Jesus Ruiz
Mayor

Rene Rodriguez
At Large

Sergio Cox
District 1 / Mayor Pro Tem

Gloria M. Rodríguez
District 2

Victor Perez
District 3

Anthony Gandara
District 4

Adriana Rodarete
Interim-City Manager

#18

DATE: JULY 2, 2015

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: KARINA HAGELSIEB

SUBJECT: DISCUSSION AND ACTION ON APPROVING THE ISSUANCE OF THE FISCAL YEAR 2014 AUDITED FINANCIAL STATEMENTS BY WHITE, SAMANIEGO, & CAMPBELL, LLP.

SUMMARY

This action approves the Issuance of the Fiscal Year 2014 Financial Audit from White, Samaniego, & Campbell, LLP.

STATEMENT OF THE ISSUE

The City is required to issue a Financial Audit every year. White Samaniego & Campbell, LLP has completed the audit for fiscal year 2014 and will be presenting a report on the financial position of the City.

FINANCIAL IMPACT

$32,000

ALTERNATIVE

No alternative available.

STAFF RECOMMENDATION

The staff is recommending approving this item.

City of Socorro, Texas

Basic Financial Statements and
Required Supplementary Information
For the Year Ended September 30, 2014
and Independent Auditors' Report

CITY OF SOCORRO, TEXAS

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SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Socorro
Socorro, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City of Socorro, Texas (the "City"), as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of theses financial statements in accordance with the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk 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 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 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, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters
Requires Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 3 - 9 and 35-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 financial statements that collectively comprise the City of Socorro's basic financial statements. The additional schedules listed as "supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules in the supplementary information section 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, schedules in the supplementary information section are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2015, on our consideration of the City of Socorro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Socorro's internal control over financial reporting and compliance.

El Paso, Texas
June 5, 2015

CITY OF SOCORRO, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

This section of City of Socorro annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City of Socorro exceeded its liabilities at the close of the most recent fiscal year end by $10,406,951 (net position).
- The government's total net position increased by $1,032,116 during the fiscal year. The majority of this is due to the City's decrease of expenses in 2014.
- As of September 30, 2014, the City's governmental funds reported combined ending fund balances of $16,063,571. Of this total, $11,717,153 is restricted for special revenue, capital projects and other restricted items.
- At the close of the current fiscal year, unassigned fund balance of the general fund was $4,204,734.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Socorro's finances, in a manner similar to a private-sector business.

The *statements of net position* presents information on all of the City of Socorro, Texas assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Socorro is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Socorro that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Socorro include general government, public works, municipal court, public safety, planning and zoning, public health, special projects, human resources, and the Rio Vista Community Center. The City of Socorro does not operate any business type activities. Fiduciary activities, such as employee pension plans are not included in the government-wide statements since these assets are not available to fund the City. Contributions made by the City to the employee 457 Deferred Compensation Plan are held and administered by a third party.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Socorro, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Socorro are in the governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains four individual governmental funds organized according to their type (general, special revenue, debt services and capital projects). Information is presented separately in governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Services Fund, Special Revenue and Capital Projects Fund, all of which are considered to be major funds.

The City of Socorro adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the all of the governmental funds to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 18 of this report.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $10,406,951 at the close of the current fiscal year.

The largest portion of the City of Socorro, Texas net position represent the City's investment of $3,701,926 in capital assets (e.g., land, construction in progress, improvements, buildings, infrastructure, and machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit of unrestricted net position of $(4,757,490) will be restored in subsequent years.

Analysis of Changes in Net Position

During the current fiscal year, the City's net position in governmental increased by $1,032,116. Theses increases are explained in the governmental activities discussion that follows.

Governmental Activities

Governmental activities increased the City's net position by $1,032,116. Revenues net of transfers increased from $6,942,106 for the year ended September 30, 2013 to $7,397,232 for the year ended September 30, 2014. Governmental expenses decreased from $8,993,412 for the year ended September 30, 2013 to $8,735,122 for the year ended September 30, 2014, primarily because the City decreased its budget and spending slightly. Total revenues and expenses from governmental activities are summarized below.

A summary of the statement of net position is as follows:

Summary of Total Assets:	**2014**	**2013**
Current and cash equivalents	$ 3,874,686	$ 3,970,116
Restricted cash	11,789,818	4,073,825
Receivables (taxes, grants, other miscellaneous)	4,150,110	3,401,223
Capital assets, net of accumulated depreciation	17,365,297	16,192,533
Other assets	448,138	35,959
Total assets	$ 37,628,049	$ 27,673,656
Summary of Liabilities		
Short-term liabilities	$ 2,069,064	$ 2,268,862
Long-term liabilities	25,152,034	16,029,959
Total liabilities	$ 27,221,098	$ 18,298,821
Summary of Net Position		
Net Investment in capital assets	$ 3,701,926	$ 2,950,601
Restricted for debt services	90,339	85,586
Restricted for capital outlay	11,372,176	299,184
Unrestricted	(4,757,490)	3,339,464
Total net position	$ 10,406,951	$ 9,374,835

A summary of the statement of activities is as follows:

Program Revenue Summary:	**2014**	**2013**
Public Works grants and contributions	$ 1,026,626	$ -
Municipal Court fines and fees	797,041	712,438
Planning and zoning fees	363,241	245,686
Operating grants and contributions	183,098	34,152
Total program revenues	2,370,006	992,276
General Revenue Summary:		
Property taxes - general purpose	3,935,930	3,593,190
Property taxes - debt service	1,198,544	1,243,668
Sales tax	1,706,119	1,511,519
Franchise tax	427,782	420,516
Interest income	4,623	851
Miscellaneous income	124,234	172,362
Total general revenue	7,397,232	6,942,106
Expenditures By Function:		
General government	1,617,479	4,118,261
Public works	1,836,924	111,956
Municipal court	338,546	274,251
Public safety	2,688,756	2,909,029
Planning and zoning	807,895	319,132
Public health	427,078	387,784
Special projects	125,630	121,039
Rio Vista community center	12,942	45,156
Human resources	296,081	111,883
Interest on long-term debt	583,791	594,921
Total expenditures	8,735,122	8,993,412
Change in net position	1,032,116	(1,059,030)
Net position - beginning	9,374,835	10,830,111
Prior period adjustment	-	(396,246)
Net position - ending	$ 10,406,951	$ 9,374,835

Financial Analysis of the City of Socorro as a Whole

As noted earlier, the City of Socorro uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the City of Socorro's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the City of Socorro financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Services Fund and Capital Project Funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $16,063,571, a increase of $8,280,127 in comparison with the prior year. Approximately 27% of this total amount, or $4,346,418, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, $11,717,153, is restricted to indicate that it is not available for new spending because it has already been restricted to pay special revenue, capital projects and other restricted items.

Revenues for governmental functions overall totaled $8,785,020 in the year ended September 30, 2014, which represents a increase of $859,832 from the year ended September 30, 2013. Expenditures for governmental functions totaled $9,782,159 in the year ended September 30, 2014. This was a decrease of $1,724,232 from the fiscal year-ended September 30, 2013. In the fiscal year-ended September 30, 2014, expenses for governmental functions exceeded revenues by approximately $997,139.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was $4,204,734, which consisted of $0 restricted fund balance and $4,204,734 unassigned fund balance.

The fund balance of the City's General Fund decreased $339,971 during the current fiscal year.

General Fund Budgetary Highlights

The discussion that follows presents financial data based upon the budgetary bans of accounting. Please refer to the notes of the financial statements for an explanation of the differences of accounting regarding the budget.

During the current fiscal year, the City budgeted general fund revenues at $7,842,640. The actual revenues for the fiscal year were $6,495,831, an excess of $1,346,809. Taxes were over budgeted by $112,080 because of the increases in the Property taxes for the year.

Increases in the original budget were made due to additional income received during the fiscal year, allowing the City to increase the budgeted expenditures.

For the year ended September 30, 2014, general government combined with special revenue, debt service, and capital projects expenditures were under budget by $439,769.

Capital Asset and Debt Administration

Capital Assets

The City of Socorro's capital assets for its governmental activities as of September 30, 2014 amount to $17,365,297 (net of accumulated depreciation). Capital assets include land, construction in progress, improvements, buildings, machinery and equipment, and infrastructure. The total increase in the City's capital assets (excluding accumulated depreciation) for the current fiscal year was $1,172,764 for governmental activities.

Improvements and infrastructure costing $1,312,353 was purchased for the City and land and construction in progress of $634,812 was added in the year ended September 30, 2014. There were no deletions in the governmental activities during 2014.

The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

Capital Assets, Net of Depreciation
September 30, 2014 and 2013

	Governmental Activities	
	2014	**2013**
Land and Construction in Progress	$ 3,856,798	$ 3,221,986
Buildings, Equipment and Infrastructure	13,508,499	12,970,547
Capital Assets, Net of A/D	$ 17,365,297	$ 16,192,533

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

The Statement of Net Position shows the Net Investment in Capital Assets - Governmental Funds in the amount of $3,701,926. This investment includes the land, construction in progress, buildings, improvements, infrastructure, machinery and equipment and the waste water system net of all applicable debt service.

The City's long-term debt is summarized as follows:.

Long-Term Debt
September 30, 2014 and 2013

	Governmental Activities	
	2014	**2013**
Certificates of obligation	$ 24,850,000	$ 16,195,000
Total Long-Term Debt	$ 24,850,000	$ 16,195,000

Contacting the City of Socorro's Financial Management

This financial report is designed to provide a general overview of the City of Socorro's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Socorro Administration; 124 South Horizon Boulevard, Socorro, Texas 79927.

BASIC FINANCIAL STATEMENTS

CITY OF SOCORRO, TEXAS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

ASSETS

Cash and investments	$ 3,874,686
Restricted cash	11,789,818
Accounts receivable - grantors	109,586
Other receivables, net	1,956,882
Accounts receivable - taxes	2,083,642
Inventory	40,658
Capital assets, net of accumulated depreciation	17,365,297
Other assets	407,480
Total assets	$ 37,628,049

LIABILITIES AND NET POSITION

Accounts payable	$ 806,902
Accrued interest payable	48,058
Accrued expense	374,104
Long-term liabilities:	
Bonds payable, current	840,000
Bonds payable, non-current	24,010,000
Unamortized bond premium	1,142,034
Total liabilities	27,221,098

NET POSITION

Net investment in capital assets	3,701,926
Restricted for:	
Reserved for debt service	90,339
Reserved for capital outlay	11,372,176
Unrestricted	(4,757,490)
Total net position	10,406,951
Total liabilities and net position	$ 37,628,049

See accompanying notes to financial statements and independent auditors' report.

CITY OF SOCORRO, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
General government	$ 1,617,479	$ -	$ -	$ -	$ (1,617,479)
Public works	1,836,924	-	1,026,626	-	(810,298)
Municipal court	338,546	797,041	-	-	458,495
Public Safety	2,688,756	-	-	-	(2,688,756)
Planning/zoning	807,895	363,241	-	-	(444,654)
Public health	427,078	-	-	-	(427,078)
Special projects	125,630	-	183,098	-	57,468
Rio Vista Community Center	12,942	-	-	-	(12,942)
Human resources	296,081	-	-	-	(296,081)
Interest on long-term debt	583,791	-	-	-	(583,791)
Total governmental activities	$ 8,735,122	$ 1,160,282	$ 1,209,724	$ -	(6,365,116)

General Revenues and Transfers:	
Taxes:	
Property taxes, levied for general purpose	3,935,930
Property taxes, levied for debt service	1,198,544
Sales taxes	1,706,119
Franchise taxes, for general purpose	413,237
Franchise taxes, for public, educational and government purpose	14,545
Interest income	4,623
Miscellaneous	124,234
Total general revenues	7,397,232
Change in net position	$ 1,032,116
Net position - beginning	$ 9,374,835
Net position - ending	$ 10,406,951

See accompanying notes to financial statements and independent auditors' report.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

CITY OF SOCORRO, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash and cash equivalents	$ 3,874,586	$ -	$ 100	$ -	$ 3,874,686
Restricted cash	-	74,670	145,288	11,569,860	11,789,818
Accounts receivables - Grantors	-	-	109,586	-	109,586
Other receivable, net	1,490,957	-	317,927	147,998	1,956,882
Accounts receivable - Taxes	1,725,154	354,882	3,606	-	2,083,642
Due from other funds	44,412		60,663	14,925	120,000
Inventory	40,658	-	-	-	40,658
Other assets	2,795	-	-	-	2,795
Total assets	$ 7,178,562	$ 429,552	$ 637,170	$ 11,732,783	$ 19,978,067
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 419,751	$ -	$ 64,694	$ 322,457	$ 806,902
Accrued expenses	266,461	-	107,643	-	374,104
Due to other funds	76,964	-	6,262	38,150	121,376
Total liabilities	763,176	-	178,599	360,607	1,302,382
Deferred inflows of resources	2,210,652	339,213	62,249	-	2,612,114
Fund balances:					
Restricted for:					
PEG fee	-	-	42,284	-	42,284
State fee	-	-	53,561	-	53,561
Court building	-	-	7,966	-	7,966
Court tech fund	-	-	35,048	-	35,048
Teen court county	-	-	490	-	490
Baseball tomorrow fund	-	-	3,804	-	3,804
SPD - law enforcement	-	-	40,206	-	40,206
JAG grant	-	-	8,896	-	8,896
TDHCA	-	-	29,038	-	29,038
SRTS	-	-	38,098	-	38,098
Committed for:					
2001 CO	-	-	-	48,336	48,336
2012 CO	-	-	-	1,153,359	1,153,359
2014 CO	-	-	-	9,820,999	9,820,999
Assigned	-	85,586	-	-	85,586
Unassigned	4,204,734	4,753	136,931	349,482	4,695,900
Total fund balances	4,204,734	90,339	396,322	11,372,176	16,063,571
Total liabilities, deferred inflows of resources and fund balances	$ 7,178,562	$ 429,552	$ 637,170	$ 11,732,783	$ 19,978,067

See accompanying notes to financial statements and independent auditors' report.

CITY OF SOCORRO, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Fund balances	$ 16,063,571
Amounts reported for government activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	17,365,297
Deposit on land purchase	5,000
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(48,058)
Deferred inflows are not available to pay current-period expenditures and, therefore, are deferred in the funds. These are the deferred property taxes of $1,549,259 and deferred municipal court warrants of 1,062,855.	2,612,114
Long-term liabilities of $(24,850,000) are not due and payable in the current period and are not reported in the funds. See note 6 for detail. In addition, unamortized bond discount of $401,061 and bond premium of $(1,142,034)	(25,590,973)
Net position - Statement of Net Position	$ 10,406,951

See accompanying notes to financial statements and independent auditors' report.

CITY OF SOCORRO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund	Total
Revenues:					
Property taxes	$ 3,935,930	$ 1,198,544	$ -	$ -	$ 5,134,474
Sales taxes	1,706,119	-	-	-	1,706,119
Franchise taxes	413,237	-	14,545	-	427,782
Planning and zoning fees	363,241	-	-	-	363,241
Municipal court	583,747	-	257,702	-	841,449
Interest income	4,623	-	-	-	4,623
Grants	-	-	183,098	-	183,098
Other income	115,812	-	8,422	-	124,234
Total revenues	7,122,709	1,198,544	463,767	-	8,785,020
Expenditures:					
General government	1,679,880	-	209,505	165,131	2,054,516
Public works	1,131,392	-	-	1,227,803	2,359,195
Municipal court	338,546	-	-	-	338,546
Public safety	2,663,335	-	10,109	15,312	2,688,756
Planning/zoning	802,538	-	-	5,357	807,895
Public health	427,078	-	-	-	427,078
Special projects	123,830	-	1,800	-	125,630
Rio Vista Community Center	-	-	-	34,404	34,404
Human resources	296,081	-	-	-	296,081
Principal payments	-	610,000	-	-	610,000
Interest payments	-	583,791	-	-	583,791
Total expenditures	7,462,680	1,193,791	221,414	1,448,007	10,325,892
Excess (deficiency) of revenues over expenditures	(339,971)	4,753	242,353	(1,448,007)	(1,540,872)
Other financing sources (uses):					
Bond proceeds	-	-	-	9,820,999	9,820,999
Total other financing sources (uses)	-	-	-	9,820,999	9,820,999
Net changes in fund balances	(339,971)	4,753	242,353	8,372,992	8,280,127
Fund balance - beginning of year	4,544,705	85,586	153,969	2,999,184	7,783,444
Fund balance - end of year	$ 4,204,734	$ 90,339	$ 396,322	$ 11,372,176	$ 16,063,571

See accompanying notes to financial statements and independent auditors' report.

CITY OF SOCORRO, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2014

The changes in net position reported for governmental activities in the statement of activities are different because:

Net change in fund balances		$ 8,280,127
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. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Depreciation expense	(774,401)	
Capital outlay	1,947,165	
Excess of capital outlay over depreciation expense		1,172,764
Because some property taxes will not be collected for several months after the city's fiscal year ends, they are not considered "available" revenues in the governmental funds.		
Change in deferred property tax inflows	575,653	
Change in deferred municipal court inflows	(44,408)	
Deferred inflows		531,245
Interest expense in the statement of activities differs from the amount reported in governmental funds because additional interest was calculated for the certificates of obligation and notes payable. This is the current year change in accrued interest.		(1,006)
The proceeds of debt issuances provide current financial resources to governmental funds, however issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is reported as an expenditure in the governmental funds because current financial resources are used and, thus, reduce the fund balance. However, principal repayments reduce long-term liabilities in the statement of net assets and do not result as an expense on the statement of activities. Also, governmental funds report the effect of premium and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities		
Bond proceeds	(9,265,000)	
Principle payments	610,000	
Bond premium net of amortization	(697,075)	
Bond issuance cost net of amortization	401,061	
Net change in debt		(8,951,014)
Change in net position of governmental activities		$ 1,032,116

See accompanying notes to financial statements and independent auditors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the City of Socorro, Texas (the "City"), is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management, who is responsible for their integrity and objectivity.

The City of Socorro, Texas is a Home Rule City with five council members, and a Mayor. The Mayor and one council member are elected at large and the remaining four council members are elected in single-member districts. By ordinance, the City is required to have a City Manager. The City provides general services, public safety, public works, public health, and community development.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

As required by GAAP, the financial statements present the City and entities for which the City is considered to be financially accountable. The financial statements of the City consist of only the funds and account groups of the City. The City has no oversight responsibility over any other governmental entity, since no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. There are no component units for the fiscal year ended September 30, 2014.

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 City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. There are no business-type activities conducted by the City.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements. The City has four governmental funds.

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*, generally including the reclassification or elimination or internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property tax revenues are recognized in the year for which they are levied.

Governmental 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. 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 made.

Grants and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered measurable and available only when the City receives cash.

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

The City follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB *Statement 33, Accounting and Reporting for Nonexchange Transactions*:

Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include sales tax and franchise tax.

Imposed nonexchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.

Government-mandated nonexchange transactions and voluntary nonexchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The City reports deferred inflows/outflows on its combined balance sheet. Deferred inflows/outflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources are received by the City before it has legal claim to the resources, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred inflows and unearned revenue is removed from the combined balance sheet and revenue is recognized.

D. ***Fund Accounting***

The City's accounting system is operated on a fund basis. A fund is an independent accounting entity with a self-balancing set of accounts for recording its assets, liabilities, revenues, expenditures, and fund balances. The various funds are for the purpose of carrying on specific activities or to obtain certain objectives. The various funds are grouped by type in the financial statements. The City uses the following fund types:

The City reports the following major governmental funds:

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

Debt Service Fund. The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Debt Service Fund is used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in the future years are also reported in the debt service fund.

Special Revenue Fund. The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Contract revenue is recognized when compliance with the various contract requirements is achieved. Usually this occurs at the time expenditures are made and the contract matching requirements are met. Contract revenues received before the revenue recognition has been met are reported as unearned revenue, liability account. When the revenue recognition has been met, contract revenue not yet received is reported as accounts receivable.

Capital Projects Fund. The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

E. Budgets and Budgetary Accounting

The City is required by the Texas Constitution to adopt an annual balanced budget. The City Council officially adopts the annual budget ordinance and all project ordinances and has the authority to amend such ordinances. All budgets are prepared on the modified accrual basis of accounting as required by Texas Law.

F. Cash, Restricted Cash and Investments

Funds on deposit were maintained in non-interest bearing and interest bearing accounts and secured at the balance sheet date by the Federal Deposit Insurance Corporation and U.S. Government Securities.

Statutes authorize the City to invest in Certificates of Deposit, repurchase agreements, passbook, bankers' acceptances, and other available bank investments, provided that approved securities are pledged in an amount equal to 102% of the amount of funds on deposit.

For presentation in the financial statements, investments with an original maturity of three months or less, at the time they are purchased by the City, are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments. Investments are recorded at fair value, which is based on quoted market prices.

Restricted cash represents certain unexpended long-term debt funding restricted for specific capital projects and special revenue projects.

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable financial resources. All accounts and other receivables are shown net of an allowance for uncollectibles.

H. Allowance for Uncollectible Accounts

The City periodically evaluates the collectibility of its accounts receivable. An allowance is set up for some accounts which the City believes may be collectible over time. Accounts deemed uncollectible are written off at that time. The City has not experienced any significant losses from uncollectible accounts.

I. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Depreciation is determined using the straight-line method over the estimated lives of the assets. The City maintains a capitalization threshold of $5,000. The City maintains infrastructure asset records consistent with all other capital assets. Infrastructure is capitalized upon completion of construction. Improvements are also capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments allows phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The City has elected not to retroactively record infrastructure assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	39 - 40 years
Machinery and equipment	5 years
Furniture, fixtures and equipment	5-7 years
Vehicles	5 years
Software	3 years
Infrastructure	22-68 years
Leasehold improvements	39 years

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net assets.

K. Fund Balance

In the fund financial statements, governmental fund balances are classified as follows:

Nonspendable - Fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
b. Imposed by law through constitutional provisions or enabling legislation.
c. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the City of Socorro Council. The City of Socorro Council is the highest level of decision-making authority for the City of Socorro. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City of Socorro Council.

Assigned - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City of Socorro's adopted policy, only City of Socorro Council and the Socorro City Manager may assign amounts for specific purposes. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - Fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

L. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, 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. Net position net investment in capital assets excludes unspent debt proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Use of Estimates

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

O. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report 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. Accordingly, the City unavailable revenue-property taxes and municipal court warrants in the governmental balance sheet. Unavailable revenue-property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

P. Revenues-Exchange and Non-Exchange Transactions

Non-exchange transactions, in which the City receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided by the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Q. Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable:

R. Analysis of Impairment

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based upon a comparison of future cash flows to the recorded value of the assets. Impairment losses are measures based upon the fair value of the impaired assets. No such impairment losses were recorded during the year ended September 30, 2014.

S. Implementation of New Accounting Standards

In June 2012, Statement No. 67 Financial Reporting for Pension Plans, an amendment of GASB Statements No. 25, which is effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

In June 2012, Statement No. 68 Accounting and Financial Reporting for Pensions, an amendment of GASB Statements No. 27, which is effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

T. Subsequent Events

Management has evaluated events through June 5, 2015, the date the financial statements were available to be issued.

2. CASH AND INVESTMENTS

Cash and deposits Cash and deposits consist of the items reported below at September 30, 2014:

Bank deposit:	
General fund	$ 3,786,472
Debt service fund	74,670
Special revenue fund	145,388
Capital projects fund	11,569,860
Total cash and deposits	$ 15,576,390
Type of Security	**Market Value**
Total cash and deposits	$ 15,576,390
Total cash equivalents	88,114
Total deposits and cash equivalents	$ 15,664,504

As of September 30, 2014, the City had the following cash equivalents:

Investment	Weighted Average Maturity	Fair Value
LOGIC	40 days	$ 88,114

Interest Rate Risk - In accordance with state law, the City does not purchase any investments with maturities greater than two years.

Credit Risk - In accordance with state law, investments in investment pools must be rated at least AAA by at least one nationally recognized rating service.

Custodial Credit Risk - Deposits - For a deposit or investment, custodial credit risk is the risk that, in the event of a the failure of the counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The City's deposit policy for custodial credit risk requires all deposits in excess of $100,000 to be 102% collateralized by obligations of the United States or its agents or instrumentalities. At September 30, 2014, the carrying amount of the City's deposits was $15,576,390 and bank balances equaled $15,658,687. Bank balances of $250,000 are covered by federal depository insurance. Bank balances in excess of the federal depository insurance were collateralized with securities held by the pledging financial institution's trust department or agent in the City's name in the amount of $17,414,684 as of September 30, 2014.

Investment Policy - The City's investment policy allows for investments in obligations of the United States, its agencies and instrumentalities; certificates of deposits issued by state or national banks domiciled in the state of Texas, fully collateralized direct repurchase agreements with defined termination dates; money market mutual funds that are registered and regulated by the Securities and Exchange Commission, have dollar weighted average stated maturity of 90 days or less, rated AAA by at least one nationally recognized rating service and seek to maintain a net assets value of $1 per share; and local government investment pools as allowed by the Texas Public Funds Investment Act.

LOGIC is a AAA rated investment program tailored to meet the needs of local governments in Texas. LOGIC is not registered with the Securities and Exchange Commission (SEC) as an investment company. LOGIC securities are authorized in accordance with the Texas Public Funds Investment Act. The fair value of the position in

3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

Grant and Other Receivables and Uncollectible Accounts - Significant receivables include amounts due from grantors for expenditure reimbursements. These receivables are due within one year and expected to be fully collectible. Related amounts are shown as follows.

	Gross	Allowance	Net
Grant receivables	$ 109,586	$ -	$ 109,586

Property Taxes Receivables, Deferred Revenue, and Property Tax Calendar - Property taxes are levied September 1, in conformity with the Texas Property Tax Code. The certified tax roll from the El Paso Central Appraisal District reflected a taxable value of $886,367,152 for the year ended September 30, 2014. Taxes are due on receipt of the tax bill and are delinquent if not paid by January 31, of the year following in which levied. On January 1, of each year, a tax lien attaches to property to secure the payment of tax revenues, penalties, and interest ultimately imposed. The City's total 2013-2014 tax rates were $0.577847, per $100 of assessed valuation. The City incurred expenditures of $63,174 for the services provided by El Paso Central Appraisal District for the year ended September 30, 2014.

In the governmental-wide financial statements, property taxes receivable and related revenue include all amounts due to the City, regardless of when cash is received. Over time, substantially all property taxes are collected. In governmental fund financial statements, property tax revenues are considered available when they become due or past due and receivable within the current period. The City considers taxes as available if they are collected within 60 days after fiscal year-end. The remaining taxes are analyzed and an allowance provision is established to the extent that their collectibility is improbable. Included in deferred revenue reported in the government wide statement of activities for the year ended September 30, 2014 is $1,549,259 of deferred property tax inflows.

4. CAPITAL ASSETS

Governmental fund capital asset activity for the year was as follows:

	Balance September 30, 2013	Additions	Transfers	Balance September 30, 2014
Capital assets not being depreciated:				
Land	$ 1,649,165	$ -	$ -	$ 1,649,165
Construction in progress	1,572,821	634,812	-	2,207,633
Total capital assets not being depreciated	3,221,986	634,812	-	3,856,798
Capital assets being depreciated:				
Buildings, structures and improvements	1,645,506	-	-	1,645,506
Machinery and equipment	1,689,465	93,881	(142,398)	1,640,948
Vehicles	1,607,612	97,389	(166,459)	1,538,542
Office furniture and equipment	442,133	33,749	(59,705)	416,177
Software	55,378	-	-	55,378
Infrastructure	17,535,203	1,081,709	-	18,616,912
Leasehold improvements	207,317	5,625	-	212,942
Total capital assets being depreciated	23,182,614	1,312,353	(368,562)	24,126,405

Less accumulated depreciation for:

Buildings, structures and improvements	413,181	41,711	-	454,892
Machinery and equipment	1,282,041	148,520	(142,398)	1,288,163
Vehicles	1,233,833	158,364	(166,459)	1,225,738
Office furniture and equipment	265,638	46,127	(59,705)	252,060
Software	55,377	-	-	55,377
Infrastructure	6,880,670	371,725	-	7,252,395
Leasehold improvements	81,327	7,954	-	89,281
Total accumulated depreciation	10,212,067	774,401	(368,562)	10,617,906
Total capital assets being depreciated, net	12,970,547	537,952	-	13,508,499
Governmental activities capital assets, net	$ 16,192,533	$ 1,172,764	$ -	$ 17,365,297

Depreciation expense for the year ended September 30, 2014 was charged to the following functions:

General government	$ 17,949
Public works	502,465
Municipal court	1,019
Public safety	180,609
Planning/zoning	15,931
Apodaca Community Center	4,630
Rio Vista Community Center	51,798
Total Governmental Activities depreciation expense	$ 774,401

5. ACCRUED COMPENSATED ABSENCES

The City's leave policy does not allow employees to accumulate sick leave and vacation leave at the end of each fiscal year. Upon termination, any accumulated vacation will be paid to the employee. Accumulated sick leave is not paid upon termination, but rather, only upon illness while in the employment of the City. As of September 30, 2014, there was no accumulation of vacation leave, since no vacation accrual can be carried over to the next fiscal year.

6. LONG-TERM OBLIGATIONS

Operating Leases - The city has an operating lease for a copier for $228 per month. The operating lease for the copier is beyond the original terms of the lease and is therefore considered to be a month to month lease. During the year ended September 30, 2014, rental payments under such leases totaled $2,736. A total of $2,464 was paid to Interlease for the admin copier. The City also paid $11,511 to Superior Copy Machines for maintenance and ink. The city paid $3,481 to Pitney Bowes for rental of the postage machine.

Certificates of Obligations - In 2010, the City issued General Obligation Refunding Bonds, Series 2010. The proceeds of the Series 2010 bonds were used to refund a portion of the City's outstanding debt, including all of the maturities of the Series 1999 bonds, Series 2001 bonds, Series 2004 bonds and to pay the costs of issuing the Series 2010 bonds. The purpose of such refunding was to lower overall debt service requirements related to the Refunded Obligations. The Series

2010 bonds are dated October 14, 2010. Interest on the bonds, with a floor of 2.00% and a ceiling of 4.00%, is payable semi-annually on March 1 and September 1 of each year beginning March 1, 2011.

In 2012, the City issued Combination Tax and Revenue Bonds, Series 2012. The original date of issue was August, 2012. Interest on the bonds ranges from 2.00% to 3.50% and is payable semiannually on March 1 and September 1 of each year beginning March 1, 2013.

In 2014, the City issued Combination Tax and Revenue Bonds, Series 2014. The original date of issue was July 2014. Interest on the bonds ranges from 2.00% to 5.00% and is payable semiannually on March 1 and September 1 of each year beginning March 1, 2015.

The annual debt service requirements to maturity for bonded debt as of September 30, 2014, are as follows:

Year Ending September 30,	Principal	Interest
2015	$ 840,000	$ 977,036
2016	900,000	913,417
2017	925,000	888,686
2018	955,000	862,136
2019	980,000	832,162
2020-2024	5,470,000	3,599,867
2025-2029	6,655,000	2,415,571
2030-2034	8,125,000	952,220
Totals	$ 24,850,000	$ 11,441,095

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Balance September 30, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Certificate of obligation	$ 16,195,000	$ 9,265,000	$ (610,000)	$ 24,850,000	$ 840,000

7. FUND BALANCES

In fiscal year 2011, the City of Socorro adopted a minimum fund balance policy for the General Fund. The City's goal is to achieve and maintain an unassigned fund balance in the general fund equal to 16.67% of expenditures. The City considers a balance of less than 8.34% to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

When multiple categories of fund balance are available for expenditure, the City will first spend the most restricted funds before moving to the next most restrictive category with available funds.

8. DEFERRED COMPENSATION

All City employees are eligible to participate in the City's Deferred Compensation Plan (the "Plan") adopted under the provisions of Internal Revenue Code 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The Plan is administrated by Nationwide Retirement Solutions and is a defined contribution plan. Under the terms of the Plan, employees may contribute up to the 5% of their earnings into an annuity contract. The City matches 5% of the participants' contributions into the Plan. The City's contributions into the Plan for fiscal year ended September 30, 2014 totaled $7,465 and the employees contributed $25,410.

9. RISK POOL

The City is a participant in an intergovernmental risk pool for its workers' compensation, liability, and property insurance. Participants in this pool are required to pay "premiums" on the insurance selected. Should a loss occur, the City is liable only for the deductible. The risk pool purchases reinsurance to cover future losses. The City is not liable for the future claims and, therefore, no liability has accrued at September 30, 2014.

10. CONTINGENCIES

The City is party to various legal proceedings, which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City and, therefore, no liability was accrued at September 30, 2014.

11. FEDERAL AND STATE GRANTS

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

12. OTHER CONTRACTS AND AGREEMENTS

The City entered into a contract with the City of El Paso on behalf of the El Paso City-County Health and Environmental District for the purpose of obtaining various health related services. The contract is for the period of September 1, 2013 through August 31, 2014 in the amount not to exceed $454,994.

The City entered into a contract with the County of El Paso for the purpose of providing certain services relating to the operation of the On-Site Sewage Facility Program to provide the citizens of Socorro adequate public health protection and a minimum of environmental pollution. Under the terms of the contract, the City is required to pay the County a monthly fee, to be determined annually, for the services performed each year during the term of this agreement. For the agreement, the fee payable to the County shall be $1,000 per month. The agreement is effective on October 1, 2013 and shall terminate on September 30, 2014.

The City entered into a contract with the County of El Paso on behalf of the El Paso County Rural Transit for the purpose of operating a public rural transit bus system in the City. Under the terms of the contract, the City is required to pay $5,000 to share in the cost of operation for the period September 1, 2013 through August 15, 2014. The contract is automatically renewed every year with the agreement that either party can terminate the contract at any time.

13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOCORRO, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue/inflows:				
Property taxes	$ 3,942,166	$ 3,832,166	$ 3,664,890	$ (167,276)
Sales taxes	1,453,000	1,453,000	1,706,119	253,119
Franchise taxes	415,000	387,000	413,237	26,237
Planning and zoning fees	308,600	238,750	363,241	124,491
Fines	460,000	437,000	227,909	(209,091)
Interest income	1,200	-	4,623	4,623
Other income	870,693	1,494,724	115,812	(1,378,912)
Total revenues	7,450,659	7,842,640	6,495,831	(1,346,809)
Expenditures/outflows:				
General government	1,541,482	1,775,126	1,630,031	145,095
Public works	1,008,293	1,107,595	1,131,392	(23,797)
Municipal court	285,224	285,355	338,546	(53,191)
Public safety	2,614,779	2,756,076	2,663,335	92,741
Planning/zoning	377,508	323,722	802,538	(478,816)
Public health	436,067	387,784	427,078	(39,294)
Special projects	230,300	134,128	123,830	10,298
Recreation center	442,158	558,751	-	558,751
Human resources	133,544	135,062	296,081	(161,019)
Total expenditures	7,069,355	7,463,599	7,412,831	50,768
Excess of expenditures over revenues	381,304	379,041	(917,000)	(1,296,041)
Fund balance, beginning of year	4,544,705	4,544,705	4,544,705	-
Fund balance, end of year	$ 4,926,009	$ 4,923,746	$ 3,627,705	$ (1,296,041)

Budget basis	$ (917,000)
Revenue accruals	626,878
Expenditure accruals	(49,849)
GAAP basis	$ (339,971)

See accompanying notes to required supplementary information.

CITY OF SOCORRO, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue/inflows:				
Franchise taxes	$ -	$ -	$ 14,545	$ 14,545
Fines	-	-	344,134	344,134
Hotel tax	15,000	15,000	-	(15,000)
Grants	699,608	558,625	183,098	(375,527)
Other income	16,000	30,000	8,422	(21,578)
Total revenues	730,608	603,625	550,199	(53,426)
Expenditures/outflows:				
General government	390,608	390,608	424,004	(33,396)
Public safety	-	50,000	10,109	39,891
Special projects	340,000	162,517	1,800	160,717
Total expenditures	730,608	603,125	435,913	167,212
Excess of revenues over expenditures	-	500	114,286	113,786
Fund balance, beginning of year	153,969	153,969	153,969	-
Fund balance, end of year	$ 153,969	$ 154,469	$ 268,255	$ 113,786

Budget basis	$ 114,286
Revenue accruals	(86,432)
Expenditure accruals	214,499
GAAP basis	$ 242,353

See accompanying notes to required supplementary information.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Process - The budgetary process is prescribed by provisions of Title 4, Chapter 102 of the Local Government Code of the Texas legislature and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriation resolution, both of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified by resolution of the City Council. All funds are required to be budgeted and appropriated. The level of budgetary control is at the department level for the City. Any budgetary modifications at this level may only be made by resolution of the City Council. Under the City's By-Laws, revenues not specifically related to a particular fund shall be deposited into the City's General Fund. Monies can only be transferred from the General Fund by resolution of the City Council.

Estimated Resources - As part of the City's budgetary process, the City Council approves the official estimated resources. The official estimated resources states the projected revenue of each fund. Prior to September 30, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the official estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about October 1, the estimated resources is amended to include any unencumbered balances from the preceding year. The estimated resources may be further amended during the year if the City Council determines that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year ended 2013.

Appropriations - An annual appropriation resolution must be passed by September 15 of the preceding year for the period October 1 to September 30. The appropriation resolution fixes spending authority at the fund and department level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among funds and objects within a fund may be modified during the year only by a resolution of the City Council. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriations in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as final budgeted amounts in the schedules of budgetary comparison represent the final appropriation amounts, including all supplemental appropriations.

Lapsing of Appropriations At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

Budgetary Basis of Accounting - The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles ("GAAP"). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures are recorded when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and in the full accrual basis on the government-wide financial statements.

SUPPLEMENTARY INFORMATION
CITY OF SOCORRO, TEXAS

CITY OF SOCORRO, TEXAS

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue/inflows:				
Proceeds for bonds	$ -	$ -	$ -	$ -
Property taxes	1,193,791	1,193,791	1,285,801	92,010
Interest income	-	-	-	-
Total revenues	1,193,791	1,193,791	1,285,801	92,010
Expenditures/outflows:				
General government	-	-	-	-
Principal payments	610,000	610,000	610,000	-
Interest payments	583,791	583,791	583,791	-
Total expenditures	1,193,791	1,193,791	1,193,791	-
Excess of revenues over expenditures	-	-	92,010	92,010
Fund balance, beginning of year	85,586	85,586	85,586	-
Fund balance, end of year	$ 85,586	$ 85,586	$ 177,596	$ 92,010

Budget basis	$ 92,010
Revenue accruals	(87,257)
GAAP basis	$ 4,753

See accompanying notes to financial statements.

CITY OF SOCORRO, TEXAS

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenue/inflows:				
Proceeds from bonds	$ 1,193,791	$ 9,277,265	$ 9,277,265	$ -
Interest income	-	-	-	-
Other income	-	-	-	-
Total revenues	1,193,791	9,277,265	9,277,265	-
Expenditures/outflows:				
General government	-	-	165,131	(165,131)
Public works	1,193,791	1,193,791	773,260	420,531
Public safety	-	-	15,312	(15,312)
Planning/zoning	-	-	5,357	(5,357)
Rio Vista Community Center	-	-	12,942	(12,942)
Total expenditures	1,193,791	1,193,791	972,002	221,789
Excess of revenues over expenditures	-	8,083,474	8,305,263	221,789
Fund balance, beginning of year	2,999,184	2,999,184	2,999,184	-
Fund balance, end of year	$ 2,999,184	$ 11,082,658	$ 11,304,447	$ 221,789

Budget basis	$ 8,305,263
Expenditure accruals	67,729
GAAP basis	$ 8,372,992

See accompanying notes to financial statements.

COMPLIANCE SECTION

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

Mayor and City Council
City of Socorro
Socorro, Texas

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 discretely presented component units, each major fund, and the aggregate remaining fund information of City of Socorro, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Socorro, Texas' basic financial statements and have issued our report thereon dated June 5, 2015.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered City of Socorro, Texas' 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 City of Socorro, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Socorro, Texas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. (2013-02, 2013-04).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Socorro, Texas' 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 Standards* and which are described in the accompanying schedule of findings and questioned costs as items .

City of Socorro, Texas' Response to Findings

City of Socorro, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Socorro, Texas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

El Paso, Texas
June 5, 2015

CITY OF SOCORRO, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2014

STATUS OF PRIOR YEAR FINDINGS

		Current Status
2011-03	Proper Identification and Inventory of Capital Assets Not Maintained	Resolved
2011-07	City Council Not Provided Monthly Financial Statements	Resolved
2013-01	Gas Inventory	Resolved
2013-02	Computer Information System Policy	Repeated
2013-03	Accounting Policies and Procedures Manual	Resolved
2013-04	Information System Recovery Plan	Repeated
2013-05	Procurement Policy	Resolved
2013-06	Restricted Funds	Resolved
2013-07	Cash Reconciliation	Resolved

2013-02: Computer Information System Policy - Significant Deficiency

Condition
The City of Socorro does not have a documented policy and procedure manual for their Computer Information System.

Criteria
Texas Local Government Code - Section 203.021.3 states that the governing body of a local government shall facilitate the creation and maintenance of local government records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the local government and designed to furnish the information necessary to protect the legal and financial rights of the local government, the state, and persons affected by the activities of the local government.

Cause
The City has not placed a high priority to adopting policies and procedures for their Computer Information system.

Effect
Since Computer Information System policies and procedures are not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets and ensure compliance with internal policies, laws and regulations. Adequate controls are not in place to prevent or detect misstatements of accounting information, therefore misstatements and non-compliance with internal policies, laws and regulations may occur and not be prevented or detected by management or staff during the course of their normal duties.

Recommendation
The information system policy manual is a generally accepted tool to help ensure the best results in connection with the planning function, budgeting, training and maximizing strategic productivity for computer systems. The City of Socorro should implement policies and procedures for their Computer Information system.

Management's Response
The City's technology department is working with an outside entity to develop a policy and procedure manual for implementation. The City has a draft of a policy that will be submitted for Council approval in early FY16.

2013-04: Information System Recovery Plan - Significant Deficiency

Condition
The City of Socorro does not have an approved plan for information system recovery of technology.

Criteria
The Texas Administrative Code, Section 202.24(a) states that state agencies shall maintain written Business Continuity Plans that address information resources so that the effects of a disaster will be minimized, and the state agency will be able either to maintain or quickly resume mission-critical functions. The state agency head or his or her designated representative(s) shall approve the plan. The plan shall be distributed to key personnel and a copy stored offsite.

Cause
The City has not placed a high priority to adopting a formal plan for the recovery of technology information.

Effect
System usage could be impaired or rendered useless for a significant period of time, which could severely impact the City's ability to conduct daily operations. If a formal plan was adopted, productivity and effectiveness could be increased with sound information system and technology planning.

Recommendation
The City should adopt a recovery plan that would provide procedures and processes for appropriate computer locations. The plan should address items including but not limited to: system redundancy, data storage, system firewall monitoring, back-up systems, restoration, contact personnel, and vendors. The adopted plan should be tested and communicated to all necessary parties. Annually, the plan should be assessed by information system personnel for content and revised with approvals when appropriate or necessary.

Management's Response
The City is currently working with an outside entity to develop and implement a system recovery plan. The City has a draft of a policy that will be submitted for Council approval in early FY16.

Jesus Ruiz
Mayor

Rene Rodriguez
At Large

Sergio Cox
District 1 / Mayor Pro Tem

Gloria M. Rodriguez
District 2

Victor Perez
District 3

Anthony Gandara
District 4

Adriana Rodarte
Interim-City Manager

#19

DATE: JULY 2, 2015

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: KARINA HAGELSIEB

SUBJECT: DISCUSSION AND ACTION ON ACCEPTING THE FIXED ASSETS AGREED UPON PROCEDURES REPORT FROM WHITE, SAMANIEGO, & CAMPBELL, LLP.

SUMMARY

This action accepts the Agreed Upon Procedures Report for Fixed Assets from White, Samaniego, & Campbell, LLP.

STATEMENT OF THE ISSUE

The City of Socorro has had, in prior years, ongoing findings related to the accountability of Fixed Assets. In order to address the findings from prior years, the external audit firm was engaged to identify and/or correct internal processes in order to eliminate findings related to fixed assets going forward.

FINANCIAL IMPACT

	Staff	Senior	Supervisor	Partner	Total
Planning	0	0	15		15
Testwork	40	30	0	0	70
Report	0	10	15	0	25
Supervision	0	0		10	10
Total	**40**	**40**	**30**	**10**	**120**
Rate	$ 80	$ 90	$ 110	$ 150	
Total Cost	**$ 3,200**	**$ 3,600**	**$ 3,300**	**$ 1,500**	**$ 11,600**

ALTERNATIVE

No alternative available.

STAFF RECOMMENDATION

The staff is recommending approving this item.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Karina Hagelsieb
Chief Financial Officer

We have performed the procedures enumerated below, which were agreed to by the City of Socorro, Texas, solely to assist you with the review of Fixed Assets of the City of Socorro for the years ended September 30, 2007 through September 30, 2013. The City of Socorro, Texas' management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

PROCEDURES:

1. Conduct entrance meeting with Management to discuss the scope and timing of the audit and to establish a schedule for status meetings and communication protocol.
2. Conduct interviews with employees involved in Capital Asset Management throughout the course of the audit to get an understanding of process in place.
3. Review Capital Asset Procurement policies by obtaining a fixed asset additions listing for the fiscal year ended 2007 through fiscal year ended 2013 and judgmentally selecting a sample of 10% of additions by tracing and vouching to verify the following:
    a. dollar limit policies are followed;
    b. control over capital expenditures is maintained through a regular system of authorizations
    c. budget is reviewed for compliance and documented;
    d. written purchase requisitions and purchase orders are always issued;
    e. purchasing function is performed independently of the receiving and recording of acquisition functions;
    f. existence of assets listed;
    g. inventory numbers (TAG) are assigned to individual pieces of equipment and affixed securely to the asset;
    h. assets purchased with federal fund are identifiable; and
    i. tour all city facilities and identify assets that should be capitalized and trace to the general ledger (not to exceed 10 samples).
4. Review Capital Asset Disposal & Retirement policies are followed by obtaining a fixed asset disposal listing for FY2007 to FY2013 and judgmentally selecting 10% of disposals to verify the following:

a. tour all city facilities and identify visible assets (not to exceed 10 samples) that should be retired, and trace to the general ledger to ensure they have been removed;
b. written authority is obtained for removing assets from facility premises;
c. asset retirement approved properly and timely per facility policy;
d. asset retirement properly removed from the general ledger on a timely basis;
e. retired or abandoned asset policies are followed;
f. assets that are physically disposed of/transferred have adequate documentation; and
g. review the accounting of retirement/disposal/transfer is adequate.

5. Test repair and maintenance accounts for FY 2007 to FY 2013 to identify expenses that should be capitalized.
6. Review asset additions and disposals for October 1, 2013 through June 30, 2014 and test 10% to verify and trace the following:
    a. procurement policy was followed in the purchase of the asset;
    b. the asset was properly accounted for, and there is adequate supporting documentation; and
    c. physically observe the asset to document existence.
7. Prepare a reconciliation of the fixed assets as of June 30, 2014 to confirm the following:
    a. fixed assets reconcile to the interim trial balance;
    b. fixed assets roll forward from the prior year audit; and
    c. complete analytical procedures to identify anomalies.
8. Prepare preliminary draft of the audit report using the standard format to include the following:
    a. the scope of the agreed-upon procedures;
    b. the responsibilities of management and of the auditor;
    c. the findings identified during field work; and
    d. recommendations for improvement.
9. Validate the accuracy of the report with the Management. This is an on-going step, with open communication occurring throughout the review.

OBSERVATIONS, FINDINGS AND RECOMMENDATION:

3. Review Capital Asset Procurement policies by obtaining a fixed asset additions listing for the fiscal year ended 2007 through fiscal year ended 2013 and judgmentally selecting a sample of 10% of additions by tracing and vouching to verify the following:
    a. dollar limit policies are followed;
    b. control over capital expenditures is maintained through a regular system of authorizations
    c. budget is reviewed for compliance and documented;
    d. written purchase requisitions and purchase orders are always issued;
    e. purchasing function is performed independently of the receiving and recording of acquisition functions;
    f. existence of assets listed;
    g. inventory numbers (TAG) are assigned to individual pieces of equipment and affixed securely to the asset;
    h. assets purchased with federal fund are identifiable; and
    i. tour all city facilities and identify assets that should be capitalized and trace to the general ledger (not to exceed 10 samples).

Finding

a. 19 of the 23 samples selected did not follow dollar limit policies; RFP/RFQ documentation was not provided
b. 19 of the 23 samples selected did not have control over capital expenditures through a regular system of authorizations; RFP/RFQ documentation was not provided
c. 19 of the 23 samples selected did not have documentation showing the budget was reviewed, supporting documentation for the budget was not provided

The following 19 findings were selected for procedures 3(a) – 3(c):

Asset A/C	Description	Cost
05/14/13	Driveways Hawk Various Address	117,984.39
06/10/13	Cat Truck with Warren Dump Bod	133,201.63
06/24/13	Driveways Hawk Various Address	98,271.02
04/19/13	Driveways Hawk Various Address	99,642.67
04/05/13	Driveways Hawk Various Address	72,778.62
03/15/13	John Deere 310k ep backhoe-Tom	79,500.00
01/11/13	Land 301 Place Road Socorro Grant	72,058.00
08/01/12	Bulldog Construction & Material	1,753,756.24
08/21/12	Horizon & North Loop Land	444,489.29
07/01/12	Bulldog Park Medlock Retainage	219,688.82
12/30/11	Overlay Various Streets	291,864.95
12/31/11	339 Moon Rd /911 Memorial Park	344,717.00
01/04/11	Infras.-Socorro Mission Subdivision	356,942.74
04/28/11	Driveway Const. Proj.-Valle Str	114,526.12
07/25/11	Infrastructure TDRA Donna Marie	306,150.18
09/06/11	Comprehensive Master Plan	314,430.66
09/07/11	Bldg. Improv - Apodaca Comm. Ctr	622,960.96
09/29/11	Infras.-Bulldog Championship Pk	302,614.00
06/18/08	Purchase of Land 6 Acres Buford	145,333.53

d. 3 of the 23 samples selected did not have a purchase requisition and purchase order
e. 3 of the 23 samples selected did not have receiving an acquisitions supporting documentation

The following 3 findings were selected for procedures 3(d) – 3(e):

Asset A/C	Description	Cost
01/11/13	Land 301 Place Road Socorro Grant	72,058.00
08/21/12	Horizon & North Loop Land	444,489.29
12/31/11	339 Moon Rd /911 Memorial Park	344,717.00

f. No exceptions noted
g. No exceptions noted

h. 23 of the 23samples selected were not identified as being purchased with federal funds

The following 23 findings were selected for procedure 3(h):

Asset A/C	Description	Cost
06/11/14	Superior Broom Sweeper & Acces	47,676.00
06/03/14	452.80 TN Asphalt-Overlay	28,073.60
06/11/14	501.82 TN Asphalt-Overlay	31,112.84
05/07/14	14 Ford Explorer Police AWD	26,641.00
05/14/13	Driveways Hawk Various Address	117,984.39
06/10/13	Cat Truck with Warren Dump Bod	133,201.63
06/24/13	Driveways Hawk Various Address	98,271.02
04/19/13	Driveways Hawk Various Address	99,642.67
04/05/13	Driveways Hawk Various Address	72,778.62
03/15/13	John Deere 310k ep backhoe-Tom	79,500.00
01/11/13	Land 301 Place Road Socorro Grant	72,058.00
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07/01/12	Bulldog Park Medlock Retainage	219,688.82
12/30/11	Overlay Various Streets	291,864.95
12/31/11	339 Moon Rd /911 Memorial Park	344,717.00
01/04/11	Infras.-Socorro Mission Subdiv	356,942.74
04/28/11	Driveway Const. Proj.-Valle Str	114,526.12
07/25/11	Infrastructure TDRA Donna Marie	306,150.18
09/06/11	Comprehensive Master Plan	314,430.66
09/07/11	Bldg. Improv- Apodaca Comm. Ctr	622,960.96
09/29/11	Infras.-Bulldog Championship Pk	302,614.00
06/18/08	Purchase of Land 6 Acres Buford	145,333.53

i. 8 of the 10 samples selected were not located on the general ledger

The following 8 findings were selected for procedure 3(i):

Description
Elgin Street Sweeper - 00976
Ingersoll-Rand Street Roller - 00985
Land pride Brush hog
Soya Street - paved
Conrad Street - paved
Bean Street - paved
Unit 1401 - Ford
Unit 9905- Hummer

Recommendation

It is recommended that the City of Socorro reconcile all physical inventory to the general ledger and research and investigate any inventory variances. All inventory records must reflect the current on-hand balances to ensure the records are accurate.

Management Response

As of 09/30/2014 the City of Socorro has conducted a physical count of fixed assets. Physical counts of inventory will be conducted going forward.

Finding

The City of Socorro had not performed a department-wide annual physical inventory of fixed assets. Although some fixed assets have been inventoried, a physical inventory is essential to ensure the accuracy of the fixed assets listing. If fixed assets are not adequately tracked and inventoried, loss or misappropriations may go undetected. The A-102 Common Rule and OMB Circular A-110 require that equipment be used in the program for which it was acquired. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

Recommendation

The City of Socorro should ensure that all departments perform an annual physical inventory of all fixed assets. City employees responsible for capital assets in the various departments must be informed of the importance of proper accounting for those assets from acquisition to disposition. Additional training may be necessary to ensure proper procedures are understood and followed. The City accounting personnel should perform physical observation of assets throughout the year in departments that do not consistently review their capital asset listing.

Management Response

The City of Socorro will perform physical observations of assets throughout the year in departments that do not consistently review their capital asset listing. In addition, training will be conducted routinely to ensure compliance with the Fixed Assets Policy and Procedures adopted.

Finding

Administration could not locate copies of RFQ/RFP for 17 of 19 construction samples selected. According to the Texas State Library and Archives Commission GR1075-01a, successful bids and requests for proposals, including invitations to bid, bid bonds and affidavits, bid sheets, and similar supporting documentations have a retention period of fiscal year end plus three years for other governments. However, if a formal written contract is the result of a successful bid or request for proposal, the successful bid or request for proposal and its supporting documentations must be retained for the same period as the contract. Administration could not locate supporting documentation for 26 of 28 construction samples selected. According to the Texas State Library and Archives Commission GR1075-16a, states that records concerning the planning, design, construction, conversion, or modernization of local government-owned facilities, structures, and systems, have a permanent retention period.

The following 17 findings were selected for procedure 3:

Asset A/C	Description	Cost
05/14/13	Driveways Hawk Various Address	117,984.39
06/24/13	Driveways Hawk Various Address	98,271.02
04/19/13	Driveways Hawk Various Address	99,642.67
04/05/13	Driveways Hawk Various Address	72,778.62
01/11/13	Land 301 Place Rd Socorro Grant	72,058.00
08/01/12	Bulldog Construction & Material	1,753,756.24
08/21/12	Horizon & North Loop Land	444,489.29
07/01/12	Bulldog Park Medlock Retainage	219,688.82
12/30/11	Overlay Various Streets	291,864.95
12/31/11	339 Moon Rd /911 Memorial Park	344,717.00
01/04/11	Infras.-Socorro Mission Subdiv	356,942.74
04/28/11	Driveway Const. Proj.-Valle Str	114,526.12
07/25/11	Infrastructure TDRA Donna Marie	306,150.18
09/06/11	Comprehensive Master Plan	314,430.66
09/07/11	Bldg. Improv- Apodaca Comm. Ctr	622,960.96
09/29/11	Infras.-Bulldog Championship Pk	302,614.00
06/18/08	Purchase of Land 6 Acres Buford	145,333.53

The following 26 findings were selected for procedure 3:

Asset A/C	Description	Cost
05/14/13	Driveways Hawk Various Address	117,984.39
06/24/13	Driveways Hawk Various Address	98,271.02
04/19/13	Driveways Hawk Various Address	99,642.67
04/05/13	Driveways Hawk Various Address	72,778.62
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09/06/11	Comprehensive Master Plan	314,430.66
09/07/11	Bldg. Improv- Apodaca Comm. Ctr	622,960.96
09/29/11	Infras.-Bulldog Championship Park	302,614.00
06/07/10	Overlay-Vineyard Street	82,658.21
03/03/10	Overlay-Lydia Street	63,812.64
03/18/10	Overlay-Ponjab Street	49,629.46
03/29/10	Overlay-Worsham Road	60,486.95
03/18/09	Overlay-Passmore Road	102,894.84
06/18/08	Purchase of Land 6 Acres Buford	145,333.53

03/06/08	Chisolm Trail Reconstruction	121,309.79
01/07/08	Chisolm Trail Street Improvement	66,483.55
09/07/07	Paving Rio Vista Road	120,000.00
05/15/07	Landscape Development TXDOT	58,216.15

Recommendation

The City should implement a process to retain construction records in order to comply with state regulations.

Management Response

The City has adopted a Records Retention Policy to comply with applicable statutes. In addition, records have been maintained on Access within the last year.

4. Review Capital Asset Disposal & Retirement policies are followed by obtaining a fixed asset disposal listing for FY2007 to FY2013 and judgmentally selecting 10% of disposals to verify the following:
    a. tour all city facilities and identify visible assets (not to exceed 10 samples) that should be retired, and trace to the general ledger to ensure they have been removed;
    b. written authority is obtained for removing assets from facility premises;
    c. asset retirement approved properly and timely per facility policy;
    d. asset retirement properly removed from the general ledger on a timely basis;
    e. retired or abandoned asset policies are followed;
    f. assets that are physically disposed of/transferred have adequate documentation; and
    g. review the accounting of retirement/disposal/transfer is adequate.

Finding

According to the Texas State Library and Archives Commission GR1025-05a, equipment or property history card or similar record containing data on initial cost, including disposal authorizations when disposed of have a retention period of fiscal year end plus three years for governments. The City of Socorro does not have proper procedures in place for disposing of fixed assets. No documentation could be provided for the 13 disposal samples that were selected.

The following findings were selected for procedures 4(a) – 4(g):

Disposal	Description	Asset ID
07/15/06	1987 Chevrolet Caprice	885
07/15/06	1992 Ford LTD Crown Victoria	840
07/15/06	Kawasaki Motorcycle	1949
07/15/06	Kawasaki Motorcycle	1950
07/15/06	1995 Ford Crown Victoria	844
07/15/06	1996 Ford Crown Victoria	845
07/15/06	1996 FORD CROWN VICTORIA	846
07/15/06	1998 FORD CROWN VICTORIA	850
07/15/06	2000 CROWN VICTORIA	851
07/15/06	1985 Ford Ranger Pickup	1820
07/15/06	1975 School Bus Chevy	2026
09/30/09	1999 Ford Mustang	T9901
09/30/10	08FordF-150WhiteTruk-Recy.Ctr	VEHFY09

Recommendation

The City should implement a process to dispose of fixed assets to ensure items are being properly disposed. All equipment being disposed should have accurate supporting documentation of disposal, transfer or sale. Asset disposals should be reviewed on a regular periodic basis to determine the proper use of resources to the full extent of their useful lives.

Management Response

The City has adopted a Fixed Asset Policy and Procedure manual to address disposition of assets. In addition training will be conducted for all department heads to properly dispose of assets.

5. Test repair and maintenance accounts for FY 2007 to FY 2013 to identify expenses that should be capitalized.

Finding

According to the Texas State Library and Archives Commission GR1075-18a, vehicles and equipment (1) routine inspection record (2) maintenance and repair record have a retention period of the life of the asset. The City of Socorro could not provide supporting documentation for 5 of the 6 repair and maintenance expenses selected.

The following 5 findings were selected for procedure 5:

Asset A/C	Description	Cost
01/18/12	PO19571-POLICE PKG, UNIT#700 – B1009-5	14,550.41
02/08/11	PO18369-VP SVC 3 MIN TRACKIN ANNUAL	6,234.25
10/08/09	WASTE CHARACTERIZATION-PW	6,590.00
01/11/08	SERVER CRIMESOFT,3YR WARRANTY-2008-13	10,423.57
09/29/07	CUSTOM MADE FURN/WALL UNIT FOR PD	6,800.00

Recommendation

Adequate controls are not in place to prevent or detect misstatements of accounting information by way of error or fraud, therefore misstatements and non-compliance may occur and not be prevented or detected. It is recommended that the City of Socorro receive proper training in order to comply with the implemented standard operating procedures and state regulations.

Management Response

The City employees will receive proper training to comply with standard operating procedures.

6. Review asset additions and disposals for October 1, 2013 through June 30, 2014 and test 10% to verify and trace the following:
    a. procurement policy was followed in the purchase of the asset;
    b. the asset was properly accounted for, and there is adequate supporting documentation; and
    c. physically observe the asset to document existence.

    No exceptions noted

7. Prepare a reconciliation of the fixed assets as of June 30, 2014 to confirm the following:
    a. fixed assets reconcile to the interim trial balance;
    b. fixed assets roll forward from the prior year audit; and
    c. complete analytical procedures to identify anomalies.

    No exceptions noted

We were not engaged to, and did not; conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Socorro and is not intended to be and should not be used by anyone other than those specified parties.

El Paso, Texas

October 11, 2014

#20

DATE: June 23, 2015

TO: Mayor and City Council

FROM: Anibal Olague, Special Projects

SUBJECT: Discussion and action to award construction contract to Armor Construction in the amount of $169,184 under HOME Program contract # 1002045

SUMMARY

Discussion and Action to authorize the City of Socorro to award construction contract to Armor Construction in the amount of $169,184 to reconstruct two residential units located in the City of Socorro.

BACKGROUND

The City Socorro received a grant from the Texas Department of Housing and Community Affairs HOME Program Reservation System to assist low-income families to reconstruct their housing unit.

A committee was formed by Interim City Manager Adriana Rodarte, Public Works Director Douglas Lobdell, and Grants Administrator Anibal Olague to score 4 proposals submitted by local contractors. Two of the RFPs submitted were overbudget. Armor Construction and Muniz Contractor LLC were reviewed and scored by committee. A recommendation is being submitted to award contract to Armor Construction. Scoring summary attached.

STATEMENT OF THE ISSUE

The program will assist two low-income residents that live in substandard housing.

FINANCIAL IMPACT

Grant Funded

ALTERNATIVE

STAFF RECOMMENDATION

Approve

REQUIRED AUTHORIZATION

1. **City Manager** _____ **Date**_____
2. **CFO** _____ **Date**_____
3. **Attorney** _____ **Date** _____

City of Socorro HOME Program Sc

	AIM	MUNIZ CONTRACTORS
Proposed Cost	$101,227.60	$85,000
		Score
ADRIANA RODARTE	Overbudget	42
ANIBAL OLAGUE	Overbudget	84
DOUGLAS LOBDELL	Overbudget	90
		72

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ARMOR CONSTRUCTION	QUINONEZ
$84,592	$86,000
55	Overbudget
87	Overbudget
94	Overbudget
78.66666667	

Jesus Ruiz
Mayor

Rene Rodriguez
At Large

Maria Reyes
District 1 / Mayor Pro-Tem

Gloria M. Rodríguez
District 2

Mary B. García
District 3

Joseph E. Bowling
District 4

Willie Norfleet, Jr.
City Manager

#21

DATE: July 2, 2015

TO: Mayor and City Council

FROM: Human Resource Department

SUBJECT: Discussion and action to modify the current Employee Handbook where it pertains to Regular Part-Time Employee benefits.

SUMMARY

The City of Socorro would like to modify the benefits Regular Part-Time Employees receive to include payment of time-and-a-half of their wages for those that are scheduled to work on a Holiday.

BACKGROUND

The City of Socorro employs Regular Part-Time Employees in the Police Department and Recreation Centers. On rare occasions these Part-Time Employees will be scheduled to work a Holiday. We propose paying time-and-a-half to Part-Time Employees for the scheduled Holiday hours worked, excluding Holiday Pay.

STATEMENT OF THE ISSUE

Currently Part-Time Employees are only being paid regular wages for working a scheduled Holiday.

FINANCIAL IMPACT

ALTERNATIVE

STAFF RECOMMENDATION

APPROVAL

Approval of item in order to pay time-and-a-half to scheduled Part-Time Employees starting with the City of Socorro 4th of July Extravaganza.

CURRENT

ON THE JOB

C.01 Attendance and Lateness

Perfect attendance and being on time are essential to providing the citizens of the City of Socorro excellent service. When you are absent or late, it not only affects our customers, but places additional burdens on your co-workers. For these reasons, Employees are expected to report to work on time, and work the days and hours they are scheduled. Excessive absenteeism, lateness, or a combination of both will result in disciplinary action. (Excessive absenteeism is, 3 unexcused absences in a 6-month rolling period)

While there may be good reasons to be absent or late, there is rarely a good reason for not calling in to let your immediate supervisor know that you will be late or absent.

Employees who are going to be late or absent are required to PERSONALLY notify their immediate supervisor, every morning of their expected tardiness or absence, at least one hour in advance of their expected start time. Informing co-workers and other personnel is not proper notification. Except in case of emergency, contact by anyone other than the Employee (such as your spouse, parent, children, sibling, grandparent, relative, friend, etc.) will not constitute notification.

C.02 Classification of Employees

All employees are classified as either regular full-time, regular part-time or temporary, and as either exempt or non-exempt.

Regular full-time are new or former Employees who have completed the orientation period and are regularly scheduled to work thirty (30) hours or more per week for the City of Socorro on a continuous basis. Regular full-time Employees meeting length of service requirements are eligible for all employee benefits provided by City of Socorro.

Regular part-time are Employees who have completed the orientation period and are regularly scheduled to work more than 20 hours per week, but less than thirty (30) hours per week for the on a continuous basis. Regular part-time Employees are covered by Workers' Compensation Insurance for injuries occurring on the job, Unemployment Insurance and will accrue sick leave benefits, but are not eligible for other employee benefits provided by City of Socorro.

Temporary are Employees who have not completed the orientation period or who are hired for occasional work such as summer, peak, or holiday employment or limited time and may be scheduled to work any number of hours up to forty (40) hours per week while employed. Temporary Employees are covered by Workers' Compensation Insurance for injuries occurring on the job but are not eligible for other benefits.

Exempt are Employees whose positions meet specific tests established by the federal Fair Labor Standards Act (FLSA) for exemption from overtime pay requirements. You will be informed if you are in an "exempt" position. If considered "exempt" you are **not** entitled to overtime pay regardless of the number of hours you work each week. Generally speaking, to be an "exempt" employee, you must meet both a "duties" test and a "salary" test. The "duties" test depends upon the duties you perform and may include duties that are administrative, executive or professional in nature. The "salary" test requires that you be paid a predetermined amount above a certain level for each week in which any work is performed.

Non-exempt are those whose positions do not meet FLSA exemptions tests and who, therefore, are paid overtime at the rate of one and one-half times their regular rate of pay for hours actually worked in excess of 40 hours in a work week. Salaried employees who do not meet the tests for "exempt" status will be paid overtime calculated as follows: divide the salary by the number of hours it is intended to cover (40

CURRENT

H.02 Holidays

The City of Socorro gives time off to all employees for holidays according to a schedule approved by the City Council each year. The following holidays are normally included in that schedule, but may be changed due to work requirements or City Council decision:

- New Year's Day
- Martin Luther King, Jr. Day
- Presidents Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans' Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Eve
- Christmas
- Day after Christmas

Eligible full-time employees will be paid for holiday time off. Employees in the following employment classifications are eligible for holiday time off with pay immediately:

- Regular full-time employees

The following conditions apply to City of Socorro holiday pay policy:

- Holiday pay will not be considered as time worked for the purpose of overtime calculations.
- Holiday pay is computed at the individual employee's base rate of pay.
- When a holiday falls on a day a full time regular employee is not scheduled to work, the employee will observe the equivalent time off during their next regular schedule day
- If an employee is scheduled to work on a holiday, he or she will receive wages at one and one-half times their straight time for the hours they worked on the holiday, plus eight (8) hours of holiday. (only a skeleton crew will be scheduled on holidays)
- Holidays will not be paid to employees on any type of unpaid leave.
- Holidays falling within an approved scheduled vacation will be recorded as holiday pay.
- An employee must be present at work on his or her last complete scheduled day prior to the holiday and the first scheduled day after the holiday to receive holiday pay, unless management

PROPOSED

ON THE JOB

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Perfect attendance and being on time are essential to providing the citizens of the City of Socorro excellent service. When you are absent or late, it not only affects our customers, but places additional burdens on your co-workers. For these reasons, Employees are expected to report to work on time, and work the days and hours they are scheduled. Excessive absenteeism, lateness, or a combination of both will result in disciplinary action. (Excessive absenteeism is, 3 unexcused absences in a 6-month rolling period)

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Regular part-time are Employees who have completed the orientation period and are regularly scheduled to work more than 20 hours per week, but less than thirty (30) hours per week for the on a continuous basis. Regular part-time Employees are covered by Workers' Compensation Insurance for injuries occurring on the job, Unemployment Insurance, will accrue sick leave benefits, and will be paid time-and-a-half when scheduled on Holidays; but are not eligible for other employee benefits provided by City of Socorro.

Temporary are Employees who have not completed the orientation period or who are hired for occasional work such as summer, peak, or holiday employment or limited time and may be scheduled to work any number of hours up to forty (40) hours per week while employed. Temporary Employees are covered by Workers' Compensation Insurance for injuries occurring on the job but are not eligible for other benefits.

Exempt are Employees whose positions meet specific tests established by the federal Fair Labor Standards Act (FLSA) for exemption from overtime pay requirements. You will be informed if you are in an "exempt" position. If considered "exempt" you are **not** entitled to overtime pay regardless of the number of hours you work each week. Generally speaking, to be an "exempt" employee, you must meet both a "duties" test and a "salary" test. The "duties" test depends upon the duties you perform and may include duties that are administrative, executive or professional in nature. The "salary" test requires that you be paid a predetermined amount above a certain level for each week in which any work is performed.

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PROPOSED

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The City of Socorro gives time off to all employees for holidays according to a schedule approved by the City Council each year. The following holidays are normally included in that schedule, but may be changed due to work requirements or City Council decision:

- New Year's Day
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- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans' Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Eve
- Christmas
- Day after Christmas

Eligible part-time employees will be paid time-and-a-half when scheduled to work on a Holiday but are not eligible for Holiday pay.

Eligible full-time employees will be paid for holiday time off. Employees in the following employment classifications are eligible for holiday time off with pay immediately:

- Regular full-time employees

The following conditions apply to City of Socorro holiday pay policy:

- Holiday pay will not be considered as time worked for the purpose of overtime calculations.
- Holiday pay is computed at the individual employee's base rate of pay.
- Holiday pay will not be paid, if the holiday falls on your regular scheduled day off.
- If an employee is scheduled to work on a holiday, he or she will receive wages at one and one-half times their straight time for the hours they worked on the holiday, plus eight (8) hours of holiday. (only a skeleton crew will be scheduled on holidays)
- Holidays will not be paid to employees on any type of unpaid leave.
- Holidays falling within an approved scheduled vacation will be recorded as holiday pay.

Jesus Ruiz
Mayor

Rene Rodriguez
At Large

Maria Reyes
District 1 / Mayor Pro-Tem

Gloria M. Rodríguez
District 2

Mary B. García
District 3

Joseph E. Bowling
District 4

Willie Norfleet, Jr.
City Manager

#20

DATE: July 2, 2015

TO: Mayor and City Council

FROM: Police Department and Human Resources

SUBJECT: Discussion and action the implementation of a yearly Assessment Center for the appointment of Sergeant Positions within the Police Department.

SUMMARY

The Police Department and Human Resources have worked together to create an Assessment Center in which eligible candidates from the Police Department can apply and get tested in various skills needed for Sergeant. The results of these Assessment Centers will generate a list from which open Sergeant positions will be filled and training opportunities will be identified.

BACKGROUND

STATEMENT OF THE ISSUE

Currently the City of Socorro follows the recommendations of the Chief of Police to appoint Sergeants as they are needed. The Assessment Center will be a tool by which the Chief of Police can make a more educated decision for this appointment as well as identify areas of training for Sergeant Candidates.

FINANCIAL IMPACT

None.

ALTERNATIVE

Continue appointing candidates to Sergeant, as they become available, with no set parameters.

STAFF RECOMMENDATION

APPROVAL.

Approval for the implementation of Assessment Centers is a tool to make the process of appointing Sergeants more objective and reliable. All tested candidates will benefit by identifying weaknesses and receiving needed training in these areas.

CITY OF SOCORRO POLICE DEPARTMENT

Procedures for Police Sergeant Assessment Center

Lorena G. Ruiz

6/22/2015

This document is to assist in coordinating a Sergeant's Assessment Center. The content can be used as a basis and every exercise is interchangeable to suit the needs of the current Police Department.

Procedures to follow for a Police Sergeant Assessment Center

The process described in the following pages will give a general outline of how to conduct a general Assessment Center with outlines, material lists and contacts needed for the successful appointment of a Police Sergeant. This process requires one and a half days to complete. The outline of the agenda follows.

Agenda:

1st Day:

(Location)Training Academy. Dress attire will be casual or uniform (assessors will not be present).

Sergeant Candidates:

2:00 – 3:00p.m.	Orientation (1 hour)
	Candidates will draw numbers that will place them in the order that will be used for all exercises. They will also sign confidentiality agreements for the assessments and receive a brief orientation on the expectations of the Assessment Center.
3:00 – 4:00p.m.	Written Assignment (1 hour)
	Candidates will conduct a written exercise based on information that is provided at the time. Exercises will be placed in the Assessors binder for grading the following day.

2nd Day:

(Location)Training Academy. Dress attire will be Business Formal (Assessors will be present at this time.)

Assessors:

8:00 – 9:00a.m.	Assessor Orientation (1 hour)
	There needs to be at least 3 Assessors who will be introduced to the exercises being used. They will be taught on the evaluation process which will measure each candidate on the skills and/or abilities (dimensions) which are most relevant to the job behaviors of a Sergeant.
9:00 – 10:00a.m.	Assessor Grading of Candidate's Written Assignment (1 hour)

Assessors will use this time to grade the written assignment submitter by each of the S. Candidates from the prior day. They will measure the work based on the dimensions provided to them.

10:00 – 12:00noon Role Play: Press Release / Chief Debriefing (2 hours for 6 Candidates)

Candidates will view a short video and formulate ideas that would help them develop a successful press release on the topic. Thereafter, they will brief their Chief in 5 minutes or less on the event. Their press release and debriefing will immediately follow their preparation time, and slots are staggered to allow for equal time.

	Preparation: (10minuters)	Press Release/Chief Debriefing: (10 minutes)
C1	10:00 – 10:10a.m.	10:10 – 10:20a.m.
C2	10:20 – 10:30a.m.	10:30 – 10:40a.m.
C3	10:40 – 10:50a.m.	10:50 – 11:00a.m.
C4	11:00 – 11:10a.m.	11:10 – 11:20a.m.
C5	11:20 – 11:30a.m.	11:30 – 11:40a.m.
C6	11:40 – 11:50a.m.	11:50 – 12:00noon

12:00noon – 12:30p.m. Assessors Grade Role Play (30 minutes)

Assessors will use this time to grade the Oral Presentations that were just presented. They will measure the work based on the dimensions provided to them.

12:30 – 1:40p.m. Lunch (On your own)

1:40 – 3:40p.m. Assessor Panel Interviews (2 hours 15 minutes for 6 Candidates)

C1	1:40 – 2:00p.m.
C2	2:00 – 2:20p.m.
C3	2:20 – 2:40p.m.
C4	2:40 – 3:00p.m.
C5	3:00 – 3:20p.m.
C6	3:20 – 3:40p.m.

3:40 – 4:00p.m. Assessor Grading Interviews (20 minutes)

- Sign Confidentiality Statements
- Review the Schedule
    - Written Assignment
    - Oral Assignment
    - Interview
- Review the Job Description
- Review the Exercises
- Review the Timer
- Review the Rating Form & Scale
- Review the Description of Dimensions
- Perform a Mock Rating Form (Each Exercise)
- Questions & Answers
- Grade Written Exam

Reminders:

- Be objective as you grade. Do not share thoughts or ideas with fellow Assessors.
- At no time will the Assessors know the candidate's written examination score or ranking.
- If a candidate is late to any exercise, the candidate will not be permitted to participate in that exercise. The candidate will receive a "0" for that exercise.
- It will be one Assessor's Job to time the candidate. Do not forget to let the candidate know when they have 1 minute left to allow them adequate time to wrap up their presentation, group exercise and interview.

Final:

- The combined exercises will be totaled and the average will result in the final Assessment Score.
- Chief Debriefing will be held to address final thoughts and recommendations.

Socorro Police Department
Confidentiality Statement
Promotional Assessment Exams
CANDIDATE

All Promotional Assessment Exams are secure exams which are created to further identify the candidate who is most qualified for a position. In an effort to create the most valid assessments, and to afford a fair and equal opportunity to all Socorro Police Department employees, the Candidate must not disclose any of the content of the assessment center. The Candidate must sign this confidentiality statement, agreeing not to discuss the assessment exercises, questions, rationale, or answers with any other possible examinee and/or Socorro Police department employee under any circumstance.
Failure to honor this agreement will result in your name being submitted to the Socorro Human Resource Department for investigation of potential disciplinary violations. Additionally, legal action may be taken by the Socorro Police Department against any known violators.

I, _____ a _____at the City of Socorro Police Department, agree not to disclose to any examinee and/or Socorro Police department employee the content of the Socorro Police Assessment exercises, questions, answers, or rationales. I understand that failure to honor this agreement will result in my name being submitted to the Socorro Human Resource Department for potential disciplinary violations and may result in legal action being taken against me individually.

_____ _____
Signature of Candidate Date

_____ _____
Witness Date

Police Sergeant General Job Description: (provided to Assessors)

A. **Qualifications**
   a. Meet all qualifications for the position of police officer
   b. Hold an intermediate or higher certificate from TCLEOSE
   c. Successfully complete all training required for supervisory personnel by current TCLEOSE regulations.
   d. Demonstrate an ability to effectively lead and supervise, both by actions and example, police officers and police personnel.

B. **Duties**
   a. Police sergeants and lieutenants will routinely be expected to perform all duties expected of police officers.
   b. Provide effective and quality first line supervision of police officers.
   c. Complete personnel evaluations of all employees under their supervision in the time and manner required by Department General Orders.
   d. Effectively and efficiently attend to administrative matters which, from time to time, may be assigned by the Chief of Police.

Role Play Preparation

Candidate Instructions

Instructions: For this exercise, you will view a short video involving a police shooting. Be sure to pay attention to every detail as you will need to present a Press Release to the media in a few minutes regarding the situation, and the position of the Socorro PD.

Once the video is over, you will have 5 minutes to prepare your press release which should last no more than 5 more minutes. You will not be allowed to use your notes during this segment.

Once you are done with the press release, your Chief will need to be debriefed on the situation in 5 minutes or less. Be sure to think of some talking points that you will want to share with him as well.

Good luck!

Additional Information:

The police department has been involved in numerous fatal shootings throughout the years. There has been public outcry and the department of Justice has become involved in reviewing all shootings. The conclusion, which has been made public, is less than favorable. In fact, the Department of Justice has concluded that the police department has violated public rights by using excessive force on occasions when it was not justified. Furthermore it goes on to state there appears a culture of aggression within the agency that is supported by training and past practices.

In a recent Officer Involved Fatal Shooting, a video recording of the incident appears to support DOJ findings. A homeless man, camping in a remote area of the mountains, is confronted by a tactical team. The gentleman, later identified as David Smith, DOB: 12/12/1968, was holding knives in each hand when he was shot. He was taken to Del Sol Medical Center, 10200 Gateway West where he later died.

(Candidate)

Press Questions

You have just seen the video of the shooting in question. The Chief of Police states that the shooting was justifiable. Do you support your Chief's perspective?

What Facts make this justifiable or not?

What are your Department's procedures for shooting people?

What is the victim's name, date of birth and residence?

Have family members been notified?

What hospital was this man taken to?

What are the names of the Officers involved?

Have they had prior similar incidents in the past?

How are they going to be disciplined?

_____ 5. As you know, the Socorro Police Department has a new Chief who is open to new ideas for this agency. If selected, what suggestions would you bring to the Chief? Why are they significant? How would you approach this? (20 points)

_____ 6. This is a scenario. Assume that you have been selected for the Sergeant position, and in your first few weeks on the job, one of your officers asks for guidance on how to handle a traffic report on a confusing situation. You advise her/him and she/he leaves. However, a few hours later, you realize you may not have advised him correctly, but you risk losing your credibility with him since you are still new in the role. How do you handle this? (20 points)

	TOTAL WILL BE CALCULATED BY THE H.R. REPRESENTATIVE (Max points: 100)

_____

Assessor Signature

_____

H.R. Representative Signature

Jesus Ruiz
Mayor

Rene Rodriguez
At Large

Sergio Cox
District 1

Gloria M. Rodriguez
District 2 / Mayor Pro-Tem

Victor Perez
District 3

Anthony Gandara
District 4

Adriana Rodarte
Interim City Manager

#23

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: Adriana Rodarte

SUBJECT: Discussion and action regarding Park Hill Smith & Cooper new design for Mauro Rosas Park and to authorize the acting city manager or her designee to execute the services agreement and other documents necessary to engage the company.

SUMMARY

This action approves City of Socorro to approve Park Hill Smith & Cooper new design for Mauro Rosas Park.

STATEMENT OF THE ISSUE

City of Socorro has approved $300,000 for Mauro Rosas Park pending new design approval.

FINANCIAL IMPACT

Account Code (GF/GL/Dept): CO 2014

Funding Source: CO 2014

Amount: $300,000

Quotes (Name/Commodity/Price) N/A

Co-op Agreement (Name/Contract#) N/A

ALTERNATIVE

Decline design

STAFF RECOMMENDATION

Recommends approval for Mauro Rosas Park Design

REQUIRED AUTHORIZATION

1. **City Manager** _____ **Date**_____
2. **CFO** _____ **Date**_____
3. **Attorney** _____ **Date** _____