on January 8, 2052. Revenues pledged for repayment of these bonds consist of the net system revenues of the Joint Utility System, pursuant to City Bond Ordinance No. 11-01-18F. As of June 30, 2025, pledged revenues totaled \$1,392,500, representing -4.91% of Joint Utility net revenues at current rates. During the fiscal year ended June 30, 2025, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$45,250 in bond principal and interest on this obligation.

The annual requirements to amortize the above USDA bonds (11, 13 and 16), which are secured by the net revenues of the Joint Utility Fund, including imputed interest payments, as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 33,800	\$ 37,350	\$ 71,150
2027	33,900	36,450	70,350
2028	43,900	35,750	79,650
2029	44,000	34,600	78,600
2030	45,100	33,450	78,550
2030-2034	229,600	150,400	380,000
2035-2039	241,000	120,850	361,850
2040-2044	301,500	87,900	389,400
2045-2049	317,200	49,100	366,300
2050-2054	197,000	9,750	206,750
	<u>\$ 1,487,000</u>	<u>\$ 595,600</u>	<u>\$ 2,082,600</u>

KS State Bank Dump Truck

On October 3, 2018, the City entered into a loan agreement with Kansas State Bank for \$93,777 for the purpose of purchasing an International MV607 with a six-yard dump body. The loan 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 loan agreement will be paid in full on January 15, 2026. Revenues pledged for the payment of this loan are the net system revenues of the Joint Utility System. Revenues pledged total \$9,073 on June 30, 2025, which is -1.00% of the Joint Utility net revenues at their current rate. During the fiscal year ended June 30, 2025, the City applied \$1,075,659 in pledged Joint Utility revenues toward debt service and retired \$14,293 in loan principal and interest on this obligation.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

The Annual requirements to amortize the above Dump Truck Loan in the Joint Utility including interest payments as of June 30, 2025, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2026	\$ 8,950	\$ 123	\$ 9,073

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, 2025, the City performed 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 \$1,960,642 to \$2,168,240. The liability of \$2,168,240 reported as landfill closure liability (includes estimated closure construction, post-closure maintenance, environmental monitoring, and phase I and phase II assessment) on June 30, 2025, represents the cumulative amount reported to date based on management's estimates and on the area used by the landfill. Actual costs may differ due to inflation and changes in technology and regulations.

NOTE 9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The City participates in the New Mexico Mutual for workers' compensation claims. In addition, the City has obtained insurance through a commercial carrier operating as a common risk management and insurance program. The City pays an annual premium to a commercial carrier for its general coverage, and all risk of loss is transferred.

The City had no significant reductions in insurance coverage from coverage in the prior year. In the fiscal year ended June 30, 2025, 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, 2025, were as follows:

- Capital Projects Fund 309: \$(488,336)
- EMS Fund 211: \$(134)

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 statements, which may be obtained from the New Mexico Office of the State Auditor's website at osa.nm.gov by selecting *Audit Report Search* and using entity numbers 366-A.

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, 2024, available as described above.

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 2023 for the various PERA coverage options, for both Tier I and Tier II, see the tables available through the New Mexico Office of the State Auditor's website at osa.nm.gov by selecting *Audit Report Search* and using entity numbers 366-B.

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 \$1,078,301 for the year ended June 30, 2025. The City picked 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, 2025

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

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

PERA Contribution Rates and Pension Factors In effect during FY24						
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 \$25,000	Annual Salary greater than \$25,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	10.92%	19.24%	3.0%	2.5%	100%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	9.5%	8.7%	2.0%	2.0%	100%
Municipal Plan 2 (plan open to new employers)	9.15%	11.65%	10.80%	2.5%	2.0%	100%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	5.65%	10.80%	3.0%	2.5%	100%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	18.15%	13.30%	3.0%	2.5%	100%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	9.5%	11.65%	2.0%	2.0%	100%
Municipal Police Plan	7.0%	9.5%	16.65%	2.5%	2.0%	100%
Municipal Police Plan 3	7.0%	9.5%	20.15%	2.5%	2.0%	100%
Municipal Police Plan	12.35%	14.85%	20.15%	3.0%	2.5%	100%
Municipal Police Plan 5	16.3%	18.8%	20.15%	3.5%	3.0%	100%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	12.0%	12.65%	2.0%	2.0%	100%
Municipal Fire Plan 2	8.0%	12.0%	19.2%	2.5%	2.0%	100%
Municipal Fire Plan 3	8.0%	12.0%	22.90%	2.5%	2.0%	100%
Municipal Fire Plan 4	12.8%	16.8%	22.90%	3.0%	2.5%	100%
Municipal Fire Plan 5	16.2%	20.2%	22.90%	3.5%	3.0%	100%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention	16.65%	19.15%	18.30%	3.0%	3.0%	100%
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%	100%
State Plan 3 - Peace Officer	7.42%	10.92%	19.24%	3.0%	3.0%	100%
Juvenile Correctional Officer Plan 2	4.78%	8.28%	28.37%	3.0%	3.0%	100%

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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, 2024. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2024, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2024.

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, 2024. Only employer contributions for the pay period end dates that fell within the period of July 1, 2023, to June 30, 2024, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2025 are included in deferred outflows of resources. 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 to 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, on June 30, 2025 (Measurement June 30, 2024), the City reported a liability of \$8,962,423 (with an allotment for proprietary funds) for its proportionate share of the net pension liability. On the June 30, 2024, measurement date, the City’s proportion was .37558 percent, which was slightly changed from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized PERA Fund Division Municipal General Pension expense of \$948,690. On June 30, 2024, the City reported PERA Fund Division Municipal General 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	\$ 851,159	\$ 33,423
Changes of assumptions	288,170	-
Net difference between projected and actual earnings on pension plan investments	372,421	-
Changes in proportion and differences between City’s contributions and proportionate share of contributions	353,078	35,480
City’s contributions subsequent to the measurement date	548,046	-
Total	<u>\$ 2,412,874</u>	<u>\$ 68,903</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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

\$548,046 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date June 30, 2024, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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>
2025	\$ 517,666
2026	1,105,271
2027	212,843
2028	(39,855)
Thereafter	-
Total	<u>\$ 1,795,925</u>

For PERA Fund Division Municipal Police, on June 30, 2025 (Measurement June 30, 2024), the City reported a liability of \$3,781,614 for its proportionate share of the net pension liability. At the measurement date of June 30, 2024, the City's proportion was .375 percent, which was slightly changed from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized PERA Fund Division Municipal Police pension expense of \$400,291. On June 30, 2025, 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	\$ 404,551	\$ -
Changes of assumptions	-	6,964
Net difference between projected and actual earnings on pension plan investments	144,200	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	373,827	-
City's contributions subsequent to the measurement date	231,243	-
Total	<u>\$ 1,153,821</u>	<u>\$ 6,964</u>

The City's contributions of \$231,243 are reported as deferred outflows of resources related to pensions, resulting in the City's contributions subsequent to the measurement date June 30, 2024, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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>
2025	\$ 337,597
2026	496,522
2027	96,647
2028	(15,152)
Thereafter	-
Total	<u>\$ 915,614</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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

For PERA Fund Division Municipal Fire, on June 30, 2025 (measurement June 30, 2024), the City reported a liability of \$4,889,881 for its proportionate share of the net pension liability. At the measurement date of June 30, 2024, the City's proportion was 0.5009 percent, which was slightly changed from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized PERA Fund Division Municipal Fire pension expense of \$517,603. On June 30, 2025, the City reported PERA Fund Division Municipal Fire deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 415,352	\$ -
Changes of assumptions	2,987	-
Net difference between projected and actual earnings on pension plan investments	92,540	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	190,506	30,158
City's contributions subsequent to the measurement date	299,012	-
Total	<u>\$ 1,000,397</u>	<u>\$ 30,158</u>

\$299,012 reported as deferred outflows of resources related to pensions resulting in the City's contributions subsequent to the measurement date June 30, 2024 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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>
2025	\$ 243,682
2026	367,136
2027	71,426
2028	(11,017)
Thereafter	-
Total	<u>\$ 671,227</u>

Actuarial Assumptions: The total pension liability as of the measurement date on June 30, 2024 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Amortization Period	25 years
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 Retire Inflation	#
Mortality assumption	Pre Retirement Mortality

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	46.0%	3.90%
Core Fixed Income	13.0%	2.20%
Credit	17.0%	2.30%
Absolute Return	6.0%	2.60%
Real Assets	18.0%	5.90%
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.

PERA Fund Division Municipal Government	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	\$ 12,891,253	\$ 8,962,423	\$ 5,714,564
PERA Fund Division Municipal Police	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	\$ 5,449,086	\$ 3,781,614	\$ 2,424,740
PERA Fund Division Fire Government	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	\$ 6,349,180	\$ 4,889,881	\$ 3,699,203

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 2024 PERA financial report. The report is available by going to the New Mexico Office of the State Auditors web site at osa.nm.gov and clicking on audit report search using entity number 366-A.

Payables to pension plan: As of June 30, 2025, the City had no outstanding amounts of contributions to the pension plan.

Changes in Benefit Terms

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY24 audit available by going to the New Mexico Office of the State Auditors web site at osa.nm.gov and clicking on audit report search using entity number 366-A.

Changes of Assumptions

The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in the PERA June 30, 2024, pension valuation. Assumptions including the following were updated: Per capita costs, future trend for health costs and medical election assumptions. The actuarial assumptions are contained in Note 3 of the RHCA GASB 74 Actuarial Report.

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, 2025

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 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 employee and employer were \$238,559 for the year ending June 30, 2025, which included enhanced rate contributions.

On June 30, 2025, the City reported a liability of \$1,967,431 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and an actuarial valuation as of June 30, 2023 was used to determine the total OPEB liability. 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, 2024. On June 30, 2024, the City’s proportion was 0.11023 percent.

For the year ended June 30, 2025, the City recognized OPEB expense (revenue) of \$(583,535). On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,085	\$ 205,507
Changes of assumptions	368,156	1,247,621
Net difference between projected and actual earnings on pension plan investments	17,587	-
Changes in proportion	305,249	58,336
City's contributions subsequent to the measurement date	238,559	-
Total	<u>\$ 950,636</u>	<u>\$ 1,511,464</u>

Deferred outflows of resources totaling \$238,559 which represents the City’s contributions to the made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2025	\$ (282,472)
2026	(345,535)
2027	(222,625)
2028	(23,934)
2029	75,179
Total	<u>\$ (799,387)</u>

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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, 2023
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	3.00-13%
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 8.5% graded down to 4.5% over 16 years for Medicare medical plan costs
Mortality assumption	Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

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 weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Core Fixed Income	20.0%	1.60%
US Equity-Large Cap	20.0%	6.90%
Non US Emerging	15.0%	8.70%
NON US Developed	12.0%	7.20%
Private Equity	10.0%	10.00%
Credit and Structured	10.0%	3.70%
Real Estate	5.0%	3.60%
Real Return	5.0%	3.20%
US Equity Small Cap	3.0%	6.90%
Total	100%	

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 7.00% as of June 30, 2024. 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 OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. The 7.00% assumed investment return on plan assets, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability.

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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current discount rate:

RHC Fund Division Municipal Government	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net OPEB liability	\$ 2,481,060	\$ 1,967,431	\$ 1,546,388

The following presents the net OPEB liability, calculated using the current health trend rates as of June 30, 2024, as well as what the Fund's net OPEB liability would be if it were calculated using a health cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the health cost trend rates used:

RHC Fund Division Municipal Government	1% Decrease	Current Trend Rates	1% Increase)
City's proportionate share of the net OPEB liability	\$ 1,520,409	\$ 1,967,431	\$ 3,115,438

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, 2024.

NOTE 13. Subsequent Events

The date to which events occurring after June 30, 2025, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 19, 2025, which is the date on which the financial statements were available to be issued.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 14. Restricted net position

The government-wide statement of net position reports restricted net position of \$1,667,177 for governmental activities. Descriptions of the related enabling legislation and restrictions for special revenue, capital projects, and debt service funds are provided on page 30 and pages 84–87. In addition, the government-wide statement of net position reports restricted net position of \$993,605 for business-type activities. This amount is restricted for debt service related to the Joint Utility.

NOTE 15. Related Party

As of June 30, 2025, the City’s management was aware of the following related party transactions:

<u>Vendor Name</u>	<u>Relationship</u>	<u>Expenditures</u>
Best Western Socorro Hotel	Owned by the Mayor	\$ 4,622
Bhasker Medical Clinic PC	Owned by the Mayor	\$ 15,026
Drug Awareness	Owned by City Councilor	\$ 23,505
EZI Construction	Owned by Nephew of City Finance Director	\$ 423,672
4-10's Construction	Owned is married to City Finance Directors Neice	\$ 55,674

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, 2025.

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

The City had no subscription-based information and technology agreements as of June 30, 2025.

NOTE 18. GASB 100 Accounting Changes and Error Corrections

Changes to or within the Financial Reporting Entity

In fiscal year 2024, the City reported the Rodeo Arena Fund 249 as a major governmental fund because it met the criteria established under GASB Statement No. 34. In fiscal year 2025, the Rodeo Arena Fund no longer met the criteria for major fund reporting and is therefore presented as a nonmajor governmental fund in the governmental fund financial statements. Conversely, the Capital Projects Fund 311, which did not meet the major fund criteria in fiscal year 2024, met the criteria in fiscal year 2025 and is reported as a major governmental fund in the June 30, 2025, financial statements.

Changes in Accounting Principal – GASB 101

Conversely, in fiscal year 2025, the City reported the Capital Projects Fund (309) as a major fund because its total revenues accounted for 10.38% of total governmental revenues, in accordance with the GASB 34 thresholds. In the prior year (fiscal year 2024), the Capital Projects Fund (309) did not meet the criteria for major fund reporting.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 18. GASB 100 Accounting Changes and Error Corrections (continued)

Changes in Accounting Principal – GASB 101 (continued)

The City implemented GASB Statement No. 101 during the fiscal year ended June 30, 2025. This change in accounting principle requires the City to recognize liabilities for compensated absences for:

1. Leave that has not yet been used, and
2. Leave that has been used but not yet paid in cash or otherwise settled.

A liability is recognized for unused leave if:

- a) The leave is attributable to services already rendered,
- b) The leave accumulates, and
- c) The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Implementation of this standard resulted in a restatement of beginning net position, as follows:

	Governmental	Joint Utility Fund Business-type	Total
	Activiites	Activiites	
Beginning - net position	\$ 21,768,274	\$ 13,505,508	\$ 35,273,782
Restatement - change in accountign principal			
Accrued compensated absences	(211,661)	(48,300)	(259,961)
Beginning - net position restated	\$ 21,556,613	\$ 13,457,208	\$ 35,013,821

Changes in Accounting Estimate

In fiscal year 2025, the City borrowed \$11,441,543 through three separate debt issuances from the New Mexico Environment Department (NMED) at below-market interest rates. In prior years, the imputation of accrued interest on similar loans was considered immaterial to the financial statements and was not recorded.

Given the materiality of the new borrowings in fiscal year 2025, the City imputed interest on all NMED loans. This resulted in a reclassification of \$489,251 from notes payable to unamortized premiums. This reclassification affected only the presentation of liabilities and had no impact on net position.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 19: Subsequent GASB Pronouncements

New GASB Statements effective for fiscal year 2026 (Fiscal Years Beginning After June 15, 2025)

GASB Statement No. 103 – Financial Reporting Model Improvements

- Effective for fiscal years beginning after June 15, 2025 (i.e., FY 2026)
- Key changes include:
 - MD&A streamlined into five sections
 - Required disclosure of unusual or infrequent inflows/outflows
 - Updates to proprietary fund statement presentation (e.g., subtotals for operating income and noncapital subsidies)
 - Separate reporting of each major component unit in the financial statements
 - Budgetary comparison information must be RSI with variance explanations

GASB Statement No. 104 – Disclosure of Certain Capital Assets

- Effective fiscal years beginning after June 15, 2025 (FY 2026)
- Requires separate note disclosures by major class for:
 - Lease assets (per GASB 87)
 - Intangible right-to-use assets (GASB 94)
 - Subscription-Based IT arrangements (GASB 96)
 - Other intangible assets
 - Also includes guidance for capital assets held for sale (e.g., cost, accumulated depreciation, debt pledged as collateral)

Management does not anticipate that the implementation of GASB Statements No. 103 and No. 104 will have a significant impact on the City's financial statements for the year ending June 30, 2026.

NOTE 20. Certain Risk Disclosures – GASB 102

The City has no concentrations or constraints, as defined by paragraph 7, subparagraphs (a)–(c), that are required to be disclosed in accordance with GASB Statement No. 102.

STATE OF NEW MEXICO
City of Socorro
Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 21. Joint Powers Agreements

Animal Shelter

Participants	City of Socorro County 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	\$ 4,796
Audit responsibility	City of Socorro

County Financial Support for City Ambulance Services

Participants	City of Socorro County of Socorro
Responsible party	City of Socorro
Description	Socorro county agrees to reimburse the City for 3 EMP position above the City's 15 position.
Term of agreement	Perpetual
Amount of project	\$287,702 annually
City contributions	None
Audit responsibility	City of Socorro County 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

MUNICIPAL GENERAL FUND	Measurement Date June 30,									
	2024 FY 2025	2023 FY 2024	2022 FY 2023	2021 FY 2022	2020 FY 2021	2019 FY 2020	2018 FY 2019	2017 FY2018	2016 FY 2017	2015 FY 2016
City's proportion of the net pension liability (asset)	0.3502%	0.3502%	0.3550%	0.3418%	0.3403%	0.3389%	0.3852%	0.3886%	0.3889%	0.3903%
City's proportionate share of the net pension liability (asset)	\$ 8,962,423	\$ 7,416,264	\$ 6,304,647	\$ 3,851,579	\$ 6,881,639	\$ 5,866,696	\$ 6,141,513	\$ 5,339,693	\$ 6,087,098	\$ 3,944,781
City's covered-employee payroll	\$ 5,739,236	\$ 4,878,153	\$ 3,999,857	\$ 3,455,699	\$ 3,477,523	\$ 3,398,523	\$ 3,225,155	\$ 2,793,566	\$ 2,905,236	\$ 2,866,523
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	156.16%	152.03%	157.62%	111.46%	197.89%	172.62%	190.43%	191.14%	209.52%	137.62%
Plan fiduciary net position as a percentage of the total pension liability	66.00%	67.26%	69.35%	77.25%	66.36%	70.52%	73.74%	73.74%	69.18%	76.99%

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

MUNICIPAL POLICE FUND	Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
		FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
City's proportion of the net pension liability (asset)		0.3086%	0.3086%	0.2830%	0.2666%	0.2725%	0.2998%	0.2975%	0.2948%	0.2998%	0.2965%
City's proportionate share of the net pension liability (asset)	\$	3,781,614	\$ 2,976,869	\$ 2,276,394	\$ 1,378,788	\$ 2,340,420	\$ 2,214,530	\$ 2,029,855	\$ 1,637,807	\$ 2,296,864	\$ 1,520,948
City's covered-employee payroll	\$	1,222,444	\$ 989,555	\$ 946,001	\$ 802,999	\$ 690,462	\$ 674,523	\$ 632,555	\$ 655,232	\$ 631,560	\$ 807,916
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		309.35%	300.83%	240.63%	171.70%	338.96%	328.31%	320.90%	249.96%	363.68%	188.26%
Plan fiduciary net position as a percentage of the total pension liability		66.00%	67.26%	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%

See Independent Auditors' Report

**STATE OF NEW MEXICO
City of Socorro**

Schedule I
Page 3 of 3

**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***

MUNICIPAL FIRE FUND	Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
		FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
City's proportion of the net pension liability (asset)		0.4685%	0.4685%	0.4650%	0.4933%	0.4382%	0.4614%	0.4606%	0.4617%	0.4721%	0.4655%
City's proportionate share of the net pension liability (asset)	\$	4,889,881	\$ 4,220,706	\$ 3,535,110	\$ 2,994,910	\$ 3,314,430	\$ 3,170,911	\$ 2,641,592	\$ 2,641,592	\$ 3,118,700	\$ 2,408,724
City's covered-employee payroll	\$	1,077,444	\$ 954,699	\$ 626,822	\$ 532,965	\$ 472,001	\$ 461,197	\$ 440,555	\$ 504,651	\$ 452,185	\$ 466,525
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		453.84%	442.10%	563.97%	561.93%	702.21%	687.54%	669.19%	523.45%	689.70%	516.31%
Plan fiduciary net position as a percentage of the total pension liability		66.00%	67.26%	69.35%	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%

See Independent Auditors' Report

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

Schedule II
Page 1 of 3

MUNICIPAL GENERAL FUND	Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
		FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Contractually required contribution	\$	548,046	\$ 466,132	\$ 382,497	\$ 330,019	\$ 332,103	\$ 324,600	\$ 308,002	\$ 311,000	\$ 326,000	\$ 590,000
Contributions in relation to the contractually required contribution	\$	548,046	\$ 466,132	\$ 382,497	\$ 330,733	\$ 332,357	\$ 324,600	\$ 308,131	\$ 311,000	\$ 326,000	\$ 590,000
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ (714)	\$ (254)	\$ -	\$ (129)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$	5,739,236	\$ 4,878,153	\$ 3,999,857	\$ 3,455,699	\$ 3,477,523	\$ 3,398,523	\$ 3,225,155	\$ 2,793,566	\$ 2,905,236	\$ 2,866,523
Contributions as a percentage of covered-employee payroll		9.55%	9.56%	9.56%	9.57%	9.56%	9.55%	9.55%	11.13%	11.22%	20.58%

See Independent Auditors' Report

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

Schedule II
Page 2 of 3

MUNICIPAL POLICE FUND	Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
		FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Contractually required contribution	\$	231,243	\$ 187,104	\$ 178,855	\$ 151,847	\$ 130,566	\$ 127,485	\$ 119,553	\$ 119,000	\$ 115,000	\$ 170,000
Contributions in relation to the contractually required contribution	\$	231,243	\$ 187,104	\$ 178,855	\$ 151,869	\$ 130,568	\$ 127,521	\$ 119,553	\$ 119,000	\$ 115,000	\$ 170,000
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ (22)	\$ (2)	\$ 36	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$	1,222,444	\$ 989,555	\$ 946,001	\$ 802,999	\$ 690,462	\$ 674,523	\$ 632,555	\$ 655,232	\$ 631,560	\$ 807,916
Contributions as a percentage of covered-employee payroll		18.92%	18.91%	18.91%	18.91%	18.91%	18.91%	18.90%	18.16%	18.21%	21.04%

See Independent Auditors' Report

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

Schedule II
Page 3 of 3

MUNICIPAL FIRE FUND	Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
		FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Contractually required contribution	\$	299,012	\$ 265,282	\$ 174,220	\$ 147,365	\$ 130,508	\$ 127,521	\$ 121,813	\$ 127,000	\$ 124,000	\$ 160,000
Contributions in relation to the contractually required contribution	\$	299,012	\$ 265,282	\$ 174,220	\$ 148,131	\$ 130,568	\$ 127,521	\$ 121,813	\$ 127,000	\$ 124,000	\$ 160,000
Contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ (766)	\$ (60)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$	1,077,444	\$ 954,699	\$ 626,822	\$ 532,965	\$ 472,001	\$ 461,197	\$ 458,233	\$ 504,651	\$ 452,185	\$ 466,525
Contributions as a percentage of covered-employee payroll		27.75%	27.79%	27.79%	27.79%	27.66%	27.65%	27.65%	28.70%	27.42%	29.90%

See Independent Auditors' Report

STATE OF NEW MEXICO Schedule III
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*

CITY IN SUMMATION	Measurement Date June 30,	2024 <u>FY 2025</u>	2023 <u>FY 2024</u>	2022 <u>FY 2023</u>	2021 <u>FY 2022</u>	2020 <u>FY 2021</u>	2019 <u>FY 2020</u>	2018 <u>FY 2019</u>	2017 <u>FY 2018</u>
City's proportion of the net OPEB liability (asset)		0.1102%	0.1014%	0.1016%	0.1006%	0.0978%	0.1039%	0.1108%	0.1118%
City's proportionate share of the net OPEB liability		\$ 1,967,431	\$ 1,726,390	\$ 2,349,505	\$ 3,309,763	\$ 4,105,272	\$ 3,369,490	\$ 4,791,017	\$ 5,065,051
City's covered-employee payroll		\$ 5,982,361	\$ 5,982,361	\$ 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		32.89%	28.86%	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

CITY IN SUMMATION	Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017
		FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Contractually required contribution		\$ 238,559	\$ 210,595	\$ 174,180	\$ 154,876	\$ 145,289	\$ 140,908	\$ 90,881	\$ 139,978
Contributions in relation to the contractually required contribution		\$ 238,559	\$ 210,595	\$ 174,180	\$ 154,876	\$ 145,295	\$ 141,526	\$ 90,887	\$ 94,094
City's covered-employee payroll		\$ 7,377,400	\$ 6,512,351	\$ 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		3.23%	3.23%	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, 2025

Changes of Benefit Terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's ACFR which can be obtained from the New Mexico Office of the State Auditor's website at osa.nm.gov by selecting *Audit Report Search* and using entity numbers 366-A.

Assumptions: The Public Employees Retirement Association of New Mexico Annual Actuarial Valuations as of June 30, 2024 report which can be obtained from the New Mexico Office of the State Auditor's website at osa.nm.gov by selecting *Audit Report Search* and using entity numbers 343-A.

There were no major changes to benefit terms which impact the measurements provided in the Retirement Healthcare Fund. The 2024 report can be obtained from the New Mexico Office of the State Auditor's website at osa.nm.gov by selecting *Audit Report Search* and using entity numbers 343.

Changes in Assumption

The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in PERA June 30, 2024 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, 2025

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, 2025

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 Special - 249

To account for City revenues and expenditures related to the rodeo arena facilities. The Fund was established by City Ordinance.

Convention Center Fund -250

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

Trails Plus Grant Fund – 253

To account for grant revenues received from U.S. Department of Health and Human Services and passed through the New Mexico Department of Finance and Administration for the design and creation of hiking trails. The fund was created under the requirements of the grant agreement.

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STATE OF NEW MEXICO
City of Socorro
Nonmajor Governmental Fund Description
June 30, 2025

Capital Projects Funds

Airport Improvement Fund – 304

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

CDBG – 315

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

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, 2025

	Special Revenue					
	Sedillo	Corrections # 201	EMS # 206	Fire Protection # 209	LEPF # 211	Lodgers Tax # 214
	Park Renovations # 107					
Assets						
Cash and cash equivalents	\$ 722	\$ -	\$ -	\$ 8,853	\$ -	\$ 86,713
Restricted cash	-	-	-	2,133	-	-
Lodgers taxes receivables	-	-	-	-	-	4,349
Gas taxes receivable	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total assets	\$ 722	\$ -	\$ -	\$ 10,986	\$ -	\$ 91,062
Liabilities and fund balance						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 134	\$ 795	\$ -	\$ 1,371
Unearned Revenue	-	-	-	-	-	-
Total liabilities	-	-	134	795	-	1,371
Fund balance						
Spendable						
Restricted for:						
Public safety	-	-	-	8,058	-	-
Public works	-	-	-	-	-	-
Culture and recreation	722	-	-	-	-	89,691
Health and welfare	-	-	-	-	-	-
Debt service expenditures	-	-	-	2,133	-	-
Capital projects	-	-	-	-	-	-
Committed to:						
Unassigned	-	-	(134)	-	-	-
Total fund balances	722	-	(134)	10,191	-	89,691
Total liabilities and fund balances	\$ 722	\$ -	\$ -	\$ 10,986	\$ -	\$ 91,062

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

Lodgers Tax Promotion # 215	Municipal Street # 216	Recreation # 217	Library # 218	Senior Citizens # 220	Juvenile Justice # 241	Rodeo Arena # 249	Convention Center # 250	Trails Plus Grant 253
\$ 60,529	\$ 249	\$ 813	\$ 3,379	\$ -	\$ 24,620	\$ 216,850	\$ 238,088	\$ 293,091
125,791	-	-	-	-	-	-	22,711	-
33,956	-	-	-	-	-	-	15,323	-
-	9,148	-	-	-	-	-	-	-
-	-	-	-	87,280	17,709	8,212	-	-
<u>\$ 220,276</u>	<u>\$ 9,397</u>	<u>\$ 813</u>	<u>\$ 3,379</u>	<u>\$ 87,280</u>	<u>\$ 42,329</u>	<u>\$ 225,062</u>	<u>\$ 276,122</u>	<u>\$ 293,091</u>
\$ -	\$ 2,419	\$ 604	\$ -	\$ 4,737	\$ 14,108	\$ 12,922	\$ 1,024	\$ -
-	-	-	-	-	-	-	-	293,091
-	2,419	604	-	4,737	14,108	12,922	1,024	293,091
-	-	-	-	-	28,221	-	-	-
-	6,978	-	-	-	-	-	-	-
94,485	-	209	3,379	-	-	212,140	252,387	-
-	-	-	-	82,543	-	-	-	-
125,791	-	-	-	-	-	-	22,711	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>220,276</u>	<u>6,978</u>	<u>209</u>	<u>3,379</u>	<u>82,543</u>	<u>28,221</u>	<u>212,140</u>	<u>275,098</u>	<u>-</u>
<u>\$ 220,276</u>	<u>\$ 9,397</u>	<u>\$ 813</u>	<u>\$ 3,379</u>	<u>\$ 87,280</u>	<u>\$ 42,329</u>	<u>\$ 225,062</u>	<u>\$ 276,122</u>	<u>\$ 293,091</u>

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STATE OF NEW MEXICO
City of Socorro
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	<u>Capital Projects</u>		<u>Debt Service</u>	Total Nonmajor Governmental Funds
	Airport Improvements # 304	CDBG # 315	Debt Service # 403	
Assets				
Cash and cash equivalents	\$ 5,000	\$ 297,324	\$ -	\$ 1,236,231
Restricted cash	-	-	168,882	319,517
Lodgers taxes receivables	-	-	-	53,628
Gas taxes receivable	-	-	-	9,148
Other Receivables	16,704	49,754	-	179,659
Total assets	<u>\$ 21,704</u>	<u>\$ 347,078</u>	<u>\$ 168,882</u>	<u>\$ 1,798,183</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 38,114
Unearned Revenue	-	-	-	293,091
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,205</u>
Fund balance				
Spendable				
Restricted for:				
Public safety	-	-	-	36,279
Public works	-	-	-	6,978
Culture and recreation	-	-	-	653,013
Health and welfare	-	-	-	82,543
Debt service expenditures	-	-	168,882	319,517
Capital projects	21,704	347,078	-	368,782
Committed to:				
Unassigned	-	-	-	(134)
Total fund balances	<u>21,704</u>	<u>347,078</u>	<u>168,882</u>	<u>1,466,978</u>
Total liabilities and fund balances	<u>\$ 21,704</u>	<u>\$ 347,078</u>	<u>\$ 168,882</u>	<u>\$ 1,798,183</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, 2025

	Special Revenue					
	Sedillo Park Renovations # 107	Corrections # 201	EMS # 206	Fire Protection # 209	LEPF # 211	Lodgers Tax # 214
Revenues						
Property taxes						
Gross receipt taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-	-
Lodger's taxes	-	-	-	-	-	136,338
State operating grants	-	-	175,000	-	340,999	-
State capital grants	781,877	-	-	267,971	-	-
Federal operating grants	-	-	-	-	-	-
Federal capital grants	-	-	-	-	-	-
Charges for services	4,630	-	-	-	-	-
Licenses and fees	-	1,980	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-
Total revenue	<u>786,507</u>	<u>1,980</u>	<u>175,000</u>	<u>267,971</u>	<u>340,999</u>	<u>136,338</u>
Expenditures						
Current:						
Public safety	-	1,980	175,134	202,467	264,877	-
Public works	-	-	-	-	-	-
Culture and recreation	1,801	-	-	-	-	94,750
Health and welfare	-	-	-	-	-	-
Capital outlay	974,478	-	-	-	76,122	-
Debt service:						
Principal	-	-	-	57,286	-	-
Interest	-	-	-	695	-	-
Total expenditures	<u>976,279</u>	<u>1,980</u>	<u>175,134</u>	<u>260,448</u>	<u>340,999</u>	<u>94,750</u>
Excess (deficiency) of revenues over expenditures	<u>(189,772)</u>	<u>-</u>	<u>(134)</u>	<u>7,523</u>	<u>-</u>	<u>41,588</u>
Other financing sources (uses)						
Transfers in	64,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>64,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(125,772)</u>	<u>-</u>	<u>(134)</u>	<u>7,523</u>	<u>-</u>	<u>41,588</u>
Fund balance - beginning of year	126,494	-	-	2,668	-	48,103
Fund balance - end of year	<u>\$ 722</u>	<u>\$ -</u>	<u>\$ (134)</u>	<u>\$ 10,191</u>	<u>\$ -</u>	<u>\$ 89,691</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

Lodgers								
Tax	Municipal			Senior	Juvenile	Rodeo	Convention	Trails Plus
Promotion	Street	Recreation	Library	Citizens	Justice	Arena	Center	Grant
# 215	# 216	# 217	# 218	# 220	# 241	# 249	# 250	253
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	55,613	-	-	-	-	-	-	-
405,701	-	-	-	-	-	-	238,218	-
10,566	-	-	-	30,234	-	228,212	-	-
-	-	-	-	1,009,788	-	-	-	-
-	-	-	-	58,463	182,524	-	-	76,929
-	-	-	-	-	-	666,226	-	-
-	-	19,407	3,556	12,413	-	154,458	71,762	-
-	-	-	-	-	-	-	-	-
6,007	-	-	-	-	-	-	1,523	-
23,759	23,202	3,451	-	16,160	-	2,650	-	-
<u>446,033</u>	<u>78,815</u>	<u>22,858</u>	<u>3,556</u>	<u>1,127,058</u>	<u>182,524</u>	<u>1,051,546</u>	<u>311,503</u>	<u>76,929</u>
-	-	-	-	-	181,103	-	-	-
-	594,828	-	-	-	-	-	-	-
273,883	-	469,882	846	-	-	384,504	158,777	76,929
-	-	-	-	744,877	-	-	-	-
-	41,750	-	-	384,481	-	514,878	32,500	-
-	-	-	-	-	-	-	-	-
55,530	61,688	-	-	-	-	-	28,055	-
24,601	2,907	-	-	-	-	-	22,172	-
<u>354,014</u>	<u>701,173</u>	<u>469,882</u>	<u>846</u>	<u>1,129,358</u>	<u>181,103</u>	<u>899,382</u>	<u>241,504</u>	<u>76,929</u>
92,019	(622,358)	(447,024)	2,710	(2,300)	1,421	152,164	69,999	-
1,803	319,000	448,400	-	13,699	-	272,500	1,192	-
-	-	-	-	-	-	-	-	-
<u>1,803</u>	<u>319,000</u>	<u>448,400</u>	<u>-</u>	<u>13,699</u>	<u>-</u>	<u>272,500</u>	<u>1,192</u>	<u>-</u>
93,822	(303,358)	1,376	2,710	11,399	1,421	424,664	71,191	-
126,454	310,336	(1,167)	669	71,144	26,800	(212,524)	203,907	-
<u>\$ 220,276</u>	<u>\$ 6,978</u>	<u>\$ 209</u>	<u>\$ 3,379</u>	<u>\$ 82,543</u>	<u>\$ 28,221</u>	<u>\$ 212,140</u>	<u>\$ 275,098</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
City of Socorro
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects		Debt Service	Total Nonmajor Governmental Funds
	Airport Improvements # 304	CDBG # 315	Debt Service # 403	
Revenues				
Property taxes				-
Gross receipt taxes	\$ -	\$ -	\$ 17,180	\$ 17,180
Gas taxes	-	-	-	55,613
Lodger's taxes	-	-	-	780,257
State operating grants	-	-	-	785,011
State capital grants	107,394	-	-	2,167,030
Federal operating grants	-	-	-	317,916
Federal capital grants	67,589	49,754	-	783,569
Charges for services	-	-	-	266,226
Licenses and fees	-	-	-	1,980
Interest income	-	-	5,186	12,716
Miscellaneous income	-	-	-	69,222
Total revenue	174,983	49,754	22,366	5,256,720
Expenditures				
Current:				
Public safety	-	-	-	825,561
Public works	75	-	-	594,903
Culture and recreation	-	-	-	1,461,372
Health and welfare	-	-	-	744,877
Capital outlay	165,159	57,115	-	2,246,483
Debt service:				
Principal	-	-	12,381	214,940
Interest	-	-	4,799	55,174
Total expenditures	165,234	57,115	17,180	6,143,310
Excess (deficiency) of revenues over expenditures	9,749	(7,361)	5,186	(886,590)
Other financing sources (uses)				
Transfers in	24,356	-	-	1,144,950
Transfers out	-	-	(2,995)	(2,995)
Total other financing sources (uses)	24,356	-	(2,995)	1,141,955
Net change in fund balance	34,105	(7,361)	2,191	255,365
Fund balance - beginning of year	(12,401)	354,439	166,691	1,211,613
Fund balance - end of year	\$ 21,704	\$ 347,078	\$ 168,882	\$ 1,466,978

See Independent Auditors' Report and Notes to Financial Statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Socorro
Schedule of Deposits and Investments
June 30, 2025

Schedule V

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
New Mexico LGIP					
LGIP	Interest Bearing - Investments	\$ 8,913,720	\$ -	\$ -	\$ 8,913,720
Total New Mexico LGIP		<u>\$ 8,913,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,913,720</u>
First State Bank:					
Operating Account	Interest Bearing - Checking	\$ 5,329,118	\$ 34,890	\$ (543,280)	\$ 4,820,728
CDBG	Noninterest Bearing - Checking	349,483	-	-	349,483
Savings	Interest Bearing - Savings	906,256	-	-	906,256
Payroll Account	Interest Bearing - Checking	59,041	-	(50,344)	8,697
Total First State Bank		<u>\$ 6,643,898</u>	<u>\$ 34,890</u>	<u>\$ (593,624)</u>	<u>\$ 6,085,164</u>
Washington Federal					
Operating Account	Interest Bearing - Checking	\$ 33,626	\$ 1,533	\$ -	\$ 35,159
Total Washington Federal		<u>\$ 33,626</u>	<u>\$ 1,533</u>	<u>\$ -</u>	<u>\$ 35,159</u>
New Mexico Finance Authority:					
Debt Service Account	Interest Bearing - Debt Service	\$ 673,222	\$ -	\$ -	\$ 673,222
Debt Service Reserve Escrow	Interest Bearing - Debt Escrow	640,013	-	-	640,013
Total New Mexico Finance Authority		<u>\$ 1,313,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,313,235</u>
Total		<u>\$ 16,904,479</u>	<u>\$ 36,423</u>	<u>\$ (593,624)</u>	<u>\$ 16,347,278</u>
Petty cash					1,001
Total Deposits					<u>\$ 16,348,279</u>
Total cash and cash equivalents per Statement of Net Position					\$ 15,005,417
Total restricted cash and cash equivalents per Statement of Net Position					<u>1,342,862</u>
Total cash and cash equivalents					<u>\$ 16,348,279</u>

See Independent Auditors' Report

City of Socorro

**Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2025**

<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 2.800	09/19/39	3133EKKG0	\$ 1,997,336
First State Bank	FFCB 2.450	07/26/32	3133EGNR2	1,077,309
First State Bank	FFCB 3.620	03/09/34	3133EAGW2	1,037,319
First State Bank	FFCB 2.400	09/27/34	3133EKU46	1,766,550
First State Bank	FFCB 4.375	01/13/38	3133EN5Z9	500,105
				<u>\$ 6,378,619</u>

See Independent Auditors' Report

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COMPLIANCE SECTION



Auditors~Consultants~CPA

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

Honorable Joseph M. Maestas, P.E. CFE
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 comparison of the general of the City of Socorro, New Mexico (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2025.

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
December 19, 2025

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COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE



Auditors~Consultants~CPA

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

Honorable Joseph M. Maestas, P.E. CFE
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, 2025. 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, 2025.

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
December 19, 2025

STATE OF NEW MEXICO
City of Socorro
Schedule of Expenditures of Federal Awards
June 30, 2025

Schedule VII

Federal grantor/Pass-through Grantor/Program Title	Federal Assisted Listing Number	Major Program	Project Number	Federal Expenditures	Loan and Loan Guarantees	Total
Unites States Department of Transportation						
Direct						
Airport Improvement Program	20.106	No	NA	\$ 67,589	\$ -	\$ 67,589
Passed Through New Mexico Department of Transportation						
Public Rural Transportation	20.509	No	DD82-5311	173,637	-	173,637
Unites States Department of Justice						
Passed through New Mexico Children and Youth Families Department						
Juvenile Assistance Grant	16.601	No	21-690-3200-20819	181,103	-	181,103
United States Center of Disease Control						
Passed through New Mexico Department of Health						
Community Transformation Grant	93.531	No	66500-06104	718	-	718
United States Federal Emergency Management Agency						
Passed through New Mexico Department of Substance Abuse						
Drug Free Communities	93.959	No	BD30-SABG	124,423	-	124,423
United States Department of Health and Human Services						
Passed through New Mexico Department of Finance and Administration						
Coronavirus State and Local Recovery Funds - Quality of Life	21.027	No	23-ZH5053-49	412,375	-	412,375
United States Department of the Treasury						
Passed through North Central New Mexico Economic Development District						
Special Program for Aging Cluster-Title IIC1 and IIC2	93.045	No	2025-24-68062	37,469	-	37,469
Coronavirus State and Local Recovery Funds - Trails Plus	21.027	No	10/31/2026	76,929	-	76,929
Environmental Protection Agency						
Passed through New Mexico Environment Department						
Capitalization grant for Clean Water State Revolving Funds	66.458	Yes	CWSRF 129	2,500,002	2,107,383	4,607,385
Unites States Department of Housing and Urban Development						
Passed through New Mexico Department of Finance and Administration						
Community Development Grant	14.218	No	NA	49,754	-	49,754
Total Expenditures of Federal Awards				\$ 3,623,999	\$2,107,383	\$ 5,731,382

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Socorro
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2025

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, 2025. 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.

NOTE 3. Indirect Cost Rate

The City has elected not to use the 10% / 15% de minimis indirect cost rate as allowed under the Uniform Guidance.

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, 2025.

NOTE 6. Noncash Assistance

The City did not receive any noncash assistance during the year ended June 30, 2025.

STATE OF NEW MEXICO
City of Socorro
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2025

NOTE 7. Loan Guarantees

The City received and expended loans and loan guarantees totaling \$3,907,238 from the Environmental Protection Agency (EPA) under Assistance Listing No. 66.458.

The following table presents a roll forward of all federal loans and loan guarantees outstanding as of June 30, 2025:

	Balance June 30 2024	Additions	Retirements	Balance June 30 2025
USDA - 11 Wastewater Revenue Bonds - Series 2010	\$ 100,700	\$ -	\$ 2,700	\$ 98,000
USDA - 13 Wastewater Revenue Bonds Series 2011A	409,000	-	10,000	399,000
USDA - 16 Joint Utility Revenue Bonds Series 2013A	1,010,000	-	20,000	990,000
USDA Bond Series 2021A Loan 62835	4,724,402	-	4,724,402	-
USDA Bond Series 2021B Loan 67963	1,406,492	-	1,406,492	-
USDA Series 2022A Loan 17	2,667,731	-	2,667,731	-
USDA Series 2022B Loan 68031	525,369	-	525,369	-
NMED - CWSRF EQ 129	502,318	1,315,627	-	1,817,945
NMED - CWSRF EQ 129 - Premium	302,299	791,756	-	1,094,055
	<u>\$ 11,648,311</u>	<u>\$ 2,107,383</u>	<u>\$ 9,356,694</u>	<u>\$ 4,399,000</u>

NOTE 8. General

The following is a reconciliation of the Schedule of Expenditures of Federal Awards to the City's financial statements for the year ended June 30, 2025:

City of Socorro's federal expenditures of federal awards on SEFA	\$ 5,731,382
Expenditures funded by other sources	<u>37,752,559</u>
Total expenditures	<u>\$ 43,483,941</u>
Total expenditures Exhibit B-2	\$ 18,299,312
Total operating expenses D-2	10,852,905
Depreciation expense Exhibit D-2	(2,048,798)
Interest Expense Exhibit D-2	444,944
Loan issuance expense Exhibit D-2	202,194
Acquisition of capital assets Exhibit D-3	6,000,109
Principal payments Exhibit D-3	10,079,697
Employer pension and OPEB expense Exhibit D-3	<u>(346,422)</u>
	<u>\$ 43,483,941</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
City of Socorro
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2025

NOTE 9. Subsequent revisions to the Uniform Guidance

For years beginning after October 1, 2024, the following key revisions took effect:

Key Revisions to the Uniform Guidance

- **Single Audit Threshold Increase:** The threshold for non-Federal entities required to undergo a Single Audit was raised from \$750,000 to \$1 million in total Federal awards expended in a fiscal year.
- **Equipment and Supply Threshold Increase:** The definition of equipment (for tracking and disposition purposes) and the threshold for expensing unused supplies was increased from \$5,000 to \$10,000.
- **De Minimis Indirect Cost Rate:** The optional de minimis indirect cost rate was increased from 10% to up to 15% of Modified Total Direct Costs (MTDC).

Management has evaluated these revisions and does not expect the upcoming changes to have an impact on the City's compliance with federal programs.

STATE OF NEW MEXICO
City of Socorro
Schedule of Findings and Questioned Costs
June 30, 2025

Section I: Summary of Audit Results

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
66.458	Capitalization grant for Clean Water State Revolving Funds	Environmental Protection Agency
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

None

Section III: Audit Findings

None

STATE OF NEW MEXICO
City of Socorro
Exit Conference
June 30, 2025

Exit Conference

An exit conference was held on December 19, 2025. In attendance were the following:

Representing the City of Socorro:

Anton Salome	City Councilor
Nick Feleming	City Councilor
Donald Monette	City Administrator
Ruby Lopez	Finance Director

Representing Southwest Accounting Solutions, LLC

Robert Peixotto, CPA	Managing Member
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Auditor Prepared Financial Statements

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