

**STATE OF NEW MEXICO
CITY OF SOCORRO
AUDIT REPORT
JUNE 30, 2015**

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CITY OF SOCORRO
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INTRODUCTORY SECTION

**STATE OF NEW MEXICO
CITY OF SOCORRO
JUNE 30, 2015**

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, 2015**

OFFICIAL ROSTER

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

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Socorro, New Mexico
and
Timothy M. Keller
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the City of Socorro, New Mexico, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental and the budgetary comparisons and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 and the aggregate remaining fund information of the City of Socorro, New Mexico, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund for the year then ended in accordance 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 funds of the City as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Government Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The supplementary information for GASB required supplementary pension schedules are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

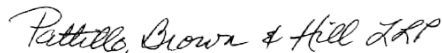
Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards, as required by Office of Management and Budget circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards and other schedule required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal awards and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of vendor information for purchases has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the City's internal control over financial reporting and compliance.



Pattillo, Brown and Hill, LLP
Albuquerque, New Mexico
November 30, 2015

FINANCIAL STATEMENTS SECTION

**STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 1,188,590	\$ 191,253	\$ 1,379,843
Investments	755,115	-	755,115
Receivables (net of allowances for uncollectibles)	622,915	1,348,992	1,971,907
Internal balances	296,073	(296,073)	-
Inventory	<u>17,474</u>	<u>83,806</u>	<u>101,280</u>
Total current assets	<u>2,880,167</u>	<u>1,327,978</u>	<u>4,208,145</u>
Other assets:			
Restricted cash and investments	<u>421,917</u>	<u>1,065,765</u>	<u>1,487,682</u>
Total other assets	<u>421,917</u>	<u>1,065,765</u>	<u>1,487,682</u>
Noncurrent assets:			
Capital assets not being depreciated:			
Land	301,819	337,961	639,780
Capital assets being depreciated	30,315,526	36,270,933	66,586,459
Less: accumulated depreciation	<u>(14,768,151)</u>	<u>(18,713,360)</u>	<u>(33,481,511)</u>
Total capital assets	<u>15,849,194</u>	<u>17,895,534</u>	<u>33,744,728</u>
Total noncurrent assets	<u>15,849,194</u>	<u>17,895,534</u>	<u>33,744,728</u>
Total assets	<u>19,151,278</u>	<u>20,289,277</u>	<u>39,440,555</u>
Deferred outflows of resources:			
Deferred outflows - pension related	654,519	321,684	976,203
Real estate contract - land sale	175,903	336,085	511,988
Bond premium & loan fees	<u>11,464</u>	<u>63,001</u>	<u>74,465</u>
Total deferred outflows of resources	<u>841,886</u>	<u>720,770</u>	<u>1,562,656</u>

The accompanying notes are an integral part of these financial statements

LIABILITIES	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 47,324	\$ 66,267	\$ 113,591
Accrued payroll expenses	45,814	-	45,814
Accrued interest payable	5,618	29,390	35,008
Capital leases payable - current	-	77,688	77,688
Current portion long term debt	<u>172,897</u>	<u>314,836</u>	<u>487,733</u>
Total current liabilities	<u>271,653</u>	<u>488,181</u>	<u>759,834</u>
Noncurrent liabilities:			
Meter deposits	-	84,891	84,891
Compensated absences	220,875	124,112	344,987
Net pension liability	4,665,442	1,558,627	6,224,069
Landfill closure and post closing liability	-	767,432	767,432
Capital leases payable	-	270,338	270,338
Bonds and loans payable less current portion	<u>2,061,969</u>	<u>4,611,314</u>	<u>6,673,283</u>
Total noncurrent liabilities	<u>6,948,286</u>	<u>7,416,714</u>	<u>14,365,000</u>
 Total liabilities	 <u>7,219,939</u>	 <u>7,904,895</u>	 <u>15,124,834</u>
Deferred inflows of resources:			
Deferred inflows - pension related	1,390,871	610,832	2,001,703
Real estate contract deferred gain	<u>170,109</u>	<u>155,422</u>	<u>325,531</u>
Total deferred inflows of resources	<u>1,560,980</u>	<u>766,254</u>	<u>2,327,234</u>
NET POSITION			
Net investmet in capital assets	8,206,916	12,591,968	20,798,884
Restricted for:			
Debt service	252,285	1,065,765	1,318,050
Capital projects	244,347	-	244,347
Unrestricted	<u>2,508,697</u>	<u>(1,318,835)</u>	<u>1,189,862</u>
 Total net position	 <u>\$ 11,212,245</u>	 <u>\$ 12,338,898</u>	 <u>\$ 23,551,143</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

<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>
Primary Government:				
Governmental activities:				
General government	\$ 1,769,332	\$ 431,902	\$ 1,190,406	\$ -
Judicial	161,131	111,557	-	-
Public safety	3,700,655	619,724	792,661	515,925
Public works	1,682,139	-	-	-
Culture and recreation	2,083,788	42,649	113,611	57,677
Interest and fees on long-term debt	<u>64,453</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>9,461,498</u>	<u>1,205,832</u>	<u>2,096,678</u>	<u>573,602</u>
Business-type activities:				
Natural gas	\$ 2,896,304	\$ 3,137,548	\$ -	\$ -
Water	1,884,398	1,647,894	-	776,168
Waste water	1,680,466	1,417,619	-	-
Solid waste	523,859	975,511	-	-
Landfill	1,149,261	413,695	-	-
Recycling	<u>50,903</u>	<u>17,369</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>8,185,191</u>	<u>7,609,636</u>	<u>-</u>	<u>776,168</u>
Total primary government	<u>\$ 17,646,689</u>	<u>\$ 8,815,468</u>	<u>\$ 2,096,678</u>	<u>\$ 1,349,770</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

State shared

Sales

Lodgers'

Franchise

Investment earnings

Miscellaneous

Gain on disposition of assets

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position, beginning of year

Restatement

Net position, beginning of year restated

Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$(147,024)	\$ -	\$(147,024)
(49,574)	-	(49,574)
(1,772,345)	-	(1,772,345)
(1,682,139)	-	(1,682,139)
(1,869,851)	-	(1,869,851)
(64,453)	-	(64,453)
<u>(5,585,386)</u>	<u>-</u>	<u>(5,585,386)</u>
\$ -	\$ 241,244	\$ 241,244
-	539,664	539,664
-	(262,847)	(262,847)
-	451,652	451,652
-	(735,566)	(735,566)
-	(33,534)	(33,534)
<u>-</u>	<u>200,613</u>	<u>200,613</u>
<u>(5,585,386)</u>	<u>200,613</u>	<u>(5,384,773)</u>
558,443	-	558,443
259,003	100,309	359,312
4,269,528	-	4,269,528
421,480	-	421,480
169,467	-	169,467
14,292	18,204	32,496
292,022	-	292,022
124,786	-	124,786
25,047	(25,047)	-
<u>6,134,068</u>	<u>93,466</u>	<u>6,227,534</u>
<u>548,682</u>	<u>294,079</u>	<u>842,761</u>
16,149,517	13,972,214	30,121,731
(5,485,954)	(1,927,395)	(7,413,349)
<u>10,663,563</u>	<u>12,044,819</u>	<u>22,708,382</u>
<u>\$ 11,212,245</u>	<u>\$ 12,338,898</u>	<u>\$ 23,551,143</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

ASSETS	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 519,923	\$ 668,667	\$ 1,188,590
Cash - restricted	-	421,917	421,917
Investments	755,115	-	755,115
Accounts receivable (net of allowance)	567,517	55,398	622,915
Inventory	17,474	-	17,474
Due from other funds	<u>362,446</u>	<u>-</u>	<u>362,446</u>
Total assets	<u>2,222,475</u>	<u>1,145,982</u>	<u>3,368,457</u>
Deferred outflows of resources:			
Real estate contract - land sale	<u>175,903</u>	<u>-</u>	<u>175,903</u>
Total deferred outflow of resources	<u>175,903</u>	<u>-</u>	<u>175,903</u>
Total assets and deferred outflows of resources	<u>\$ 2,398,378</u>	<u>\$ 1,145,982</u>	<u>\$ 3,544,360</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 36,405	\$ 10,919	\$ 47,324
Accrued payroll expenses	45,814	-	45,814
Due to other funds	<u>47,000</u>	<u>19,373</u>	<u>66,373</u>
Total liabilities	<u>129,219</u>	<u>30,292</u>	<u>159,511</u>
Deferred inflows of resources:			
Deferred revenue - land sale	<u>175,903</u>	<u>-</u>	<u>175,903</u>
Fund balances:			
Non-spendable:			
Inventory and real estate contract	193,377	-	193,377
Restricted for:			
Debt service	-	252,285	252,285
Capital projects	-	244,347	244,347
Special revenue	-	619,058	619,058
Unassigned	<u>1,899,879</u>	<u>-</u>	<u>1,899,879</u>
Total fund balances	<u>2,093,256</u>	<u>1,115,690</u>	3,208,946
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,398,378</u>	<u>\$ 1,145,982</u>	

Amounts reported for governmental activities in the statement of net position are different because:
Long term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds. (7,845,895)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 15,849,194
Net position of governmental activities \$ 11,212,245

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Gross receipts tax	\$ 2,195,102	\$ 117,327	\$ 2,312,429
Property taxes	558,443	-	558,443
Lodgers' tax	-	421,480	421,480
Other state shared taxes	259,003	-	259,003
Franchise tax	169,467	-	169,467
Licenses and permits	35,094	-	35,094
Intergovernmental:			
Federal grants	167,034	136,059	303,093
State grants	1,125,427	1,241,760	2,367,187
Charges for services	1,051,626	42,649	1,094,275
Fines and forfeitures	87,489	24,068	111,557
State shared gross receipts tax	1,957,099	-	1,957,099
Other	93,154	163,774	256,928
Investment	<u>12,647</u>	<u>1,645</u>	<u>14,292</u>
Total revenues	<u>7,711,585</u>	<u>2,148,762</u>	<u>9,860,347</u>
EXPENDITURES			
Current operations:			
General government	1,587,913	69,026	1,656,939
Judicial	144,468	-	144,468
Public safety	2,893,044	459,802	3,352,846
Public works	949,430	-	949,430
Culture and recreation	941,624	783,714	1,725,338
Debt service:			
Principal	-	169,087	169,087
Interest	-	60,146	60,146
Fees and other	-	3,635	3,635
Capital outlay:	<u>175,808</u>	<u>1,147,442</u>	<u>1,323,250</u>
Total expenditures	<u>6,692,287</u>	<u>2,692,852</u>	<u>9,385,139</u>
Excess (deficiency) of revenues over expenditures	1,019,298	(544,090)	475,208
Other financing sources (uses):			
Debt proceeds	-	-	-
Gain on disposition of assets	124,990	-	124,990
Transfers in	501,200	623,877	1,125,077
Transfers out	<u>(921,615)</u>	<u>(178,415)</u>	<u>(1,100,030)</u>
Total other financing sources (uses)	<u>(295,425)</u>	<u>445,462</u>	<u>150,037</u>
Net change in fund balances	<u>723,873</u>	<u>(98,628)</u>	<u>625,245</u>
Fund balances, beginning of year	<u>1,369,383</u>	<u>1,214,318</u>	<u>2,583,701</u>
Fund balances, end of year	<u>\$ 2,093,256</u>	<u>\$ 1,115,690</u>	<u>\$ 3,208,946</u>

The accompanying notes are an integral part of these financial statements

**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, 2015**

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

Net change in fund balances - total governmental funds	\$	625,245
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Governmental funds report capital outlays as expenditures. However, in the statement of net position 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 and the gain on the disposition of assets.	(325,735)
---	---	----------

Long-term liabilities are not due in the current period and, therefore, are not reported in the funds.

Long-term debt	169,087	
Changes in net pension liability	<u>84,160</u>	253,247

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.	(<u>4,075)</u>
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Change in net position of governmental activities	\$	<u>548,682</u>
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**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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Amounts</u>
REVENUES				
Taxes:				
Gross receipts tax	\$ 1,965,000	\$ 1,965,000	\$ 2,175,101	\$ 210,101
Property taxes	575,724	575,724	559,714	(16,010)
Other state shared taxes	275,500	275,500	261,029	(14,471)
Franchise tax	235,000	235,000	176,100	(58,900)
Licenses and permits	39,690	39,690	35,094	(4,596)
Intergovernmental:				
Federal grants	226,930	266,930	167,091	(99,839)
State grants	353,485	395,936	1,101,888	705,952
Charges for services	1,413,000	1,413,000	1,023,093	(389,907)
Fines and forfeitures	90,250	90,250	87,489	(2,761)
State shared gross receipts tax	1,725,000	1,725,000	1,949,957	224,957
Other	122,500	122,500	93,154	(29,346)
Investment	1,000	1,000	1,000	-
Total revenues	<u>7,023,079</u>	<u>7,105,530</u>	<u>7,630,710</u>	<u>525,180</u>
EXPENDITURES				
Current operations:				
General government	1,577,286	1,659,286	1,594,444	64,842
Judicial	149,452	155,952	144,583	11,369
Public safety	3,005,250	2,907,829	2,815,404	92,425
Public works	922,735	941,235	895,408	45,827
Culture and recreation	955,134	978,396	932,439	45,957
Capital Outlay	<u>341,596</u>	<u>348,096</u>	<u>314,863</u>	<u>33,233</u>
Total expenditures	<u>6,951,453</u>	<u>6,990,794</u>	<u>6,697,141</u>	<u>293,653</u>
Excess (deficiency) of revenues over expenditures	71,626	114,736	933,569	818,833
OTHER FINANCING SOURCES (USES)				
Gain on disposition of assets	-	-	124,990	124,990
Transfers in	489,232	535,732	501,200	(34,532)
Transfers out	(911,692)	(983,192)	(921,615)	61,577
Total other financing sources (uses)	<u>(422,460)</u>	<u>(447,460)</u>	<u>(295,425)</u>	<u>152,035</u>
Net change in fund balances	\$(<u>350,834</u>)	\$(<u>332,724</u>)	\$ <u>638,144</u>	\$ <u>970,868</u>
Beginning cash & investment balance	\$ <u>1,238,473</u>	\$ <u>1,238,473</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 638,144	
Change in receivables			80,875	
Change in payables			<u>4,854</u>	
Net change in fund balances GAAP basis			<u>\$ 723,873</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

ASSETS

Current assets:

Cash and cash equivalents	\$	191,253
Accounts receivable (net of allowance for uncollectible)		1,348,992
Due from other funds		62,913
Inventory		83,806
Total current assets		<u>1,686,964</u>

Restricted assets:

Customer meter deposits		84,891
Debt payments and reserves		617,249
Landfill improvements & closures and solid waste issues		348,575
Water rights		15,050
Total restricted assets		<u>1,065,765</u>
Total assets		<u>2,752,729</u>

Deferred outflow of resources

Real estate contract - land sale		336,085
Deferred outflows - pension related		321,684
Deferred loan & bond issue fees		63,001
Total deferred outflow of resources		<u>720,770</u>

Plant in service:

Non-depreciable assets		
Land		337,961
Depreciable assets		
Natural gas system		2,868,960
Water and sewer system		29,453,048
Solid waste equipment		3,948,925
Less accumulated depreciation		<u>(18,713,360)</u>
Total property, plant and equipment		<u>17,895,534</u>
Total assets and deferred outflows of resources		<u>21,369,033</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

LIABILITIES

Current Liabilities:

Accounts payable	66,267
Accrued interest payable	29,390
Due to other funds	358,986
Current portion capital lease	77,688
Current portion long-term debt	314,836
Total current liabilities	<u>847,167</u>

Long term liabilities:

Utility meter deposits	84,891
Compensated absences	124,112
Net pension liability	1,558,627
Landfill closure and post closing liability	767,432
Capital lease payable	270,338
Bonds and loans payable less current portion	4,611,314
Total long-term liabilities	<u>7,416,714</u>
Total liabilities	<u>8,263,881</u>

Deferred inflow of resources

Deferred inflows - pension related	610,832
Real estate contract deferred gain	155,422
Total deferred outflow of resources	<u>766,254</u>

Net Position

Net investment in capital assets	12,591,968
Restricted for debt service	1,065,765
Restricted for construction	-
Unrestricted	<u>(1,318,835)</u>
Total net position	<u>\$ 12,338,898</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Total
Operating Revenues:	
Charges for services	\$ 7,476,211
Connection charges	78,579
Other revenue	54,846
Total operating revenues	7,609,636
 Operating Expenses:	
Natural gas purchases	1,319,278
Salaries	1,793,532
Benefits	562,373
Other operating expense	2,774,706
Depreciation	1,318,363
Payment in lieu of taxes	300,584
Total operating expenses	8,068,836
 Operating income (loss)	 (459,200)
 Non-operating income (deductions):	
Taxes	100,309
Interest income	18,204
Interest expense	(116,355)
Transfers in (out) from other funds	(25,047)
Federal and state grants	776,168
Total non-operating income (deductions)	753,279
 Change in net position	 294,079
 Net position, beginning of year, as restated	 12,044,819
 Net position, end of year	 \$ 12,338,898

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

Cash flows from operating activities	
Cash received from customers	\$ 7,587,644
Cash payments to employees for services	(2,337,051)
Cash payments to suppliers for goods and services	(4,496,609)
Net cash provided by operating activities	<u>753,984</u>
Cash flows from noncapital financing activities	
Net transfers and due to other funds	(25,047)
Taxes received	100,309
Net cash provided by capital and related activities	<u>75,262</u>
Cash flows from investing activities	
Interest income	18,204
Net cash used by capital and related activities	<u>18,204</u>
Cash flows from capital investing activities	
Debt proceeds	1,365,357
Acquisition of capital assets	(2,378,842)
Capital leases	-
Capital grants	776,168
Principal paid on debt	(337,611)
Interest paid on debt	(117,432)
Net cash used by capital financing activities	<u>(692,360)</u>
Net decrease in cash and cash equivalents	155,090
Cash and equivalents beginning of year	<u>1,101,928</u>
Cash and equivalents end of year	<u>\$ 1,257,018</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	\$(459,200)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:	
Depreciation expense	1,318,363
Disposition of capital assets	-
Decrease (increase) in customer receivable	(22,860)
Decrease (increase) in receivable sale of capital asset	4,269
Decrease (increase) pension related	(75,543)
Decrease (increase) in inventory	(15,396)
Decrease (increase) in deferred loan fees	4,568
Increase (decrease) in accounts payable	(24,412)
Increase (decrease) in deferred gain on rec	(4,270)
Increase (decrease) in customer deposits	868
Increase (decrease) in compensated absences	18,854
Increase (decrease) in liability for landfill closure	<u>8,743</u>
Net cash provided by operating activities	<u>\$ 753,984</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, 2015**

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 is 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.

**STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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.

STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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.

**STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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.

D. Assets, Liabilities, Net Position and Fund Balance

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 of 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 governmental and 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.

Real Estate Contract – Land Sale

For the government-wide financial statements, the City recognizes income on real estate sales by recording the entire gross profit on sales that meet the requirements for the accrual method. Transactions that do not meet the requirements for the accrual method are recorded using the deposit method or installment method until the requirements for the accrual method are met. Under the deposit method, cash received is recorded as a deposit. Under the installment method, the City records the entire contract price and the related costs at the time the transaction is recognized as a sale, but the gross profit is deferred and recognized as payments are received on the related contract receivable. In the financial statements for the governmental funds, the City recognizes income from the sale of real estate when the principal on mortgage contracts are collected. At the time of the sale, the principal on the real estate contracts are recorded as deferred revenue.

**STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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.

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

Assets	Years
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

**STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantor, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City council the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the 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.

**STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Standards Adopted

During the year ended June 30, 2015, the City adopted GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 (“GASB 68”), and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

**STATE OF NEW MEXICO
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JUNE 30, 2015**

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government’s fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity’s beginning net position and expense in the initial period of implementation. This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

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.

Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. GASB 65 has been adopted for the year ending June 30, 2014.

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.

**STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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	\$ 172,897
Bonds and loans payable	2,061,969
Accrued interest payable	5,618
Loan fees	(11,464)
Difference deferred gain - land sale	(5,794)
Compensated absences	220,875
Net pension liability	4,665,442
Deferred inflows - pension related	(654,519)
Deferred outflows - pension related	<u>1,390,871</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 7,845,895</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 position 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:

Capital outlay	\$ 1,323,250
Depreciation expense	<u>(1,648,985)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (325,735)</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-

**STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

term debt consumes the current financial resources of the governmental funds.” The details of this difference as follows:

Bond and loan payable	\$ 169,087
Changes in net pension liability	<u>84,160</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 253,247</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	\$ (3,199)
Gain on sale of assets	(204)
Accrued interest	676
Amortization of loan fees	<u>(1,348)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (4,075)</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 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.
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 each fund.
4. Encumbrances are not reported in the budgets or financial statements.

**STATE OF NEW MEXICO
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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 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 the 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, 2015, 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, 2015, 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.

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	Balance Per Bank 6-30-15	Add Deposits In Transit	Less Outstanding Checks	Adjustment	Balance Per Books 6-30-15
First State Bank of Socorro:					
Checking Account Operating	\$ 1,475,632	\$ 6,168	\$ 673,210	\$ (1,656)	\$ 806,934
Checking Account Payroll	64,959	-	63,313	-	1,646
Investment Account	1,382,472	-	-	-	1,382,472
Checking Account E-Pay	7,006	1,842	-	-	8,848
Checking CDBG Drainage Improvement	61,971	-	-	-	61,971
Bank of America :					
Checking Account Operating	<u>47,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,602</u>
Total Cash in Banks	<u>\$ 3,039,642</u>	<u>\$ 8,010</u>	<u>\$ 736,523</u>	<u>\$ (1,656)</u>	2,309,473
Funds Held by the New Mexico Finance Authority:					
State Treasurers Office					557,502
Wells Fargo Brokerage Services					755,115
Plus Cash on Hand					<u>550</u>
Total Cash and Investments Per Books					<u>\$ 3,622,640</u>
As Reported in Financial Statements:					
Investments: Unrestricted					\$ 755,115
Cash: Unrestricted					1,379,843
Restricted					<u>1,487,682</u>
					<u>\$ 3,622,640</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.

	First State Bank of Socorro	Bank of America	Total
Amount on Deposit in Bank	\$ 2,992,040	\$ 47,574	\$ 3,039,614
Less FDIC Coverage	(250,000)	(47,574)	(297,574)
Uninsured Public Funds	<u>2,742,040</u>	<u>-</u>	<u>2,742,040</u>
Collateral pledged :	STATED AT		
Safekeeping agent, First State Bank, Socorro, NM			
US Treasury Notes CUSIP #912810DZ8	FMV 962,072	-	962,072
FFCB Non CBL Cuspid 31331VKU9	FMV 517,218	-	517,218
	<u>1,479,290</u>	<u>-</u>	<u>1,479,290</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 1,371,020	\$ -	\$ 1,371,020
Pledged collateral	<u>1,479,290</u>	<u>-</u>	<u>1,479,290</u>
Over (under) collateralized	<u>\$ 108,270</u>	<u>\$ -</u>	<u>\$ 108,270</u>

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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, 2015 \$2,742,040 of the City's bank balance of \$3,039,642 was exposed to custodial credit risk as follows:

	First State Bank	Bank of America
Uninsured and uncollateralized	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust department in the Bank's name	2,742,040	-
Total	\$ 2,742,040	\$ -

There are twelve cash 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 \$557,502.

NMFA		
NMFA (Landfill) Reserves	\$	78,175
NMFA (Road) Reserves		8,526
NMFA (Infrastructure) Reserves		95,733
NMFA (Landfill) Reserves		26,387
NMFA New Landfill Cell		21,716
NMFA (Road) Intercept		9,373
NMFA (Infrastructure) Intercept		49,076
NMFA (Landfill) Intercept		18,121
NMFA Fire Station		12
NMFA Rodeo Sports Facility proceeds		155,875
NMFA Rodeo Sports Facility		13,757
NMFA Rodeo Sports Facility (reserve)		80,751
Total	\$	557,502

The City invests idle cash under the guidelines of the State of New Mexico Statute 6-10-11 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.

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As of June 30, 2015 the City had the following investments held at Wells Fargo Brokerage Services:

	<u>Fair Value</u>	<u>Current</u>
Wells Fargo Adv. Government MMF	\$ 755,115	\$ 755,115

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 \$755,115. 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	\$ 755,115	
Total	\$ 755,115	

4. DETAILED NOTES ON ALL FUNDS

Receivables

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

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	<u>Governmental Funds</u>			Total
	<u>General</u>	<u>Non- major</u>	<u>Joint Enterprise Fund</u>	
Receivables:				
Customer Accounts	\$ 404,050	\$ -	\$ 1,384,401	\$ 1,788,451
Property Taxes	11,276	-	-	11,276
Franchise Taxes	13,475	-	-	13,475
Gross Receipts Taxes	365,525	-	-	365,525
Lodgers' Tax		41,779	-	41,779
Motor Vehicle Fees	922	-	-	922
Other Governments	<u>64,285</u>	<u>13,619</u>	<u>35,973</u>	<u>113,877</u>
Gross receivables	859,533	55,398	1,420,374	2,335,305
Less: allowance for uncollectibles	<u>292,016</u>	<u>-</u>	<u>71,382</u>	<u>363,398</u>
Net total receivables	<u>\$ 567,517</u>	<u>\$ 55,398</u>	<u>\$ 1,348,992</u>	<u>\$ 1,971,907</u>

Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows (see next page):

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Primary Government

	<u>Beginning Balance</u>	<u>Adjustments/ Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 301,819	\$ -	\$ -	\$ 301,819
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>301,819</u>	<u>-</u>	<u>-</u>	<u>301,819</u>
Capital assets, being depreciated:				
Buildings and improvements	10,020,278	680,940	-	10,701,218
Equipment and vehicles	7,132,371	642,310	-	7,774,681
Infrastructure	<u>11,839,627</u>	<u>-</u>	<u>-</u>	<u>11,839,627</u>
Total capital assets being depreciated	<u>28,992,276</u>	<u>1,323,250</u>	<u>-</u>	<u>30,315,526</u>
Less accumulated depreciation:				
Buildings and improvements	4,663,059	1,209,566	-	5,872,625
Equipment and vehicles	5,162,610	436,566	-	5,599,176
Infrastructure	<u>3,293,497</u>	<u>2,853</u>	<u>-</u>	<u>3,296,350</u>
Total accumulated depreciation	<u>13,119,166</u>	<u>1,648,985</u>	<u>-</u>	<u>14,768,151</u>
Total capital assets being depreciated, net	<u>15,873,110</u>	<u>(325,735)</u>	<u>-</u>	<u>15,547,375</u>
Governmental activities capital assets, net	<u>\$ 16,174,929</u>	<u>\$ (325,735)</u>	<u>\$ -</u>	<u>\$ 15,849,194</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 337,961	\$ -	\$ -	\$ 337,961
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>337,961</u>	<u>-</u>	<u>-</u>	<u>337,961</u>
Capital assets, being depreciated:				
Plant and equipment	<u>33,892,091</u>	<u>2,378,842</u>	<u>-</u>	<u>36,270,933</u>
Total capital assets being depreciated	<u>33,892,091</u>	<u>2,378,842</u>	<u>-</u>	<u>36,270,933</u>
Less accumulated depreciation:				
Plant and equipment	<u>17,394,997</u>	<u>1,318,363</u>	<u>-</u>	<u>18,713,360</u>
Total accumulated depreciation	<u>17,394,997</u>	<u>1,318,363</u>	<u>-</u>	<u>18,713,360</u>
Total capital assets being depreciated, net	<u>16,497,094</u>	<u>1,060,479</u>	<u>-</u>	<u>17,557,573</u>
Business-type activities capital assets, net	<u>\$ 16,835,055</u>	<u>\$ 1,060,479</u>	<u>\$ -</u>	<u>\$ 17,895,534</u>

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

Governmental Activities:	
General government	\$ 187,618
Judicial	16,663
Public safety	353,545
Public works	732,709
Culture and recreation	<u>358,450</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,648,985</u>
Business-type Activities:	
Natural gas	\$ 102,290
Water	307,050
Waste water	574,689
Solid waste	57,300
Landfill	<u>277,034</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 1,318,363</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, 2015 is \$47,000.

The General Fund received insurance proceeds of \$203,528, in prior years which were deposited into the Joint Enterprise Fund. In the prior year the Joint Enterprise Fund borrowed \$92,545 for the purpose of purchasing capital assets. Total due to the General Fund from the Joint Enterprise Fund is \$343,073.

Operating Transfers:

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

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Interfund transfers:

	Transfers out			
	General	Non Major	Joint Enterprise	Total
Transfers in:				
General	\$ -	\$ -	\$ 25,047	\$ 25,047
Nonmajor	921,615	178,415	-	1,100,030
 Total transfers out	921,615	178,415	25,047	1,125,077
Less transfers in	(501,200)	(623,877)	-	(1,125,077)
	\$ 420,415	\$ (445,462)	\$ 25,047	\$ -

SHORT TERM DEBT:

The City does not have any short-term debt.

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 1st and November 1st. 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 1st and November 1st. 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

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Section 7-1-6.4, NMSA 1978, and City Ordinance No. 06-02-06A, adopted on February 6, 2006.

Fire Station Renovation Project

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the renovation of Fire Station #3 located within the governmental unit. The loan was finalized on September 3, 2010, with the City borrowing \$309,575. The note payable bears interest at 2.392%, with principal payments due annually in May and semi-annual interest payments due in November & May. The payment of the principal and interest due under the loan agreement will be paid solely from the intercept agreement providing for fire protection fund revenues distributed by the State Treasurer to the City, to be redirected to the New Mexico Finance Authority. The loan matures May 1, 2021.

Rodeo Sports Facility

The City entered into a loan agreement with the New Mexico Finance Authority to borrow funds for the construction of rodeo and sports facilities within the governmental unit. Lodgers' tax revenues of approximately 3% are the pledged revenues for this loan. The loan was finalized on June 14, 2013, with the City borrowing \$1,495,751. The note payable bears interest at 2.344%, with principal payments due monthly. The loan matures May 1, 2038.

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 1st, and interest payments are due on May 1st and November 1st. 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.

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 1st and November 1st. 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.

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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.

Wastewater Treatment Plant Improvements

The City entered into a loan agreement with the New Mexico Environment Department for the purpose of improving the wastewater facilities of the City. The loan was finalized in December 19, 2009 with the City borrowing \$75,075. The loan bears no interest and principal payments of \$3,754 are due annually in December. The loan matures in December 2029.

Drinking Water Replacement of Meter Readers

The City entered into a loan agreement with the New Mexico Environment Department for the purpose of replacing manual-read meters with a drive-by/walk-by automated meter reading system. The loan was finalized on May 28, 2013 with the City borrowing \$183,315. The loan bears interest at .25% and payments of \$18,584 are due annually in June. The loan matures in May 2024.

Drinking Water System Improvement Project

The City entered into a loan agreement with New Mexico Finance Authority to finance the design, acquisition, construction, improvement, expansion, repair or rehabilitation of drinking water systems and water supply systems for the community on June 28, 2014. The project is underway and the loan amount to date (excluding debt forgiveness) is \$415,357 with a maximum loan of \$475,200. This loan bears an interest rate of .25%.

Wastewater Collection System Expansion

The City entered into a loan agreement with New Mexico Environment Department for the purpose of wastewater system expansion to residents who are currently using ageing septic tanks and other systems for their wastewater disposal. The project is complete and the loan bears interest at 0% with annual payments of \$47,500.

Revenue Bonds

The City issued revenue bonds for the business-type activities where the City pledges income derived from the operation of the municipal Joint Water and Sewer System. Revenue bonds outstanding at year end for the business-type activities are as follows:

<u>Series</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>
2010 Joint Utility System	\$ 132,000	2/19/2050	2.625%	\$ 122,100
2011A Joint Utility System	515,000	8/4/2051	2.500%	491,000
2013A Joint Utility System	1,230,000	1/18/2053	2.500%	1,190,000
Improvement Revenue Bonds - total				<u>\$ 1,803,100</u>

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Lease Purchase-Payable

On October 13, 2012 the City entered into a lease purchase agreement for a Caterpillar Landfill Compactor. The lease agreement calls for monthly payments of \$7,307 and will be paid in full in fiscal year 2020. The City has capitalized \$549,300 for this lease.

Lease Payment Requirement FYE June 30,	Principal	Interest	Total
2016	\$ 77,688	\$ 10,004	\$ 87,692
2017	80,211	7,481	87,692
2018	82,816	4,876	87,692
2019	85,505	2,187	87,692
2020	<u>21,806</u>	<u>116</u>	<u>21,922</u>
	<u>\$ 348,026</u>	<u>\$ 24,664</u>	<u>\$ 372,690</u>

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, 2015 follows:

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<u>Series and Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>	
<u>Governmental Activities</u>				
NMFA Loan	\$308,461	2022	3.554%	131,072
NMFA Loan	\$1,094,999	2021	3.387%	505,783
NMFA Loan	\$309,575	2021	2.392%	192,328
NMFA Loan	\$1,495,751	2038	2.344%	1,405,683
Total governmental activities				<u>\$ 2,234,866</u>
<u>Business-Type Activities</u>				
NMFA Loan -Landfill Loan	\$526,185	2022	4.248%	\$ 234,397
NMED Loan	\$2,320,915	2018	2.0%	423,113
NMED Loan	\$1,093,740	2029	3.588%	823,309
NMED Loan	\$75,075	2029	0.000%	56,305
NMED Loan	\$183,315	2024	.25%	165,223
NMED Loan	In process	2025	.25%	470,703
NMED Loan	\$950,000	2036	0.0000%	950,000
Revenue Bonds	\$132,000	2050	2.625%	122,100
Revenue Bonds	\$515,000	2051	2.500%	491,000
Revenue Bonds	\$1,230,000	2053	2.500%	1,190,000
Total business-type activities				<u>\$ 4,926,150</u>

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Governmental Activities

Year Ending June 30,	Principal	Interest	Admin. Fee
Notes Payable:			
2016	\$ 172,897	\$ 56,732	\$ 2,888
2017	177,073	52,846	2,554
2018	181,596	48,623	2,382
2019	186,471	44,057	2,079
2020	191,749	39,100	1,766
2021-2025	430,244	136,302	5,670
2026-2030	302,180	94,590	3,888
2031-2035	354,136	44,242	2,279
2036-2038	238,520	1,394	479
Total	<u>\$ 2,234,866</u>	<u>\$ 517,886</u>	<u>\$ 23,985</u>

Business-Type Activities

Year Ending June 30,	Principal	Interest	Admin. Fee
Notes Payable:			
2016	\$ 284,736	\$ 48,541	\$ 586
2017	289,904	46,215	513
2018	295,338	40,913	436
2019	154,313	35,362	356
2020	157,351	29,534	273
2021-2025	697,670	100,026	281
2026-2030	535,500	31,064	-
2031-2035	708,238	-	-
Total	<u>\$ 3,123,050</u>	<u>\$ 331,655</u>	<u>\$ 2,445</u>

Revenue Bonds Payable:

Year Ending June 30,	Principal	Interest	Admin. Fee
2016	\$ 30,100	\$ 45,349	\$ -
2017	30,200	44,549	-
2018	31,300	43,749	-
2019	31,300	43,049	-
2020	31,400	42,249	-
2021-2025	161,800	199,245	-
2026-2030	200,700	178,145	-
2031-2035	229,600	150,545	-
2036-2040	241,000	120,945	-
2041-2045	301,600	88,145	-
2046-2050	317,100	49,180	-
2051-2053	197,000	9,700	-
Total	<u>\$ 1,803,100</u>	<u>\$ 1,014,850</u>	<u>\$ -</u>

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Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Loan Payable	\$ 2,403,953	\$ -	\$ 169,087	\$ 2,234,866	\$ 172,897
Compensated absences	<u>217,676</u>	<u>213,290</u>	<u>210,091</u>	<u>220,875</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 2,621,629</u>	<u>\$ 213,290</u>	<u>\$ 379,178</u>	<u>\$ 2,455,741</u>	<u>\$ 172,897</u>
Business-type activities					
Capital Lease	\$ 423,271	\$ -	\$ 75,245	\$ 348,026	\$ 77,688
Loans Payable	1,989,959	1,365,357	232,266	3,123,050	284,736
Revenue Bonds Payable	1,833,200		30,100	1,803,100	30,100
Compensated Absences	<u>105,258</u>	<u>95,969</u>	<u>77,115</u>	<u>124,112</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 4,351,688</u>	<u>\$ 1,461,326</u>	<u>\$ 414,726</u>	<u>\$ 5,398,288</u>	<u>\$ 392,524</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 \$767,432 reported as landfill closure liability (includes: landfill closure, post closure care, phase I and phase II assessments and corrective action costs) at June 30, 2015, 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. The current site was closed in 2014.

During the year ended June 30, 2015, the City received \$58,007 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 reported restricted cash per the financials at June 30, 2015; \$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. 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 has received their new landfill permit which is adjacent to the old landfill. The new landfill cells were opened in 2013.

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Restricted Assets

The balances of the restricted asset accounts are as follows:

	Enterprise Funds
Meter deposits	\$ 84,891
Debt requirements	617,249
Land Closure and Solid Waste Reserve	348,575
Water Rights Acquisition Reserve	15,050
Total restricted assets	\$ 1,065,765

POST-EMPLOYMENT BENEFITS:

Retirement Plan

General Information about the Pension Plan

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the City of Socorro are established in state statute under Chapter 10, Article 11, NMSA 1978. The

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contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to City of Socorro are: Municipal General, Municipal Police, and Municipal Fire Division. Statutorily required contributions to the pension plan from the City of Socorro were \$565,878 and employer paid member benefits that were “picked up” by the employer were \$340,903 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City of Socorro proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

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For PERA Fund Division Municipal General, at June 30, 2015, the City of Socorro reported a liability of \$3,093,126 for its proportionate share of the net pension liability. At June 30, 2014, the City of Socorro proportion was 0.3965% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the City of Socorro recognized PERA Fund Division Municipal General Pension expense of \$480,379. At June 30, 2015, the City of Socorro reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$1,210,112
Changes of assumptions	-	2,096
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between City of Socorro contributions and proportionate share of contributions	-	-
City of Socorro contributions subsequent to the measurement date	638,423	-
Total	<u>\$ 638,423</u>	<u>\$ 1,212,208</u>

\$638,423 reported as deferred outflows of resources related to pensions resulting from City of Socorro contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (303,050)
2017	(303,050)
2018	(303,050)
2019	(303,050)
2020	(8)
Thereafter	-

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For PERA Fund Division Municipal Police, at June 30, 2015, the City of Socorro reported a liability of \$1,131,182 for its proportionate share of the net pension liability. At June 30, 2014, the City of Socorro proportion was 0.347% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the City of Socorro recognized PERA Fund Division Municipal Police Pension expense of \$85,977. At June 30, 2015, the City of Socorro reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 420,624
Changes of assumptions	-	91,891
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between City of Socorro contributions and proportionate share of contributions	-	-
City of Socorro contributions subsequent to the measurement date	140,866	-
Total	<u>\$ 140,866</u>	<u>\$ 512,515</u>

\$140,866 reported as deferred outflows of resources related to pensions resulting from City of Socorro contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (128,014)
2017	(128,014)
2018	(128,014)
2019	(128,014)
2020	(457)
Thereafter	-

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For PERA Fund Division Municipal Fire, at June 30, 2015, the City of Socorro reported a liability of \$1,999,760 for its proportionate share of the net pension liability. At June 30, 2014, the City of Socorro proportion was 0.4791% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the City of Socorro recognized PERA Fund Division Municipal Fire Pension expense of \$176,645. At June 30, 2015, the City of Socorro reported PERA Fund Division Municipal Fire deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 276,980
Changes of assumptions	69,421	2,096
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between City of Socorro contributions and proportionate share of contributions	-	-
City of Socorro contributions subsequent to the measurement date	127,492	-
Total	<u>\$ 196,913</u>	<u>\$ 279,076</u>

\$127,492 reported as deferred outflows of resources related to pensions resulting from City of Socorro contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (51,976)
2017	(51,976)
2018	(51,976)
2019	(51,976)
2020	345
Thereafter	-

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Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75% annual rate, net of investment
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	<u>100.0%</u>	

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Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long- term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the (name of employer)’s proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the City of Socorro net pension liability in each PERA Fund Division that City of Socorro participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division Municipal General	1% Decrease	Current Discount Rate	1% Increase
	(6.75%)	(7.75%)	(8.75%)
City of Socorro’s proportionate share of the net pension liability	\$ 5,831,237	\$ 3,093,126	\$ 977,803

PERA Fund Division Municipal Police	1% Decrease	Current Discount Rate	1% Increase
	(6.75%)	(7.75%)	(8.75%)
City of Socorro’s proportionate share of the net pension liability	\$ 2,157,166	\$ 1,131,182	\$ 365,094

PERA Fund Division Municipal Fire	1% Decrease	Current Discount Rate	1% Increase
	(6.75%)	(7.75%)	(8.75%)
City of Socorro’s proportionate share of the net pension liability	\$ 2,825,512	\$ 1,999,760	\$ 1,390,737

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. The City as of June 30, 2015 had an outstanding payable to PERA of \$10,752 for June payroll that was paid in July 2015.

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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 amounts 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 twenty eight 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

Plan Description. 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 provides 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 plan on the person's behalf unless that person retires 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 plus an additional participation fee of five dollars if the

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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.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2015, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City of Socorro contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$91,192, \$91,790, and \$92,642 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.

Related Party Transactions

The City's mayor and council members own various businesses in their local area. For the year ending June 30, 2015 the City paid Best Western Hotel \$428 for facility rent, and Bhasker Medical Clinic PC \$9,889 which is owned by Mayor Bhasker. For the year ending June 30, 2015 the City paid Monette Ford \$776 which is owned by Donald Monette, council member, Ernest Welding & Machine \$1,069 which is owned by Earnest Pargas, council member, Toby Jaramillo councilor's business \$675,

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Hicks Paint and Body Shop \$830 which is owned by Gordy Hicks, council member and Scott's Auto \$13,090, which is owned by Peter Romero, council member.

Joint Powers Agreement

The City of Socorro and the County of Socorro have entered into an agreement dated September 13, 2011 for sharing of Emergency Medical Services (EMS) and detention center. The City operates an EMS program and 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 and County will be utilized for the purchase of equipment and maintenance of the facility.

Capital Outlay Appropriations

Capital Outlay appropriations are as follows:

<u>CAPITAL PROJECT FUND</u>	<u>PROJECT APPROPRIATIONS</u>	<u>2015 EXPENDITURES</u>	<u>EXPENDITURES TO DATE</u>	<u>PROJECT FUNDS OUTSTANDING</u>	<u>APPROPRIATION PERIOD</u>
RODEO ARENA/CONV CENTER					
131784	\$ 400,000	\$ 337,429	\$ 400,000	\$ -	8/27/13 - 6/30/17
14L2008	300,000	233,717	233,717	66,283	9/9/14-6/30/18
WWTP/COLLECTION SYSTEM	400,000	219,774	219,774	180,226	10/18/14-6/30/18

The term of the grants are contingent upon sufficient state appropriations and may be reverted prior to the expiration dates.

SUBSEQUENT PRONOUNCEMENTS

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2016. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the City's financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective

**STATE OF NEW MEXICO
CITY OF SOCORRO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective

for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The City does not expect this pronouncement to have an effect on the financial statements as they do not participate in such a plan.

In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Association will implement this standard during the fiscal year ended June 30, 2016.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2017. The City is still evaluating how this pronouncement will effect the financial statements.

NET POSITION RESTATEMENT

The City has restated net position in the amount of (\$5,485,954) for Governmental Funds and (\$1,927,395) for the Proprietary Funds for the implementation of GASB 68, which requires the inclusion of the City's proportionate share of the net pension liability related to the City's participation in the Public Employees Retirement Association. As of June 30, 2013 the proportionate share was \$5,485,954 for the Governmental Funds and \$1,927,395 for the Proprietary Funds.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF SOCORRO MUNICIPAL GENERAL & JOINT ENTERPRISE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015**

**New Mexico PERA Pension Plan Last
Last 10 Fiscal Years*
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's Proportion of the Net Pension Liability (Asset)	0.3965%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's Proportionate Share of Net Pension Liability (Asset) \$	3,093	-	-	-	-	-	-	-	-	-
City's Covered-Employee Payroll \$	4,809	-	-	-	-	-	-	-	-	-
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	64.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See notes to required supplementary information.

STATE OF NEW MEXICO
CITY OF SOCORRO MUNICIPAL GENERAL & JOINT ENTERPRISE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015

New Mexico PERA Pension Plan
Last 10 Fiscal Years*
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 638	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	(638)	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered-Employee Payroll	\$ 4,809									
Contributions as a percentage of covered employee-payroll	13%									

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 1,212	5		\$ 303	303	303	303	303	0					
2015	-	5												
2016	-	5												
2017	-	5												
2018	-	5												
2019	-	5												
2020	-	5												
2021	-	5												
2022	-	5												
2023	-	5												
	\$ 1,212			\$ 303	303	303	303	303	0	-	-	-	-	-

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

See notes to required supplementary information.

**STATE OF NEW MEXICO
CITY OF SOCORRO MUNICIPAL POLICE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015**

**New Mexico PERA Pension Plan
Last 10 Fiscal Years*
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's Proportion of the Net Pension Liability (Asset)	0.347	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's Proportionate Share of Net Pension Liability (Asset)	\$ 1,131	-	-	-	-	-	-	-	-	-
City's Covered-Employee Payroll	\$ 949	-	-	-	-	-	-	-	-	-
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	119.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See notes to required supplementary information.

STATE OF NEW MEXICO
CITY OF SOCORRO MUNICIPAL POLICE
SCHEDULE OF THE PROPORATIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015

New Mexico PERA Pension Plan
Last 10 Fiscal Years*
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 141	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	(141)	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered-Employee Payroll	\$ 949									
Contributions as a percentage of covered employee-payroll	15%									

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (513)	5		\$ (128)	\$ (128)	\$ (128)	\$ (128)	\$ (0)				
2015	-	5			-	-	-	-				
2016	-	5			-	-	-	-				
2017	-	5			-	-	-	-				
2018	-	5			-	-	-	-				
2019	-	5			-	-	-	-				
2020	-	5			-	-	-	-				
2021	-	5			-	-	-	-				
2022	-	5			-	-	-	-				
2023	-	5			-	-	-	-				
	\$ (513)			\$ (128)	(128)	(128)	(128)	(0)	-	-	-	-

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

See notes to required supplementary information.

**STATE OF NEW MEXICO
CITY OF SOCORRO MUNICIPAL FIRE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015**

**New Mexico PERAPension Plan
Last 10 Fiscal Years*
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's Proportion of the Net Pension Liability (Asset)	0.4791	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's Proportionate Share of Net Pension Liability (Asset)	\$ 2,000	-	-	-	-	-	-	-	-	-
City's Covered-Employee Payroll	\$ 794	-	-	-	-	-	-	-	-	-
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	251.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

See notes to required supplementary information.

STATE OF NEW MEXICO
CITY OF SOCORRO MUNICIPAL FIRE
SCHEDULE OF THE PROPORATIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2015

New Mexico PERA Pension Plan
Last 10 Fiscal Years*
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 127	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	(127)	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered-Employee Payroll	\$ 794									
Contributions as a percentage of covered employee-payroll	16%									

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
			2014	\$ (208)	5		\$ (52)	\$ (52)	\$ (52)	\$ (52)	\$ 0	
2015	-	5										
2016	-	5										
2017	-	5										
2018	-	5										
2019	-	5										
2020	-	5										
2021	-	5										
2022	-	5										
2023	-	5										
	\$ (208)			\$ (52)	(52)	(52)	(52)	0	-	-	-	-

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

**Notes to Required Supplementary Information
For the Year Ended June 30, 2015**

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

OTHER 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.

CONVENTION CENTER FUND – to account for the costs for design, construction, equipping, furnishing, landscaping, operation and maintenance of the convention center. Financing is provided by a fee charged to each lodger for each day the room within city limited is occupied by a vendor not otherwise exempted by the Act. New Mexico Legislature enacted the Convention Center Financing Act during 2003 Legislative Session and 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 FEES 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.

SEDILLO PARK RENOVATIONS FUND – 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.

SPECIAL REVENUE FUNDS (continued)

LIBRARY FUND – to account for donations received for the Public Library. Resources are provided by public donations and the interest earned thereon. Expenditures are to be used for activities of the library.

JUVENILE JUSTICE GRANT – to account for grant funds used for programs and workshops administered for the benefit of youth.

E-911 FUND – to account for the emergency medical system. Resources for the project are provided by a grant and administered by New Mexico Department of Finance.

CAPITAL PROJECTS FUNDS

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.

RODEO ARENA FUND - is used to account for improvements and facilities to the arena and convention center. Resources for this project are provided by federal and state funding in addition to loans and transfers from the General fund.

CDBG CUBA ROAD PHASE III - to account for improvements to various roads. Resources for the project are provided by the General Fund, Enterprise Fund and federal and state funding.

DEBT SERVICE FUND

DEBT SERVICE FUND – to account for accumulation of monies and payment of interest, principal & required reserves on the Master Equipment Lease Purchase Agreement and the HS Road Intercept and Reserve Fund.

STATE OF NEW MEXICO
CITY OF SOCORRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Special Revenue					
	Fire Protection Fund	Recreation Fund	Lodgers Tax Fund	Lodgers Tax Promotional Fund	Convention Center Fund	Emergency Medical Services Fund
ASSETS						
Cash	\$ 145,192	\$ 14,810	\$ 154,145	\$ 185,963	\$ 20,972	\$ -
Cash - restricted	-	-	-	13,757	-	-
Investments	-	-	-	-	-	-
Accounts receivable	-	-	7,935	23,804	10,040	-
Total assets	<u>145,192</u>	<u>14,810</u>	<u>162,080</u>	<u>223,524</u>	<u>31,012</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 145,192</u>	<u>\$ 14,810</u>	<u>\$ 162,080</u>	<u>\$ 223,524</u>	<u>\$ 31,012</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,514	\$ 3,394	\$ 27	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>1,514</u>	<u>3,394</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted for:						
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Special revenue	143,678	11,416	162,053	223,524	31,012	-
Total fund balances	<u>143,678</u>	<u>11,416</u>	<u>162,053</u>	<u>223,524</u>	<u>31,012</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 145,192</u>	<u>\$ 14,810</u>	<u>\$ 162,080</u>	<u>\$ 223,524</u>	<u>\$ 31,012</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue						Capital Projects	
Law Enforcement Protection Fund	Correctional Fees Fund	E-911 Fund	Sedillo Park Renovations Fund	Library Fund	Juvenile Justice Grant Fund	Total	Airport Improvement Fund
\$ -	\$ 3,252	\$ -	\$ 10,302	\$ 18,905	\$ 7,281	\$ 560,822	\$ 5,131
-	-	-	-	-	-	13,757	-
-	-	-	-	-	-	-	-
-	-	-	-	-	13,619	55,398	-
-	3,252	-	10,302	18,905	20,900	629,977	5,131
<u>\$ -</u>	<u>\$ 3,252</u>	<u>\$ -</u>	<u>\$ 10,302</u>	<u>\$ 18,905</u>	<u>\$ 20,900</u>	<u>\$ 629,977</u>	<u>\$ 5,131</u>
\$ -	\$ -	\$ -	\$ 5,984	\$ -	\$ -	\$ 10,919	\$ -
-	-	-	-	-	-	-	-
-	-	-	5,984	-	-	10,919	-
-	-	-	-	-	-	-	-
-	3,252	-	4,318	18,905	20,900	619,058	5,131
-	3,252	-	4,318	18,905	20,900	619,058	5,131
<u>\$ -</u>	<u>\$ 3,252</u>	<u>\$ -</u>	<u>\$ 10,302</u>	<u>\$ 18,905</u>	<u>\$ 20,900</u>	<u>\$ 629,977</u>	<u>\$ 5,131</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF SOCORRO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
JUNE 30, 2015

	<u>Capital Projects</u>			<u>Debt Service</u>		<u>Nonmajor Governmental Funds</u>
	<u>Street Improvement Fund</u>	<u>Rodeo Arena Fund</u>	<u>CDBG Cuba Rd Phase III</u>	<u>Total</u>	<u>Total</u>	
ASSETS						
Cash	\$ 55,180	\$ -	\$ 47,534	\$ 107,845	\$ -	\$ 668,667
Cash - restricted	-	155,875	-	155,875	252,285	421,917
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	55,398
Total assets	<u>55,180</u>	<u>155,875</u>	<u>47,534</u>	<u>263,720</u>	<u>252,285</u>	<u>1,145,982</u>
Total assets and deferred outflows of resources	<u>\$ 55,180</u>	<u>\$ 155,875</u>	<u>\$ 47,534</u>	<u>\$ 263,720</u>	<u>\$ 252,285</u>	<u>\$ 1,145,982</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,919
Due to other funds	-	19,373	-	19,373	-	19,373
Total liabilities	<u>-</u>	<u>19,373</u>	<u>-</u>	<u>19,373</u>	<u>-</u>	<u>30,292</u>
Fund balances:						
Restricted for:						
Debt service	-	-	-	-	252,285	252,285
Capital projects	55,180	136,502	47,534	244,347	-	244,347
Special revenue	-	-	-	-	-	619,058
Total fund balances	<u>55,180</u>	<u>136,502</u>	<u>47,534</u>	<u>244,347</u>	<u>252,285</u>	<u>1,115,690</u>
Total liabilities and fund balances	<u>\$ 55,180</u>	<u>\$ 155,875</u>	<u>\$ 47,534</u>	<u>\$ 263,720</u>	<u>\$ 252,285</u>	<u>\$ 1,145,982</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
CITY OF SOCORRO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue					
	Fire Protection Fund	Recreation Fund	Lodgers Tax Fund	Lodgers Tax Promotional Fund	Convention Center Fund	Emergency Medical Services Fund
REVENUES						
Taxes:						
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodgers' tax	-	-	100,114	290,354	31,012	-
Intergovernmental						
Federal grants	-	-	-	-	-	-
State grants	173,922	-	10,984	-	-	20,000
Charges for services	-	32,955	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
State shared gross receipts tax	-	-	-	-	-	-
Other	-	10,385	-	2,559	-	-
Investment	3	-	-	3	-	-
Total revenues	<u>173,925</u>	<u>43,340</u>	<u>111,098</u>	<u>292,916</u>	<u>31,012</u>	<u>20,000</u>
EXPENDITURES						
Current operations:						
General government	-	-	-	-	-	-
Public safety	102,112	-	-	-	-	20,000
Culture and recreation	-	407,998	108,748	220,478	-	-
Debt Service:						
Principal	29,750	-	-	47,977	-	-
Interest	5,470	-	-	30,698	-	-
Fees and other	-	-	-	1,454	-	-
Capital outlay	<u>-</u>	<u>12,567</u>	<u>-</u>	<u>31,495</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>137,332</u>	<u>420,565</u>	<u>108,748</u>	<u>332,102</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of revenues over expenditures	36,593	(377,225)	2,350	(39,186)	31,012	-
Other financing sources (uses):						
Debt proceeds	-	-	-	-	-	-
Transfers in	-	390,462	-	-	-	-
Transfers out	-	-	(20,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>390,462</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	36,593	13,237	(17,650)	(39,186)	31,012	-
Fund balances, beginning of year	<u>107,085</u>	<u>(1,821)</u>	<u>179,703</u>	<u>262,710</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 143,678</u>	<u>\$ 11,416</u>	<u>\$ 162,053</u>	<u>\$ 223,524</u>	<u>\$ 31,012</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue						Capital Projects	
Law Enforcement Protection Fund	Correctional Fees Fund	E-911 Fund	Sedillo Park Renovations Fund	Library Fund	Juvenile Justice Grant Fund	Total	Airport Improvement Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	421,480	-
-	-	-	-	-	136,059	136,059	-
29,600	-	433,010	-	642	-	668,158	-
-	-	-	9,694	-	-	42,649	-
-	24,068	-	-	-	-	24,068	-
-	-	-	-	-	-	-	-
-	-	-	-	1,871	-	14,815	-
-	-	-	-	-	-	6	-
<u>29,600</u>	<u>24,068</u>	<u>433,010</u>	<u>9,694</u>	<u>2,513</u>	<u>136,059</u>	<u>1,307,235</u>	<u>-</u>
-	-	-	-	-	-	-	-
40	27,725	203,893	-	-	106,032	459,802	-
-	-	-	44,221	2,269	-	783,714	-
-	-	-	-	-	-	77,727	-
-	-	-	-	-	-	36,168	-
-	-	-	-	-	-	1,454	-
29,560	-	229,117	-	-	-	302,739	-
<u>29,600</u>	<u>27,725</u>	<u>433,010</u>	<u>44,221</u>	<u>2,269</u>	<u>106,032</u>	<u>1,661,604</u>	<u>-</u>
-	(3,657)	-	(34,527)	244	30,027	(354,369)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	390,462	-
-	-	-	-	-	(25,000)	(45,000)	-
-	-	-	-	-	(25,000)	345,462	-
-	(3,657)	-	(34,527)	244	5,027	(8,907)	-
-	6,909	-	38,845	18,661	15,873	627,965	5,131
<u>\$ -</u>	<u>\$ 3,252</u>	<u>\$ -</u>	<u>\$ 4,318</u>	<u>\$ 18,905</u>	<u>\$ 20,900</u>	<u>\$ 619,058</u>	<u>\$ 5,131</u>

The accompanying notes are an integral part of these financial statements

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, 2015

	<u>Capital Projects</u>			<u>Debt Service</u>		<u>Nonmajor Governmental Funds</u>
	<u>Street Improvement Fund</u>	<u>Rodeo Arena Fund</u>	<u>CDBG Cuba Rd Phase III</u>	<u>Total</u>	<u>Total</u>	
REVENUES						
Taxes:						
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ 117,327	\$ 117,327
Lodgers' tax	-	-	-	-	-	421,480
Intergovernmental						
Federal grants	-	-	-	-	-	136,059
State grants	57,677	515,925	-	573,602	-	1,241,760
Charges for services	-	-	-	-	-	42,649
Fines and forfeitures	-	-	-	-	-	24,068
State shared gross receipts tax	-	-	-	-	-	-
Other	-	140,430	8,529	148,959	-	163,774
Investment	-	127	-	127	1,512	1,645
Total revenues	<u>57,677</u>	<u>656,482</u>	<u>8,529</u>	<u>722,688</u>	<u>118,839</u>	<u>2,148,762</u>
EXPENDITURES						
Current operations:						
General government	25,536	43,490	-	69,026	-	69,026
Public safety	-	-	-	-	-	459,802
Culture and recreation	-	-	-	-	-	783,714
Debt Service:						
Principal	-	-	-	-	91,360	169,087
Interest	-	-	-	-	23,978	60,146
Fees and other	-	-	-	-	2,181	3,635
Capital outlay	<u>77,339</u>	<u>767,364</u>	<u>-</u>	<u>844,703</u>	<u>-</u>	<u>1,147,442</u>
Total expenditures	<u>102,875</u>	<u>810,854</u>	<u>-</u>	<u>913,729</u>	<u>117,519</u>	<u>2,692,852</u>
Excess (deficiency) of revenues over expenditures	(45,198)	(154,372)	8,529	(191,041)	1,320	(544,090)
Other financing sources (uses):						
Debt proceeds	-	-	-	-	-	-
Transfers in	233,415	-	-	233,415	-	623,877
Transfers out	(133,415)	-	-	(133,415)	-	(178,415)
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>445,462</u>
Net change in fund balances	54,802	(154,372)	8,529	(91,041)	1,320	(98,628)
Fund balances, beginning of year	<u>378</u>	<u>290,874</u>	<u>39,005</u>	<u>335,388</u>	<u>250,965</u>	<u>1,214,318</u>
Fund balances, end of year	<u>\$ 55,180</u>	<u>\$ 136,502</u>	<u>\$ 47,534</u>	<u>\$ 244,347</u>	<u>\$ 252,285</u>	<u>\$ 1,115,690</u>

The accompanying notes are an integral part of these financial statements

**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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
State grants	\$ 173,922	\$ 173,922	\$ 173,922	\$ -
Investment income	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Total revenues	<u>173,922</u>	<u>173,922</u>	<u>173,925</u>	<u>3</u>
EXPENDITURES				
Current operations:				
Public Safety	124,000	138,702	101,512	37,190
Debt service				
Principal	29,750	29,750	29,750	-
Interest	<u>5,470</u>	<u>5,470</u>	<u>5,470</u>	<u>-</u>
Total expenditures	<u>159,220</u>	<u>173,922</u>	<u>136,732</u>	<u>37,190</u>
Excess (deficiency) of revenues over expenditures	<u>14,702</u>	<u>-</u>	<u>37,193</u>	<u>37,193</u>
Net change in fund balances	<u>\$ 14,702</u>	<u>\$ -</u>	<u>\$ 37,193</u>	<u>\$ 37,193</u>
Beginning cash balance	<u>\$ 107,999</u>	<u>\$ 107,999</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 37,193	
Change in payables			<u>(600)</u>	
Net change in fund balances GAAP basis			<u>\$ 36,593</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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 33,100	\$ 33,100	\$ 32,955	\$(145)
Other	<u>7,500</u>	<u>7,500</u>	<u>10,385</u>	<u>2,885</u>
Total revenues	<u>40,600</u>	<u>40,600</u>	<u>43,340</u>	<u>2,740</u>
EXPENDITURES				
Current operations:				
Culture and recreation	374,193	414,193	407,556	6,637
Capital Outlay	<u>18,000</u>	<u>18,000</u>	<u>12,567</u>	<u>5,433</u>
Total expenditures	<u>392,193</u>	<u>432,193</u>	<u>420,123</u>	<u>12,070</u>
Excess (deficiency) of revenues over expenditures	<u>(351,593)</u>	<u>(391,593)</u>	<u>(376,783)</u>	<u>14,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>370,462</u>	<u>390,462</u>	<u>390,462</u>	<u>-</u>
Total other financing sources (uses)	<u>370,462</u>	<u>390,462</u>	<u>390,462</u>	<u>-</u>
Net change in fund balances	<u>\$ 18,869</u>	<u>\$(1,131)</u>	<u>\$ 13,679</u>	<u>\$ 14,810</u>
Beginning cash balance	<u>\$ 1,131</u>	<u>\$ 1,131</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 13,679	
Change in payables			<u>(442)</u>	
Net change in fund balances GAAP basis			<u>\$ 13,237</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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Lodgers' tax	\$ 131,550	\$ 131,550	\$ 99,550	\$(32,000)
State grants	<u>10,000</u>	<u>10,000</u>	<u>10,984</u>	<u>984</u>
Total revenues	<u>141,550</u>	<u>141,550</u>	<u>110,534</u>	<u>(31,016)</u>
EXPENDITURES				
Current operations:				
Culture and recreation	156,300	156,300	108,721	47,579
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>156,300</u>	<u>156,300</u>	<u>108,721</u>	<u>47,579</u>
Excess (deficiency) of revenues over expenditures	<u>(14,750)</u>	<u>(14,750)</u>	<u>1,813</u>	<u>16,563</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balance	<u><u>\$(34,750)</u></u>	<u><u>\$(34,750)</u></u>	<u><u>\$(18,187)</u></u>	<u><u>\$ 16,563</u></u>
Beginning cash balance	<u><u>\$ 172,359</u></u>	<u><u>\$ 172,359</u></u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(18,187)	
Change in receivables			564	
Change in payables			<u>(27)</u>	
Net change in fund balances GAAP basis			<u><u>\$(17,650)</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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Lodgers' tax	\$ 215,009	\$ 215,009	\$ 288,497	\$ 73,488
Other	12,000	12,000	2,559	(9,441)
Investment income	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Total revenues	<u>227,009</u>	<u>227,009</u>	<u>291,059</u>	<u>64,050</u>
EXPENDITURES				
Current operations:				
Culture and recreation	233,743	232,248	220,478	11,770
Capital Outlay	30,000	31,495	31,495	-
Debt service:				
Principal	48,019	47,977	47,977	-
Interest	32,113	30,698	30,698	-
Fees and other	<u>-</u>	<u>1,457</u>	<u>1,454</u>	<u>3</u>
Total expenditures	<u>343,875</u>	<u>343,875</u>	<u>332,102</u>	<u>11,773</u>
Excess (deficiency) of revenues over expenditures	<u>(116,866)</u>	<u>(116,866)</u>	<u>(41,043)</u>	<u>75,823</u>
Net change in fund balances	<u>\$ (116,866)</u>	<u>\$ (116,866)</u>	<u>\$ (41,043)</u>	<u>\$ 75,823</u>
Beginning cash balance	<u>\$ 227,370</u>	<u>\$ 227,370</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(41,043)	
Change in receivables			<u>1,857</u>	
Net change in fund balances GAAP basis			<u>\$(39,186)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
CONVENTION CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Lodgers' tax	\$ -	\$ -	\$ 31,012	\$ 31,012
Total revenues	<u>-</u>	<u>-</u>	<u>31,012</u>	<u>31,012</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>31,012</u>	<u>31,012</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,012</u>	<u>\$ 31,012</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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
State grants	\$ <u>20,000</u>	\$ <u>20,000</u>	\$ <u>20,000</u>	\$ <u>-</u>
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
EXPENDITURES				
Current operations:				
Public Safety	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
State grants	\$ 29,600	\$ 29,600	\$ 29,600	\$ -
Total revenues	<u>29,600</u>	<u>29,600</u>	<u>29,600</u>	<u>-</u>
EXPENDITURES				
Current operations:				
Public Safety	40	40	40	-
Capital Outlay	<u>29,560</u>	<u>29,560</u>	<u>29,560</u>	<u>-</u>
Total expenditures	<u>29,600</u>	<u>29,600</u>	<u>29,600</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
CORRECTIONAL FEES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Fines and forfeitures	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>24,068</u>	\$(<u>25,932</u>)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>24,068</u>	<u>(25,932)</u>
EXPENDITURES				
Current operations:				
Public Safety	<u>50,000</u>	<u>50,000</u>	<u>27,725</u>	<u>22,275</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>27,725</u>	<u>22,275</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(3,657)</u>	<u>(3,657)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$(3,657)</u>	<u>\$(3,657)</u>
Beginning cash balance	<u>\$ 6,909</u>	<u>\$ 6,909</u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
E-911 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
State grants	\$ -	\$ 433,010	\$ 433,010	\$ -
Total revenues	<u>-</u>	<u>433,010</u>	<u>433,010</u>	<u>-</u>
EXPENDITURES				
Current operations:				
Public safety	-	203,893	203,893	-
Capital Outlay	<u>-</u>	<u>229,117</u>	<u>229,117</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>433,010</u>	<u>433,010</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Charges for services	\$ <u>17,500</u>	\$ <u>17,500</u>	\$ <u>9,694</u>	\$(<u>7,806</u>)
Total revenues	<u>17,500</u>	<u>17,500</u>	<u>9,694</u>	<u>(7,806)</u>
EXPENDITURES				
Current operations:				
Culture and recreation	<u>30,000</u>	<u>60,000</u>	<u>38,353</u>	<u>21,647</u>
Total expenditures	<u>30,000</u>	<u>60,000</u>	<u>38,353</u>	<u>21,647</u>
Excess (deficiency) of revenues over expenditures	<u>(12,500)</u>	<u>(42,500)</u>	<u>(28,659)</u>	<u>13,841</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total other financing sources (uses)	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	<u>\$(12,500)</u>	<u>\$ 7,500</u>	<u>\$(28,659)</u>	<u>\$(36,159)</u>
Beginning cash balance	<u>\$ 38,961</u>	<u>\$ 38,961</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(28,659)	
Change in payables			<u>(5,868)</u>	
Net change in fund balances GAAP basis			<u>\$(34,527)</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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
State grants	\$ 750	\$ 750	\$ 642	\$(108)
Charges for services	500	500	-	(500)
Other	<u>1,600</u>	<u>1,600</u>	<u>1,871</u>	<u>271</u>
Total revenues	<u>2,850</u>	<u>2,850</u>	<u>2,513</u>	<u>(337)</u>
EXPENDITURES				
Current operations:				
Culture and recreation	<u>2,850</u>	<u>2,850</u>	<u>2,269</u>	<u>581</u>
Total expenditures	<u>2,850</u>	<u>2,850</u>	<u>2,269</u>	<u>581</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>244</u>	<u>244</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244</u>	<u>\$ 244</u>
 Beginning cash balance	 <u>\$ 18,661</u>	 <u>\$ 18,661</u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
JUVENILE JUSTICE GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Federal grants	\$ <u>141,929</u>	\$ <u>170,088</u>	\$ <u>137,495</u>	\$(<u>32,593</u>)
Total revenues	<u>141,929</u>	<u>170,088</u>	<u>137,495</u>	<u>(32,593)</u>
EXPENDITURES				
Current operations:				
Public safety	<u>78,052</u>	<u>106,587</u>	<u>106,032</u>	<u>555</u>
Total expenditures	<u>78,052</u>	<u>106,587</u>	<u>106,032</u>	<u>555</u>
Excess (deficiency) of revenues over expenditures	<u>63,877</u>	<u>63,501</u>	<u>31,463</u>	<u>(32,038)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>-</u>	<u>(40,000)</u>	<u>(25,000)</u>	<u>15,000</u>
Total other financing sources (uses)	<u>-</u>	<u>(40,000)</u>	<u>(25,000)</u>	<u>15,000</u>
Net change in fund balances	<u>\$ 63,877</u>	<u>\$ 23,501</u>	<u>\$ 6,463</u>	<u>\$(17,038)</u>
Beginning cash balance	<u>\$ 690</u>	<u>\$ 690</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 6,463	
Change in receivables			(1,436)	
Change in payables			<u>-</u>	
Net change in fund balances GAAP basis			<u>\$ 5,027</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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
State grants	\$ <u>157,677</u>	\$ <u>157,677</u>	\$ <u>57,677</u>	\$(<u>100,000</u>)
Total revenues	<u>157,677</u>	<u>157,677</u>	<u>57,677</u>	(<u>100,000</u>)
EXPENDITURES				
Current operations:				
General government	136,342	136,342	25,536	110,806
Capital Outlay	<u>133,333</u>	<u>133,333</u>	<u>77,339</u>	<u>55,994</u>
Total expenditures	<u>269,675</u>	<u>269,675</u>	<u>102,875</u>	<u>166,800</u>
Excess (deficiency) of revenues over expenditures	(<u>111,998</u>)	(<u>111,998</u>)	(<u>45,198</u>)	<u>66,800</u>
OTHER FINANCING SOURCES (USES)				
Transfers in and (out)	<u>111,998</u>	<u>111,998</u>	<u>100,000</u>	(<u>11,998</u>)
Total other financing sources (uses)	<u>111,998</u>	<u>111,998</u>	<u>100,000</u>	(<u>11,998</u>)
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	\$ <u>54,802</u>	\$ <u>54,802</u>
Beginning cash balance	\$ <u>378</u>	\$ <u>378</u>		

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
RODEO ARENA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
State grants	\$ 637,429	\$ 637,429	\$ 515,925	\$(121,504)
Other	-	-	140,430	
Investment	-	-	127	127
	<u>637,429</u>	<u>637,429</u>	<u>656,482</u>	<u>(121,377)</u>
EXPENDITURES				
General government	43,490	43,490	43,490	-
Capital Outlay	<u>972,757</u>	<u>1,152,896</u>	<u>679,820</u>	<u>473,076</u>
	<u>1,016,247</u>	<u>1,196,386</u>	<u>723,310</u>	<u>473,076</u>
Excess (deficiency) of revenues over expenditures				
	<u>(378,818)</u>	<u>(558,957)</u>	<u>(66,828)</u>	<u>492,129</u>
Net change in fund balances				
	<u>\$(378,818)</u>	<u>\$(558,957)</u>	<u>\$(66,828)</u>	<u>\$ 492,129</u>
Beginning fund balance	<u>\$ 290,874</u>	<u>\$ 290,874</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(66,828)	
Change in payables			<u>(87,944)</u>	
Net change in fund balances GAAP basis			<u>\$(154,772)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF SOCORRO
CDBG CUBA ROAD PHASE III
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				<u>Positive</u>
				<u>(Negative)</u>
Federal grants	\$ 67,289	\$ 67,289	\$ 67,289	\$ -
Other	<u>-</u>	<u>-</u>	<u>8,529</u>	
	<u>67,289</u>	<u>67,289</u>	<u>75,818</u>	
 EXPENDITURES				
General government	-	-	-	-
Capital Outlay	<u>30,054</u>	<u>30,054</u>	<u>30,054</u>	<u>-</u>
Total expenditures	<u>30,054</u>	<u>30,054</u>	<u>30,054</u>	<u>-</u>
Excess (deficiency) of revenues				
over expenditures	<u>37,235</u>	<u>37,235</u>	<u>45,764</u>	<u>8,529</u>
Net change in fund balances	<u>\$ 37,235</u>	<u>\$ 37,235</u>	<u>\$ 45,764</u>	<u>\$ 8,529</u>
Beginning cash balance	<u>\$ 1,770</u>	<u>\$ 1,770</u>		
 RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 45,764	
Change in receivables			(67,289)	
Change in payables			<u>30,054</u>	
Net change in fund balances GAAP basis			<u>\$ 8,529</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, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Gross receipts tax	\$ 117,327	\$ 117,327	\$ 117,327	\$ -
Investment	<u>960</u>	<u>960</u>	<u>1,512</u>	<u>552</u>
Total revenues	<u>118,287</u>	<u>118,287</u>	<u>118,839</u>	<u>552</u>
EXPENDITURES				
Debt service:				
Principal	91,360	91,360	91,360	-
Interest	25,539	25,539	23,978	1,561
Fees and other	<u>2,655</u>	<u>2,655</u>	<u>2,181</u>	<u>474</u>
Total expenditures	<u>119,554</u>	<u>119,554</u>	<u>117,519</u>	<u>2,035</u>
Excess (deficiency) of revenues over expenditures	<u>(1,267)</u>	<u>(1,267)</u>	<u>1,320</u>	<u>2,587</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$(1,267)</u>	<u>\$(1,267)</u>	<u>\$ 1,320</u>	<u>\$ 2,587</u>
Beginning cash and investment balances	<u>\$ 250,965</u>	<u>\$ 250,965</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 POSITION
BUDGET (Non-GAAP Basis) and ACTUAL on BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Operating Revenues:				
Charges for services	\$ 7,662,500	\$ 7,662,500	\$ 7,476,211	\$(186,289)
Connection charges	56,500	56,500	78,579	22,079
Other revenue	<u>30,200</u>	<u>30,200</u>	<u>54,846</u>	<u>24,646</u>
Total operating revenues	<u>7,749,200</u>	<u>7,749,200</u>	<u>7,609,636</u>	<u>(139,564)</u>
Operating Expenses:				
Natural gas purchases	1,300,000	1,300,000	1,319,278	(19,278)
Salaries	1,843,008	1,843,008	1,793,532	49,476
Benefits	695,663	695,663	562,373	133,290
Other operating expense	4,334,613	4,379,613	2,774,706	1,604,907
Payment in lieu of taxes	<u>254,264</u>	<u>254,264</u>	<u>300,584</u>	<u>(46,320)</u>
Total operating expenses				
excluding non-budgeted expenses	<u>8,427,548</u>	<u>8,472,548</u>	<u>6,750,473</u>	<u>1,722,075</u>
Net operating income excluding non-budgeted expenses	<u>(678,348)</u>	<u>(723,348)</u>	<u>859,163</u>	<u>1,582,511</u>
Non-operating income (deductions):				
Taxes	80,000	80,000	100,309	20,309
Interest income	3,582	3,532	18,204	14,672
Interest expense	(101,442)	(101,442)	(116,355)	(14,913)
Principal expense	(256,547)	(256,547)	-	256,547
Transfers in (out) from other funds	(85,766)	(85,766)	(25,047)	60,719
Capital grants	<u>860,004</u>	<u>860,004</u>	<u>776,168</u>	<u>(83,836)</u>
Total non-operating income (deductions)	<u>499,831</u>	<u>499,781</u>	<u>753,279</u>	<u>253,498</u>
Net income (loss), excluding non-budgeted expenses	<u>(178,517)</u>	<u>(223,567)</u>	<u>1,612,442</u>	<u>1,836,009</u>
Less non-budgeted expenses:				
Depreciation	<u>-</u>	<u>-</u>	<u>1,318,363</u>	<u>(1,318,363)</u>
Total non-budgeted expenses	<u>-</u>	<u>-</u>	<u>1,318,363</u>	<u>(1,318,363)</u>
Change in net position	<u><u>\$(178,517)</u></u>	<u><u>\$(223,567)</u></u>	<u><u>\$ 294,079</u></u>	<u><u>\$ 517,646</u></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 POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Natural Gas</u>	<u>Water</u>	<u>Waste Water</u>	<u>Solid Waste</u>
Operating Revenues:				
Charges for services	\$ 3,076,549	\$ 1,593,860	\$ 1,403,497	\$ 971,241
Connection charges	37,280	31,677	9,622	-
Other revenue	<u>23,719</u>	<u>22,357</u>	<u>4,500</u>	<u>4,270</u>
Total operating revenues	<u>3,137,548</u>	<u>1,647,894</u>	<u>1,417,619</u>	<u>975,511</u>
Operating Expenses:				
Natural gas purchases	1,319,278	-	-	-
Salaries	539,528	505,206	249,203	202,229
Benefits	153,055	181,982	77,126	56,517
Other operating expense	627,309	813,584	710,284	207,813
Depreciation	102,290	307,050	574,689	57,300
Payment in lieu of taxes	<u>154,844</u>	<u>76,576</u>	<u>69,164</u>	<u>-</u>
Total operating expenses	<u>2,896,304</u>	<u>1,884,398</u>	<u>1,680,466</u>	<u>523,859</u>
Operating income (loss)	241,244	(236,504)	(262,847)	451,652
Non-operating income (deductions):				
Taxes				
Interest income				
Interest expense				
Transfers in (out) from other funds				
Federal and state grants				
Total non-operating income (deductions)				
Change in net position				
Net position, beginning of year				
Restatement				
Net position, beginning of year restated				
Net position, end of year				

The accompanying notes are an integral part of these financial statements

<u>Landfill</u>	<u>Recycling</u>	<u>Total</u>
\$ 413,695	\$ 17,369	\$ 7,476,211
-	-	78,579
-	-	54,846
<u>413,695</u>	<u>17,369</u>	<u>7,609,636</u>
-	-	1,319,278
265,901	31,465	1,793,532
79,203	14,490	562,373
410,768	4,948	2,774,706
277,034	-	1,318,363
-	-	300,584
<u>1,032,906</u>	<u>50,903</u>	<u>8,068,836</u>
(619,211)	(33,534)	(459,200)
		100,309
		18,204
		(116,355)
		(25,047)
		<u>776,168</u>
		<u>753,279</u>
		<u>294,079</u>
		13,972,214
		(1,927,395)
		<u>12,044,819</u>
		<u>\$ 12,338,898</u>

(Continued)

The accompanying notes are an integral part of these financial statements

Example Entity
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 20XX

Prepared by Agency Staff Name: Mable Gonzales Title: Finance Director Date 11/30/15

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
Waterline Replacement	Bid	JD Contracting	571266.23		JD Contracting, Albuquerque, NM Smith Co. Caballo	Y	N/A	Installation of new water lines that replace old asbestos lines.
					Velocity Build Albuquerque, NM			
					TLC Albuquerque NM			
					Garcia Underground Albuquerque, NM			
					TCS Inc Albuquerque NM			
					NM Underground Albuquerque, NM			
					Sierra Valley T or C NM			
					Mauro Enterprises Las Cruces, NM			
90114	RFP	Sites SW	75000.00		Sites SW Albuquerque NM	Y	N	Affordable Housing Plan
					Architectural Research Consultants Albuquerque, NM			
					Concensus Planning Inc Albuquerque, NM			
121814	BID	Baker Utility	Per item		Baker Utility Albuquerque, NM	Y	N	Water and Sewer Parts (Lines, Clamps, Couplings, Saddles, Adapters, Meters, Meter Setters, Fittings, Hydrants)
		Ferguson Waterworks	Per item		Ferguson Waterworks Albuquerque NM	Y	N	

The accompanying notes are an integral part of these financial statements

FEDERAL COMPLIANCE AND FINDINGS

**STATE OF NEW MEXICO
CITY OF SOCORRO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 2015**

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Environmental Protection Agency Pass Through - New Mexico Environment Department Clean Water State Revolving Funds	66.458	CWSRF 022 (loan 950K, grant 250K)	\$ 1,038,713
U.S. Environmental Protection Agency Pass Through - New Mexico Finance Authority Drinking Water State Revolving Funds	66.468	2866-DW (grant & loan 50/50)	823,386
U.S. Department of Transportation Pass Through - New Mexico Department of Transportation Formula Grants for Rural Areas	20.509	MO1344	249,321
U.S. Center for Disease Control Pass Through - New Mexico Department of Health Community Transformation Grant	93.531		32,868
U.S. Department of Energy Pass Through - New Mexico Energy, Minerals and Natural Resources Department State Energy Program	93.276	15-521-0300-0033	40,000
U.S. Department of Health & Human Services Pass Through - New Mexico Office of Substance Abuse Prevention Drug Free Communities Support Program	93.276		75,000
U.S. Department of Justice Pass Through - New Mexico Children and Youth Families Dept. Juvenile Assistance Grant	16.601	15-690-17243	<u>106,032</u>
Total Federal Financial Awards Expenditures			<u>\$ 2,365,320</u>

Note A - Significant Accounting Policies:

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

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*

To the City Council
City of Socorro, New Mexico
and
Timothy M. Keller
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate remaining fund information, and the budgetary comparisons of the general fund of the City of Socorro, New Mexico, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated November 30, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Pattillo, Brown & Hill LLP

Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
November 30, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR 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
Timothy M. Keller
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the City of Socorro, New Mexico, compliance with the types of compliance requirements OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Socorro, New Mexico's major federal programs for the year ended June 30, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Socorro, New Mexico's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Socorro, New Mexico's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Socorro, New Mexico, complied, in all material respects, with the types of compliance referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of City of Socorro, New Mexico, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Socorro, New Mexico's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City of Socorro, New Mexico's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
November 30, 2015

**STATE OF NEW MEXICO
CITY OF SOCORRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

A. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Socorro.
2. No material weaknesses and no significant deficiencies in internal control were disclosed during the audit.
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 for each Major Program and on 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:
Clean Water State Revolving Funds & Drinking Water State Revolving Funds
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

None

Current Year

2015-001 Budget Deficit in Excess of Cash (compliance)

2015-002 Procurement (compliance)

**STATE OF NEW MEXICO
CITY OF SOCORRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

2015-001 Budget Deficit in Excess of Cash (compliance)

Condition: The City's approved budget included deficits that exceed the beginning cash balance for the Rodeo Arena Fund of \$268,083.

Criteria: The New Mexico State Statute, Section 6-6-11 NMSA 1978, states "it is unlawful

for any municipal governing body for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot be paid out of the money actually collected and belonging to that current year."

Effect: The City's final approved budget included expenditures in excess of revenues and the beginning cash balance, in violation of state statutes. Expenditures budgeted in excess of available cash balances increases the likelihood of the City overspending.

Cause: The City inadvertently budgeted expenditures that exceeded the beginning cash balances, and anticipated revenues.

Recommendation: The City should review available cash balances when preparing the budget, to ensure that they have the funds available.

Response: The City agrees with this recommendation and the finance director will monitor budgets on a monthly basis. This procedure will be implemented immediately.

2015-002 Procurement (compliance)

Condition: The City's procurement policy requires that each expenditures over \$250 requires a purchase order approved by the department head and a requisition is required. During cash disbursements testing three of the fifty invoices tested the required purchase order was not attached. It was also noted that two purchase orders of the fifty tested were dated after the invoice date.

Criteria: The City has procurement policies in place for approval by department heads, creation of a purchase order which is then approved by the City Clerk for all purchases over \$250. When the invoice is received it is matched to the purchase order and processed for payment.

Effect: The City's procurement policies are not being adhered to by each department. This makes it more difficult for the finance officer to track and monitor budgets and request budget adjustments when necessary.

Cause: Various departments within the City are not following the City's procurement procedures.

Recommendation: Every department head should insure that City's procurement procedures are

**STATE OF NEW MEXICO
CITY OF SOCORRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

being adhered to.

Response: The City agrees with the recommendation and the City Clerk and the accounting department will implement training for staff and department leaders within the next two months.

Section III – Findings and Questioned Costs – Major Federal Awards Program Audit

Prior Year

- 2014-001 A-133 Data Collection Form Submission (resolved)
- 2014-002 Cash Management (resolved)
- 2014-003 Non Compliance with Federal Labor Standards (resolved)
- 2014-004 Reporting (resolved)

Current Year

None

**STATE OF NEW MEXICO
CITY OF SOCORRO
OTHER DISCLOSURES
JUNE 30, 2015**

EXIT CONFERENCE

An exit conference was held on November 30, 2015 by Cindy James, CPA of Pattillo, Brown & Hill, L.L.P. with Ravi Bhaskar, Patrick Salome, Jr, Clerk, and Mable Gonzales, Finance Director, of the 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.