

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
AUDIT REPORT  
JUNE 30, 2009**

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
JUNE 30, 2009**

**TABLE OF CONTENTS**

	<b><u>Page Number</u></b>
<b>INTRODUCTORY SECTION</b>	
Function of the Entity .....	1
Official Roster .....	2
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	3-4
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Assets .....	5-6
Statement of Activities .....	7-8
<b>Fund Financial Statements</b>	
Balance Sheet-Governmental Funds.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds.....	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds to the Statement of Activities.....	11
<b>Statement of Revenues, Expenditures and Change in Fund Balances Budget (Non-GAAP Basis) and Actual on Budgetary Basis</b>	
General Fund.....	12
<b>Statement of Net Assets- Proprietary Funds.....</b>	13
<b>Statement of Revenues, Expenses and Change in Fund Net Assets- Proprietary Funds.....</b>	14
<b>Statement of Cash Flows- Proprietary Funds.....</b>	15
<b>Notes to the Financial Statements.....</b>	16-40
<b>SUPPLEMENTARY INFORMATION</b>	
<b>Non-Major Governmental Funds.....</b>	41-42
<b>Combining and Individual Fund Financial Statements:</b>	
<b>Combining Balance Sheet- Nonmajor Governmental Funds.....</b>	43-46
<b>Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....</b>	47-50

**Statement of Revenues, Expenditures and Changes in Fund Balances-  
Budget (Non-GAAP Basis) and Actual on Budgetary Basis:**

Fire Protection Fund .....	51
Recreation Fund.....	52
Lodgers Tax Fund.....	53
Lodgers Tax Promotional Fund .....	54
Emergency Medical Services Fund .....	55
Law Enforcement Protection Fund.....	56
Correctional Fee Fund .....	57
Narcotics Assistance Fund.....	58
Sedillo Park Renovations Fund .....	59
Library Fund .....	60
Park Plaza Renovations Fund .....	61
Animal Control Shelter .....	62
Airport Improvement Fund.....	63
Street Improvement Fund .....	64
Fire Academy Sewer Project .....	65
Rodeo Arena & Convention Center .....	66
CDBG Planning Econ/Dev .....	67
Cuba Road Phase I .....	68
Debt Service .....	69

**Statement of Revenues, Expenses and Change in Fund Net Assets-  
Budget (Non-GAAP Basis) & Actual on Budgetary Basis:**

<b>Proprietary Funds.....</b>	<b>70</b>
-------------------------------	-----------

**Schedule of Revenues, Expenses and Change in Fund Net Assets**

<b>Proprietary Funds- Departmental .....</b>	<b>71-72</b>
--	--------------

<b>Schedule of Expenditures of Federal Awards.....</b>	<b>73</b>
--	-----------

**Independent Auditors' 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**

.....	74-75
-------	-------

**Independent Auditors' Report on Compliance with Requirements Applicable to each  
Major Program and on Internal Control over Compliance in Accordance with OMB  
Circular A-133 .....**

.....	76-77
-------	-------

<b>Schedule of Findings and Questioned Costs .....</b>	<b>78-80</b>
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<b>Other Disclosures .....</b>	<b>81</b>
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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
JUNE 30, 2009**

**FUNCTION OF THE ENTITY**

The City of Socorro, New Mexico was incorporated in 1870 and operates under a Mayor Council form of government. Eight Councilors are elected at large for a four-year term of office. Non-partisan elections are held biannually for staggered terms of office. The Mayor is elected at large and serves as the Chairman of the Council.

The City provides traditional services such as public safety, public works, culture and recreation and other services, which are normal operations of cities. The City also provides water, sewer, solid waste and natural gas services.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
JUNE 30, 2009**

**OFFICIAL ROSTER**

<b><u>Name</u></b>	<b><u>Title</u></b>
Ravi Bhasker	Mayor
Peter Romero	Councilor
Toby Jaramillo	Councilor
Ernest Pargas Jr.	Councilor
Michael Olguin Jr.	Councilor
Mary Ann Chavez-Lopez	Councilor
Chuck Zimmerly	Councilor
Gordon Hicks	Councilor
Donald Monette	Councilor
Patrick Salome, Jr	Clerk
Mable Gonzales	Finance Director
Frances Cases	Municipal Judge

**FINANCIAL STATEMENTS SECTION**



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

Ravi Bhasker, Mayor  
City Council  
City of Socorro  
Socorro, New Mexico  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the City of Socorro, New Mexico as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements, as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the City of Socorro, New Mexico's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Socorro, New Mexico as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund, of the City of Socorro, New Mexico as of June 30, 2009 and the respective changes in financial position and the respective budgetary comparisons for the proprietary fund, and all nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our reports dated January 26, 2010, on our consideration of the City of Socorro, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The City of Socorro has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Pattillo, Brown & Hill LLP*

Pattillo, Brown, & Hill, L.L.P.  
Albuquerque, New Mexico  
January 26, 2010

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,009,564	\$ 795,787	\$ 1,805,351
Investments	1,080,727	-	1,080,727
Receivables (net of allowances for uncollectibles)	600,070	1,006,515	1,606,585
Internal balances	203,528	( 203,528)	-
Bond premium	-	38,395	38,395
Inventory	<u>20,604</u>	<u>129,256</u>	<u>149,860</u>
Total current assets	<u>2,914,493</u>	<u>1,766,425</u>	<u>4,680,918</u>
<b>Other assets:</b>			
Restricted cash and investments	<u>-</u>	<u>2,049,672</u>	<u>2,049,672</u>
Total other assets	<u>-</u>	<u>2,049,672</u>	<u>2,049,672</u>
<b>Noncurrent assets:</b>			
<b>Capital assets not being depreciated:</b>			
Land	308,719	516,294	825,013
Construction in progress	-	137,700	137,700
Capital assets being depreciated	20,363,668	22,388,148	42,751,816
Less: accumulated depreciation	<u>( 6,644,115)</u>	<u>( 13,343,390)</u>	<u>( 19,987,505)</u>
Total capital assets	<u>14,028,272</u>	<u>9,698,752</u>	<u>23,727,024</u>
 Total noncurrent assets	 <u>14,028,272</u>	 <u>9,698,752</u>	 <u>23,727,024</u>
 Total assets	 <u>16,942,765</u>	 <u>13,514,849</u>	 <u>30,457,614</u>

The notes to the financial statements are an integral part of this statement.

<b>LIABILITIES</b>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current liabilities:</b>			
Accounts payable	\$ 104,197	\$ 104,415	\$ 208,612
Accrued payroll expenses	30,841	-	30,841
Accrued interest payable	6,008	9,038	15,046
Capital leases payable - current	-	37,350	37,350
Current portion long term debt	<u>78,332</u>	<u>189,764</u>	<u>268,096</u>
Total current liabilities	<u>219,378</u>	<u>340,567</u>	<u>559,945</u>
<b>Noncurrent liabilities:</b>			
Meter deposits	-	89,848	89,848
Compensated absences	167,810	90,062	257,872
Landfill closure and post closing liability	-	789,685	789,685
Capital leases payable	-	192,248	192,248
Bonds and loans payable less current portion	<u>1,066,089</u>	<u>2,489,045</u>	<u>3,555,134</u>
Total noncurrent liabilities	<u>1,233,899</u>	<u>3,650,888</u>	<u>4,884,787</u>
 Total liabilities	 <u>1,453,277</u>	 <u>3,991,455</u>	 <u>5,444,732</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	12,877,843	6,790,345	19,668,188
Restricted for:			
Debt service	405,840	944,770	1,350,610
Capital projects	232,786	1,000,004	1,232,790
Unrestricted	<u>1,973,019</u>	<u>788,275</u>	<u>2,761,294</u>
 Total net assets	 <u>\$ 15,489,488</u>	 <u>\$ 9,523,394</u>	 <u>\$ 25,012,882</u>

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 1,754,511	\$ 299,425	\$ 1,599,450	\$ -
Judicial	179,360	150,755	-	715,991
Public safety	3,161,443	470,176	264,884	-
Public works	900,973	-	375,250	-
Culture and recreation	1,668,787	66,804	17,531	602,957
Interest and fees on long-term debt	<u>40,644</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>7,705,718</u>	<u>987,160</u>	<u>2,257,115</u>	<u>1,318,948</u>
Business-type activities:				
Natural gas	\$ 2,409,337	\$ 2,746,641	\$ -	\$ -
Water	1,166,315	1,125,642	-	52,688
Waste water	1,269,305	1,009,274	-	-
Solid waste	361,944	664,915	-	-
Landfill	797,195	330,629	-	-
Recycling	<u>130,709</u>	<u>13,809</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>6,134,805</u>	<u>5,890,910</u>	<u>-</u>	<u>52,688</u>
Total primary government	<u>\$ 13,840,523</u>	<u>\$ 6,878,070</u>	<u>\$ 2,257,115</u>	<u>\$ 1,371,636</u>

General revenues:

Taxes:

    Property taxes, levied for general purposes

    State shared

    Sales

    Lodgers

    Franchise

    Investment earnings

    Miscellaneous

    Insurance proceeds

Transfers

Total general revenues, special items, and transfers

Change in net assets

Net assets, beginning of year

Net assets, ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 144,364	\$ -	\$ 144,364
687,386	-	687,386
( 2,426,383)	-	( 2,426,383)
( 525,723)	-	( 525,723)
( 981,495)	-	( 981,495)
( 40,644)	-	( 40,644)
<u>( 3,142,495)</u>	<u>-</u>	<u>( 3,142,495)</u>
\$ -	\$ 337,304	\$ 337,304
-	12,015	12,015
-	( 260,031)	( 260,031)
-	302,971	302,971
-	( 466,566)	( 466,566)
<u>-</u>	<u>( 116,900)</u>	<u>( 116,900)</u>
<u>-</u>	<u>( 191,207)</u>	<u>( 191,207)</u>
<u>( 3,142,495)</u>	<u>( 191,207)</u>	<u>( 3,333,702)</u>
445,606	-	445,606
290,705	88,739	379,444
3,929,536	-	3,929,536
335,595	-	335,595
209,811	-	209,811
19,789	25,580	45,369
117,423	-	117,423
627,210	-	627,210
( 435,000)	435,000	-
<u>5,540,675</u>	<u>549,319</u>	<u>6,089,994</u>
<u>2,398,180</u>	<u>358,112</u>	<u>2,756,292</u>
<u>13,091,308</u>	<u>9,165,282</u>	<u>22,256,590</u>
\$ <u>15,489,488</u>	\$ <u>9,523,394</u>	\$ <u>25,012,882</u>

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

<b>ASSETS</b>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 325,843	\$ 683,721	\$ 1,009,564
Investments	782,547	298,180	1,080,727
Accounts receivable (net of allowance)	518,607	81,463	600,070
Inventory	20,604	-	20,604
Due from other funds	<u>250,528</u>	<u>-</u>	<u>250,528</u>
<b>Total assets</b>	<b><u>\$ 1,898,129</u></b>	<b><u>\$ 1,063,364</u></b>	<b><u>\$ 2,961,493</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 43,538	\$ 60,659	\$ 104,197
Accrued payroll expenses	30,841	-	30,841
Due to other funds	<u>47,000</u>	<u>-</u>	<u>47,000</u>
<b>Total liabilities</b>	<b><u>121,379</u></b>	<b><u>60,659</u></b>	<b><u>182,038</u></b>
 <b>Fund balances:</b>			
Reserved for:			
Debt service	-	405,840	405,840
Capital projects funds	-	232,786	232,786
Unreserved, undesignated reported in:			
General fund	1,776,750	-	1,776,750
Special revenue funds	<u>-</u>	<u>364,079</u>	<u>364,079</u>
<b>Total fund balances</b>	<b><u>1,776,750</u></b>	<b><u>1,002,705</u></b>	<b>2,779,455</b>
<b>Total liabilities &amp; fund balances</b>	<b><u>\$ 1,898,129</u></b>	<b><u>\$ 1,063,364</u></b>	

Long term liabilities, including loans payable,  
are not due and payable in the current period  
and therefore are not reported in the funds. ( 1,318,239)

Capital assets used in governmental activities  
are not financial resources and, therefore, are  
not reported in the funds. 14,028,272

**\$ 15,489,488**

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes:			
Gross receipts tax	\$ 2,031,775	\$ 107,549	\$ 2,139,324
Property taxes	445,606	-	445,606
Lodgers' tax	-	335,595	335,595
Other state shared taxes	290,705	-	290,705
Franchise tax	209,811	-	209,811
Licenses and permits	36,290	-	36,290
Intergovernmental	1,118,347	2,551,515	3,669,862
Charges for services	733,311	66,804	800,115
Fines and forfeitures	110,656	40,099	150,755
State shared gross receipts tax	1,785,234	4,978	1,790,212
Other	103,716	13,707	117,423
Investment	<u>16,058</u>	<u>3,731</u>	<u>19,789</u>
<b>Total revenues</b>	<u>6,881,509</u>	<u>3,123,978</u>	<u>10,005,487</u>
<b>EXPENDITURES</b>			
<b>Current operations:</b>			
General government	1,269,883	197,209	1,467,092
Judicial	160,087	-	160,087
Public safety	2,710,769	209,329	2,920,098
Public works	794,147	-	794,147
Culture and recreation	783,479	716,310	1,499,789
<b>Debt service:</b>			
Principal	-	76,149	76,149
Interest	-	37,923	37,923
Fees and other	-	3,052	3,052
<b>Capital outlay:</b>	<u>1,484,310</u>	<u>1,903,164</u>	<u>3,387,474</u>
<b>Total expenditures</b>	<u>7,202,675</u>	<u>3,143,136</u>	<u>10,345,811</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 321,166)	( 19,158)	( 340,324)
<b>Other financing sources (uses):</b>			
Insurance proceeds	627,210	-	627,210
Transfers in	412,213	827,822	1,240,035
Transfers out	( 1,035,570)	( 639,465)	( 1,675,035)
<b>Total other financing sources (uses)</b>	<u>3,853</u>	<u>188,357</u>	<u>192,210</u>
<b>Net change in fund balances</b>	( 317,313)	169,199	( 148,114)
<b>Fund balances, beginning of year</b>	<u>2,094,063</u>	<u>833,506</u>	<u>2,927,569</u>
<b>Fund balances, end of year</b>	<u>\$ 1,776,750</u>	<u>\$ 1,002,705</u>	<u>\$ 2,779,455</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

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

Net change in fund balances - total governmental funds	\$( 148,114)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	2,571,012
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds	76,149
Recognition of accounts receivable and deferred revenues is reflected on the full accrual basis within the statement of activities. The City has determined that the receivables are not available, therefore, the revenues have been deferred within the governmental funds in the prior year.	( 93,799)
Some 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.	( 7,068)
Change in net assets of governmental activities	<u>\$ 2,398,180</u>

The notes to the financial statements are an integral part of this statement.



**STATE OF NEW MEXICO  
CITY OF SOCORRO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes:				
Gross receipts tax	\$ 1,615,000	\$ 1,815,000	\$ 2,069,372	\$ 254,372
Property taxes	377,166	377,166	448,811	71,645
Other state shared taxes	323,000	323,000	290,756	( 32,244)
Franchise tax	180,000	180,000	192,987	12,987
Licenses and permits	43,350	43,350	36,392	( 6,958)
Intergovernmental	390,527	931,459	1,118,347	186,888
Charges for services	1,077,980	1,077,980	690,951	( 387,029)
Fines and forfeitures	89,100	89,100	110,656	21,556
State shared gross receipts tax	1,409,574	1,409,574	1,785,234	375,660
Other	103,839	117,052	103,716	( 13,336)
Investment	60,000	60,000	16,058	( 43,942)
<b>Total revenues</b>	<u>5,192,556</u>	<u>6,423,681</u>	<u>6,863,280</u>	<u>439,599</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	1,218,813	1,289,913	1,252,029	37,884
Judicial	141,274	155,769	160,087	( 4,318)
Public safety	3,050,692	2,791,584	2,710,769	80,815
Public works	718,724	778,249	794,147	( 15,898)
Culture and recreation	754,824	817,722	783,479	34,243
<b>Capital Outlay</b>	<u>110,264</u>	<u>271,798</u>	<u>1,484,310</u>	<u>( 1,212,512)</u>
<b>Total expenditures</b>	<u>5,748,762</u>	<u>6,105,035</u>	<u>7,184,821</u>	<u>( 1,079,786)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 556,206)	318,646	( 321,541)	( 640,187)
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance proceeds	-	-	627,210	627,210
Transfers in	353,487	443,487	412,213	( 31,274)
Transfers out	( 613,796)	( 1,206,953)	( 1,035,570)	171,383
<b>Total other financing sources (uses)</b>	<u>( 261,685)</u>	<u>( 763,466)</u>	<u>3,853</u>	<u>767,319</u>
<b>Net change in fund balances</b>	<u>\$ ( 817,891)</u>	<u>\$ ( 444,820)</u>	<u>\$ ( 317,688)</u>	<u>\$ 127,132</u>
Beginning cash & investment balance	\$ 1,147,281	\$ 1,147,281		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 317,688)	
Change in receivables			18,229	
Change in payables			(17,854)	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 317,313)</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009**

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 795,787
Accounts receivable (net of allowance for uncollectible)	1,006,515
Due from other funds	62,913
Inventory	<u>129,256</u>
<b>Total current assets</b>	<u>1,994,471</u>

**Restricted assets:**

Customers' meter deposits	89,848
Debt payments and reserves	596,195
Investments -landfill improvements	1,023,561
Landfill improvements & closures and solid waste issues	325,018
Water rights	<u>15,050</u>
<b>Total restricted assets</b>	<u>2,049,672</u>

**Other assets:**

Deferred loan fees	<u>38,395</u>
--------------------	---------------

**Plant in service:**

<b>Non-depreciable assets</b>	
Land	516,294
Construction in progress	137,700
<b>Depreciable assets</b>	
Natural gas system	2,415,145
Water and sewer system	18,138,120
Solid waste equipment	1,834,883
Less accumulated depreciation	<u>( 13,343,390)</u>
<b>Total property, plant and equipment</b>	<u>9,698,752</u>

**Total Assets**

13,781,290

**LIABILITIES**

**Current Liabilities:**

Accounts payable	104,415
Accrued interest payable	9,038
Due to other funds	266,441
Current portion capital lease	37,350
Current portion long-term debt	<u>189,764</u>
<b>Total current liabilities</b>	<u>607,008</u>

**Long term liabilities:**

Utility meter deposits	89,848
Compensated absences	90,062
Landfill closure and post closing liability	789,685
Capital lease payable	192,248
Bonds and loans payable less current portion	<u>2,489,045</u>
<b>Total long-term liabilities</b>	<u>3,650,888</u>

**Total Liabilities**

4,257,896

**Net Assets**

Invested in capital assets, net of related debt	6,790,345
Restricted for debt service	( 78,791)
Restricted for construction	1,000,004
Unrestricted	<u>1,811,836</u>

**Total Net Assets**

\$ 9,523,394

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Total</b>
<b>Operating Revenues:</b>	
Charges for services	\$ 5,802,668
Connection charges	46,518
Other revenue	41,724
<b>Total operating revenues</b>	<b>5,890,910</b>
 <b>Operating Expenses:</b>	
Natural gas purchases	1,395,759
Salaries	1,551,527
Benefits	555,186
Other operating expense	1,765,874
Depreciation	560,037
Payment in lieu of taxes	244,495
<b>Total operating expenses</b>	<b>6,072,878</b>
<b>Operating income (loss)</b>	<b>( 181,968)</b>
 <b>Non-operating income (deductions):</b>	
Taxes	88,739
Interest income	25,580
Interest expense	( 61,927)
Transfers in (out) from other funds	435,000
Capital grants	52,688
<b>Total non-operating income (deductions)</b>	<b>540,080</b>
<b>Net income (loss)</b>	<b>358,112</b>
 <b>Net assets, beginning of year</b>	<b>9,165,282</b>
 <b>Net assets, end of year</b>	<b>\$ 9,523,394</b>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 5,854,736
Cash payments to employees for services	(2,097,586)
Cash payments to supplies for goods and services	<u>(3,503,798)</u>
Net cash provided by operating activities	<u>253,352</u>
<b>Cash flows from noncapital financing activities</b>	
Net transfers and due to other funds	235,599
Taxes received	<u>88,739</u>
Net cash provided by capital and related activities	<u>324,338</u>
<b>Cash flows from investing activities</b>	
Interest income	25,580
Investments proceeds	1,558,668
Proceeds on debt	<u>1,093,740</u>
Net cash used by capital and related activities	<u>2,677,988</u>
<b>Cash flows from capital investing activities</b>	
Acquisition of capital assets	(458,112)
Capital leases	(35,409)
Capital grants	52,688
Principal paid on debt	(142,597)
Interest paid on debt	<u>(59,751)</u>
Net cash used by capital financing activities	<u>(643,181)</u>
Net decrease in cash and cash equivalents	2,612,497
Cash and equivalents beginning of year	<u>232,962</u>
Cash and equivalents end of year	<u>\$ 2,845,459</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income	\$( 181,968)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:	
Depreciation expense	560,037
Decrease (increase) in customer receivable	( 42,217)
Decrease (increase) in inventory	( 53,103)
Decrease (increase) in prepaid	( 13,573)
Increase (decrease) in accounts payable	( 30,994)
Increase (decrease) in customer deposits	6,043
Increase (decrease) in compensated absences	<u>9,127</u>
Net cash provided by operating activities	<u>\$ 253,352</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Socorro incorporated in 1870 under the laws of the State of New Mexico. The City operates under a Mayor - Council form of government and provides services as authorized by its charter: public safety, highways and streets, sanitation, health and welfare, culture and recreation, planning and zoning, and general administrative services.

**A. Reporting Entity**

This summary of significant accounting policies of the City of Socorro are presented to assist in the understanding of the City of Socorro's financial statements. The financial statements and notes are the representation of the City of Socorro's management who are responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP).

The basic (but not the only) criteria 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to 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. Based upon the application of these criteria, the City has no component units.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 revenue are reported instead as *general revenue*.

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 a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Sales, franchise, lodgers', gas, cigarette and other similar taxes are recognized when the underlying exchange transaction takes place. 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 revenue to be available if 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, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. Socorro County, the collecting agent for the city property tax, is unable to report the amount of delinquent tax currently due to the City.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

(continued)

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Assets, Liabilities, and Net Assets or Equity

#### **Cash Equivalents and Investments**

Cash and investments include amounts in demand deposits, certificates of deposit and investments. All amounts included in pooled cash and investments with an original maturity of 90 days or less are considered to be cash equivalents for the purposes of the statement of cash flows. Investments are stated at fair market value.

#### **Receivables**

Accounts receivable of the enterprise fund represents the amounts due from customer utility accounts. Customers are billed jointly for charges for gas, water, wastewater, and solid waste disposal services. The governmental funds report taxes and other fees collected at the City, County and State level as receivables.

#### **Supply Inventories**

The cost of inventory items in the joint enterprise fund, consisting primarily of parts and supplies, are recorded at last cost. Expenditures are recorded as the inventory items are consumed.

#### **Restricted Assets**

Certain resources of the enterprise funds are set aside for revenue bond and note repayment and replacement reserves and are classified as restricted assets on the balance sheet because the use of these monies is limited by applicable bond covenants and loan documents. The City also sets aside the environmental gross receipts tax collection and a certain portion of refuse collection fees for purchase of future water rights as may be needed by the City. In addition, customers' meter deposit monies are classified as restricted assets.

#### **Capital Assets**

Capital assets, which include property, plant, equipment, improvements, and water and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 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. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has chosen the prospective reporting of general infrastructures assets. The costs of library books at conversion were determined to be fully depreciated. Current year purchases of library books do not warrant capitalization.

Interest incurred during the construction phase of capital assets of business type activities is included as part of the capitalized value of the asset constructed. During the year the City did not capitalize any interest costs.

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.



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities, and Net Assets or Equity** (continued)

Property, improvements, equipment, and water and sewer system are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Data Processing Equipment	3
Software	5
Office Equipment	5
Motor Vehicles	5
Office furniture	10
Non Office Equipment and Ambulance	10
Fire Truck, Facility Improvements	20
Buildings	20-40

**Compensated Absences**

The City's employees earn vacation leave, which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave accrues at the rate of eight hours per month. Employees who have accumulated sick leave in excess of 600 hours may convert to pay (not to exceed 500 hours) the amount in excess at a rate of two hours of sick leave to one hour of cash payment. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities, and Net Assets or Equity** (continued)

**Estimates**

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

**E. Proprietary Activity Accounting and Financial Reporting**

The City currently has a policy to apply Governmental Accounting Standards Board (GASB) pronouncements and the Financial Accounting Standards Board (FASB) Statements issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements to all proprietary activities.

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

Bonds and loans payable current	\$ 78,332
Bonds and loans payable long-term	1,066,089
Accrued interest payable	6,008
Compensated absences	<u>167,810</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$ <u>1,318,239</u>

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

### Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

(continued)

Capital outlay	\$ 3,387,474
Depreciation expense	<u>(816,462)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,571,012</u>

Another element of that reconciliation states, "the issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." The details of this difference are as follows:

Bond and loan payable	\$ 76,149
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 76,149</u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences	\$ (7,399)
Accrued interest	<u>331</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (7,068)</u>

## 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the City Clerk-Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the City Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.

### 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

#### **Budgetary Information** (continued)

2. The City Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, the City Council and New Mexico Department of Finance, Division of Local Governments must approve any revisions that alter the total expenditures of any funds. The original budget that was adopted in July was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The expenditures or expenses may not legally exceed appropriations for each budget, at the fund level. Appropriations lapse at year end.
6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

#### **Cash and Investments**

The City can invest in; bonds or negotiable securities of the United States, the state of other governments; and other securities, contracts or obligations that are backed by the full faith and credit of the United States government. If the City is unable to invest with the bank at the rate of interest set forth by the State of New Mexico (which is no less than one hundred percent of the asked price on United States Treasury bills of the same maturity on the day of deposit) then the City may invest with the New Mexico State Treasurer's short term investment pool.

At June 30, 2009, the City had cash and cash equivalents on deposit with local financial institutions, consisting of checking accounts and certificates of deposits that are carried at cost, which also have values approximating market value. The City also had funds held by the New Mexico Finance Authority in bank funds secured by US Treasury Funds. Investments are held at Wells Fargo Brokerage Services secured by the United States government. Following is a schedule as of June 30, 2009, of the cash and cash equivalents and collateral pledged to secure the public funds on deposit. All funds are held in the name of the City in financial institutions that have exceeded the minimum collateral requirements. All financial institutions have pledged collateral with securities held by their trust department or agent in the financial institutions name.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

**Cash and Investments** (continued)

	Balance Per Bank 6-30-09	Add Deposits In Transit	Less Outstanding Checks	Adjustment	Balance Per Books 6-30-09
First State Bank of Socorro:					
Checking Account Operating	\$ 853,371	\$ 9,589	\$ 460,651	\$ 113	\$ 402,422
Checking Account Payroll	42,386	-	39,429		2,957
Investment Account	1,101,896	-	-		1,101,896
Checking Account E-Pay	5,790	3,278			9,068
 Bank of America :					
Checking Account Operating	<u>47,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,444</u>
 Total Cash in Banks	<u>\$ 2,050,887</u>	<u>\$ 12,867</u>	<u>\$ 500,080</u>	<u>\$ 113</u>	1,563,787
 Funds Held by the New Mexico Finance Authority:					
US Treasury Fund Accounts					1,224,223
State Treasurers Office					42,902
Wells Fargo Brokerage Services					2,104,288
Plus Cash on Hand					<u>550</u>
 Total Cash and Investments Per Books					<u>\$ 4,935,750</u>
 As Reported in Financial Statements:					
Investments: Unrestricted					\$ 1,080,727
Restricted					1,023,561
Cash: Unrestricted					1,805,351
Restricted					<u>1,026,111</u>
					<u>\$ 4,935,750</u>

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation.

### 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

#### Cash and Investments (continued)

	<u>First State Bank of Socorro</u>	<u>Bank of America</u>	<u>Total</u>
Amount on Deposit in Bank	\$ 2,003,443	\$ 47,444	\$ 2,050,887
Less FDIC Coverage	(250,000)	(47,444)	(297,444)
Uninsured Public Funds	<u>1,753,443</u>	<u>-</u>	<u>1,753,443</u>
Collateral pledged :	<u>STATED AT</u>		
Safekeeping agent, First State Bank, Socorro, NM			
US Treasury Notes CUSIP #912810DZ8	FMV 691,884	-	691,884
Ruidoso Gross Receipts Tax CUSIP #781336AV4	PAR 245,000	-	245,000
Ruidoso Gross Receipts Tax CUSIP #781336AT9	PAR 225,000	-	225,000
Ruidoso Gross Receipts Tax CUSIP #781336AU6	PAR 235,000	-	235,000
FHLB Non CBL Cusip #3133XLWM1	FMV 442,221	-	442,221
Ruidoso Gross Receipts Tax CUSIP #781336AW2	PAR 255,000	-	255,000
	-	-	-
	<u>2,094,105</u>	<u>-</u>	<u>2,094,105</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. As of June 30, 2009 \$1,753,443 of the City's bank balance of \$2,050,887 was exposed to custodial credit risk as follows:

	<u>First State Bank</u>	<u>Bank of America</u>
Uninsured and uncollateralized	\$ -	\$ -
Uninsured and collateral held by pledging	<u>1,753,443</u>	<u>-</u>
Total	<u>\$ 1,753,443</u>	<u>\$ -</u>

### 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

#### Cash and Investments (continued)

Also at June 30, 2009 the City had \$1,224,223 held in AP US Treasury Notes, in connection with three New Mexico Finance Authority loans. Two for road construction and the other for landfill scale house construction. The notes, held by the Bank of Albuquerque Trust Services, in the Bank's name, exposes the City to custodial credit risk as noted above. The City does not have an investment policy to limit exposure to custodial credit risk or to manage its exposure to fair value losses due to rising interest rates. At June 30, 2009 these investments were:

#### Bank of Albuquerque

NMFA (Road) Reserves	\$ 8,466
NMFA (Infrastructure) Reserves	95,050
NMFA (Infrastructure Proceeds)	16,919
NMFA (Landfill) Reserves	26,199
NMFA (Landfill) Proceeds	1,000,004
NMFA (Landfill) Reserves	<u>77,585</u>
Total	<u>\$ 1,224,223</u>

There are three gross receipts intercept accounts managed by the New Mexico Finance Authority (NMFA), on deposit with the State Treasurer's office, in NMFA's name and are held for the benefit of the City. These accounts expose the City to custodial credit risk of \$42,902.

<u>NMFA</u>	
NMFA (Road) Intercept	\$ 6,589
NMFA (Infrastructure) Intercept	22,148
NMFA (Landfill) Intercept	<u>14,165</u>
Total	<u>\$ 42,902</u>

The City invests idle cash under the guidelines of the State of New Mexico Statute 6-10-10 which authorizes investments in the following instruments:

- 1) Bonds or negotiable securities of the United States, the state or a county, municipality or school district that has a taxable valuation or real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- 2) Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States, the federal home loan mortgage association, the federal national mortgage association, the federal farm credit bank or the student loan marketing association or are backed by the full faith and credit of the United States government.

3. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

**Cash and Investments** (continued)

As of June 30, 2009 the City had the following investments held at Wells Fargo Brokerage Services:

	<u>Fair Value</u>	<u>Current</u>
Wells Fargo Adv. Government MMF	<u>\$ 2,104,288</u>	<u>\$ 2,104,288</u>

*Custodial Credit Risk – Investments*

In accordance with GASB 40, the City’s investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the counterparty. All of the City’s investments are purchased through Wells Fargo Brokerage Services. Wells Fargo & Company holds all U.S. depository – eligible securities with the federally regulated Depository Trust Company (DTC) or through the Federal Reserve Bank System in Wells Fargo’s name. The Advanced Government Money Market Fund investment of the City meet the above criteria and the cost subject to custodial credit risk is \$2,104,288. The City does not have a formal investment policy to limit this risk.

*Interest Rate Risk – Investments*

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk – Investments*

As noted above the City follows the guidelines provided by the State of New Mexico for its investments. The City’s investments in Government Money Market were rated Aaa by Moody’s Investor Services and AAAM by Standard & Poors.

*Concentration of Credit Risk – Investments*

The City places no limit on the amount the City may invest in any one issuer. 100% of the City’s investments are in Government Money Market.

**Investments as Stated in  
Report:**

General Fund	\$ 782,547
Debt Service	271,744
Plaza Park Renov.	26,436
Proprietary Restricted- Landfill improvements	<u>1,023,561</u>
Total	<u>\$ 2,104,288</u>



#### 4. DETAILED NOTES ON ALL FUNDS

##### Receivables

Receivables as of year-end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>			<u>Total</u>
	<u>General</u>	<u>Non-major</u>	<u>Joint Enterprise Fund</u>	
Receivables:				
Customer Accounts	\$ 893,750	\$ -	\$ 1,078,165	\$ 1,971,915
Property Taxes	4,881	-	-	4,881
Franchise Taxes	47,137	-	-	47,137
Gross Receipts Taxes	299,751	-	7,245	306,996
Gas Taxes	20,556	1,844	-	22,400
Cigarette Taxes	342	172	-	514
Lodgers' Tax	-	22,455	-	22,455
Motor Vehicle Fees	3,859	-	-	3,859
Vendor Receivable	-	-	18,576	18,576
Other Governments	-	56,992	-	56,992
Gross receivables	1,270,276	81,463	1,103,986	2,455,725
Less: allowance for uncollectibles	<u>751,669</u>	<u>-</u>	<u>97,471</u>	<u>849,140</u>
Net total receivables	<u>\$ 518,607</u>	<u>\$ 81,463</u>	<u>\$ 1,006,515</u>	<u>\$ 1,606,585</u>

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Adjustments/ Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 300,714	\$ 8,005	\$ -	\$ 308,719
Construction in progress	303,292	-	(303,292)	-
Total capital assets not being depreciated	<u>604,006</u>	<u>8,005</u>	<u>(303,292)</u>	<u>308,719</u>
Capital assets, being depreciated:				
Buildings and improvements	6,670,535	1,444,907	-	8,115,442
Equipment & Vehicles	4,886,817	633,263	(81,900)	5,438,180
Infrastructure	5,205,455	1,301,299	303,292	6,810,046
Total capital assets being depreciated	<u>16,762,807</u>	<u>3,379,469</u>	<u>221,392</u>	<u>20,363,668</u>
Less accumulated depreciation:				
Buildings and improvements	2,561,702	252,996	-	2,814,698
Equipment & Vehicles	2,886,584	324,180	(81,900)	3,128,864
Infrastructure	461,267	239,286	-	700,553
Total accumulated depreciation	<u>5,909,553</u>	<u>816,462</u>	<u>(81,900)</u>	<u>6,644,115</u>
Total capital assets being depreciated, net	<u>10,853,254</u>	<u>2,563,007</u>	<u>303,292</u>	<u>13,719,553</u>
Governmental activities capital assets, net	<u>\$ 11,457,260</u>	<u>\$ 2,571,012</u>	<u>\$ -</u>	<u>\$ 14,028,272</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 516,294	\$ -	\$ -	\$ 516,294
Construction in progress	137,700	-	-	137,700
Total capital assets not being depreciated	<u>653,994</u>	<u>-</u>	<u>-</u>	<u>653,994</u>
Capital assets, being depreciated:				
Plant and equipment	21,910,736	458,112	19,300	22,388,148
Total capital assets being depreciated	<u>21,910,736</u>	<u>458,112</u>	<u>19,300</u>	<u>22,388,148</u>
Less accumulated depreciation:				
Plant and equipment	12,764,053	560,037	19,300	13,343,390
Total accumulated depreciation	<u>12,764,053</u>	<u>560,037</u>	<u>19,300</u>	<u>13,343,390</u>
Total capital assets being depreciated, net	<u>9,146,683</u>	<u>(101,925)</u>	<u>-</u>	<u>9,044,758</u>
Business-type activities capital assets, net	<u>\$ 9,800,677</u>	<u>\$( 101,925)</u>	<u>\$ -</u>	<u>\$ 9,698,752</u>

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Capital Assets** (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 280,020
Judicial	19,273
Public safety	241,345
Public works	106,826
Culture and recreation	<u>168,988</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 816,452</u>
Business-type Activities:	
Natural gas	\$ 79,996
Water	130,693
Waste water	252,575
Solid waste	32,508
Landfill	<u>64,265</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 560,037</u>

**Interfund Receivables, Payables and Transfers**

Payment in Lieu of Taxes:

Payments made by the Enterprise Fund to the General Fund in lieu of property and franchise taxes are recorded as an operating expense and revenue in the respective funds. The charges are based on similar tax rates charged to private entities within the City.

Due to/from other funds:

A loan was made to the General Fund from the Joint Enterprise Fund for the purpose of purchasing capital assets. The loan will be repaid at \$5,000 per year. The balance on June 30, 2009 is \$47,000.

The General Fund received insurance proceeds in prior years which were deposited into the Joint Enterprise Fund. The balance owed to the General Fund is \$203,528.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Interfund Receivables, Payables and Transfers** (continued)

Operating Transfers:

Legally authorized transfers between funds, other than those described above, are recorded as other financing sources and uses in the respective funds.

Interfund transfers:

	<u>Transfers out</u>			
	<u>General</u>	<u>Non Major</u>	<u>Joint Enterprise</u>	<u>Total</u>
<b><u>Transfers in:</u></b>				
General	\$ -	\$ 412,213	\$ -	\$ 412,213
Joint Enterprise	435,000	-	-	435,000
Nonmajor	<u>600,570</u>	<u>227,252</u>	-	<u>827,822</u>
Total transfers out	1,035,570	639,465	-	1,675,035
Less transfers in	<u>(412,213)</u>	<u>(827,822)</u>	<u>(435,000)</u>	<u>(1,675,035)</u>
	<u>\$ 623,357</u>	<u>\$ (188,357)</u>	<u>\$ (435,000)</u>	<u>\$ -</u>

**SHORT TERM DEBT:**

The City does not have any short-term debt.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**LONG TERM DEBT:**

**NMFA Loans:**

**High School Road/Michigan Avenue Construction**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for street construction on High School Road/Michigan Avenue. The loan was finalized on September 27, 2002, with the City borrowing \$308,461.

The note payable bears interest at 3.554%, which includes the NMFA administrative expense fee of 0.25%. Principal payments on the loan are due May 1<sup>st</sup> and November 1<sup>st</sup>. The loan matures on May 1, 2022.

Revenues pledged for payment of this loan are the first two increments of the Municipal Infrastructure Gross Receipts Tax pursuant to section 7-1-6.15 and 7-19D-11, and City Ordinance No. 01-09-17, adopted November 5, 2001.

**Infrastructure Projects**

On March 15, 2006 the City entered into a loan agreement with the New Mexico Finance Authority for the completion of infrastructure projects in the amount of \$1,094,999. The note payable bears interest at 3.387%, which includes the NMFA administrative fee of 0.25%. Principal payments are due May 1<sup>st</sup> and November 1<sup>st</sup>. The loan matures on May 1, 2021. Revenue pledged for payment of this loan are from the State-Shared Gross Receipts Tax to the City made monthly by the New Mexico Department of Taxation and Revenue pursuant to Section 7-1-6.4, NMSA 1978, and City Ordinance No. 06-02-06A, adopted on February 6, 2006.

**Landfill Scale House**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the purchase of a landfill scale house with associated land improvements. The loan was finalized on July 26, 2002, with the City borrowing \$526,185.

The note bears interest of 4.248%, which includes the NMFA administrative expense fee of 0.25%. Principal payments on the loan are due on May 1<sup>st</sup>, and interest payments are due on May 1<sup>st</sup> and November 1<sup>st</sup>. The loan matures May 1, 2022.

Revenues pledged for payment of this loan are the Municipal Environmental Services Gross Receipts Tax pursuant to section 7-19D-10 and 7-1-6.15, and City resolution No. 02-06-17-1 adopted on June 17, 2002.

4. DETAILED NOTES ON ALL FUNDS (Continued)

**LONG TERM DEBT:** (continued)

**NMFA Loans:** (continued)

**Landfill Improvements**

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for a new landfill cell. The loan was finalized on May 15, 2009, with the City borrowing \$1,093,740. The loan has a blended rate of 3.588%. Principal and interest payments on the loan are due on May 1<sup>st</sup> and November 1<sup>st</sup>. The loan matures May 1, 2029.

**Wastewater Treatment Plant**

The City entered into a loan agreement with the New Mexico Health and Environment Department, Environmental Improvement Division, to borrow funds for construction of the wastewater treatment plant. This loan was finalized on April 29, 1998, with the city borrowing \$2,133,619 plus accrued interest of \$187,296 for a total loan balance of \$2,320,915.

On May 11, 2001, the City refinanced the loan with the New Mexico Health and Environment Department, Environmental Improvement Division. The new note payable bears interest at 2% per annum, with seventeen annual payments, beginning April 30, 2002. The City paid a refinance fee of \$42,912. The refinancing fee is classified as a Deferred Loan Fee on the balance sheet and is being amortized over the life of the loan. The obligation is payable solely from the net revenues of the system.

**Lease Purchase-Payable**

In May of 2003 the City of Socorro entered into a lease purchase agreement for a Caterpillar Motor Grader. The lease agreement calls for monthly payments of \$2,543. In October of 2007 the City traded this equipment for a new Caterpillar Dozer. The new lease calls for monthly payments of \$4,061 and will be paid in full in fiscal year 2014. The City has capitalized \$316,120 for this lease.

<u>Payment Requirement</u> <u>FYE June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 37,350	\$ 11,379	\$ 48,729
2011	39,399	9,331	48,730
2012	41,539	7,183	48,722
2013	43,837	4,893	48,730
2014	67,473	1,110	68,583
	<u>\$ 229,598</u>	<u>\$ 33,896</u>	<u>\$ 263,494</u>

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**LONG TERM DEBT:** (continued)

**Loans Payable**

A summary of the terms of revenue bonds and loans outstanding and their corresponding allocations to the governmental and business-type activities at June 30, 2009 follows:

<u>Series and Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>
<u>Governmental Activities</u>			
NMFA Loan	2022	3.554%	222,735
NMFA Loan	2021	3.387%	921,686
Total governmental activities			<u>\$ 1,144,421</u>
<u>Business-Type Activities</u>			
NMFA Loan -Landfill Loan	2022	4.248%	\$ 387,535
NMED Loan	2018	2.0%	1,197,534
NMED Loan	2029	3.588%	1,093,740
Total business-type activities			<u>\$ 2,678,809</u>

**Governmental Activities**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Admin. Fee</u>
2010	78,332	36,046	2,869
2011	80,643	33,934	2,673
2012	83,094	31,692	2,471
2013	85,692	29,306	2,264
2014	88,445	26,774	2,049
2015-2019	489,213	90,456	5,708
2020-2022	239,002	13,654	993
Total	<u>\$ 1,144,421</u>	<u>\$ 261,862</u>	<u>\$ 19,027</u>

**Business-Type Activities**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Admin. Fee</u>
2010	189,764	71,972	969
2011	193,375	69,730	911
2012	197,282	65,884	851
2013	201,389	61,841	789
2014	205,760	57,537	724
2015-2019	956,737	214,139	2,548
2020-2025	392,290	114,272	554
2026-2029	342,212	45,662	-
Total	<u>\$ 2,678,809</u>	<u>\$ 701,037</u>	<u>\$ 7,346</u>

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**LONG TERM DEBT:** (continued)

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Loan Payable	\$ 1,220,570	\$ -	\$ 76,149	\$ 1,144,421	\$ 78,332
Compensated absences	<u>160,411</u>	<u>180,792</u>	<u>173,393</u>	<u>167,810</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 1,380,981</u>	<u>\$ 180,792</u>	<u>\$ 249,542</u>	<u>\$ 1,312,231</u>	<u>\$ 78,332</u>
<b>Business-type activities</b>					
Capital Lease	\$ 265,007	\$ -	\$ 35,409	\$ 229,598	\$ 37,350
Loans Payable	1,727,666	1,093,740	142,597	2,678,809	189,764
Compensated Absences	<u>80,935</u>	<u>120,248</u>	<u>111,121</u>	<u>90,062</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 2,073,608</u>	<u>\$ 1,213,988</u>	<u>\$ 289,127</u>	<u>\$ 2,998,469</u>	<u>\$ 227,114</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

**Landfill Closure and Post Closure Costs**

State and Federal law regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$789,685 reported as landfill closure and post closure care liability at June 30, 2009, 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.

During the year ended June 30, 2009, the City received \$52,302 in environmental gross receipts tax for closure and post closure and post closure care costs as well as other solid waste issues. The City has accumulated through June 30, 2009; \$348,575 of City imposed environmental gross receipts tax and service charge revenue to be used to satisfy the landfill closure and post closure care liability as well as other solid waste cost issues. These funds are included under restricted cash and cash equivalents within the Joint Enterprise Fund. The City has satisfied State determined financial assurance requirements for closure and post closure costs and related assessments through the State's analysis of the City's present financial stature. The City is in the process of obtaining a new operational landfill permit to open a new landfill adjacent to the old landfill.



4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**LONG TERM DEBT:** (continued)

**Restricted Assets**

The balances of the restricted asset accounts are as follows:

	<b>Enterprise Funds</b>
Meter deposits	\$ 89,848
Debt requirements	596,195
Debt proceeds	1,000,004
Land Closure and Solid Waste Reserve	348,575
Water Rights Acquisition Reserve	<u>15,050</u>
Total restricted assets	<u>\$ 2,049,672</u>

**POST-EMPLOYMENT BENEFITS:**

**Retirement Plan**

Substantially all of the City's full-time employees participate in the public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article 11, NMSA 1978) the Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. This report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

Funding Policy. Plan members are required to contribute a percentage of their gross salary. The City of Socorro is required to contribute 18.5% for law enforcement officers, 21.25% for fire protection workers and 9.15% for all other employees, of the gross covered salary. In addition to the state employer contribution percentages above, the City currently pays 75% of the required employee contributions of 13.15% for all regular employee members. The contribution requirements of plan members and the City of Socorro are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The City of Socorro's contributions to PERA for the years ending June 30, 2009, 2008 and 2007 were \$797,407, \$715,597 and \$699,194, respectively, equal to the amount of the required contributions for each year.

#### 4. DETAILED NOTES ON ALL FUNDS (Continued)

##### **POST-EMPLOYMENT BENEFITS:** (continued)

###### **Deferred Compensation Plan**

The State of New Mexico offers local governments a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all local government employees whose employers have elected participation in the plan, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amount of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust by the State of New Mexico for the benefit of the participants.

Approximately sixteen employees of the City participate in the Deferred Compensation Plan. Neither the City of Socorro nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the City of Socorro, have been paid to New Mexico Public Employees' Retirement Association, which administers the plan.

###### **Post-Employment Benefits – State Retiree Health Care Plan**

The City of Socorro contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provided health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA on the person's behalf, unless that person retires on or before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; (4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan and an additional participation fee of five dollars if the

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**POST-EMPLOYMENT BENEFITS:** (continued)

eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The City of Socorro contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$51,134, \$46,398, \$46,251, respectively, which equal the required contributions for each year.

**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; injuries to employees; and natural disasters. The City has obtained insurance through the Self Insurance Fund operating as a common risk management and insurance program. The City pays an annual premium to the New Mexico Self Insurers Fund for its general insurance coverage and all risk of loss is transferred.

**Expenditures in Excess of Budget**

Actual expenditures exceeded budgeted expenditures at the total fund level for the following funds:

General Fund	\$1,079,786
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#### **4. DETAILED NOTES ON ALL FUNDS (Continued)**

##### **Related Party Transactions**

The City's mayor and council members own various businesses in their local area. For the year ending June 30, 2009 the City paid Holiday Inn Express \$428 for facility rent and Bhasker Medical Clinic PC \$5,216.50 which is owned by Mayor Bhasker. For the year ending June 30, 2009 the City paid Monette Ford \$2,356.91 which is owned by Donald Monette, council member and Ernest Welding & Machine \$557.86 which is owned by Earnest Pargas, council member.

##### **Contingencies**

The City has been notified that the New Mexico Environment Department (NMED) has detected unacceptable levels of trichloroethylene (TCE) in underground wells, which NMED believes has come from property that the City owns. The property, known as Eagle Picher Site, was gifted to the City in 1976. Prior to the City's ownership, a private company operated a manufacturing plant on the property and subsequent to that the City leased the site to various tenants. The United States Environmental Protection Agency (EPA) is seeking information regarding the City's role in property ownership and control. The City maintains that it never contributed to the TCE contamination and, while the origination of the contamination is still being investigated, the City remains a potentially responsible party. Preliminary estimates place the cost of remediation of the groundwater in question in excess of \$5,000,000. Although no litigation has been instituted, the City is preparing to contest and defend itself.

##### **Joint Powers Agreement**

A mutual agreement between the City of Socorro and the New Mexico Public Regulation Commission dated March 15, 2007 to plan, design and construct a sewer system connecting the New Mexico State Fire Training Academy to the City's sewer system. The Commission agrees to expend amounts appropriated to the Commission by the Legislature of the State of New Mexico in Laws 2007, Ch. 42, Section 19, and 62, a total of \$250,000 and hold the City harmless for any cost overruns. The City will comply with all administrative procedures as provided in the memorandum of understanding as well as, operate and maintain the project after completion. The agreement will terminate on June 30, 2010.

The City of Socorro & the County of Socorro have entered into an agreement dated June 23, 2009 for sharing of Emergency Medical Services (EMS) and detention center. The City operates an EMS program & the County operates a detention center which will be utilized by both for the health, safety and welfare needs of their respective citizens. The funds exchanged between the City & County will be utilized for the purchase of equipment for the facilities.

The City of Socorro and the Socorro Consolidated School District have entered into an agreement on January 2, 2009 to design and construct a baseball field. The parties will operate a joint purpose baseball field to be used by City youth and the Socorro High School softball teams. The City will utilize grant funds received for the project and be the fiscal agent. The School will maintain the facility on a year-round basis.

The City has entered a joint powers agreement with the Socorro City Police Department and the Middle Rio Grande Conservancy District on September 25, 2009. The Police Department will administer Breath-Alcohol Tests to Socorro Middle Rio Grande Conservancy District employees within guidelines.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Capital Outlay Appropriations**

Capital Outlay appropriations are as follows:

<u>CAPITAL PROJECT FUND</u>	<u>PROJECT APPROPRIATIONS</u>	<u>2009 EXPENDITURE S</u>	<u>EXPENDITURES TO DATE</u>	<u>PROJECT FUNDS OUTSTANDING</u>	<u>APPROPRIATION PERIOD</u>
LIBRARY IMPROVEMENTS 05LG1803	\$ 55,000.00	\$ 22,860	\$ 22,860	\$ 32,140	10/6/05 TO 6/30/10
LITTLE LEAGUE FIELD 06LG1901	60,000	-	-	60,000	4/20/06 TO 6/30/10
ANIMAL CONTROL SHELTER 04LG335	50,000	32,727	48,365	1,635	6/28/06 TO 6/30/09
FIRE ACADEMY SEWER 051201GF	135,000	36,201	135,000	-	12/19/05 TO 6/30/10
RODEO ARENA/CONV CENTER 07LG3501	108,000	56,992	-	108,000	7/20/07 TO 6/30/11
RODEO ARENA/CONV CENTER 07LG5565	250,000	-	-	250,000	7/20/07 TO 6/30/11
RODEO ARENA/CONV CENTER 08LG4507	160,000.00	-	-	160,000	7/7/08 TO 6/30/12
	<u>\$ 818,000.00</u>	<u>\$ 148,780</u>	<u>\$ 206,225</u>	<u>\$ 611,775</u>	

Unexpended appropriations will be recorded as revenue at the time the related costs are incurred.

## **SUPPLEMENTARY INFORMATION**

# NON-MAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

**FIRE PROTECTION FUND** – to account for the operations and maintenance of the fire department. Financing is provided by an allotment from the State of New Mexico Fire Marshal's Office. State Statute Section 59A-53-2, NMSA, 1978 compilation, requires the allotment be used only to operate fire departments.

**RECREATION FUND** – to account for the operation and maintenance of recreational facilities in the City. Financing is provided by program revenue and by a 1 cent tax on cigarette sales which is collected and distributed by the State of New Mexico. State Statute Section 7-12-15, NMSA, 1978 compilation requires this tax be used in the above manner.

**LODGERS TAX FUND** – to account for the operations of tourist facilities or for half of advertising, promoting and publicizing such facilities and tourist attractions. Financing is provided by one and a half percent of a five percent tax on lodging gross receipts within the City of Socorro. State Statute Section 4-6-41 provides for this tax to be imposed by the City.

**LODGERS TAX PROMOTIONAL FUND** – 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.

**EMERGENCY MEDICAL SERVICES FUND** – to account for the State grants received for the purchase, repair and maintenance of rescue units, ambulance vehicles and emergency equipment and communication system. State Statute Section 24-10A-7, NMSA, 1978 compilation restricts the expenditures to be used for that purpose.

**LAW ENFORCEMENT PROTECTION FUND** – to account for the State grants received for the purchase, repair and maintenance of law enforcement equipment and expenses for law enforcement planning and training. State Statute Section 29-13-1, NMSA, 1978 compilation restricts the expenditures to be used for that purpose.

**CORRECTIONAL FEE FUND** – 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.

**NARCOTICS ASSISTANCE FUND** – established by City ordinance to account for assistance received for narcotics prevention. Resources for the program are provided by grants from the New Mexico Department of Finance and Administration, Local Government Division, Federal Government and through the sale of confiscated assets. Expenditures are to be used for activities which prevent and/or control the distribution of narcotic substances.

**SEDILLO PARK RENOVATION FUND** – established by City ordinance 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.

**LIBRARY FUND** – established by City ordinance 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.

## **CAPITAL PROJECTS FUNDS**

**SWIMMING POOL IMPROVEMENT FUND** – to account for improvements to the municipal swimming pool. Resources for the project are provided by a temporary transfer from the Enterprise Fund for \$120,000.

**ANIMAL CONTROL SHELTER** – to account for improvements to the animal control shelter. Resources for this project are provided by transfers from the General Fund.

**AIRPORT IMPROVEMENT FUND** – to account for resources received and used for improvements to the municipal airport. Resources for the project are provided by an FAA Grant, NM Aviation Division Grant and City matching funds.

**STREET IMPROVEMENT FUND** – to account for improvements to streets. Resources for the various projects are provided by the New Mexico State Highway and Transportation Department, State Appropriations, local contributions, City matching contributions and transfers from the General Fund and Enterprise Fund.

**CDBG Planning Econ/Dev** – to account for improvements to various roads. Resources for the project are provided by a Community Development Block Grant and City matching funds.

**CDBG Planning Cuba Road Phase 1** – to account for improvements to various roads. Resources for the project are provided by General Fund and Enterprise Fund.

**Fire Academy Sewer Project** – to account for sewer connection between the New Mexico State Fire Training Academy and the City. Resources for the project are provided by State Appropriations to the New Mexico Environment Department and State Fire Marshal of the New Mexico Public Regulation Commission.

**Rodeo Arena & Convention Center** – to account for improvements and facilities to the arena and convention center. Resources for this project are provided by transfers from the General Fund.

**Plaza Park Renovations Fund** – to account for renovations to the plaza/park. Resources for this project are provided by appropriations from the State of New Mexico and transfers from the Enterprise Fund.

## **DEBT SERVICE FUND**

**Debt Service Fund** – to account for the accumulation of monies and payment of interest, principal and required reserve on the Master Equipment Lease Purchase Agreement and the HS Road Intercept & Reserve Fund.



STATE OF NEW MEXICO  
CITY OF SOCORRO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Special Revenue			
	Fire Protection Fund	Recreation Fund	Lodgers Tax Fund	Lodgers Tax Promotional Fund
<b>ASSETS</b>				
Cash	\$ 27,445	\$ 21,057	\$ 162,219	\$ 33,489
Investments	-	-	-	-
Accounts receivable	<u>-</u>	<u>172</u>	<u>4,313</u>	<u>18,142</u>
<b>Total assets</b>	<b><u>\$ 27,445</u></b>	<b><u>\$ 21,229</u></b>	<b><u>\$ 166,532</u></b>	<b><u>\$ 51,631</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 10,573	\$ 3,237	\$ 3,507	\$ 1,811
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>10,573</u></b>	<b><u>3,237</u></b>	<b><u>3,507</u></b>	<b><u>1,811</u></b>
<b>Fund balances:</b>				
Reserved for debt service	-	-	-	-
Reserved for capital projects	-	-	-	-
Unreserved and undesignated	<u>16,872</u>	<u>17,992</u>	<u>163,025</u>	<u>49,820</u>
<b>Total fund balances</b>	<b><u>16,872</u></b>	<b><u>17,992</u></b>	<b><u>163,025</u></b>	<b><u>49,820</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 27,445</u></b>	<b><u>\$ 21,229</u></b>	<b><u>\$ 166,532</u></b>	<b><u>\$ 51,631</u></b>

The accompanying notes are an integral part of these financial statements.

**Special Revenue**

<b>Emergency Medical Services Fund</b>	<b>Law Enforcement Protection Fund</b>	<b>Correctional Fees Fund</b>	<b>Narcotics Assistance Fund</b>	<b>Sedillo Park Renovations Fund</b>	<b>Library Fund</b>	<b>Total</b>
\$ -	\$ -	\$ 58,807	\$ 12,240	\$ 65,565	\$ 19,961	\$ 400,783
-	-	-	-	-	-	-
-	-	-	-	-	-	22,627
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,807</u>	<u>\$ 12,240</u>	<u>\$ 65,565</u>	<u>\$ 19,961</u>	<u>\$ 423,410</u>
\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ 203	\$ 59,331
-	-	-	-	-	-	-
-	-	40,000	-	-	203	59,331
-	-	-	-	-	-	-
-	-	18,807	12,240	65,565	19,758	364,079
-	-	18,807	12,240	65,565	19,758	364,079
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,807</u>	<u>\$ 12,240</u>	<u>\$ 65,565</u>	<u>\$ 19,961</u>	<u>\$ 423,410</u>

(Continued)

STATE OF NEW MEXICO  
CITY OF SOCORRO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)  
JUNE 30, 2009

	<u>Capital Projects</u>				
	<u>Plaza Park Renovations</u>	<u>Animal Control Shelter</u>	<u>Airport Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Fire Academy Sewer Project</u>
<b>ASSETS</b>					
Cash	\$ 16,919	\$ 7,686	\$ 29,845	\$ 3,278	\$ -
Investments	26,436	-	-	-	-
Accounts receivable	-	-	-	-	-
<b>Total assets</b>	<u>\$ 43,355</u>	<u>\$ 7,686</u>	<u>\$ 29,845</u>	<u>\$ 3,278</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 793	\$ -	\$ 535	\$ -	\$ -
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<u>793</u>	<u>-</u>	<u>535</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>					
Reserved for debt service	-	-	-	-	-
Reserved for capital projects	42,562	7,686	29,310	3,278	-
Unreserved and undesignated	-	-	-	-	-
<b>Total fund balances</b>	<u>42,562</u>	<u>7,686</u>	<u>29,310</u>	<u>3,278</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 43,355</u>	<u>\$ 7,686</u>	<u>\$ 29,845</u>	<u>\$ 3,278</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Projects</u>				<u>Debt Service</u>	
<u>Rodeo Arena and Convention Center</u>	<u>CDBG Planning Econ/Dev</u>	<u>CDBG Cuba Rd Phase 1</u>	<u>Total</u>	<u>Total</u>	<u>Nonmajor Governmental Funds</u>
\$ 42,958	\$ -	\$ 50,000	\$ 150,686	\$ 132,252	\$ 683,721
-	-	-	26,436	271,744	298,180
<u>56,992</u>	<u>-</u>	<u>-</u>	<u>56,992</u>	<u>1,844</u>	<u>81,463</u>
<u>\$ 99,950</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 234,114</u>	<u>\$ 405,840</u>	<u>\$ 1,063,364</u>
\$ -	\$ -		\$ 1,328	\$ -	\$ 60,659
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,328</u>	<u>-</u>	<u>60,659</u>
-	-	-	-	405,840	405,840
99,950	-	50,000	232,786	-	232,786
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,079</u>
<u>99,950</u>	<u>-</u>	<u>50,000</u>	<u>232,786</u>	<u>405,840</u>	<u>1,002,705</u>
<u>\$ 99,950</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 234,114</u>	<u>\$ 405,840</u>	<u>\$ 1,063,364</u>

(Continued)

**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, 2009**

	<u>Special Revenue</u>			
	<u>Fire Protection Fund</u>	<u>Recreation Fund</u>	<u>Lodgers Tax Fund</u>	<u>Lodgers Tax Promotional Fund</u>
<b>REVENUES</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Lodgers' tax	-	-	110,221	225,374
Intergovernmental	150,326	16,267	27,697	-
Charges for services	-	40,416	-	-
Fines and forfeitures	-	-	-	-
State shared gross receipts tax	-	4,978	-	-
Other	-	22	-	12,036
Investment	-	-	-	-
<b>Total revenues</b>	<u>150,326</u>	<u>61,683</u>	<u>137,918</u>	<u>237,410</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	-	-	-	-
Public safety	113,981	-	-	-
Culture and recreation	-	335,368	146,766	214,766
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Fees and other	-	-	-	-
<b>Capital outlay</b>	<u>49,903</u>	<u>-</u>	<u>10,424</u>	<u>-</u>
<b>Total expenditures</b>	<u>163,884</u>	<u>335,368</u>	<u>157,190</u>	<u>214,766</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 13,558)	( 273,685)	( 19,272)	22,644
<b>Other financing sources (uses):</b>				
Transfers in	-	270,000	-	-
Transfers out	-	-	( 10,000)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>270,000</u>	<u>( 10,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	( 13,558)	( 3,685)	( 29,272)	22,644
<b>Fund balances, beginning of year</b>	<u>30,430</u>	<u>21,677</u>	<u>192,297</u>	<u>27,176</u>
<b>Fund balances, end of year</b>	<u>\$ 16,872</u>	<u>\$ 17,992</u>	<u>\$ 163,025</u>	<u>\$ 49,820</u>

The accompanying notes are an integral part of these financial statements.

**Special Revenue**

<b>Emergency Medical Services Fund</b>	<b>Law Enforcement Protection Fund</b>	<b>Correctional Fees Fund</b>	<b>Narcotics Assistance Fund</b>	<b>Sedillo Park Renovations Fund</b>	<b>Library Fund</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	335,595
20,000	30,800	-	2,695	-	1,264	249,049
-	-	-	-	26,372	16	66,804
-	-	40,099	-	-	-	40,099
-	-	-	-	-	-	4,978
-	-	-	-	-	1,649	13,707
-	-	-	-	-	-	-
<u>20,000</u>	<u>30,800</u>	<u>40,099</u>	<u>2,695</u>	<u>26,372</u>	<u>2,929</u>	<u>710,232</u>
-	-	-	-	-	-	-
21,872	29,201	44,275	-	-	-	209,329
-	-	-	-	12,371	7,039	716,310
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7,950	-	-	-	-	68,277
<u>21,872</u>	<u>37,151</u>	<u>44,275</u>	<u>-</u>	<u>12,371</u>	<u>7,039</u>	<u>993,916</u>
( 1,872)	( 6,351)	( 4,176)	2,695	14,001	( 4,110)	( 283,684)
-	-	-	-	-	-	270,000
-	-	-	-	-	-	( 10,000)
-	-	-	-	-	-	260,000
( 1,872)	( 6,351)	( 4,176)	2,695	14,001	( 4,110)	( 23,684)
<u>1,872</u>	<u>6,351</u>	<u>22,983</u>	<u>9,545</u>	<u>51,564</u>	<u>23,868</u>	<u>387,763</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,807</u>	<u>\$ 12,240</u>	<u>\$ 65,565</u>	<u>\$ 19,758</u>	<u>\$ 364,079</u>

(Continued)

STATE OF NEW MEXICO  
CITY OF SOCORRO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Capital Projects</u>			
	<u>Plaza Park Renovations</u>	<u>Animal Control Shelter</u>	<u>Airport Improvement Fund</u>	<u>Street Improvement Fund</u>
<b>REVENUES</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Lodgers' tax	-	-	-	-
Intergovernmental	300,000	50,000	470,275	718,420
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State shared gross receipts tax	-	-	-	-
Other	-	-	-	-
Investment	<u>1,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>301,678</u>	<u>50,000</u>	<u>470,275</u>	<u>718,420</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	137,846	30,274	1,591	8,744
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Fees and other	-	-	-	-
<b>Capital outlay</b>	<u>148,636</u>	<u>17,591</u>	<u>372,033</u>	<u>510,244</u>
<b>Total expenditures</b>	<u>286,482</u>	<u>47,865</u>	<u>373,624</u>	<u>518,988</u>
<b>Excess (deficiency) of revenues over expenditures</b>	15,196	2,135	96,651	199,432
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	30,000
Transfers out	<u>-</u>	<u>-</u>	<u>( 100,000)</u>	<u>( 100,000)</u>
<b>Total other financing     sources (uses)</b>	<u>-</u>	<u>-</u>	<u>( 100,000)</u>	<u>( 70,000)</u>
<b>Net change in fund balances</b>	15,196	2,135	( 3,349)	129,432
<b>Fund balances, beginning of year</b>	<u>27,366</u>	<u>5,551</u>	<u>32,659</u>	<u>( 126,154)</u>
<b>Fund balances, end of year</b>	<u>\$ 42,562</u>	<u>\$ 7,686</u>	<u>\$ 29,310</u>	<u>\$ 3,278</u>

The accompanying notes are an integral part of these financial statements.

Capital Projects					Debt Service	
Fire Academy Sewer Project	Rodeo Arena and Convention Center	CDBG Planning Econ/Dev	CDBG Cuba Rd Phase 1	Total	Total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,549	\$ 107,549
-	-	-	-	-	-	335,595
306,779	56,992	400,000	-	2,302,466	-	2,551,515
-	-	-	-	-	-	66,804
-	-	-	-	-	-	40,099
-	-	-	-	-	-	4,978
-	-	-	-	-	-	13,707
-	-	-	-	1,678	2,053	3,731
<u>306,779</u>	<u>56,992</u>	<u>400,000</u>	<u>-</u>	<u>2,304,144</u>	<u>109,602</u>	<u>3,123,978</u>
-	869	10,000	-	189,324	7,885	197,209
-	-	-	-	-	-	209,329
-	-	-	-	-	-	716,310
-	-	-	-	-	76,149	76,149
-	-	-	-	-	37,923	37,923
-	-	-	-	-	3,052	3,052
<u>188,838</u>	<u>56,123</u>	<u>421,410</u>	<u>-</u>	<u>1,714,875</u>	<u>120,012</u>	<u>1,903,164</u>
<u>188,838</u>	<u>56,992</u>	<u>431,410</u>	<u>-</u>	<u>1,904,199</u>	<u>245,021</u>	<u>3,143,136</u>
117,941	-	( 31,410)	-	399,945	( 135,419)	( 19,158)
-	-	9,412	50,000	89,412	468,410	827,822
( 105,053)	-	-	-	( 305,053)	( 324,412)	( 639,465)
( 105,053)	-	9,412	50,000	( 215,641)	143,998	188,357
12,888	-	( 21,998)	50,000	184,304	8,579	169,199
( 12,888)	99,950	21,998	-	48,482	397,261	833,506
<u>\$ -</u>	<u>\$ 99,950</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 232,786</u>	<u>\$ 405,840</u>	<u>\$ 1,002,705</u>

(Continued)



**STATE OF NEW MEXICO  
CITY OF SOCORRO  
FIRE PROTECTION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State grants	\$ 150,326	\$ 150,326	\$ 150,326	\$ -
<b>Total revenues</b>	<u>150,326</u>	<u>150,326</u>	<u>150,326</u>	<u>-</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public Safety	101,303	101,303	104,021	( 2,718)
<b>Capital Outlay</b>	<u>80,066</u>	<u>80,066</u>	<u>49,903</u>	<u>30,163</u>
<b>Total expenditures</b>	<u>181,369</u>	<u>181,369</u>	<u>153,924</u>	<u>27,445</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 31,043)	( 31,043)	( 3,598)	( 27,445)
<b>Net change in fund balances</b>	<u>\$( 31,043)</u>	<u>\$( 31,043)</u>	<u>\$( 3,598)</u>	<u>\$( 27,445)</u>
Beginning cash balance	\$ <u>31,043</u>	\$ <u>31,043</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 3,598)	
Change in payables			<u>( 9,960)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 13,558)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
RECREATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
State shared gross receipts tax	\$ -	\$ -	\$ 5,227	\$ 5,227
State grants	-	16,267	16,267	-
Charges for services	38,000	48,000	40,416	( 7,584)
Other	-	-	22	22
<b>Total revenues</b>	<u>38,000</u>	<u>64,267</u>	<u>61,932</u>	<u>( 2,335)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	<u>302,443</u>	<u>365,740</u>	<u>333,554</u>	<u>32,186</u>
<b>Total expenditures</b>	<u>302,443</u>	<u>365,740</u>	<u>333,554</u>	<u>32,186</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 220,185)</u>	<u>( 301,473)</u>	<u>( 271,622)</u>	<u>29,851</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>253,509</u>	<u>290,509</u>	<u>270,000</u>	<u>( 20,509)</u>
<b>Total other financing sources (uses)</b>	<u>253,509</u>	<u>290,509</u>	<u>270,000</u>	<u>( 20,509)</u>
<b>Net change in fund balances</b>	<u>\$ 33,324</u>	<u>\$( 10,964)</u>	<u>\$( 1,622)</u>	<u>\$ 9,342</u>
Beginning cash balance	<u>\$ 22,679</u>	<u>\$ 22,679</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 1,622)	
Change in receivables			( 249)	
Change in payables			<u>( 1,814)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 3,685)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF SOCORRO  
LODGERS TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Lodgers' tax	\$ 108,000	\$ 108,000	\$ 138,113	\$ 30,113
State grants	<u>5,600</u>	<u>25,600</u>	<u>27,697</u>	<u>2,097</u>
<b>Total revenues</b>	<u>113,600</u>	<u>133,600</u>	<u>165,810</u>	<u>32,210</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	102,650	159,150	143,259	15,891
<b>Capital Outlay</b>	<u>3,000</u>	<u>3,000</u>	<u>10,424</u>	<u>( 7,424)</u>
<b>Total expenditures</b>	<u>105,650</u>	<u>162,150</u>	<u>153,683</u>	<u>8,467</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>7,950</u>	<u>( 28,550)</u>	<u>12,127</u>	<u>40,677</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>( 10,000)</u>	<u>( 10,000)</u>	<u>( 10,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>( 10,000)</u>	<u>( 10,000)</u>	<u>( 10,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u><u>\$ ( 2,050)</u></u>	<u><u>\$ ( 38,550)</u></u>	<u><u>\$ 2,127</u></u>	<u><u>\$ 40,677</u></u>
Beginning cash balance	<u>\$ 160,092</u>	<u>\$ 160,092</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$ 2,127	
Change in receivables			( 27,892)	
Change in payables			<u>( 3,507)</u>	
<b>Net change in fund balances GAAP basis</b>			<u><u>\$ ( 29,272)</u></u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
LODGERS TAX PROMOTIONAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Lodgers' tax	\$ 190,000	\$ 190,000	\$ 207,232	\$ 17,232
Other	<u>14,250</u>	<u>14,250</u>	<u>12,036</u>	<u>( 2,214)</u>
<b>Total revenues</b>	<u>204,250</u>	<u>204,250</u>	<u>219,268</u>	<u>15,018</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	195,647	197,947	212,955	( 15,008)
<b>Capital Outlay</b>	<u>6,000</u>	<u>17,000</u>	<u>-</u>	<u>17,000</u>
<b>Total expenditures</b>	<u>201,647</u>	<u>214,947</u>	<u>212,955</u>	<u>1,992</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,603</u>	<u>( 10,697)</u>	<u>6,313</u>	<u>17,010</u>
<b>Net change in fund balances</b>	<u>\$ 2,603</u>	<u>\$( 10,697)</u>	<u>\$ 6,313</u>	<u>\$ 17,010</u>
 Beginning cash balance	 <u>\$ 27,176</u>	 <u>\$ 27,176</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$ 6,313	
Change in receivables			18,142	
Change in payables			<u>( 1,811)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$ 22,644</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
EMERGENCY MEDICAL SERVICES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State grants	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
<b>Total revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public Safety	20,000	21,872	21,872	-
<b>Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>20,000</u>	<u>21,872</u>	<u>21,872</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>( 1,872)</u>	<u>( 1,872)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ ( 1,872)</u>	<u>\$ ( 1,872)</u>	<u>\$ -</u>
 Beginning cash balance	 <u>\$ 1,872</u>	 <u>\$ 1,872</u>		

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CITY OF SOCORRO**  
**LAW ENFORCEMENT PROTECTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State grants	\$ 30,800	\$ 30,800	\$ 30,800	\$ -
<b>Total revenues</b>	<u>30,800</u>	<u>30,800</u>	<u>30,800</u>	<u>-</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public Safety	-	-	29,201	( 29,201)
<b>Capital Outlay</b>	<u>30,800</u>	<u>37,151</u>	<u>7,950</u>	<u>29,201</u>
<b>Total expenditures</b>	<u>30,800</u>	<u>37,151</u>	<u>37,151</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>( 6,351)</u>	<u>( 6,351)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ ( 6,351)</u>	<u>\$ ( 6,351)</u>	<u>\$ -</u>
 Beginning cash balance	 <u>\$ 6,351</u>	 <u>\$ 6,351</u>		

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
CORRECTIONAL FEE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Fines and forfeitures	\$ 16,000	\$ 16,000	\$ 40,099	\$ 24,099
<b>Total revenues</b>	<u>16,000</u>	<u>16,000</u>	<u>40,099</u>	<u>24,099</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public Safety	<u>22,983</u>	<u>22,983</u>	<u>4,275</u>	<u>18,708</u>
<b>Total expenditures</b>	<u>22,983</u>	<u>22,983</u>	<u>4,275</u>	<u>18,708</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 6,983)	( 6,983)	35,824	42,807
<b>Net change in fund balances</b>	<u>\$( 6,983)</u>	<u>\$( 6,983)</u>	<u>\$ 35,824</u>	<u>\$ 42,807</u>
Beginning cash balance	<u>\$ 22,983</u>	<u>\$ 22,983</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$ 35,824	
Change in payables			( 40,000)	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 4,176)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CITY OF SOCORRO**  
**NARCOTICS ASSISTANCE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal grants	\$ -	\$ -	\$ 2,695	\$ 2,695
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>2,695</u>	<u>2,695</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>2,695</u>	<u>2,695</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,695</u>	<u>\$ 2,695</u>
Beginning cash balance	<u>\$ 9,545</u>	<u>\$ 9,545</u>		

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
CITY OF SOCORRO  
SEDILLO PARK RENOVATIONS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 19,000	\$ 19,000	\$ 26,372	\$ 7,372
<b>Total revenues</b>	<u>19,000</u>	<u>19,000</u>	<u>26,372</u>	<u>7,372</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	<u>36,000</u>	<u>36,000</u>	<u>12,371</u>	<u>23,629</u>
<b>Total expenditures</b>	<u>36,000</u>	<u>36,000</u>	<u>12,371</u>	<u>23,629</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 17,000)	( 17,000)	<u>14,001</u>	<u>31,001</u>
<b>Net change in fund balances</b>	\$( 17,000)	\$( 17,000)	<u>\$ 14,001</u>	<u>\$ 31,001</u>
Beginning cash balance	<u>\$ 51,564</u>	<u>\$ 51,564</u>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF SOCORRO  
LIBRARY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State grants	\$ 750	\$ 750	\$ 1,264	\$ 514
Charges for services	600	600	16	( 584)
Other	<u>2,700</u>	<u>2,700</u>	<u>1,649</u>	<u>( 1,051)</u>
<b>Total revenues</b>	<u>4,050</u>	<u>4,050</u>	<u>2,929</u>	<u>( 1,121)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	3,500	3,500	6,836	( 3,336)
<b>Capital Outlay</b>	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
<b>Total expenditures</b>	<u>21,500</u>	<u>21,500</u>	<u>6,836</u>	<u>14,664</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 17,450)</u>	<u>( 17,450)</u>	<u>( 3,907)</u>	<u>13,543</u>
<b>Net change in fund balances</b>	<u>\$( 17,450)</u>	<u>\$( 17,450)</u>	<u>\$( 3,907)</u>	<u>\$ 13,543</u>
 Beginning cash balance	 <u>\$ 23,868</u>	 <u>\$ 23,868</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 3,907)	
Change in payables			<u>( 203)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 4,110)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
PARK PLAZA RENOVATIONS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State grants	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Investment	<u>-</u>	<u>-</u>	<u>1,678</u>	<u>1,678</u>
<b>Total revenues</b>	<u>300,000</u>	<u>300,000</u>	<u>301,678</u>	<u>1,678</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	-	-	137,053	( 137,053)
<b>Capital Outlay</b>	<u>348,232</u>	<u>348,232</u>	<u>148,636</u>	<u>199,596</u>
<b>Total expenditures</b>	<u>348,232</u>	<u>348,232</u>	<u>285,689</u>	<u>62,543</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 48,232)</u>	<u>( 48,232)</u>	<u>15,989</u>	<u>64,221</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>( 100,000)</u>	<u>( 100,000)</u>	<u>-</u>	<u>100,000</u>
<b>Total other financing sources (uses)</b>	<u>( 100,000)</u>	<u>( 100,000)</u>	<u>-</u>	<u>100,000</u>
<b>Net change in fund balances</b>	<u>\$ ( 148,232)</u>	<u>\$ ( 148,232)</u>	<u>\$ 15,989</u>	<u>\$ 164,221</u>
Beginning cash & investments balance	<u>\$ 127,366</u>	<u>\$ 127,366</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$ 15,989	
Change in payables			<u>( 793)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$ 15,196</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
ANIMAL CONTROL SHELTER  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State grants	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>-</u>
<b>Total revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	-	-	30,274	( 30,274)
<b>Capital Outlay</b>	<u>50,000</u>	<u>50,000</u>	<u>17,591</u>	<u>32,409</u>
<b>Total expenditures</b>	<u>50,000</u>	<u>50,000</u>	<u>47,865</u>	<u>2,135</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>2,135</u>	<u>2,135</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,135</u>	<u>\$ 2,135</u>
Beginning cash balance	<u>\$ 5,551</u>	<u>\$ 5,551</u>		

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
AIRPORT IMPROVEMENTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal grants	\$ 611,361	\$ 611,361	\$ 470,275	\$( 141,086)
<b>Total revenues</b>	<u>611,361</u>	<u>611,361</u>	<u>470,275</u>	<u>( 141,086)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	-	-	1,591	( 1,591)
<b>Capital Outlay</b>	<u>530,547</u>	<u>530,547</u>	<u>494,450</u>	<u>36,097</u>
<b>Total expenditures</b>	<u>530,547</u>	<u>530,547</u>	<u>496,041</u>	<u>34,506</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>80,814</u>	<u>80,814</u>	<u>( 25,766)</u>	<u>( 106,580)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>( 150,000)</u>	<u>( 150,000)</u>	<u>( 100,000)</u>	<u>50,000</u>
Total other financing sources (uses)	<u>( 150,000)</u>	<u>( 150,000)</u>	<u>( 100,000)</u>	<u>50,000</u>
<b>Net change in fund balances</b>	<u>\$( 69,186)</u>	<u>\$( 69,186)</u>	<u>\$( 125,766)</u>	<u>\$( 56,580)</u>
Beginning cash balance	<u>\$ 155,611</u>	<u>\$ 155,611</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 125,766)	
Change in payables			<u>122,417</u>	
Net change in fund balances GAAP basis			<u>\$( 3,349)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
STREET IMPROVEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State grants	\$ 347,250	\$ 834,007	\$ 718,420	\$( 115,587)
<b>Total revenues</b>	<u>347,250</u>	<u>834,007</u>	<u>718,420</u>	<u>( 115,587)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	-	-	8,744	( 8,744)
<b>Capital Outlay</b>	<u>196,333</u>	<u>683,090</u>	<u>654,663</u>	<u>28,427</u>
<b>Total expenditures</b>	<u>196,333</u>	<u>683,090</u>	<u>663,407</u>	<u>19,683</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>150,917</u>	<u>150,917</u>	<u>55,013</u>	<u>( 95,904)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in & (out)	( 100,000)	( 100,000)	( 70,000)	30,000
<b>Total other financing sources (uses)</b>	<u>( 100,000)</u>	<u>( 100,000)</u>	<u>( 70,000)</u>	<u>30,000</u>
<b>Net change in fund balances</b>	<u>\$ 50,917</u>	<u>\$ 50,917</u>	<u>\$( 14,987)</u>	<u>\$( 65,904)</u>
Beginning cash balance	<u>\$ 18,265</u>	<u>\$ 18,265</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 14,987)	
<b>Change in payables</b>			<u>144,419</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$ 129,432</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
FIRE ACADEMY SEWER PROJECT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
State grants	\$ <u>350,000</u>	\$ <u>350,000</u>	\$ <u>306,779</u>	\$( <u>43,221</u> )
<b>Total revenues</b>	<u>350,000</u>	<u>350,000</u>	<u>306,779</u>	( <u>43,221</u> )
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Capital Outlay	<u>281,555</u>	<u>281,555</u>	<u>224,759</u>	<u>56,796</u>
<b>Total expenditures</b>	<u>281,555</u>	<u>281,555</u>	<u>224,759</u>	<u>56,796</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>68,445</u>	<u>68,445</u>	<u>82,020</u>	<u>13,575</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	( <u>150,000</u> )	( <u>105,053</u> )	( <u>105,053</u> )	<u>-</u>
<b>Total other financing sources (uses)</b>	( <u>150,000</u> )	( <u>105,053</u> )	( <u>105,053</u> )	<u>-</u>
<b>Net change in fund balances</b>	\$( <u>81,555</u> )	\$( <u>36,608</u> )	\$( <u>23,033</u> )	\$ <u>13,575</u>
Beginning cash balance	\$ <u>23,033</u>	\$ <u>23,033</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( <u>23,033</u> )	
Change in payables			<u>35,921</u>	
<b>Net change in fund balances GAAP basis</b>			\$ <u>12,888</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
RODEO ARENA AND CONVENTION CENTER  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
State grants	\$ 518,000	\$ 518,000	\$ 40,000	\$( 478,000)
<b>Total revenues</b>	<u>518,000</u>	<u>518,000</u>	<u>40,000</u>	<u>( 478,000)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	-	-	869	( 869)
<b>Capital Outlay</b>	<u>518,000</u>	<u>518,000</u>	<u>56,123</u>	<u>461,877</u>
<b>Total expenditures</b>	<u>518,000</u>	<u>518,000</u>	<u>56,992</u>	<u>461,008</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>( 16,992)</u>	<u>( 16,992)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$( 16,992)</u>	<u>\$( 16,992)</u>
Beginning cash balance	<u>\$ 59,950</u>	<u>\$ 59,950</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 16,992)	
Change in receivables			<u>16,992</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO  
CITY OF SOCORRO  
CDBG PLANNING ECON/DEV  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State grants	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
<b>Total revenues</b>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	-	-	10,000	( 10,000)
<b>Capital Outlay</b>	<u>439,698</u>	<u>449,198</u>	<u>421,410</u>	<u>27,788</u>
<b>Total expenditures</b>	<u>439,698</u>	<u>449,198</u>	<u>431,410</u>	<u>17,788</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 39,698)</u>	<u>( 49,198)</u>	<u>( 31,410)</u>	<u>17,788</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>9,412</u>	<u>( 40,588)</u>
<b>Total other financing sources (uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>9,412</u>	<u>40,588</u>
<b>Net change in fund balances</b>	<u>\$ 10,302</u>	<u>\$ 802</u>	<u>\$( 21,998)</u>	<u>\$( 22,800)</u>
Beginning cash balance	<u>\$ 21,998</u>	<u>\$ 21,998</u>		

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CITY OF SOCORRO**  
**CUBA ROAD PHASE 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>-</u>
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
DEBT SERVICE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Gross receipts tax	\$ -	\$ -	\$ 107,549	\$ 107,549
Investment	<u>6,346</u>	<u>6,346</u>	<u>2,053</u>	<u>( 4,293)</u>
<b>Total revenues</b>	<u>6,346</u>	<u>6,346</u>	<u>109,602</u>	<u>103,256</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	-	-	7,885	( 7,885)
<b>Capital Outlay</b>	300,000	366,157	120,012	246,145
<b>Debt service:</b>				
Principal	78,813	78,813	76,149	2,664
Interest	54,631	54,631	37,923	16,708
Fees and other	<u>2,318</u>	<u>2,318</u>	<u>3,052</u>	<u>( 734)</u>
<b>Total expenditures</b>	<u>435,762</u>	<u>501,919</u>	<u>245,021</u>	<u>256,898</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 429,416)</u>	<u>( 495,573)</u>	<u>( 135,419)</u>	<u>360,154</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	433,200	521,243	468,410	( 52,833)
Transfers out	<u>( 100,000)</u>	<u>( 394,500)</u>	<u>( 324,412)</u>	<u>70,088</u>
<b>Total other financing sources (uses)</b>	<u>333,200</u>	<u>126,743</u>	<u>143,998</u>	<u>17,255</u>
<b>Net change in fund balances</b>	<u>\$ ( 96,216)</u>	<u>\$ ( 368,830)</u>	<u>\$ 8,579</u>	<u>\$ 377,409</u>
Beginning cash & investments balance	<u>\$ 395,417</u>	<u>\$ 395,417</u>		

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS  
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues:</b>				
Charges for services	\$ 6,273,000	\$ 5,384,500	\$ 5,802,668	\$ 418,168
Connection charges	71,000	71,000	46,518	( 24,482)
Other revenue	7,000	634,210	41,724	( 592,486)
<b>Total operating revenues</b>	<u>6,351,000</u>	<u>6,089,710</u>	<u>5,890,910</u>	<u>( 198,800)</u>
<b>Operating Expenses:</b>				
Natural gas purchases	1,550,000	1,550,000	1,395,759	154,241
Salaries	1,548,315	1,551,973	1,551,527	446
Benefits	573,318	585,654	555,186	30,468
Other operating expense	1,835,279	1,902,520	1,765,874	136,646
Payment in lieu of taxes	226,240	226,240	244,495	( 18,255)
<b>Total operating expenses</b>				
<b>excluding non-budgeted expenses</b>	<u>5,733,152</u>	<u>5,816,387</u>	<u>5,512,841</u>	<u>303,546</u>
<b>Net operating income excluding non-budgeted expenses</b>	<u>617,848</u>	<u>273,323</u>	<u>378,069</u>	<u>104,746</u>
<b>Non-operating income (deductions):</b>				
Taxes	69,750	147,326	88,739	( 58,587)
Interest income	61,932	61,932	25,580	( 36,352)
Interest expense	( 43,842)	( 43,842)	( 61,927)	( 18,085)
Principal expense	142,598	142,598	-	( 142,598)
Transfers in (out) from other funds	-	635,000	435,000	( 200,000)
Capital grants	-	-	52,688	52,688
<b>Total non-operating income (deductions)</b>	<u>230,438</u>	<u>943,014</u>	<u>540,080</u>	<u>( 402,934)</u>
<b>Net income (loss), excluding non-budgeted expenses</b>	<u>848,286</u>	<u>1,216,337</u>	<u>918,149</u>	<u>( 298,188)</u>
<b>Less non-budgeted expenses:</b>				
Depreciation	-	-	560,037	( 560,037)
<b>Total non-budgeted expenses</b>	<u>-</u>	<u>-</u>	<u>560,037</u>	<u>( 560,037)</u>
<b>Net income (loss)</b>	<u>\$ ( 169,046)</u>	<u>\$ 1,216,337</u>	<u>\$ 358,112</u>	<u>\$ ( 858,225)</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
CITY OF SOCORRO  
PROPRIETARY FUNDS  
DEPARTMENTAL  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Natural Gas</u>	<u>Water</u>	<u>Waste Water</u>	<u>Solid Waste</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 2,696,204	\$ 1,100,287	\$ 996,824	\$ 664,915
Connection charges	18,963	16,105	11,450	-
Other revenue	31,474	9,250	1,000	-
<b>Total operating revenues</b>	<u>2,746,641</u>	<u>1,125,642</u>	<u>1,009,274</u>	<u>664,915</u>
<b>Operating Expenses:</b>				
Natural gas purchases	1,395,759	-	-	-
Salaries	362,629	404,381	339,781	150,434
Benefits	104,352	140,445	140,740	48,896
Other operating expense	322,728	438,881	487,502	130,106
Depreciation	79,996	130,693	252,575	32,508
Payment in lieu of taxes	143,873	51,915	48,707	-
<b>Total operating expenses</b>	<u>2,409,337</u>	<u>1,166,315</u>	<u>1,269,305</u>	<u>361,944</u>
<b>Operating income (loss)</b>	337,304	( 40,673)	( 260,031)	302,971
<b>Non-operating income (deductions):</b>				
Taxes				
Interest income				
Interest expense				
Transfers in (out) from other funds				
Capital grants				
<b>Total non-operating income (deductions)</b>				
<b>Net income (loss)</b>				
<b>Net assets, beginning of year</b>				
<b>Net assets, end of year</b>				

<u>Landfill</u>	<u>Recycling</u>	<u>Total</u>
\$ 330,629	\$ 13,809	\$ 5,802,668
-	-	46,518
-	-	41,724
<u>330,629</u>	<u>13,809</u>	<u>5,890,910</u>
-	-	1,395,759
210,055	84,247	1,551,527
86,588	34,165	555,186
374,360	12,297	1,765,874
64,265	-	560,037
-	-	244,495
<u>735,268</u>	<u>130,709</u>	<u>6,072,878</u>
( 404,639)	( 116,900)	( 181,968)
		88,739
		25,580
		( 61,927)
		435,000
		<u>52,688</u>
		<u>540,080</u>
		<u>358,112</u>
		<u>9,165,282</u>
		<u>\$ 9,523,394</u>

(Continued)

## **FEDERAL COMPLIANCE AND FINDINGS**

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING JUNE 30, 2009**

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing & Urban Development Direct CDBG-Cuba Road Drainage Phase I	14.218	09-C-NR-I-01-G-09	\$ 400,000
U.S. Department of Transportation Pass Through - New Mexico Department of Transportation Terminal Renovations	20.xxx	AIP-35-0040-08	<u>409,212</u>
Total Federal Financial Awards Expenditures			<u>\$ 809,212</u>

Note A - Significant Accounting Policies:

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.





PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' 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***

Ravi Bhasker, Mayor  
City Council  
City of Socorro  
Socorro, New Mexico  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and the combining and individual funds presented as supplemental information, of the City of Socorro, New Mexico as of and for the year ended June 30, 2009, and have issued our report thereon, dated January 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Socorro, New Mexico's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting as findings 2006-1, 2008-2 and 2009-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Socorro, New Mexico's internal control.

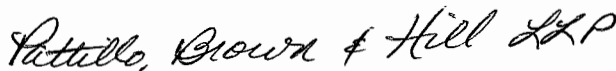
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Socorro, New Mexico's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance, or other matters that are required to be reported under *Governmental Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as 2006-1, 2008-2 and 2009-1.

City of Socorro, New Mexico's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the City, the Office of the State Auditor, New Mexico Legislature and the New Mexico Department of Finance and Administration and federal awarding agencies and pass-through entities and should not be used by anyone other than these specified parties.



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
January 26, 2010



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Ravi Bhasker, Mayor  
City Council  
City of Socorro  
Socorro, New Mexico  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

**Compliance**

We have audited the compliance of the City of Socorro, New Mexico, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Socorro, New Mexico's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Socorro, New Mexico's management. Our responsibility is to express an opinion on the City of Socorro, New Mexico's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Socorro, New Mexico's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Socorro, New Mexico's compliance with those requirements.

In our opinion, the City of Socorro, New Mexico, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of the City of Socorro, New Mexico, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Socorro, New Mexico's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Socorro's internal control over compliance.

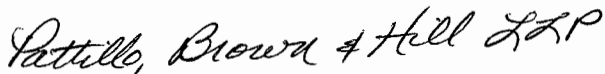
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Socorro's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Socorro's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, the City, City Council, and federal awarding agencies and pass-through entities, the Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
January 26, 2010

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2009**

**A. Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Socorro.
2. Three significant deficiencies in internal control were disclosed during the audit but were not considered material weaknesses.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal awards programs for the City of Socorro expresses an unqualified opinion.
6. There were no audit findings relative to the major federal awards programs for the City of Socorro to be reported in accordance with section 510(a) of Circular A-133.
7. The programs tested as major programs included:  
Airport
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Socorro was not determined to qualify as a low risk auditee.

**B. Findings- Financial Statements Audit**

Reportable Conditions – Prior Year

- 2006-1 Late Submission of Audit Report-repeat
- 2008-1 Utility year-end Accounts Receivable-resolved
- 2008-2 Excess of Expenditures Over Budget-repeat

Current Year

- 2006-1 Late Submission of Audit Report
- 2008-2 Excess of Expenditures Over Budget
- 2009-1 Sale of Equipment

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2009**

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

<b>2006 – 1</b>	<b>Submission of Audit Report:</b>
Condition:	The audit report was submitted to the State Auditor on January 28, 2010, after the due date of December 1 <sup>st</sup> .
Criteria:	Section 2.2.2.9.A of the Audit Rule 2008 establishes the audit due date for municipalities as December 1 <sup>st</sup> .
Effect:	Noncompliance with section 2.2.2.9.A of the State Audit Rule 2008. Late audit reports could have an effect on local, state and federal funding.
Cause:	Due to conversion to a new accounting system in the fiscal year the City was not ready for the audit to begin until December. In addition, information including fixed assets, landfill closure costs, inventories and various confirmations needed to complete the audit report were not delivered to the auditor in a timely manner causing the report to be completed after the due date.
Recommendation:	The City and auditor must work together to complete audit information in a timely manner to allow for delivery of the report by the due date.
Response:	The City concurs with the auditors' recommendations. In addition, the City will monitor the progress of the audit process to ensure that future reports will be issued on or before the December 1 <sup>st</sup> due date.
<b>2008 – 2</b>	<b>Excess of Expenditures Over Budget</b>
Condition:	Actual expenditures exceeded budgeted expenditures at the total fund level for the following funds:  General Fund <span style="float:right">\$1,079,786</span>
Criteria:	6-6-6 NMSA 1978 requires that the City keep expenditures within the budgeted amounts.
Effect:	The City's expenditures in the above fund exceeded the approved budgets by the amounts noted above.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2009**

Cause: The City over spent their budget in the fund noted above as the budget adjustment request approved by the Department of Finance and Administration (DFA) was inadvertently processed in the Enterprise Fund without the appropriate approved transfer.

Recommendation: Budget adjustment requests should be presented to and approved by DFA before the end of the fiscal year.

Response: The City agrees with the recommendation and will monitor the budgets and transfers more closely.

**2009 - 1                    Sale of Equipment**

Condition: Sale of 30,000 gallon propane tank for \$25,000. The tank was purchased in 1970 and could not be identified on the depreciation schedules.

Criteria: NMSA 1978 13-6-2 D, requires state board of finance approval for sale or disposition of tangible personal property having a current resale value of more than five thousand dollar.

Effect: The City's sale of the propane tank was not approved by the state board of finance.

Cause: The City was unaware that approval was needed by the department of finance and administration. The equipment was appraised and approved by the governing body.

Recommendation: The City will need to review the NMSA 13-6-1 and 13-6-2 to ensure that asset dispositions in the future follow state guidelines.

Response: Management agrees with the recommendation.

**STATE OF NEW MEXICO  
CITY OF SOCORRO  
OTHER DISCLOSURES  
JUNE 30, 2009**

**EXIT CONFERENCE**

An exit conference was held on January 26, 2010 by Cindy James, CPA of Pattillo, Brown & Hill, L.L.P. with Ravi Bhasker, Mayor, Patrick Salome, Jr, Clerk, Gordon Hicks, Councilor and Mable Gonzales, Finance Director, of City of Socorro. The audit was discussed.

**PREPARATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by the auditors, Pattillo, Brown, and Hill, L.L.C., Certified Public Accountants; however the financial statements are the responsibility of the management.