

**STATE OF NEW
MEXICO
CITY OF RATON
FINANCIAL STATEMENTS**

JUNE 30, 2008

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STATE OF NEW MEXICO
CITY OF RATON

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CITY OF RATON

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STATE OF NEW MEXICO
CITY OF RATON

Official Roster

June 30, 2008

ELECTED OFFICIALS & ADMINISTRATION

Name	Title
<u>City Commission</u>	
Joe F. Apache	Mayor
Jesse J. Johnson	Mayor Pro Tem
Charles Henry	Commissioner
Tresa Kagan	Commissioner
Sara Murphy Kowalski	Commissioner
<u>Municipal Judge</u>	
Roy J. Manfredi	Municipal Judge
<u>Administration</u>	
Pete Mileta, Jr.	City Manager
Michael Anne Lannon	City Clerk/Treasurer
<u>Raton Water Works</u>	
Allen Litchfield	Chairman
Irwin Record	Vice Chairman
Joe Gagliardi	Board Member
Sara Murphy Kowalski	Commissioner
Jesse J. Johnson	Commissioner

STATE OF NEW MEXICO
CITY OF RATON

Official Roster (Continued)

June 30, 2008

ELECTED OFFICIALS & ADMINISTRATION

Name Title

Administration

Dan Campbell Utility Manager

Bonnie Cunico Office Manager

Housing Authority Commission

Robert Stoller Chairperson

Margaret Evans Vice Chairperson

Margaret Evans Commissioner

Mike Morgan Commissioner

John Duran Commissioner

Administration

Terry Baca Program Coordinator

Tresa Kagan City Commissioner

Rita Flores Director

The Public Service Company

Steve Cunico President

Kathy McQueary Vice President

Scott Berry Treasurer

Joe Apache Director

Charles Henry Director

STATE OF NEW MEXICO
CITY OF RATON

Official Roster (Continued)

June 30, 2008

ELECTED OFFICIALS & ADMINISTRATION

Name	Title
<u>Administration</u>	
Glen Fisher	General Manager
Sandy Chavez	Office Manager

Independent Auditors' Report

State of New Mexico
City of Raton
and
Mr. Hector H. Balderas,
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the general fund budgetary comparison, and the aggregate remaining fund information of the City of Raton, New Mexico (City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor funds, including the budgetary comparisons, and the budgetary comparisons of the major enterprise funds presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The records related to capital assets of the governmental activities of the City and the discretely presented component unit, Raton Public Service Company, are incomplete, and we were not able to satisfy ourselves by other procedures as to the accuracy of the valuation of such capital assets.

State of New Mexico
City of Raton and
Mr. Hector H. Balderas,
New Mexico State Auditor

In our opinion, except for the effects, if any, of inadequate information related to capital assets for the governmental activities, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City as of June 30, 2008, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the effects, if any, of inadequate information related to capital assets for the discretely presented component unit Raton Public Service Company, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, major funds, and the aggregate remaining fund information of the City as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budget comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each nonmajor fund of the City, as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, the budget statements referred to above present fairly, in all material respects the budgetary comparisons of the major capital project funds, the nonmajor governmental funds and the enterprise funds for the year ended June 30, 2008 in conformity with the budgetary basis more fully described in Note 1 which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As described in Note 15 to the financial statements, the City restated fund balances and net assets as of July 1, 2007 for its' governmental activities.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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

State of New Mexico
City of Raton and
Mr. Hector H. Balderas,
New Mexico State Auditor

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

For the year ended June 30, 2008, the City has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements and on the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the schedule of changes in assets and liabilities for the agency fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss Adams LLP

Albuquerque, New Mexico
November 29, 2008

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Raton Public Service	Raton Housing Authority
ASSETS					
Cash and temporary investments	\$ 4,394,030	4,324,380	8,718,410	500,000	507,998
Receivables, net of allowance for uncollectibles	1,883,227	353,948	2,237,175	449,292	50,282
Inventory	-	60,159	60,159	772,321	14,844
Note receivable, current portion	-	13,772	13,772	-	-
Prepaid expenses	-	-	-	7,077	3,480
Restricted cash and investments	-	-	-	4,290,402	59,634
Loan acquisition costs, net	10,500	-	10,500	-	-
Note receivable, long term	-	140,192	140,192	-	-
Capital assets, not depreciated	1,167,263	-	1,167,263	13,841	388,208
Capital assets, net of accumulated depreciation	13,398,597	21,656,952	35,055,549	5,241,772	1,870,758
Total assets	\$ 20,853,617	26,549,403	47,403,020	11,274,705	2,895,204
LIABILITIES					
Cash overdraft	\$ 460,282	-	460,282	-	-
Accounts payable	398,412	28,216	426,628	388,527	44,369
Accrued liabilities	121,377	38,076	159,453	57,826	58,691
Intergovernmental liability	-	-	-	22,418	-
Deposits	-	115,743	115,743	252,638	-
Deferred revenues	5,619	-	5,619	-	-
Compensated absences	372,741	201,014	573,755	87,390	-
Long-term liabilities, due in one year	563,771	-	563,771	111,315	-
Long-term liabilities, due in more than one year	3,909,110	3,495,015	7,404,125	1,983,776	-
Total liabilities	\$ 5,831,312	\$ 3,878,064	\$ 9,709,376	2,903,890	103,060
NET ASSETS					
Invested in capital assets, net of related debt	\$ 10,092,979	19,197,437	29,290,416	3,160,522	2,258,966
Restricted for					
Special projects	1,257,066	-	1,257,066	-	-
Capital projects	2,036,934	-	2,036,934	-	-
Debt service	698,710	-	698,710	-	-
Unrestricted	936,616	3,473,902	4,410,518	5,210,293	533,178
Total net assets	\$ 15,022,305	22,671,339	37,693,644	8,370,815	2,792,144

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Primary Government Activities		Component Units	
						Governmental Activities	Business Type Activities	Raton Public Service	Raton Housing Authority
Primary government									
Governmental activities									
General government	\$ 3,422,649	522,765	251,012	1,197,037	(1,451,835)	-	-	-	-
Public safety	3,216,347	14,247	941,506	144,366	(2,116,028)	-	-	-	-
Culture and recreation	357,306	-	7,726	1,443,385	1,093,905	-	-	-	-
Highways and streets	801,479	3,750	-	352,226	(445,503)	-	-	-	-
Interest on long-term debt	306,994	-	-	-	(306,994)	-	-	-	-
Total governmental activities	8,104,775	540,762	1,200,244	3,137,314	(3,226,435)	-	-	-	-
Business-type activities									
Raton Water Works	2,509,438	1,854,585	-	-	(654,853)	(654,853)	-	-	-
Sanitation Department	1,052,779	811,935	-	-	(240,844)	(240,844)	-	-	-
Total business-type activities	3,562,217	2,666,520	-	-	(895,697)	(895,697)	-	-	-
Total primary government	\$ 11,666,992	3,207,282	1,200,244	3,137,314	(3,226,435)	(895,697)	-	-	-
Component Units									
Raton Public Service Company	\$ 6,367,726	6,691,650	-	-	-	-	-	3,239,924	-
Raton Housing Authority	720,965	195,476	295,339	235,357	-	-	-	-	5,207
Total component units	7,088,691	6,887,126	295,339	235,357	-	-	-	3,239,924	5,207
General Revenues									
Property taxes	\$ 482,571	-	-	-	482,571	-	-	-	-
Franchise taxes	115,427	-	-	-	115,427	-	-	-	-
Gross receipts taxes	3,805,049	-	-	-	3,805,049	1,391,772	-	-	-
Lodgers taxes	423,996	-	-	-	423,996	-	-	-	-
Motor fuel taxes	278,992	-	-	-	278,992	-	-	-	-
Motor vehicle taxes	17,486	-	-	-	17,486	-	-	-	-
Cigarette taxes	9,829	-	-	-	9,829	-	-	-	-
Interest income	183,820	-	-	-	183,820	211,161	-	163,178	17,021
Interest expense	-	-	-	-	-	(127,422)	-	(98,241)	-
Other	140,886	-	-	-	140,886	136,582	-	43,911	-
Total general revenues	5,488,056	-	-	-	5,488,056	1,612,093	-	143,937	66,932
Transfers									
Change in net assets						2,231,601	716,396	388,861	66,139
Net assets, beginning of year as previously reported						12,644,340	21,954,943	7,981,454	2,726,005
Prior period adjustment						146,364	-	-	-
Net assets, beginning, restated						12,790,704	21,954,943	7,981,454	2,726,005
Net assets, ending						\$ 15,022,305	22,671,339	\$ 8,370,315	\$ 2,792,144

See Notes to Financial Statements

STATE OF NEW MEXICO
CITY OF RATON
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 20008

	General Fund	Other Governmental Funds	Total
ASSETS			
Current Assets			
Cash and temporary investments	\$ 852,017	3,542,013	4,394,030
Accounts receivable - net	584,663	1,298,564	1,883,227
Due from other funds	-	-	-
Loan acquisition costs - net	-	10,500	10,500
Total assets	\$ 1,436,680	4,851,077	6,287,757
Current Liabilities			
Cash overdraft	\$ -	460,282	460,282
Accounts payable	8,077	390,335	398,412
Due to other funds	-	-	-
Accrued expenses	119,246	2,131	121,377
Deferred revenue	-	5,619	5,619
Total liabilities	127,323	858,367	985,690
FUND BALANCE			
Fund balance			
Reserved			
Debt service	-	698,710	698,710
Unreserved, reported in			
General fund	1,309,357	-	1,309,357
Special revenue funds	-	1,257,066	1,257,066
Capital project funds	-	2,036,934	2,036,934
Total fund balance	1,309,357	3,992,710	5,302,067
Total liabilities and fund balance	\$ 1,436,680	4,851,077	6,287,757

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

Total fund balance governmental funds	\$ 5,302,067
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	14,565,860
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(4,845,622)</u>
Net assets governmental activities	<u>\$ 15,022,305</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	General Fund	Other Governmental Funds	Total
Revenues			
Property taxes	\$ 596,447	-	596,447
Franchise taxes	115,427	-	115,427
Gross receipts taxes	3,204,608	600,447	3,805,055
Lodgers taxes	-	423,996	423,996
Motor fuel taxes	-	278,992	278,992
Motor vehicle taxes	17,486	-	17,486
Cigarette taxes	15,467	(5,638)	9,829
State sources	248,605	3,174,056	3,422,661
Grants	-	914,897	914,897
Fees & fines	68,020	11,535	79,555
Licenses and permits	24,718	-	24,718
Charges for services	430,027	6,462	436,489
Interest	48,814	135,006	183,820
Miscellaneous	7,329	375,745	383,074
Total revenues	4,776,948	5,915,498	10,692,446
Expenditures			
Current			
General government	1,167,020	911,141	2,078,161
Public safety	2,908,768	75,408	2,984,176
Culture and recreation	197,596	43,625	241,221
Highways and streets	592,526	-	592,526
Capital outlay	165,549	4,078,349	4,243,898
Debt service - principal	-	258,630	258,630
Debt service - interest	-	306,994	306,994
Total expenditures	5,031,459	5,674,147	10,705,606
Excess (deficiency) of revenues over expenditures	(254,511)	241,351	(13,160)
Other financing sources (uses)			
Transfers in	165,383	1,870,262	2,035,645
Transfers out	(415,443)	(1,384,574)	(1,800,017)
Total other financing sources (uses)	(250,060)	485,688	235,628
Net change in fund balance	(504,571)	727,039	222,468
Fund balance, beginning of year as originally reported	1,813,928	3,119,307	4,933,235
Restatement	-	146,364	146,364
Fund balance, beginning of year, restated	1,813,928	3,265,671	5,079,599
Fund balance, end of year	\$ 1,309,357	3,992,710	5,302,067

See Notes to Financial Statements

STATE OF NEW MEXICO
 CITY OF RATON
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 June 30, 2008

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

Net changes in fund balances total governmental funds	\$ 222,468
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay included as expenses in the governmental funds	3,309,237
Depreciation expense not included in the governmental funds	(928,682)
Governmental funds do not record the expense necessary to adjust compensated absences, statements of activities records the changes as program expenditure	(28,163)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. In the current year, debt proceeds exceeded principal payments by	<u>(343,259)</u>
Change in net assets governmental activities	<u>\$ 2,231,601</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2008

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 4,020,826	3,906,628	3,906,629	1
State sources	196,800	206,435	206,435	-
Fines	48,600	53,255	53,255	-
Licenses and permits	31,810	24,718	24,718	-
Charges for services	475,800	524,948	524,950	2
Interest	48,000	48,814	48,814	-
Miscellaneous	2,000	7,328	7,328	-
Total revenues	4,823,836	4,772,126	4,772,129	3
Expenditures				
Current				
General government	1,250,071	1,220,715	1,163,647	57,068
Public safety	2,985,234	2,976,290	2,890,803	85,487
Public works	680,542	627,800	581,596	46,204
Culture and recreation	200,825	196,572	196,571	1
Capital outlay	142,508	188,764	188,763	1
Total expenditures	5,259,180	5,210,141	5,021,380	188,761
Transfers in	-	165,383	165,383	-
Transfers out	(73,887)	(378,141)	(375,003)	3,138
Total transfers	(73,887)	(212,758)	(209,620)	3,138
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(509,231)</u>	<u>(650,773)</u>	<u>(458,871)</u>	<u>(191,902)</u>
Budgeted beginning cash	<u>509,231</u>			
	<u>\$ -</u>			
Changes in accounts receivable			(35,621)	
Changes in accounts payable			15,121	
Changes in accrued liabilities			<u>(25,200)</u>	
GAAP change in fund balance			<u>\$ (504,571)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
BALANCE SHEET
ENTERPRISE FUNDS
June 30, 2008

	Water and Sewer	Sanitation	Total
ASSETS			
Current Assets			
Cash and temporary investments	\$ 4,077,442	246,938	4,324,380
Accounts receivable, net	353,948		353,948
Notes receivable, current portion	13,772	-	13,772
Inventory	60,159	-	60,159
Total current assets	4,505,321	246,938	4,752,259
Long-Term Assets			
Notes receivable, long-term portion	140,192	-	140,192
Capital assets, net	21,244,493	412,459	21,656,952
Total long-term assets	21,384,685	412,459	21,797,144
Total assets	\$ 25,890,006	659,397	26,549,403
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities			
Accounts payable	\$ 28,216	-	28,216
Customer deposits	115,743	-	115,743
Accrued compensated absences	154,565	46,449	201,014
Revenue bonds, current portion	-	-	-
Accrued payroll	25,823	12,253	38,076
Total current liabilities	324,347	58,702	383,049
Long-Term Liabilities			
Closure and post-closure care	-	1,035,500	1,035,500
Revenue bonds	2,459,515	-	2,459,515
Total long-term liabilities	2,459,515	1,035,500	3,495,015
Total liabilities	2,783,862	1,094,202	3,878,064
Net Assets			
Invested in capital assets, net of related debt	18,784,978	412,459	19,197,437
Net assets (deficit), unrestricted	4,321,166	(847,264)	3,473,902
Total net assets (deficit)	23,106,144	(434,805)	22,671,339
Total liabilities and net assets	\$ 25,890,006	659,397	26,549,403

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES
EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
June 30, 2008

	Water and Sewer	Sanitation	Total
Operating Revenues			
Charges for services	\$ 1,854,585	811,935	2,666,520
Taxes	1,391,772	-	1,391,772
Miscellaneous	240,596	4,193	244,789
Total operating revenues	3,486,953	816,128	4,303,081
Operating Expenses			
Franchise fee	127,263	-	127,263
Filter plant	235,264	-	235,264
Sewer plant	391,135	-	391,135
Construction and maintenance	646,315	-	646,315
Solid waste collection	-	976,902	976,902
General and administrative	369,612	-	369,612
Depreciation	612,427	75,877	688,304
Total operating expenses	2,382,016	1,052,779	3,434,795
Operating income (loss)	1,104,937	(236,651)	868,286
Non-Operating Revenues (Expenses)			
Interest income	199,762	11,399	211,161
Interest charges	(127,422)	-	(127,422)
Total non-operating revenues and expenses	72,340	11,399	83,739
Net income (loss)	1,177,277	(225,252)	952,025
Transfers out	(235,628)	-	(235,628)
Net assets, beginning of year	22,164,495	(209,553)	21,954,942
Net assets, end of year	\$ 23,106,144	(434,805)	22,671,339

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
June 30, 2008

	Water and Sewer	Solid Waste	Total
Operating Activities			
Cash received from customers	\$ 1,868,181	890,322	2,758,503
Cash received for taxes	1,391,772	-	1,391,772
Cash payments to suppliers	(1,037,209)	(221,861)	(1,259,070)
Cash paid for payroll and benefits	(804,169)	(482,219)	(1,286,388)
Other	240,596	-	240,596
Net cash provided by operating activities	1,659,171	186,242	1,845,413
Capital and Related Financing Activities			
Purchase of property	(1,460,814)	(221,607)	(1,682,421)
Principal paid on debt	(181,258)	-	(181,258)
Interest paid on debt	(127,422)	-	(127,422)
Transfers to governmental funds for capital projects	(235,628)	-	(235,628)
Net cash used by capital and related financing activities	(2,005,122)	(221,607)	(2,226,729)
Investing Activities			
Interest received on investments	199,762	11,399	211,161
Proceeds from principal of note receivable	13,282	-	13,282
Net cash provided by investing activities	213,044	11,399	224,443
Net decrease in cash	(132,907)	(23,966)	(156,873)
Cash at beginning of year	4,210,349	270,904	4,481,253
Cash at end of year	\$ 4,077,442	246,938	4,324,380
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 1,104,937	(236,651)	868,286
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	612,427	75,877	688,304
Post closure costs	-	281,500	281,500
Accounts receivable	(21,658)	67,097	45,439
Due from RPS	13,679	-	13,679
Inventories	26,529	-	26,529
Accounts payable	(110,135)	-	(110,135)
Accrued expenses	11,817	(1,581)	10,236
Deposits	21,575	-	21,575
Net cash provided by operating activities	\$ 1,659,171	186,242	1,845,413

See Notes to Financial Statements.

STATE OF NEW MEXICO
 CITY OF RATON
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 Year Ended June 30, 2008

	Agency Fund
	<u> </u>
ASSETS	
Cash and temporary investments	\$ 4,916
Total assets	<u>\$ 4,916</u>
LIABILITIES	
Deposits held in trust for others	\$ 4,916
Total liabilities	<u>\$ 4,916</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Raton, New Mexico (City) was incorporated April 28, 1891. The City operates under a Commission Manager form of Government and provides the following services as authorized by its charter: public safety (fire, emergency service, ambulance), police, highways and streets, low-income housing, public utilities (water, sewer, electric, sanitation), health and social services, culture and recreation, education, public improvements, planning and zoning, and general administrative services.

The City is a body politic and corporate under the name and form of government selected by its qualified electors. The City may:

- Sue or be sued;
- Enter into contracts and leases;
- Acquire and hold property, both real and personal
- Have a common seal which may be altered at pleasure;
- Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
- Protect generally the property of its municipality and its inhabitants;
- Preserve peace and order within the municipality; and
- Establish rates for services provided by municipal utilities and revenue producing projects, including amounts, which the governing body determines to be reasonable in the operation of similar facilities.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Raton Water Board is considered a department of the City and is included in the primary government financial statements.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria for including a potential component unit within the reporting entity. The first criterion for including potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits of the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following are the component units included in defining the City's reporting entity:

- Housing Authority of the City of Raton
- Raton Public Service Company

The physical assets of the Raton Public Service Utility System are the property of the City of Raton. The management of the Utility System rests with the Raton Public Service Company (Company), a New Mexico Corporation, pursuant to a franchise contract, Ordinance No. 731, amended by Ordinance No. 942, of the City of Raton. All of the Company's financing is provided by the City through the issuance of municipal revenue bonds. Various bond reserves are established by the terms of the City's bond ordinances. The Company is managed by a board of five directors, three of whom are elected by the Trustees and two of whom are members of the City Commission.

Raton Public Service Company issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: Raton Public Service Company, Raton, NM 87740.

The Housing Authority of the City of Raton is governed by a five member Commission, which is appointed by the City Commissioners. The Annual Contribution Contracts (authorizing agreements for funding between the City's Housing Authority and the US Department of Housing and Urban Development (HUD)) are signed by the City Commissioners. For fiscal year ended June 30, 2008, the Housing Authority of the City of Raton issued a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: Housing Authority of the City of Raton, PO Box 297, Raton, NM 87740.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) 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 and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of 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*.

Separate financial statements are provided for governmental funds, enterprise funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other governmental transactions that represent services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principle ongoing operations.

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.

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 period. Expenditures, generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Those revenues susceptible to accrual are property taxes, gross receipts taxes, state shared taxes, investment income and charges for services. In accordance with GASB Statement 33, estimated revenue that is not available is recorded as both accounts receivable and deferred revenue. Gross receipts and other intergovernmental taxes are not recorded as the amounts are not estimable. Grant revenues are recognized as revenues when the related costs are incurred. 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 revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In a subsequent period when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The City reports the following major governmental 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.

The City records the amount of grant expenditures in excess of receipts as a receivable from the funding source. Revenue for expenditure driven grants is recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

Proprietary funds are accounted for on the flow of economic resources measurement focus (all assets and all liabilities associated with the operation of these funds are included on the balance sheet) and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations. Fund equity (i.e., net of total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Cash and Temporary Investments. Amounts reflected as "cash and temporary investment" on the Statement of Net Assets include amounts on hand and in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. Investments, primarily certificates of deposit with financial institutions, are stated at cost or amortized cost, which approximates its market value.

The City is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978 annotated, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

All money not immediately necessary for public use of the City may be invested in:

- a. Bonds or negotiable securities of the United States, the state or any county, municipality or town which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- b. Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government; or in contracts with bank, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent (102%) of the contract. The collateral required for investment in the contracts provided in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment.

If the City is unable to receive payment on public money at the rate of interest set forth by the State Board of Finance (which is no less than one hundred percent (100%) of the asked price on the United States treasury bills of the same maturity on the day of the deposit) from financial institutions within the geographic boundaries of the governmental unit, the City may invest its money as provided under Section 6-10-10.1 NMSA 1978 with the New Mexico State Treasurer's investment pool. As of June 30, 2008, the City had no funds invested in the State Treasurer's investment pool.

Allowance for Doubtful Accounts. The City has determined that receivables are not 100% collectible. To determine the collectibility and related allowance for doubtful accounts, management takes into consideration the aging of receivables, past history, amnesty programs, and the ability to lien property.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

The City has reviewed its customer base for concentrations of credit risk and has determined that no individual customer or group of customers engaged in similar activities represent a material concentration of credit risk to the City.

Property taxes are levied and collected by Colfax County. The County remits to the City amounts collected for the applicable portion of the property taxes in the month following the date of receipt. The City recognizes property taxes as revenue on the modified accrual basis. Property taxes are levied as of January 1st on property values assessed on the same date. The tax levy is payable in two installments, November 10th and April 10th. The property taxes are considered delinquent and subject to lien, penalty, and interest, 30 days after the date on which they are due.

Inventory. Inventory is valued at cost on a first-in, first-out basis. Inventory in the enterprise funds consists of meters, pipe, gauges, etc. used to maintain and improve the systems. The cost is recorded as an expenditure at the time individual items are purchased.

Capital Assets. Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as construction in progress as they are constructed and are depreciated as the project is completed. Such assets, including infrastructure, have higher limits that must be met before they are capitalized. Software is included as part of the cost of equipment. Interest incurred on debt outstanding during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

STATE OF NEW MEXICO
 CITY OF RATON
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (CONTINUED)

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

Building	40 years
Land improvements	20 years
Furniture, fixtures, & equipment	10 years
Vehicles	7 years
Mapping	20 years
Airport improvements	15 years

The lives (in years) used for depreciation purposes for the two component units are as follows:

	Housing Authority Of the City of Raton	Raton Public Service Co.
Building and structures, hard costs	33	25 - 50
Site and building improvements	15	10 - 20
Equipment and vehicles	3 - 5	3 - 10

Accrued Compensated Absences. For business-type activities vested vacation leave is recorded in the fund financial statements. For governmental activities, amounts of vested or accumulated vacation leave are not expected to be liquidated with expendable available financial resources are reported in the entity-wide financial statements. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability has been recognized for sick pay as the city does not provide for payment upon termination of employment and does not provide for payment or exchange in the future. In the past, the General Fund was used to liquidate compensated absences.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fund Equity. Reserves represent those portions of fund equity not available for appropriation or expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for the future use of financial resources. Portions of the fund balances have been reserved for subsequent year's expenditures. The reservation represents the amount of cash appropriated in the subsequent year's budget. Also, a portion of the fund balances is reserved for noncurrent accounts and notes receivable to indicate that the net receivable amounts are not "available spendable resources".

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Loan Acquisition Costs. Loan acquisition costs are being written off over the life of the loan on a straight-line basis. At June 30, 2008, the loan acquisition costs shown on Statement of Net Assets are net of \$ 10,500 in amortization.

Joint Powers Agreement. RPS, The City of Raton and ARPA have entered into joint powers agreement to jointly finance a Raton Generation Project (Project) and the ownership and operation thereof. ARPA and the City of Raton will finance the Project on a fifty-fifty shared basis. ARPA shall own the Project facilities and be responsible for their protection. Raton's share of the Project cost shall be considered an equity contribution to ARPA of which it is a member and carried on ARPA's books and financial records as equity assigned to Raton. RPS shall operate and maintain the Project upon acceptance in commercial service.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. LEGAL COMPLIANCE – BUDGETS

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

1. Prior to June 1, the City submits a proposed budget to the Local Government Division of the Department of Finance and Administration. The City Commission has approved the budget submitted after presentation by the City Manager. The operating budget includes proposed expenditures and the means of financing them.
2. The Local Government Division in relation to the City shall:
 - a. Examine each proposed budget, and on or before July 1 of each year approve and certify to the City an operating budget for use pending approval of a final budget.
 - b. Hold public hearings on proposed budgets.
 - c. Make such corrections, revisions, and amendments to proposed budgets as may be necessary to meet the requirements of law.
 - d. Certify a final budget for the City prior to the first Monday in September of each year. Such budgets, when approved, shall be binding upon all taxing officials of the State.
 - e. Upon the approval of the Secretary of Finance and Administration, authorize the transfer of funds from one budget item to another budget item when such transfer is required or an emergency condition exists meriting such transfer and such transfer is not prohibited by law. In case of an emergency necessitating the expenditure for an item or items not provided for in the budget, upon approval of the Secretary of Finance and Administration, the budget may be revised to authorize such expenditures.
 - f. With written approval of the Secretary of Finance and Administration and the Attorney General, increase the total budget of the City in the event the City undertakes an activity, service, project, or construction program which was adopted and approved and which activity, service, project, or construction program will produce sufficient revenue to cover the increase in the budget, or if the City has surplus funds on hand which are not necessary to meet the expenditures provided for in the original budget with which to cover such increase in the budget.
 - g. Supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted, and that there will not be illegal expenditures.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

- h. With the approval of the Secretary of Finance and Administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds, or in any manner relating to the financial affairs of the City.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission and the Local Government Division of the Department of Finance and Administration (DFA). Unexpended budget appropriations lapse at year-end.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

Budgets for the General, Special Revenue, Debt Service and Capital Projects funds are adopted on a basis inconsistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on this non-GAAP budgetary basis.

5. Budgeted amounts are as originally adopted, or as legally amended by the City and DFA. Individual amendments were not material in relation to the original budgets.
6. The Level of expenditures, which may not legally exceed the budget, is at the fund level as provided by state law.
7. Encumbrances lapse at year-end and are not reported in the budgets or financial statements.

NOTE 3. DEPOSITS AND INVESTMENTS

Cash and investments held by the City include cash on deposit with financial institutions and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. Deposits are secured by both Federal depository insurance and collateral pledged in City's name. Under New Mexico law, all deposits with financial institutions must be collateralized in an amount not less than 50% (102% for overnight repurchase agreement deposits) of the uninsured balance. Market values of all cash and deposits approximate the cost of those assets.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2008, the City's deposits were exposed to custodial credit risk as follows:

Insured	\$ 301,967
Uninsured and collateralized with securities held in financial institutions name	4,804,839
Uninsured and uncollateralized	<u>3,612,473</u>
	<u>\$ 8,719,279</u>

The following schedule shows deposits and investments for the primary government as of June 30, 2008:

Bank Name	Account Type	Maturity Date	June 30, 2008 Bank	Reconciling Items	June 30, 2008 Book
International Bank					
Operating	Checking	N/A	85,000	-	85,000
Special investment	Checking	N/A	603,907	(237,342)	366,565
Pooled special revenue	Checking	N/A	25,000	-	25,000
Special revenue	Checking	N/A	449,266	(45,048)	404,218
Pooled capital projects	Checking	N/A	36,601	(23,781)	12,820
GRT Swim/Rec. Ctr.	Checking	N/A	368,549	13,838	382,387
Enterprise/Solid Waste	Checking	N/A	10,000	-	10,000
Enterprise/Solid Waste	Checking	N/A	195,454	41,484	236,938
Water/SGRT	Checking	N/A	98,558	-	98,558
Water Operating	Checking	N/A	199,166	(195,445)	3,721
Water Meter Deposit	Checking	N/A	83,118	(3,957)	79,161
Water Capital Improv.	Checking	N/A	300,646	-	300,646
Water Bond Retirement	Checking	N/A	38,103	-	38,103
Water Int. and Sinking	Checking	N/A	336	-	336
Waste Water Treatment	Checking	N/A	37,384	-	37,384
Waste Water Treatment	Checking	N/A	101,439	-	101,439
Pooled Trust	Checking	N/A	253	(253)	-
Payroll Clearing	Checking	N/A	3,043	(3,043)	-
Municipal Court	Checking	N/A	4,621	295	4,916
Municipal Court	Checking	N/A	2,776	500	3,276
Environmental GRT	Cert. of Dep.	12/26/08	200,000	-	200,000
Environmental GRT	Cert. of Dep	12/29/08	200,000	-	200,000
Pool/Rec.	Cert. of Dep	12/26/08	238,000	-	238,000
Pool/Rec.	Cert. of Dep	12/29/08	275,000	-	275,000
General Fund	Cert. of Dep	12/26/08	100,000	-	100,000
Water	Cert of Dep	09/23/08	887,844	-	887,844
Water	Cert of Dep	09/12/08	768,695	-	768,695
Water	Cert of Dep	07/17/08	287,720	-	287,720
Water	Cert of Dep	12/07/08	145,258	-	145,258

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Bank Name	Account Type	Maturity Date	June 30, 2008 Bank	Reconciling Items	June 30, 2008 Book
Water	Cert. Of Dep.	12/12/08	\$ 218,908	-	218,908
Bank of America					
Water Bond Reserve	Checking	N/A	980	-	980
Supplemental GRT	Checking	N/A	987	-	987
First National Bank of NM					
General Fund	Cert. of Dep	9/4/08	75,000	-	75,000
General fund	Cert. Of Dep.	12/3/08	75,000	-	75,000
General Fund	Cert. Of Dep.	12/4/08	75,000	-	75,000
General Fund	Cert. Of Dep.	9/12/08	75,000	-	75,000
Library Building	Cert. Of Dep.	1/22/09	80,000	-	80,000
Library Building	Cert. Of Dep.	7/22/08	149,700	-	149,700
Library Building	Cert. of Dep.	9/10/08	103,160	-	103,160
Pool/Rec	Cert. of Dep.	9/2/08	200,000	-	200,000
Pool/Rec	Cert. Of Dep.	12/5/08	100,000	-	100,000
Pool/Rec	Cert. Of Dep.	7/20/08	25,000	-	25,000
Water	Cert. of Dep.	11/21/08	658,558	-	658,558
Water	Cert. Of Dep.	12/19/08	587,967	-	587,967
New Mexico Finance Authority					
Fire Equipment Loan	Trust Account	N/A	26,272	-	26,272
Loader	Trust Account	N/A	2,249	-	2,249
Welcome Center	Trust Account	N/A	11,952	-	11,952
Street Improvements	Trust Account	N/A	99,837	-	99,837
Street Imprv. Reserve	Trust Account	N/A	100,174	-	100,174
Welcome Ctr. Reserve	Trust Account	N/A	50,454	-	50,454
Fire Equipment Reserve	Trust Account	N/A	3,242	-	3,242
Recreation Center	Trust Account	N/A	44,760	-	44,760
Recreation Center	Trust Account	N/A	209,342	-	209,342
Total cash and temporary investments			<u>\$8,719,279</u>	<u>(452,752)</u>	<u>8,266,527</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one institution. Individual deposits by institution are indicated below. The following schedules pertain to the primary government:

	Bank Balance
International Bank of Raton, NM	
Demand deposits	\$ 2,643,218
Time deposits	<u>3,321,427</u>
	\$ 5,964,645
Less FDIC insurance	
Demand deposits	(100,000)
Time deposits	<u>(100,000)</u>
Uninsured deposits	<u>\$ 5,764,644</u>
Total required collateralization	<u>\$ 2,882,322</u>
Collateralization held by Federal Reserve Bank, Denver	
FHLB due 12-10-10 (3133X DTA9),	\$ 100,000
FHLB due 11-13-09 (3133MUGP4),	375,000
FHLB due 10-14-08 (3133XDJG7),	1,300,000
FHLB due 6-13-14 (3133XKTV7),	1,800,000
FHOR due 9-17-10 (3133X4LX7),	<u>150,000</u>
	\$ 3,725,000
Overcollateralized	<u>\$ 842,678</u>
Bank of America	
Demand deposits	\$ 1,967
Less FDIC coverage	<u>(1,967)</u>
Uninsured deposits	<u>\$ -</u>
Collateralization required	<u>\$ -</u>
Trust Service for New Mexico Finance Authority	
Trust accounts invested with the New Mexico Authority collateralized by the State of New Mexico	<u>\$ 548,282</u>
First National Bank of New Mexico	
Time deposits	\$ 2,204,385
Less FDIC insurance	<u>(100,000)</u>
Uninsured deposits	<u>\$ 2,104,385</u>
Collateralization required	<u>\$ 1,052,193</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Collateralization held by Federal Home Loan Bank, Dallas

FNMA, Pool #254583, matures 12/01/2009, CUSIP 31371KXLO	\$ 24,603
FHLB Fixed Rate Note, matures 8/26/2010, CUSIP 3133XCXVO	26,029
FNMA ARM-Pool #670702, matures 11/1/2032, CUSIP 31391MDF7	29,099
FHLB Fixed Rate Note, matures 6/30/2009, CUSIP 31339XZ56	239,837
FHLB Fixed Rate Note, matures 2/22/2018, CUSIP 3133PFR0	178,629
TORRANCE ETC CNTYS NM MUN SD, matures 7/1/2015 CUSIP 891400JS3	156,348
RIO RANCHO NM PUB SCH DIST, matures 8/1/2010 CUSIP 767171EH0	236,290
FNMA ARM – Pool #654324, matures 10/1/2032, CUSIP 31390R4H3	12,388
FNMA ARM – Pool #729128, matures 11/1/2033, CUSIP 31402HA50	27,768
ROOSEVELT CNTY, NM Gross Receipts, matures 6/1/2017, CUSIP 776461AL9	25,508
CHAVEZ CNTY, NM, matures 8/1/2011, CUSIP 162634BF5	67,429
ROY NM SCH DIST NO 003, matures 10/1/2015, CUSIP 780040886	15,236
ROY NM SCH DIST NO 003, matures 10/1/2016, CUSIP 780040BC4	15,167
ROOSEVELT CNTY, NM Gross Receipts, matures 6/1/2017, CUSIP 776461AL9	<u>25,508</u>
	<u>1,079,839</u>
Overcollateralized	<u>\$ 27,644</u>

Information concerning deposits and investments, including collateral requirements, of the City's component units is found in the component unit's separately issued financial statements.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4. RECEIVABLES, NET

The fund receivables of the City of Raton at June 30, 2008, and the related allowance for doubtful accounts was as follows:

	Receivables	Allowance for Doubtful Accounts	Net Receivables
General Fund			
Gross receipt taxes	\$ 289,705	-	289,705
Franchise taxes	104,991	-	104,991
Other taxes	9,028	-	9,028
Grant receivable	49,670	-	49,670
Municipal Court fines	282,269	(258,915)	23,354
Ambulance services	153,402	(45,487)	107,915
	<u>889,065</u>	<u>(304,402)</u>	<u>584,663</u>
Special Revenue Funds			
Fire Grants			
Due from the Federal Government	90,451	-	90,451
Due from State Forestry	38,655	-	38,655
Recreation			
State shared taxes	134	-	134
Lodger's Tax			
Local taxes	45,405	-	45,405
Corrections			
Fines	553	-	553
Environmental GRT			
Local taxes	7,516	-	7,516
Region IV Narcotics			
Due from federal government	1,438	-	1,438
	<u>184,152</u>	<u>-</u>	<u>184,152</u>
Debt Service Funds			
Pavement Assessments			
Assessments	67,245	(60,521)	6,724

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4. RECEIVABLE, NET (CONTINUED)

Capital Projects Funds

Swimming Pool/Rec. Center			
Gross Receipt taxes	\$ 15,085	-	15,085
Parks	733,568	-	733,568
¼% Capital Improvements			
Gross Receipt taxes	13,069	-	13,069
Water			
Grants Receivable	10,900	-	10,900
Historic Building			
Grants Receivable	90,000	-	90,000
Airport			
Due from federal government	40,576	-	40,576
Street Improvements			
Grants Receivable	102,226	-	102,226
Gas Tax	11,994	-	11,994
	<u>11,994</u>	<u>-</u>	<u>11,994</u>

	Receivables	Allowance for Doubtful Accounts	Net Receivables
Enterprise Funds			
Water and Sewer			
Interest	\$ 13,698	-	13,698
Local taxes	124,217	-	124,217
Billed accounts	233,890	(17,857)	216,033
	<u>\$ 371,805</u>	<u>(17,857)</u>	<u>353,948</u>
Component Units			
Housing Authority			
Tenant accounts receivable	\$ 4,798	-	4,798
Grants receivable	40,456	-	40,456
Interest	5,028	-	5,028
	<u>\$ 50,282</u>	<u>-</u>	<u>50,282</u>
Raton Public Service			
Customer receivables	\$ 571,172	(142,144)	429,028
Other	20,264	-	20,264
	<u>\$ 591,436</u>	<u>(142,144)</u>	<u>449,292</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5. NOTE RECEIVABLE, NRA

By agreements between the City and the National Rifle Association (NRA) Special Contribution Fund (Trust), the City extended a water line to trust lands, which have been developed into the National Rifle Association National Shooting and Conservation Center (Whittington Center), and agreed to supply water at stipulated rates. These agreements were dated September 5, 1973, May 10, 1977, and August 27, 1979, respectively. The Trust agreed to pay 49.19% of all costs relating to the extension of the line, up to a total of \$368,958, over a period of 38 years.

Payments of principal are made annually, and payments of interest, which accrue at 5%, are made semiannually. Total amount due on this note at June 30, 2007 is as follows:

Current portion	\$ 13,772
Long-term portion	<u>140,192</u>
	<u>\$ 153,964</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 6. INTERFUND BALANCES AND TRANSFERS

The following schedule details the transfers that were made between the various funds (GAAP Basis) during the year ended June 30, 2008:

	Transfers Out
General Fund	
To Airport CP	\$ 53,268
To Recreation	12,000
To Region IV Grant	4,862
To EMS Fund	22,431
To Parks Capital Project	13,800
To MAP Capital Project	165,383
To Historic Buildings	3,259
To Fire Fund	100,000
Fire Fund	
To Fire Equipment Debt Service	8,937
Lodgers Tax 3%	
To Lodgers' Tax 2%	208,599
Lodgers Tax 2%	
To Welcome Center DS	46,958
Environmental Gross Receipts Tax	
To Equipment Loader DS	17,604
Street Improvements	
To Street Improvement DS	106,533
To MAP Project Fund	95,234
One-quarter Percent Capital Project Fund	
To Parks Capital Project	150,000
To Pool and Recreation Center	83,753
To Montoya Property Fun	3,019
To NMFA Recreation Center DS	206,992
Insurance Reserve	
To One-quarter Percent Capital Project	78,942
Convention Center	
To Lodgers' Tax 2%	19,144
Swim Pool/Recreation Center Fund	
To One-quarter Percent Capital Project	183,753
Map Capital Projects	
To General Fund	165,383
Water Capital Project	
To One-quarter Percent Capital Project	<u>9,723</u>
Total	<u>\$ 1,759,577</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 6. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Transfers are made when revenues are recorded in one fund, for ease of tracking, and the expenditure in a separate fund.

Additionally, the Water and Sewer Enterprise Fund transferred \$234,599 to the Waste Water Treatment Plant Capital Project Fund in the City's governmental type funds. The transfers represent expenditures on the capital project that are funded through the operations of the Water and Sewer Enterprise Fund.

As of June 30, 2008 the General Fund had a due from Fire Protection Fund of \$40,440.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 is as follows:

Primary Government

Governmental-Type Activities

	Balance July 1, 2007	Additions	Deletions/ Transfers	Balance at June 30, 2008
Non-Depreciable Assets:				
Artwork	\$ 127,250	-	-	127,250
Land	530,725	58,000	-	588,725
Construction in progress	4,868,279	713,352	(5,130,343)	451,288
Total Non-Depreciable Assets	<u>5,526,254</u>	<u>771,352</u>	<u>(5,130,343)</u>	<u>1,167,263</u>
Depreciable Assets:				
Buildings	4,429,477	-	5,130,343	9,559,820
Furniture and Equipment	1,961,210	443,540	-	2,404,750
Improvements	5,012,413	1,754,089	-	6,766,502
Vehicles	2,584,468	340,256	-	2,924,724
Total Depreciable Assets	<u>13,987,568</u>	<u>2,537,885</u>	<u>-</u>	<u>21,655,796</u>
Total Governmental Assets	<u>19,513,822</u>	<u>3,309,237</u>	<u>-</u>	<u>22,823,059</u>
Accumulated Depreciation				
Buildings	(2,138,207)	(107,915)	-	(2,246,122)
Furniture and Equipment	(1,042,821)	(212,457)	-	(1,255,278)
Improvements	(2,813,048)	(364,946)	-	(3,177,994)
Vehicles	(1,334,441)	(243,364)	-	(1,577,805)
Total Accumulated Depreciation	<u>(7,328,517)</u>	<u>(928,682)</u>	<u>-</u>	<u>(8,257,199)</u>
Net Governmental Assets	<u>\$12,185,305</u>	<u>2,380,555</u>	<u>-</u>	<u>14,565,860</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7. CAPITAL ASSETS (CONTINUED)

Business-Type Activities

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Non-Depreciable Assets:				
Land	\$ 2,884,201	177,622	-	3,061,823
Total Non-Depreciable Assets	<u>2,884,201</u>	<u>177,622</u>	<u>-</u>	<u>3,061,823</u>
Depreciable Assets:				
Buildings	199,614	1,091	-	200,705
Furniture and Equipment	1,338,852	215,048	-	1,553,900
Infrastructure	24,678,080	1,109,253	-	25,787,333
Vehicles	901,709	140,088	-	1,041,797
Improvements	17,331	25,317	-	42,648
Total Depreciable Assets	<u>27,135,586</u>	<u>1,490,797</u>	<u>-</u>	<u>31,688,206</u>
Total Business-Type Assets	<u>30,019,787</u>	<u>1,668,419</u>	<u>-</u>	<u>31,688,206</u>
Accumulated Depreciation				
Buildings	(99,557)	(5,063)	-	(104,620)
Furniture and Equipment	(942,737)	(130,538)	-	(1,073,275)
Infrastructure	(7,485,128)	(509,335)	-	(7,994,463)
Vehicles	(816,485)	(40,674)	-	(857,159)
Improvements	(13,044)	(2,694)	-	(15,738)
Total Accumulated Depreciation	<u>(9,356,951)</u>	<u>(688,304)</u>	<u>-</u>	<u>(10,045,255)</u>
Net Business-Type Assets	<u>\$ 20,662,836</u>	<u>980,115</u>	<u>-</u>	<u>21,642,951</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7. CAPITAL ASSETS (CONTINUED)

Component Units Raton Public Service	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Non-depreciable land	\$ 13,841	-	-	13,841
Depreciable				
Intangible asset	2,240,057	-	-	2,240,057
Buildings and improvements	11,719,144	-	-	11,179,144
Equipment, furniture and fixtures	1,436,403	67,828	-	1,504,231
Franchise	17,000	-	-	17,000
Total depreciable	<u>14,872,604</u>	<u>67,828</u>	-	<u>14,940,432</u>
Accumulated depreciation	(9,448,248)	(250,412)	-	(9,698,660)
Net depreciable	<u>5,424,356</u>	<u>(182,584)</u>	-	<u>5,241,772</u>
Total capital assets	<u>\$ 5,438,197</u>	<u>(182,584)</u>	-	<u>5,255,613</u>

RPS and ARPA have entered into a memorandum of understanding whereby RPS and ARPA financed the construction of a power generation facility on a fifty-fifty share basis. ARPA shall own the building and is responsible for its operation. In the event the ARPA is dissolved, the facility will be transferred to the City of Raton. Previously, RPS's portion of this facility was reported as an investment in ARPA. However, during 2007 this amount was reclassified as an intangible asset as shown above and will be depreciated over the estimated useful life of the project facilities of 35 years.

During the current year a physical inventory of capital assets was completed at or near year end by an outside firm. However, RPS discovered that there were errors in the detail listing from the physical inventory. The effects on the financial statements resulting from this error are not reasonably determinable.

STATE OF NEW MEXICO
 CITY OF RATON
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 7. CAPITAL ASSETS (CONTINUED)

Raton Public Housing

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Capital assets not depreciated:				
Land	\$ 253,436	-	-	253,436
Construction in progress	741,124	210,841	(563,757)	388,208
Total capital assets not depreciated	<u>994,560</u>	<u>210,841</u>	<u>(563,757)</u>	<u>641,644</u>
Capital assets, depreciated:				
Buildings	6,078,148	563,757	-	6,641,905
Furniture, equipment and machinery - dwellings	102,215	12,700	-	114,915
Furniture, equipment and machinery - administration	204,994	7,592	-	212,586
Leasehold improvements	937,586	4,800	-	942,386
	<u>7,322,943</u>	<u>25,092</u>	<u>-</u>	<u>7,911,792</u>
Accumulated depreciation	<u>(6,097,862)</u>	<u>(196,608)</u>	<u>-</u>	<u>(6,294,470)</u>
Total capital assets, depreciated	<u>1,225,082</u>	<u>235,933</u>	<u>(563,757)</u>	<u>8,553,436</u>
Total capital assets	<u>\$ 2,219,641</u>	<u>39,325</u>	<u>(563,757)</u>	<u>2,258,966</u>

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

General Government

General government	\$ 370,473
Public safety	232,171
Culture and recreation	116,085
Highways and streets	<u>208,953</u>
Total	<u>\$ 928,682</u>

Business-Type activities

Water works	612,427
Sanitation	<u>75,877</u>
Total	<u>\$ 688,304</u>

STATE OF NEW MEXICO
 CITY OF RATON
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 8. LONG-TERM DEBT

General Obligation Bonds

The City has the capacity to issue general obligation bonds to provide funds for the acquisition and/or construction of major capital projects, but as of June 30, 2008 no general obligation bonds had been issued.

Revenue Bonds

The City also has the capacity and has issued both Sales Tax Revenue Bonds whereby the City has pledged income derived from the Gross Receipts Tax and billings on water to pay the required debt service on the bonds.

Business-Type Debt

The City of Raton Water and Sewer Enterprise Fund had the following debt outstanding at June 30, 2008:

\$750,000 2 nd Series 1976 Joint Water and Sewer Extension Revenue Series Bonds, varying annual installments, interest at 5%, matures 7/2016	\$ 313,000
\$4,000,000 Sales Tax Revenue Bonds, monthly payments of \$22,113, interest at 5%, matures 11/2019	<u>2,145,825</u>
Total	2,458,825
Current portion	<u>(308,196)</u>
Long term portion	<u>\$ 2,150,629</u>

The following schedule details the debt service requirements for revenue bonds:

	<u>1976 2nd Series</u>		<u>Sales Tax Revenue Bonds</u>	
	Principal	Interest	Principal	Interest
2009	\$ 28,000	14,950	161,738	103,508
2010	30,000	13,500	170,013	95,227
2011	31,000	11,975	178,711	86,523
2012	33,000	10,375	187,854	77,374
2013	35,000	8,675	197,465	67,756
2014 – 2018	156,000	16,100	1,149,607	176,338
2019 - 2023	-	-	96,524	1,110
Total	<u>\$ 313,000</u>	<u>75,757</u>	<u>2,141,912</u>	<u>607,836</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8. LONG-TERM DEBT (CONTINUED)

Governmental-Type Debt

2006 Series A - On April 18, 2006, the City borrowed \$2,627,154 from the USDA RUS to finance the construction of the waste water treatment plant. The loan is designated as the City of Raton, New Mexico Waste Water System Revenue bond Series 2006 A issued under and pursuant to the city ordinance No 932. The loan is payable from pledged revenues derived from the operations of the city waste water system.

2006 Series B – On April 18, 2006, the city borrowed \$510,440 from the USDA RUS to finance the construction of the waste water treatment. The loan is designated as the City of Raton, New Mexico Waste Water System Revenue bond Series 2006 B issued under and pursuant to the city ordinance No 944. The loan is payable from pledged revenues derived from the operations of the city waste water system.

NMFA Notes Payable

The City entered into six agreements with the New Mexico Finance Authority to provide financing for 1) purchase of two Class A fire trucks, dated June 16, 1998, paid off in May 2008; 2) construction, expansion, and improvement of the Welcome Center, dated March 17, 1998; 3) street improvements, dated June 9, 1998; 4) purchase of wheel loader for use at the landfill, dated September 17, 2004, paid off in May 2008; 5) Construction of a Recreation Center dated April 20, 2007; and 6) Environmental Services Gross Receipt Tax Loan dated June 20, 2008.

Note No. 1. Fire Equipment

The loan is payable solely from the annual state fire allotment authorized pursuant to Section 59A-53-7, NMSA 1978, in the amount certified by the State Fire Marshall or the State Fire Board.

Note No. 2. Welcome Center

The loan is payable solely from 40% (2/5) of the revenues generated by the occupancy tax imposed on lodging in the City of Raton pursuant to the Lodger's Tax Act, Section 3-38-13 to 3-38-24, NMSA 1978 and City Ordinance No. 597 adopted on March 9, 1971 as amended by City Ordinance No. 780 adopted on September 27, 1988.

Note No. 3. Street Improvements

The loan is payable solely from the revenues derived from 1) the one-eighth of one percent increment of municipal infrastructure gross receipts tax imposed by the City of Raton pursuant to Section 7-19D-11, NMSA 1978 and City Ordinance No. 830; and (2) the municipal road gasoline tax revenues received by the City of Raton from the State pursuant to Section 7-1-6.27, NMSA 1978.

STATE OF NEW MEXICO
 CITY OF RATON
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 8. LONG-TERM DEBT (CONTINUED)

Note No. 4. Wheel Loader

The loan is payable solely from the municipal environmental services gross receipts tax, authorized under Governmental Unit Ordinance No. 921, adopted on February 25, 2003, and was authorized pursuant to City Resolution No. 2004-17 adopted on July 26, 2004 as amended by Resolution No. 2004-19 adopted on September 14, 2004.

Note No. 5. Recreation Center

The loan is payable solely from pledged revenues (municipal gross receipts tax imposed by the Governmental Unit pursuant to Section 7-19D-9 NMSA 1978 and Governmental Unit Ordinance No. 937), authorized under Governmental Unit Ordinance No. 951, adopted on March 13, 2007.

Note No. 6. Environmental GRT Loan

The loan is payable solely from the municipal environmental services gross receipts tax, authorized under Governmental Unit Ordinance No. 921, adopted on February 25, 2003 pursuant to Section 7-19D-10, NMSA 1978, as amended, and was authorized pursuant to City Resolution No. 2008-11 adopted May 15, 2008.

Balances and terms on the notes and bonds as of June 30, 2008 are as follows:

<i>2006 series A</i>	
Original loan was \$2,627,154, annual installments interest of 4.38%, matures 04/18/2046.	\$ 2,567,154
<i>2006 series B</i>	
Original loan was \$510,440, annual installments, interest of 4.38%, matures 04/18/2046.	500,440
<i>Fire Equipment</i>	
Original loan was \$283,334, semi-annual installments interest of 3.90% to 4.80%, matures 5/2008.	-
<i>Welcome Center</i>	
Original loan was \$663,909, semi-annual installments interest of 3.80% to 5.180%, matures 5/2018.	401,961
<i>Street Improvements</i>	
Original loan was \$1,122,152, semi-annual installments interest of 3.85% to 5.05%, matures 5/2013.	461,112
<i>Wheel Loader</i>	
Original loan was \$73,000, semi-annual installments interest of 2.45%, matures 5/2008.	-
<i>Recreation Center</i>	
	-
Total	<u>4,129,622</u>
Current portion	200,250
Long-term portion	<u>\$ 3,929,372</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8. LONG-TERM DEBT (CONTINUED)

Future payment on the revenue bonds are as follows:

	<u>Series 2006A</u>		<u>Series 2006B</u>	
	Principal	Interest	Principal	Interest
2009	\$ 30,000	112,400	5,000	21,900
2010	30,000	111,100	6,000	21,700
2011	30,000	109,700	6,000	21,500
2012	30,000	108,400	6,000	21,200
2013	30,000	107,100	6,000	20,900
2014 - 2018	190,000	513,200	36,000	100,500
2019 - 2023	230,000	468,600	44,000	91,900
2024 - 2028	290,000	412,400	55,000	81,300
2029 - 2033	360,000	343,100	68,000	68,300
2034 - 2038	440,000	258,700	84,000	51,900
2039 - 2043	540,000	153,700	105,000	31,800
2044 - 2046	367,154	32,200	79,440	7,400
Total	\$ 2,567,154	2,730,600	500,440	540,300

Future payments on the above notes payable to NMFA are as follows:

	<u>Recreation Center</u>		<u>Environmental GRT Loan</u>		<u>Welcome Center</u>		<u>Street Improvements</u>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal years ending June 30:								
2009	\$ 83,946	125,037	24,972	2,897	32,783	18,344	73,652	22,840
2010	86,948	122,027	29,688	2,678	34,246	16,807	87,666	18,835
2011	90,067	90,067	30,526	1,839	35,808	15,169	91,932	14,579
2012	93,306	93,306	31,421	945	37,472	13,424	96,492	14,579
2013	96,679	96,679	-	-	39,249	11,562	101,370	5,163
2014-2018	539,622	539,622	-	-	222,403	31,538	-	-
2019-2023	651,409	651,409	-	-	-	-	-	-
2024-2028	791,727	794,727	-	-	-	-	-	-
2029-2046	756,688	756,688	-	-	-	-	-	-
Total	\$3,190,392	1,823,067	116,607	8,358	401,961	106,844	461,112	71,446

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8. LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Units

Notes payable at June 30, 2008 for Raton Public Service are comprised of the following:

2002 note payable to New Mexico Finance Authority, original amount of \$2,693,610, due in annual installments through May 1, 2022, interest rate at 2.06% to 4.86%.	\$ 2,095,416
Current portion	<u>(111,315)</u>
Long-term portion	<u>\$ 1,984,101</u>

The loans are an obligation of the City of Raton with future revenues of Raton Public Service Company pledged as collateral. The purpose is to finance an electric generation plant in accordance with a joint powers agreements with Arkansas River Power Authority.

The annual requirements to amortize the principal of all debt outstanding as of June 30, 2008 is as follows:

Year Ended June 30,	Principal	Interest	Total
2009	\$ 111,315	90,803	202,118
2010	112,677	89,441	202,118
2011	116,929	85,481	202,410
2012	121,492	81,221	202,713
2013	126,359	76,670	203,029
2014-2018	717,604	302,756	1,020,360
2019-2022	<u>789,040</u>	<u>129,881</u>	<u>918,921</u>
	<u>\$ 2,095,416</u>	<u>856,253</u>	<u>2,951,669</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8. LONG-TERM DEBT (CONTINUED)

During the year ended June 30, 2008, the following changes occurred in long term liabilities

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008	Amount Due in One Year
Business-Type Activities					
Revenue bonds	\$ 2,636,860	-	(180,866)	2,455,994	308,196
Landfill closure costs	754,000	281,500	-	1,035,500	-
Compensated absences	193,048	70,621	(62,655)	201,014	-
Governmental Activities					
Compensated absences	344,578	167,861	(139,698)	372,741	-
Revenue bonds	3,102,594	-	(35,000)	3,067,594	169,300
NMFA notes payable	1,027,028	644,482	(266,223)	1,405,287	394,471
Total Primary Government	<u>\$ 8,058,108</u>	<u>1,164,464</u>	<u>(684,442)</u>	<u>8,538,130</u>	<u>871,967</u>
Component Unit					
Loans payable	<u>\$ 2,204,201</u>	<u>-</u>	<u>(108,785)</u>	<u>2,095,416</u>	<u>111,315</u>

NOTE 9. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover over its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill and capacity used as of each balance sheet date.

The \$1,035,500 reported as landfill closure and postclosure care liability at June 30, 2008, represents the cumulative amount reported to date based on the use of approximately 80% of the estimated capacity. Total closure and postclosure costs are currently estimated to be about \$1,294,315. None of the \$1,294,315 has been incurred to date.

These payments are based on what it would cost to perform all closure and postclosure care in 2008. The City expects to close the landfill in the year 2015. The City anticipates funding these costs with increased user charges and use of Environmental Gross Receipts Tax and available grants.

The liability for closure and postclosure costs is reflected in the Solid Waste Fund.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10. TAXES

Property Taxes. The City of Raton receives property taxes from the Colfax County Treasurer for operational purposes. Property taxes are assessed on January 1 of each year, except on livestock, and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year. Property taxes are considered delinquent 30 days after their due date. Taxes on real property are a lien against the property from January 1 of the year for which the taxes are imposed.

Tax levies are authorized by statute to service payments due on general obligation bonds, which have been authorized pursuant to state law, and for general operating purposes.

The full faith and credit of the City shall be pledged to the payment of the negotiable bonds. The governing body shall levy and collect, upon all the taxable property within the municipality subject to taxation, such taxes as are necessary to pay the interest on and the principal of the negotiable bonds as the interest and principal becomes due, without limitation as to rate or amount. The City may pay the principal of and the interest on any general obligation bonds from any available revenues, and the levy or levies of taxes may be diminished to the extent such other revenues are available for the payment of such principal and interest.

Proceeds from the issuance of general obligation bonds are restricted in usage to:

1. Erecting and operating natural or artificial gas works;
2. Erecting and operating electrical works;
3. Constructing, purchasing, rehabilitating, or any combination thereof, public buildings, including additions and improvements thereto;
4. Building, beautifying and improving public parks within or outside the municipal boundary, but not beyond the planning and platting jurisdiction of the municipality.
5. Acquiring land or buildings for playgrounds, recreation centers, zoos, and other recreational purposes, and the equipment thereof, or any combination thereof;
6. Providing proper means for protecting from fire including, but not limited to, purchasing apparatus for fire protection and providing, enlarging and improving fire equipment and facilities;
7. Laying off, opening, constructing, repairing, and otherwise improving municipal alleys, streets, public roads and bridges or any combination thereof;
8. Providing apparatus for the collection and disposal of garbage and refuse;
9. Acquiring, constructing, and maintaining garbage and refuse disposal areas and plants within or outside the municipal boundary.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10. TAXES (CONTINUED)

10. Constructing or purchasing a system for supplying water or constructing and purchasing such a system, for the municipality, enlargement, improvement, extension or acquisition of the system, and acquisition of water or water rights, necessary real estate or right of way, bridges and easements and necessary apparatus for a water system, or any combination of the foregoing;
11. Constructing or purchasing a sewer system or the construction and purchase of a sewer system, including, without limiting the generality of the foregoing, acquiring, enlarging, improving or extending, or any combination of the foregoing, said system;
12. Flood control purposes as provided in Section 3-41-1 NMSA 1978;
13. Constructing, purchasing, rehabilitating, or remodeling, or any combination thereof, hospitals, including additions and improvements thereto;
14. Purchasing, improving, or erecting public auditoriums or public buildings of a similar nature for general civic purposes, or for authorizing the improvement or erection of public auditoriums or buildings of similar nature by agreement, with officers of the City in which the municipality is located; and
15. Acquiring, purchasing, constructing, improving, rehabilitating, or remodeling, or any combination thereof, cemeteries or mausoleums.

Property tax revenues amounted to \$483,084 for general operating purposes during the fiscal year ended June 30, 2008.

Franchise Taxes. By authority of Chapter 3, Article 42 NMSA 1978 and various ordinances, the City imposes a franchise tax on certain public utilities operating within the municipality. During the year ended June 30, 2008, \$208,707 was earned from franchise taxes, including \$93,280 in water residual payment.

Business Licenses. Under Chapter 3, Article 38 NMSA 1978, the City, by passage of an ordinance, authorized the assessment of a registration fee equal to \$35 per annum for all businesses within the jurisdiction of the City. During the fiscal year ended June 30, 2008, the City collected \$ 16,520 in business license fees.

Lodger's Tax. The City, through authority of Chapter 3, Section 38, NMSA 1978, imposes an occupancy tax on lodging within the municipality. By law, certain restrictions are placed on the expenditure of monies collected as follows:

1. A municipality or country imposing an occupancy tax of no more than two percent shall use not less than one-fourth of the proceeds of such tax for the purpose of advertising, publicizing, and promoting facilities authorized in Section 3-35-21 NMSA 1978, and tourist attractions.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10. TAXES (CONTINUED)

2. Subject to certain limitations, a municipality or City imposing an occupancy tax of more than two percent shall use not less than one-half of the proceeds of such tax for the purpose of advertising, publicizing, and promoting facilities authorized in Section 3-38-21 NMSA 1978, and tourist attractions.
3. A municipality or City imposing an occupancy tax may use the proceeds thereof to defray the costs of:
 - a. Collecting and otherwise administering the tax;
 - b. Establishing, constructing, purchasing, otherwise acquiring, reconstructing, extending, bettering, or otherwise improving fairgrounds, exposition buildings, field houses, auditoriums, convention halls, or other convention facilities, and acquiring improvements incidental thereto;
 - c. Equipping and furnishing such recreational facilities of the municipality or City;
 - d. Acquiring a suitable town, grounds, or other real property or municipality or City;
 - e. The principal of, and interest on, any prior redemption premiums due in connection with, and any other charges pertaining to, revenue bonds authorized by Section 3-38-23 or 3-38-24, NMSA 1978.
 - f. Advertising, publicizing, and promoting such recreational facilities of the municipality or City and tourist facilities therein;
 - g. Any combination of the foregoing purposes of transactions stated in this section.

During the year ended June 30, 2008, the City earned \$ 396,486 in lodger's tax and spent \$ 4,929 in promotional activities.

Motor Vehicle Registration Fees. Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies within the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 1978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

During the year ended June 30, 2008, the City earned \$ 16,240 in motor vehicle registration fees.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10. TAXES (CONTINUED)

Excise Tax of Cigarettes. For the privilege of selling, giving or consuming cigarettes in New Mexico, there is levied an excise tax at the rate of one and five hundredths cents (\$.0105) for each cigarette sold, given or consumed in New Mexico. The taxes are collected pursuant to the provision of Chapter 7, Article 12, paragraph 3 NMSA 1978.

Cigarette taxes deposited into the City and Municipality Recreational Fund pursuant to Chapter 7.1.6.11A 1978 (4.375% of the net receipts, exclusive of penalty and interest, attributable to the cigarette tax) are distributed to the various counties and municipalities and are restricted to usage as follows:

1. To each City in the proportion that the sales of cigarettes made within the City borders, exclusive sales within any municipality in that City, bears to the total sales of cigarettes in the state during such month; and
2. To each municipality in the proportion that the sales of cigarettes made within the municipality during such month bears to the total sales of cigarettes in the state of such month.

The funds distributed to the counties and municipalities under this section shall be used for recreational facilities and salaries of instructors and other employees necessary to the operation of such facilities. Such recreational facilities shall be for the use of all persons, and juveniles and elderly persons shall not be excluded. Each City or municipality shall establish a fund to be known as the "recreational fund" into which all monies received from the City and Municipality Recreational Fund shall be deposited. As used in this section, "juvenile" means every person under the age of majority and "elderly" means every person over the age of sixty years.

Cigarette taxes deposited into the City and Municipality Cigarette Tax Fund pursuant to 7.1.6.11B 1978 NMSA (9.5% of the net receipts, exclusive of penalties and interest, attributable to the cigarette tax) are distributed to the various counties and municipalities in the same manner as the City and Municipality Recreation Fund; however, the taxes so distributed shall be deposited in the general fund of such counties and municipalities, provided the cigarette tax revenues distributed under the provision of this section shall not be earmarked or otherwise obligated under the terms or provision of any prior law, prior local ordinance or prior bond agreement which pledges cigarette tax law, prior local ordinance or prior bond agreement.

During the year ended June 30, 2008, the City collected the following distribution of cigarette taxes:

Recreation Fund	\$ 9,030
General Fund	<u>17,992</u>
	<u>\$ 27,022</u>

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10. TAXES (CONTINUED)

Gasoline Tax. The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposes an excise tax of \$.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the state pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

Distributions of gasoline taxes received pursuant to Chapter 7, Article 1-6.9 must be deposited into a separate road fund for expenditure only for construction, reconstruction, resurfacing or other improvements or maintenance of public roads, streets, alleys or bridges, including right-of-way and materials acquisition. The distribution may also be used to provide matching funds for projects subject to cooperative agreements entered into with the State Highway and Transportation Department pursuant to Section 67-3-28 1978. Any municipality or H class City that has created or that creates a "street improvement fund" to which gasoline tax revenues or distributions are irrevocably pledged under Section 3-34-1 through 3-34-4 NMSA 1978 or that has pledged all or a portion of gasoline tax revenues under this section impressed with and subject to these pledges.

Distributions of gasoline taxes received pursuant to Chapter 7, Article 1-6.27 shall be used for the following purposes:

1. Reconstructing, resurfacing, maintaining, repairing, or otherwise improving existing alleys, streets, roads or bridges, or any combination of the foregoing, or laying of, opening, constructing or otherwise acquiring new alleys, streets, roads or bridges, or any combination of the foregoing, provided that any of the foregoing improvements may include but are not limited to, the acquisition of rights of way.
2. To provide matching funds for projects subject to cooperative agreements with the state highway and transportation department pursuant to Section 67-3-28 NMSA 1978; and
3. For expenses of purchasing, maintaining and operating transit operations and facilities for the operation of a transit authority established by the municipal transit law and for the operation of a vehicle emission inspection program. A municipality may engage in the business of the transportation of passengers and property within the political subdivision by whatever means the municipality may decide and may acquire cars, trucks, motor buses and other equipment necessary for operating the business. A municipality may acquire land, erect buildings and equip the buildings with all the necessary machinery and facilities for the operation, maintenance, modification, repair and storage of the cars, trucks, motor buses and other equipment needed. A municipality may do all things necessary for the acquisition and the conduct of the business of public transportation.

STATE OF NEW MEXICO
 CITY OF RATON
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 10. TAXES (CONTINUED)

During the fiscal year ended June 30, 2008, the City earned \$ 294,379 in gasoline tax distributions.

Municipal Gross Receipts Tax. Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the City of Raton adopted gross receipts taxing through ordinance. Said ordinances provide for the imposition of gross receipt taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the State of New Mexico and remitted to the City after deducting certain administrative costs. During the year ended June 30, 2008, the City earned taxes (after deduction of the administrative fees) in the amounts shown below which were imposed under the above stated authorities.

General Fund	
City gross receipts tax	\$ 1,355,728
Infrastructure gross receipts tax	169,570
Capital Projects Fund	
Supplemental gross receipts tax	169,570
Special Revenue Fund	
Environmental gross receipts tax	84,641
Capital Projects ¼ Gross Receipts Tax Fund	
Municipal gross receipts tax	<u>338,932</u>
	<u>\$ 2,118,441</u>

State Gross Receipts Tax. Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all business within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts. During the year ended June 30, 2008, the City earned \$1,673,205 from the State under the above stated authority.

NOTE 11. WATER FRANCHISE AGREEMENT

The City passed ordinance number 824, effective March 15, 1991, granting a utility franchise to the Raton Water Board for the operation of the City's water and sewer system. The franchise will exist for twenty-five years. The City retains the authority to determine rates and charges for the services provided. The ordinance sets forth the provisions for the use of the City's property and the imposition of the franchise fee to be paid to the City by the board. The agreement calls for the water and sewer utility to be included in the City's annual budget, requires quarterly financial reporting, and annually audited financial statements.

STATE OF NEW MEXICO
 CITY OF RATON
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 12. RETIREMENT PLAN

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

Funding Policy. Plan members are required to contribute 7% to 16.3% of their gross salary. The City is required to contribute 7% to 21.25% of the gross covered salary. The contribution requirements of plan members and the City are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature.

The City's primary employees are covered under one of the four plans available based upon the employee group being covered as follows:

Employee Group	Regular Employees	Management Employees	Police Employees	Fire Employees
Plan Name				
Municipal general member coverage	21	34	-	-
Municipal police member coverage	-	-	16	18
Municipal fire member coverage	-	-	-	-
Employee contribution rate on covered wages	7%	13.15%	16.3%	16.2%
Employer contribution rate on covered wages	7%	9.15%	18.5%	21.25%

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 12. RETIREMENT PLAN (CONTINUED)

The City's contributions to PERA for the fiscal years ending June 30, 2008, 2007 and 2006 were \$368,112, \$337,112, and \$317,193, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The City participates in the New Mexico Self-Insurer's Fund risk pool. The New Mexico Self-Insurer's Fund risk pool operates as a common risk management and insurance program for workers compensation and property and casualty coverage.

These funds are funded entirely by member contributions and are administered by the New Mexico Self-Insurers' Fund. The pools are authorized by joint powers agreements entered into by each participating entity as a separate and independent government and legal entity pursuant to the provisions of Section 11-1-1 et. Seq. NMSA 1978.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. RISK MANAGEMENT (CONTINUED)

Listed below is a summary of the significant insurance coverage in force for the year ended June 30, 2008:

Workers Compensation

a. Name and address of insurance agent:	New Mexico Insurers' Fund
b. Policy number:	1710W
c. Amount of coverage:	\$2,000,000 per accident
d. Expiration date:	Continuous until cancelled or terminated
e. Premium paid:	\$100,977

Property

a. Name and address of insurance agent:	New Mexico Self Insurers' Fund
b. Policy number:	1710P
c. Amount of coverage:	Values on file
d. Expiration date:	June 30, 2008
e. Premium paid:	\$16,464

General Liability

a. Name and address of insurance agent:	New Mexico Self Insurers' Fund
b. Policy number:	1710L
c. Amount of coverage:	Tort Limits
d. Expiration date:	June 30, 2008
e. Premium paid:	\$77,524

Auto Liability & Physical Damage

a. Name and address of insurance agent:	New Mexico Self Insurers' Fund
b. Policy number:	1710L
c. Amount of coverage:	Tort Limits
d. Expiration date:	June 30, 2008
e. Premium paid:	\$57,651

Property and general liability premiums paid include additional coverage for civil rights, employee theft, inland marine, and fine arts. An additional policy was in force, which protected the City from losses from law enforcement liability at \$38,295.

There have not been any significant changes to coverage under the policies in force over the past few years.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. RISK MANAGEMENT (CONTINUED)

The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Authority which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss.

At June 30, 2008, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the City of Raton.

New Mexico Self-Insurers' Fund has not provided information that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 14. CONTINGENT LIABILITIES AND OTHER LEGAL ACTION

Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of City counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

STATE OF NEW MEXICO
 CITY OF RATON
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 15. NET ASSET RESTATEMENT

During FY2008 it was noted the City had not recorded grants receivable for FY2007. To correct the discrepancies between actual amounts and amounts previously reported, beginning net assets for the governmental activities were restated as follows:

Net assets as originally reported,

June 30, 2007	\$ 12,644,340
Restatement	<u>146,364</u>
Net assets, July 1, 2007, restated	<u>\$ 12,790,704</u>

The effect of this restatement on the change in net assets for the year ended June 30, 2007, was an increase of \$262,614, composed of an increase in operating grant revenues of \$32,741 and an increase in capital grant contributions of \$229,873.

Governmental funds were affected as such related to the grant receivables:

Fund balance, Pool/Recreation Center as originally reported,

June 30, 2007	\$ 867,060
Restatement	<u>229,873</u>
Fund balance, July 1, 2007, restated	<u>\$ 1,096,933</u>

Fund deficit, Montoya Property as originally reported,

June 30, 2007	\$ (41,673)
Restatement	<u>32,741</u>
Fund deficit, July 1, 2007, restated	<u>\$ (8,932)</u>

The effect of these restatements on the change in fund balance for the year ended June 30, 2007 was an increase of \$262,614, composed of an increase in grant revenues of \$229,873 for the Pool/Recreation Center fund and \$32,741 for the Montoya Property fund.

STATE OF NEW MEXICO
 CITY OF RATON
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 15. NET ASSET RESTATEMENT (CONTINUED)

Fund balance for the Library Building fund was restated as of June 30, 2007 to account for artwork that was coded to the incorrect account, as follows:

Fund balance, Library Building fund as originally reported,

June 30, 2007	\$	481,731
Restatement		<u>(116,250)</u>
Fund balance, July 1, 2007, restated	<u>\$</u>	<u>365,481</u>

There was no effect on the change in net assets or fund balance for the year ended June 30, 2007.

NOTE 16. FUND BALANCE DEFICITS

The following funds had fund balance/net assets deficits at June 30, 2008:

Special revenue fund		
Fire Protection	\$100,937	
Capital project funds		
Street Improvements	63,370	
Historic Building	2,277	
Enterprise fund		
Sanitation	434,805	

The City intends to transfer funds from the general fund to cover the deficits for the governmental funds. The deficit in the enterprise fund is due to a long-term landfill closure liability and the estimated future costs will be budgeted at the time the landfill expenses are to be paid.

STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 17. BUDGET OVERAGES

The following funds had actual expenditures that exceeded budgeted expenditures for the year ended June 30, 2008 in the following amounts:

Fire Grants	\$ 1,550
Police Grants	22,450

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUND
WATER AND SEWER FUND
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for services	\$ 1,814,000	1,814,000	2,087,483	273,483
GRT taxes	1,175,000	1,175,000	1,391,772	216,772
Miscellaneous	-	-	7,698	7,698
Total revenues	2,989,000	2,989,000	3,486,953	497,953
Expenditures				
Current				
Salaries and fringe benefits	1,095,941	1,095,941	949,594	146,347
General operating expenses	1,567,017	1,567,017	947,417	619,600
Total expenditures	2,662,958	2,662,958	1,897,011	765,947
Operating income	326,042	326,042	1,589,942	1,263,900
Nonoperating revenues (expenses)				
Interest income	130,656	130,656	199,762	69,106
Transfers in (out)	287,725	287,725	(235,628)	(523,353)
Total nonoperating revenues and expenditures	418,381	418,381	(35,866)	(454,247)
Changes in Net Assets	744,423	\$ 744,423	1,554,076	809,653
Budgeted beginning fund balance	-			
	\$ 744,423			
Unbudgeted expenses				
Depreciation expense			(612,427)	
Change in Net Assets, GAAP basis			\$ 941,649	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUND
SANITATION FUND
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for services	\$ 818,000	811,935	811,935	-
State sources	64,500	60,000	60,000	-
GRT taxes	-	-	-	-
Interest	20,000	11,399	11,399	-
Miscellaneous	11,500	11,290	11,290	-
Total revenues	914,000	894,624	894,624	-
Expenditures				
Salaries and fringe benefits	480,155	482,219	482,219	-
Capital Outlay	40,000	14,952	14,952	-
General operating expenses	391,931	421,419	421,419	-
Total expenditures	912,086	918,590	918,590	-
Operating income	1,914	(23,966)	(23,966)	-
Nonoperating revenues (expenses)				
Interest income	-	-	-	-
Interest expense	-	-	-	-
Total nonoperating revenues and expenditures	-	-	-	-
Changes in Net Assets	\$ 1,914	(23,966)	(23,966)	\$ -
Unbudgeted expenses				
Depreciation expense			(75,877)	
Addition to Landfill Closure Costs			(281,500)	
Change in accounts receivable			(67,097)	
Change in accounts payable and accrued liabilities			223,188	
Change in Net Assets, GAAP basis			\$ (225,252)	

STATE OF NEW MEXICO
CITY OF RATON
SPECIAL REVENUE FUNDS
June 30, 2008

Juvenile Recreation. To account for the operations and maintenance of recreation facilities. Funding managed and/or owned by the City is provided by recreational fees charged to users and cigarette taxes received pursuant to Section 7-12-15 NMSA 1978 which provides that the cigarette taxes received under this section shall be used for recreational facilities.

Lodger's Tax. To account for the lodger's tax imposed pursuant to Ordinance 597, as amended by Ordinance 780, as authorized under 3-38-13 through 3-38-24 NMSA 1978. Ordinance 780 imposes a tax of 5% on gross taxable rent for lodging. The City must use not less than 40% of the tax collected for advertising, publicizing and promoting tourist-related attractions, facilities and events.

Emergency Medical Services. To account for fund received from the New Mexico Emergency Medical Services Fund as authorized by Chapter 24 Article 10A NMSA 1978 for use in the establishment and enhancement of local emergency medical services in order to reduce injury and loss of life.

Local Government Corrections. To account for the correction fees (\$10) imposed pursuant to 35-14-11 B.(1) NMSA 1978. The correction fees shall be used for municipal jailer or juvenile detention officer training, for the construction planning, construction, operation and maintenance of a municipal jail or juvenile detention facility, for paying the cost of housing municipal prisoners in a City jail or housing juveniles in a detention facility or for complying with match or contribution requirements for the receipt of federal funds relating to jails of juvenile detention facilities.

CDBG Revolving Loan. To account for the collection on an economic development loan. The loan was made from CDBG funds, which were passed through the State of New Mexico, and the fund was created administratively by ordinance.

Environmental Gross Receipts Tax. To account for gross receipts taxes authorized by City Ordinance Pursuant to authority granted under 7-19D-10. The tax imposed is limited to 1/16% and its use is restricted to the acquisition, construction, operation and maintenance of solid waste facilities, water facilities, sewer systems and related facilities.

Fire Grants. To account for funds designated for fire expenditures relating to training and equipping fire fighters. The fund was created administratively by ordinance.

STATE OF NEW MEXICO
CITY OF RATON
SPECIAL REVENUE FUNDS (CONTINUED)
June 30, 2008

Insurance Reserve. To account for the costs relating to uninsured claims, if any, and payments of deductibles on insured claims. Funding is provided by the participating City fund and was created administratively by city ordinance.

Fire Protection. To account for the operations and maintenance of the fire department. Funding is provided by a distribution from the fire protection fund established by Section 59A-6-5NMSA 1978 as authorized by Section 59A-53-2.

Law Enforcement Protection. To account for the maintenance and improvement of the City's police department in order to enhance the efficiency and attractiveness of law enforcement services. Funding is provided by distributions from the New Mexico Law Enforcement Protection Fund as provided for under Chapter 29 Article 13, NMSA 1978.

Library Building. To account for the resources donated to the City for the specific benefit of the library. The city of Raton operates a free library as authorized by 3-18-14 NMSA 1978.

Police Grants. To account for funds designated for law enforcement expenditures relating to training and equipping law enforcement personnel. The fund was created administratively by ordinance.

Library Grants. To account for funds designated for library uses. This fund was created administratively by ordinance.

Convention Center. To account for the costs of operating the convention center as authorized by the City Commission pursuant to authority granted under Chapter 3 Article 58 NMSA 1978.

Police Narcotics. To account for monies received from the sale of seized assets, which were sold under authority of the Federal Law Enforcement Assistant Act of 1965 (Public Law 98-197 (89-197)). Funds were distributed to the City pursuant to 29-1-10.1 NMSA 1978. Funds must be spent for law enforcement activities.

Local Law Enforcement Block Grant Fund. To account for funds designated for law enforcement expenditures relating to training and equipping law enforcement personnel. Authority is NMSA 6-1-6.

Region IV Narcotics (Drug Task Force Grant). To account for funds designated for law enforcement expenditures relating to implementation and operation of a multi-jurisdictional drug task force program. Grant funds are awarded to the Department of Public Safety by the Federal Bureau of Justice Assistance which is a component of the Office of Justice Programs. A subgrant agreement is made by and between the Department of Public Safety and the City of Raton pursuant to the authority of the consolidated appropriations act of 2005, Public Law 108-447.

STATE OF NEW MEXICO
CITY OF RATON
CAPITAL PROJECTS FUNDS
June 30, 2008

Airport Fund. To account for costs associated with the improvements to airport runways. Funding is provided from FAA federal grants and state funding.

2% Lodger's Tax Building Fund. To account for a portion of the Lodger's Tax set aside for the expansion, renovation and improvements to the Raton Welcome Center and other city owned buildings.

Parks. To account for costs associated with improvements to city parks.

NMSHTD MAP Project. To account for funds received from the state for costs associated with the Raton Mapping Project. Funding is provided by the New Mexico State Highway and Transportation Department.

Convention Center Fund. To account for funds to be used for Convention Center improvements.

Montoya Property Fund. To account for funds related to the Montoya property acquisition and development.

Historical Building Fund. To account for fund related to improving and restoring the City's historic buildings.

¼ % Capital Improvements. ¼ % Municipal Gross Receipts Tax adopted by Ordinance No. 937 on January 25, 2005 pursuant to authority granted by 7-19D-11. Tax increase effective July 2005 and use is restricted to Aquatic/Recreation Center design and construction and municipal infrastructure improvements.

Street Improvements. To account for costs associated with the improvements to city streets. Funding is provided by Gasoline Taxes, State Co-op agreements and other reimbursements.

GRT Swim Pool/Recreational Center. To account for the development and construction of a recreational center. Funding in fiscal year ended June 30, 2008 was provided by the Infrastructure gross receipts tax.

Waste Water Treatment Plant. To account for costs associated with the construction of a new Wastewater Treatment Facility. Funding is provided from USDA loans, grant funding and local funding/Raton Water Works. This is a capital projects fund.

STATE OF NEW MEXICO
CITY OF RATON
DEBT SERVICE FUNDS
June 30, 2008

NMFA Loan Fire Equipment. To accumulate monies for the repayment of the loan received from NMFA. The distributions made annually by the State of New Mexico Treasurer pursuant to Section 59A-53-7, NMSA 1978 in the amount certified by the State Fire Marshall or the State Fire Board is pledged for the repayment of the loan.

NMFA Loan Street Improvements. To accumulate monies for the repayment of a loan received from NMFA. Funding is provided by the revenues derived from (1) the one-eighth of one percent increment of municipal infrastructure gross receipts tax imposed by the City of Raton pursuant to Section 7-19D-11 NMSA 1978 and City Ordinance No. 830; and (2) the municipal road gasoline tax revenues received by the City of Raton from the State pursuant to Section 7-1-6.27 NMSA 1978.

NMFA Loan Welcome Center. To accumulate monies for the repayment of the loan received from NMFA. 40% of the revenues generated by the occupancy tax imposed on lodging in the City of Raton pursuant to the Lodger's Tax Act, Sections 3-38-13 to 3-38-24, NMSA 1978 and City Ordinance No. 597 adopted on March 9, 1971, as amended by City Ordinance No. 780 adopted on September 27, 1988, is pledged for the repayment of the loan.

NMFA Loan Wheel Loader. To accumulate monies for the repayment of the loan received from NMFA. Revenues provided by the municipal environmental services gross receipts tax, authorized under Governmental Unit Ordinance No. 921, adopted on February 25, 2003, and was authorized pursuant to City Resolution No. 2004-17 adopted on July 26, 2004 as amended by Resolution No. 2004-19 adopted on September 14, 2004, is pledged for the repayment of the loan.

Special Assessment Districts. To account for monies due from taxpayers who benefited from improvements made in the Special Assessment Districts.

Wastewater Treatment Plant. To accumulate monies for the repayment of the Wastewater System Revenue bonds Series 2006A and Series 2006B. Issuance of bonds authorized pursuant to Ordinance No. 932 adopted August 10, 2004 and Ordinance No. 944 adopted February 14, 2006. The loan is payable from pledged revenues derived from operation of the City waste water system.

NMFA Loan Recreation Center. To accumulate monies for the repayment of the loan received from NMFA. Revenue provided by the quarter of one percent (1/4%) municipal gross receipts tax, authorized under Governmental Unit Ordinance No. 937, adopted on January 25, 2007, is pledged for the repayment of the loan.

NMFA Environmental GRT Loan – To accumulate monies for the repayment of the loan received from NMFA. Revenue provided by the one-sixteenth of one percent (.0625%) municipal environmental services gross receipts tax, authorized under Governmental Unit Ordinance No. 921, adopted on February 25, 2003 and was authorized pursuant to City Resolution No. 2008-11 adopted May 15, 2008 is pledged for the repayment of the loan.

STATE OF NEW MEXICO
CITY OF RATON
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2008

	Juvenile Recreation	Lodgers' Tax	Emergency Medical Services	Local Governmental Corrections
ASSETS				
Current Assets				
Cash and temporary investments	\$ 6,057	133,321	15,268	54,004
Accounts receivable	134	45,405	-	553
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 6,191	178,726	15,268	54,557
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Accounts payable	\$ -	-	-	-
Accrued expenses	2,131	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total current liabilities	2,131	-	-	-
FUND BALANCE				
Unreserved				
Designated for subsequent year's expenditures	4,060	178,726	15,268	54,557
Total fund balance	4,060	178,726	15,268	54,557
Total liabilities and fund balance	\$ 6,191	178,726	15,268	54,557

STATE OF NEW MEXICO
 CITY OF RATON
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 June 30, 2008

	CDBG Revolving Loan	Environmental GRT	Fire Grants	Insurance Reserve
ASSETS				
Current Assets				
Cash and temporary investments	\$ 64,998	473,287	14,131	-
Accounts receivable	-	7,516	129,106	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 64,998	480,803	143,237	-
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Accounts payable	\$ -	-	106,086	-
Accrued expenses	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total current liabilities	-	-	106,086	-
FUND BALANCE				
Unreserved				
Designated for subsequent year's expenditures	64,998	480,803	37,151	-
Total fund balance	64,998	480,803	37,151	-
Total liabilities and fund balance	\$ 64,998	480,803	143,237	-

STATE OF NEW MEXICO
CITY OF RATON
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2008

	Fire Protection	Law Enforcement Protection	Library Building	Police Grants	Library Grants
ASSETS					
Current Assets					
Cash and temporary investments	\$ 39,188	3,011	383,494	-	454
Accounts receivable	90,270.00	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	\$ 129,458	3,011	383,494	-	454
LIABILITIES AND FUND BALANCE					
Current Liabilities					
Accounts payable	\$ 99,685	-	-	-	-
Accrued expenses	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total current liabilities	99,685	-	-	-	-
FUND BALANCE					
Unreserved					
Designated for subsequent year's expenditures	29,773	3,011	383,494	-	454
Total fund balance	29,773	3,011	383,494	-	454
Total liabilities and fund balance	\$ 129,458	3,011	383,494	-	454

STATE OF NEW MEXICO
CITY OF RATON
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2008

	Convention Center	Police Narcotics	Local Law Enforcement Block Grant	Region IV Narcotics	Total
ASSETS					
Current Assets					
Cash and temporary investments	\$ -	327	3,006	-	1,190,546
Accounts receivable	-	-	-	1,438	274,422
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	\$ -	327	3,006	1,438	1,464,968
LIABILITIES AND FUND BALANCE					
Current Liabilities					
Accounts payable	\$ -	-	-	-	205,771
Accrued expenses	-	-	-	-	2,131
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total current liabilities	-	-	-	-	207,902
FUND BALANCE					
Unreserved					
Designated for subsequent year's expenditures	-	327	3,006	1,438	1,257,066
Total fund balance	-	327	3,006	1,438	1,257,066
Total liabilities and fund balance	\$ -	327	3,006	1,438	1,464,968

STATE OF NEW MEXICO
 CITY OF RATON
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 June 30, 2008

	2% Lodgers Tax	Airport	1/4% Capital Improvements	Waste Water Treatment Plant CP	Montoya Property
ASSETS					
Current Assets					
Cash and temporary investments	\$ 381	-	443,594	-	-
Accounts receivable	-	40,576	13,069	-	-
Duc from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	\$ 381	40,576	456,663	-	-
LIABILITIES AND FUND BALANCE					
Current Liabilities					
Cash overdraft	\$ -	-	-	-	-
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Duc to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total current liabilities	-	-	-	-	-
FUND BALANCE					
Reserved	-	-	-	-	-
Reserved for prepaids	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	381	40,576	456,663	-	-
Total fund balance	381	40,576	456,663	-	-
Total liabilities and fund balance	\$ 381	40,576	456,663	-	-

STATE OF NEW MEXICO
CITY OF RATON
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
June 30, 2008

	Water	Street Improvements	Parks	Historic Building	Pool/Rec Center	Total
ASSETS						
Current Assets						
Cash and temporary investments	\$ -	-	-	-	1,220,387	1,664,362
Accounts receivable	10,900	114,220	733,568	90,000	15,085	1,017,418
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total assets	\$ 10,900	114,220	733,568	90,000	1,235,472	2,681,780
LIABILITIES AND FUND BALANCE						
Current Liabilities						
Cash overdraft	\$ 9,940	29,508	365,039	55,795	-	460,282
Accounts payable	-	148,082	-	36,482	-	184,564
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total current liabilities	9,940	177,590	365,039	92,277	-	644,846
FUND BALANCE						
Reserved	-	-	-	-	-	-
Reserved for prepaids	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-
Designated for subsequent year's expenditures	960	(63,370)	368,529	(2,277)	1,235,472	2,036,934
Total fund balance	960	(63,370)	368,529	(2,277)	1,235,472	2,036,934
Total liabilities and fund balance	\$ 10,900	114,220	733,568	90,000	1,235,472	2,681,780

STATE OF NEW MEXICO
 CITY OF RATON
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 June 30, 2008

	NMFA-Loan Fire Equipment	Street Improvement Loan	Welcome Center Loan	Special Assessments Districts
ASSETS				
Current Assets				
Cash and temporary investments	\$ 29,514	200,011	62,406	-
Accounts receivable, net	-	-	-	6,724
Loan acquisition costs - net	-	10,500	-	-
Total assets	<u>\$ 29,514</u>	<u>210,511</u>	<u>62,406</u>	<u>6,724</u>
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	5,619
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,619</u>
FUND BALANCE				
Reserved for debt service	<u>29,514</u>	<u>210,511</u>	<u>62,406</u>	<u>1,105</u>
Total fund balance	<u>29,514</u>	<u>210,511</u>	<u>62,406</u>	<u>1,105</u>
Total liabilities and fund balance	<u>\$ 29,514</u>	<u>210,511</u>	<u>62,406</u>	<u>6,724</u>

STATE OF NEW MEXICO
 CITY OF RATON
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 June 30, 2008

	NMFA-Loan Loader	Wastewater Treatment Plant	Recreation Center	Total
ASSETS				
Current Assets				
Cash and temporary investments	\$ 2,249	138,823	254,102	687,105
Accounts receivable, net	-	-	-	6,724
Loan acquisition costs - net	-	-	-	10,500
Total assets	<u>\$ 2,249</u>	<u>138,823</u>	<u>254,102</u>	<u>704,329</u>
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	5,619
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,619</u>
FUND BALANCE				
Reserved for debt service	2,249	138,823	254,102	698,710
Total fund balance	<u>2,249</u>	<u>138,823</u>	<u>254,102</u>	<u>698,710</u>
Total liabilities and fund balance	<u>\$ 2,249</u>	<u>138,823</u>	<u>254,102</u>	<u>704,329</u>

STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES
IN FUND BALANCES
SPECIAL REVENUE FUNDS
June 30, 2008

	Juvenile Recreation	Lodgers' Tax	Emergency Medical Services	Local Governmental Corrections
Revenues				
Taxes	\$ (5,638)	423,996	-	-
State sources	-	-	30,150	-
Federal sources	-	-	-	-
Fees and fines	-	-	-	11,535
Charges for services	-	-	-	-
Interest	110	7,046	659	1,992
Miscellaneous	-	-	699	-
Rent	-	-	-	-
Total revenues	(5,528)	431,042	31,508	13,527
Expenditures				
Current				
General government	-	152,960	22,905	1,892
Public safety	-	-	-	-
Cultural and recreation	15,084	21,268	-	-
Capital outlay	-	-	22,430	-
Debt service	-	-	-	-
Total expenditures	15,084	174,228	45,335	1,892
Excess (Deficiency) of Revenues Over Expenditures	(20,612)	256,814	(13,827)	11,635
Other financial sources (uses)				
Transfers in	12,000	-	22,431	-
Transfers out	-	(208,599)	-	-
Total other financing sources (uses)	12,000	(208,599)	22,431	-
Net change in fund balance	(8,612)	48,215	8,604	11,635
Fund balance, beginning of year as originally reported	12,672	130,511	6,664	42,922
Restatement	-	-	-	-
Fund balance, restated	12,672	130,511	6,664	42,922
Fund balance (deficit), end of year	\$ 4,060	178,726	15,268	54,557

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES
IN FUND BALANCES
SPECIAL REVENUE FUNDS
June 30, 2008

	CDBG Revolving Loan	Environmental GRT	Fire Grants	Insurance Reserve
Revenues				
Taxes	\$ -	86,837	-	-
State sources	-	-	142,466	-
Federal sources	-	-	333,796	-
Fees and fines	-	-	-	-
Charges for services	-	-	2,712	-
Interest	2,576	20,758	-	2,471
Miscellaneous	-	-	-	-
Rent	-	-	-	-
 Total revenues	2,576	107,595	478,974	2,471
Expenditures				
Current				
General government	-	3,492	-	-
Public safety	-	-	61,776	-
Cultural and recreation	-	-	-	-
Capital outlay	-	105,000	393,283	-
Debt service	-	-	-	-
 Total expenditures	-	108,492	455,059	-
Excess (Deficiency) of Revenues Over Expenditures	2,576	(897)	23,915	2,471
Other financial sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(17,604)	-	(78,942)
 Total other financing sources (uses)	-	(17,604)	-	(78,942)
Net change in fund balance	2,576	(18,501)	23,915	(76,471)
Fund balance, beginning of year as originally reported	62,422	499,304	13,236	76,471
Restatement	-	0	-	-
Fund balance, restated	62,422	499,304	13,236	76,471
Fund balance (deficit), end of year	\$ 64,998	480,803	37,151	-

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES
IN FUND BALANCES
SPECIAL REVENUE FUNDS
June 30, 2008

	Fire Protection	Law Enforcement Protection	Library Building	Police Grants	Library Grants
Revenues					
Taxes	\$ -	-	-	-	-
State sources	405,494	29,600	-	144,566	7,726
Federal sources	-	-	-	-	-
Fees and fines	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	4,548	120	17,513	-	-
Miscellaneous	-	-	500	-	-
Rent	-	-	-	-	-
Total revenues	410,042	29,720	18,013	144,566	7,726
Expenditures					
Current					
General government	73,159	-	-	-	-
Public safety	13,382	-	-	-	-
Cultural and recreation	-	-	-	-	7,273
Capital outlay	430,932	28,258	-	144,566	-
Debt service	-	-	-	-	-
Total expenditures	517,473	28,258	-	144,566	7,273
Excess (Deficiency) of Revenues Over Expenditures	(107,431)	1,462	18,013	-	453
Other financial sources (uses)					
Transfers in	140,440	-	-	-	-
Transfers out	(8,937)	-	-	-	-
Total other financing sources (uses)	131,503	-	-	-	-
Net change in fund balance	24,072	1,462	18,013	-	453
Fund balance, beginning of year as originally reported	5,701	1,549	481,731	-	1
Restatement	-	-	(116,250)	-	-
Fund balance, restated	5,701	1,549	365,481	-	1
Fund balance (deficit), end of year	\$ 29,773	3,011	383,494	-	454

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES
IN FUND BALANCES
SPECIAL REVENUE FUNDS
June 30, 2008

	Convention Center	Police Narcotics	Local Law Enforcement Block Grant	Region IV Narcotics	Total
Revenues					
Taxes	\$ -	-	-	-	505,195
State sources	-	-	-	-	760,002
Federal sources	-	-	-	2,407	336,203
Fees and fines	-	-	-	-	11,535
Charges for services	-	-	-	-	2,712
Interest	599	5	-	-	58,397
Miscellaneous	-	290	-	1,399	2,888
Rent	-	-	-	-	-
Total revenues	599	295	-	3,806	1,676,932
Expenditures					
Current					
General government	-	-	-	7,230	261,638
Public safety	-	250	-	-	75,408
Cultural and recreation	-	-	-	-	43,625
Capital outlay	-	-	-	-	1,124,469
Debt service	-	-	-	-	-
Total expenditures	-	250	-	7,230	1,505,140
Excess (Deficiency) of Revenues Over Expenditures	599	45	-	(3,424)	171,792
Other financial sources (uses)					
Transfers in	-	-	-	4,862	179,733
Transfers out	(19,144)	-	-	-	(333,226)
Total other financing sources (uses)	(19,144)	-	-	4,862	(153,493)
Net change in fund balance	(18,545)	45	-	1,438	18,299
Fund balance, beginning of year as originally reported	18,545	282	3,006	-	1,355,017
Restatement	-	-	-	-	(116,250)
Fund balance, restated	18,545	282	3,006	-	1,238,767
Fund balance (deficit), end of year	\$ -	327	3,006	1,438	1,257,066

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN
FUND BALANCES
CAPITAL PROJECTS FUNDS
June 30, 2008

	2% Lodgers Tax	Airport	1/4% Capital Improvements	NMSHD MAP Projects	Waste Water Treatment Plant CP	Montoya Property
Revenues						
Taxes	\$ -	-	352,001	-	-	-
State sources	-	11,521	-	250,000	303,694	31,191
Federal sources	-	380,406	-	-	157,546	-
Charges for services	-	-	-	-	-	-
Miscellaneous	1,000	-	-	-	-	-
Interest	110	187	6,888	639	1,845	-
Total revenues	1,110	392,114	358,889	250,639	463,085	31,191
Expenditures						
Current						
General government						
Operating	191,133	-	5,569	-	-	3,019
Public Works Expense	-	-	-	-	-	-
Capital outlay	-	414,223	-	345,873	481,198	22,259
Total expenditures	191,133	414,223	5,569	345,873	481,198	25,278
Excess (Deficiency) of Revenues Over Expenditures	(190,023)	(22,109)	353,320	(95,234)	(18,113)	5,913
Other financial sources (uses)						
Transfers in	227,743	53,268	272,418	260,617	1,029	3,019
Transfers out	(46,958)	-	(443,764)	(165,383)	-	-
Total other financing sources (uses)	180,785	53,268	(171,346)	95,234	1,029	3,019
Net change in fund balance	(9,238)	31,159	181,974	-	(17,084)	8,932
Fund balance (deficit), beginning of year, as originally reported	9,619	9,417	274,689	-	17,084	(41,673)
Restatement	-	-	-	-	-	32,741
Fund balance (deficit), beginning of year, restated	9,619	9,417	274,689	-	17,084	(8,932)
Fund balance (deficit), end of year	\$ 381	40,576	456,663	-	-	-

STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN
FUND BALANCES
CAPITAL PROJECTS FUNDS
June 30, 2008

	Water	Street Improvements	Parks	Historic Building	Pool/Rec Center	Total
Revenues						
Taxes	\$ -	278,992	-	-	161,603	792,596
State sources	312,679	102,226	1,113,568	100,000	189,175	2,414,054
Federal sources	-	-	40,742	-	-	578,694
Charges for services	-	3,750	-	-	-	3,750
Miscellaneous	-	-	371,857	-	-	372,857
Interest	-	1,283	-	-	32,302	43,254
Total revenues	312,679	386,251	1,526,167	100,000	383,080	4,205,205
Expenditures						
Current						
General government						
Operating	-	255,660	96,643	-	86,541	638,565
Public Works Expense	-	-	-	-	-	-
Capital outlay	301,996	-	1,224,795	105,536	58,000	2,953,880
Total expenditures	301,996	255,660	1,321,438	105,536	144,541	3,592,445
Excess (Deficiency) of Revenues Over Expenditures	10,683	130,591	204,729	(5,536)	238,539	612,760
Other financial sources (uses)						
Transfers in		-	163,800	3,259	83,753	1,068,906
Transfers out	(9,723)	(201,767)	-	-	(183,753)	(1,051,348)
Total other financing sources (uses)	(9,723)	(201,767)	163,800	3,259	(100,000)	17,558
Net change in fund balance	960	(71,176)	368,529	(2,277)	138,539	630,318
Fund balance (deficit), beginning of year, as originally reported	-	7,806	-	-	867,060	1,144,002
Restatement	-	-	-	-	229,873	262,614
Fund balance (deficit), beginning of year, restated		7,806			1,096,933	1,406,616
Fund balance (deficit), end of year	\$ 960	(63,370)	368,529	(2,277)	1,235,472	2,036,934

STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN
FUND BALANCES
DEBT SERVICE FUNDS
June 30, 2008

	NMFA-Loan Fire Equipment	Street Improvement Loan	Welcome Center Loan	Special Assessments Districts
Revenues				
Taxes	\$ -	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	3,107	11,290	4,076	-
Total revenues	3,107	11,290	4,076	-
Expenditures				
Debt service				
Principal	33,225	79,878	31,410	-
Interest	1,529	27,877	18,708	-
Other	83	1,353	1,080	-
Total expenditures	34,837	109,108	51,198	-
Excess (Deficiency) of Revenues Over Expenditures	(31,730)	(97,818)	(47,122)	-
Other financial sources (uses)				
Transfers in (out)	8,937	106,533	46,958	-
Total other financing sources (uses)	8,937	106,533	46,958	-
Net change in fund balance	(22,793)	8,715	(164)	-
Fund balance, beginning of year	52,307	201,796	62,570	1,105
Fund balance, end of year	\$ 29,514	210,511	62,406	1,105

STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN
FUND BALANCES
DEBT SERVICE FUNDS
June 30, 2008

	NMFA-Loan Louder DS	Wastewater Treatment Plant	Recreation Center	Total
Revenues				
Taxes	\$ -	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	516	5,061	9,305	33,355
Total revenues	516	5,061	9,305	33,355
Expenditures				
Debt service				
Principal	20,737	35,000	58,380	258,630
Interest	525	135,738	122,617	306,994
Other	52	-	8,370	10,938
Total expenditures	21,314	170,738	189,367	576,562
Excess (Deficiency) of Revenues Over Expenditures	(20,798)	(165,677)	(180,062)	(543,207)
Other financial sources (uses) Transfers in (out)	17,604	234,599	206,992	621,623
Total other financing sources (uses)	17,604	234,599	206,992	621,623
Net change in fund balance	(3,194)	68,922	26,930	78,416
Fund balance, beginning of year	5,443	69,901	227,172	620,294
Fund balance, end of year	\$ 2,249	138,823	254,102	698,710

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
JUVENILE RECREATION FUND 203
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 3,000	3,000	9,030	6,030
Charges for services	-	-	-	-
Miscellaneous	200	200	110	(90)
Total revenues	3,200	3,200	9,140	5,940
Expenditures				
Current				
Public safety	15,000	15,200	15,084	116
Total expenditures	15,000	15,200	15,084	116
Transfers in	15,000	15,000	12,000	(3,000)
Transfers out	-	-	-	-
Total other financing sources	15,000	15,000	12,000	(3,000)
Revenues and other financing sources over (under) expenditures and other financing uses	3,200	<u>\$ 3,000</u>	6,056	<u>3,056</u>
Budgeted beginning cash	<u>-</u>			
	<u>\$ 3,200</u>			
Changes in accounts receivable			(14,668)	
Changes in accrued liabilities			<u>-</u>	
GAAP change in fund balance			<u>\$ (8,612)</u>	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LODGERS TAX 3% FUND 204
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Municipal taxes	\$ 350,000	396,486	396,486	-
Miscellaneous	-	-	-	-
Interest	3,200	7,046	7,046	-
Total revenues	353,200	403,532	403,532	-
Expenditures				
Culture & Recreation	195,000	180,369	180,369	-
Total expenditures	195,000	180,369	180,369	-
Transfers In	-	-	-	-
Transfers out	(190,000)	(208,599)	(208,599)	-
Total other financing sources	(190,000)	(208,599)	(208,599)	-
Revenues and other financing sources over (under) expenditures and other financing uses	(31,800)	\$ 14,564	14,564	-
Budgeted beginning cash	31,800			
	\$ -			
Changes in accounts receivable			27,510	
Changes in accrued liabilities			6,141	
GAAP change in fund balance			\$ 48,215	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES FUND 208
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 20,000	30,150	30,150	-
Miscellaneous revenue	-	1,358	1,358	-
Total revenues	20,000	31,508	31,508	-
Expenditures				
Current				
Public Safety	20,000	38,171	22,905	15,266
Capital Outlay	22,431	-	22,430	- 22,430
Total expenditures	42,431	38,171	45,335	- 7,164
Transfers in	22,431	22,431	22,431	-
Transfers out	-	-	-	-
Total other financing sources	22,431	22,431	22,431	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ 15,768	8,604	(7,164)
Budgeted beginning cash	-			
	<u>\$ -</u>			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LOCAL GOVERNMENT CORRECTIONS FUND 210
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Fines	\$ 7,000	7,000	11,535	4,535
Interest	1,000	1,000	1,992	992
Total revenues	8,000	8,000	13,527	5,527
Expenditures				
Current				
Public safety	8,000	8,000	1,892	6,108
Total expenditures	8,000	8,000	1,892	6,108
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	11,635	11,635
Budgeted beginning cash	-	-	-	-
	\$ -	-	-	-

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CDBG REVOLVING LOAN FUND 218
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 2,500	2,500	2,576	76
Total revenues	2,500	2,500	2,576	76
Expenditures				
Current				
General government	5,000	5,000	-	5,000
Total expenditures	5,000	5,000	-	5,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	(2,500)	\$ (2,500)	2,576	5,076
Budgeted beginning cash	2,500			
	\$ -			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENVIRONMENTAL GRT FUND 216
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 72,760	72,760	84,641	11,881
Interest	9,000	9,000	20,758	11,758
Total revenues	81,760	81,760	105,399	23,639
Expenditures				
Current				
General government	2500	108,676	108,492	184.00
Total expenditures	2,500	108,676	108,492	184
Transfers in	-	-	-	-
Transfers out	(21,126)	(21,126)	(17,604)	3,522
Total other financing sources	(21,126)	(21,126)	(17,604)	3,522
Revenues and other financing sources over (under) expenditures and other financing uses	58,134	<u>\$ (48,042)</u>	(20,697)	<u>26,977</u>
Budgeted beginning cash	-			
	<u>\$ 58,134</u>			
Change in accounts receivable			<u>2,196</u>	
GAAP change in fund balance			<u>\$ (18,501)</u>	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE GRANTS FUND - 201
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 63,000	73,683	73,683	-
Federal grant	-	285,926	285,926	-
Charges for service	-	2,712	2,712	-
Total revenues	63,000	362,321	362,321	-
Expenditures				
Current				
Public safety	56,841	60,225	61,775	(1550)
Capital Outlay	12,000	287,197	287,197	-
Total expenditures	68,841	347,422	348,972	(1550)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	(5,841)	<u>\$ 14,899</u>	13,349	<u>(1,550)</u>
Budgeted beginning cash	<u>5,841</u>			
	<u>\$ -</u>			
Change in accounts receivable			116,653	
Change in accounts payable			<u>(106,087)</u>	
GAAP change in fund balance			<u>\$ 23,915</u>	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUND
INSURANCE RESERVE - 207
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ -	2,471	2,471	-
Miscellaneous	-	-	-	-
Total revenues	-	2,471	2,471	-
Expenditures				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(78,942)	(78,942)	-
Total other financing sources	-	(78,942)	(78,942)	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ (76,471)	(76,471)	-
Budgeted beginning cash	-			
	\$ -			
Change in accounts payable			-	
GAAP change in fund balance			\$ (76,471)	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUND
FIRE PROTECTION FUND-202
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 288,000	322,609	322,609	-
Interest	3,500	4,547	4,548	1
Miscellaneous	10,000	-	-	-
Total revenues	301,500	327,156	327,157	1
Expenditures				
Current				
Public Safety	108,000	86,541	86,541	-
Capital Outlay	171,063	331,247	331,247	-
Total expenditures	279,063	417,788	417,788	-
Transfers in	-	100,000	100,000	-
Transfers out	(8,937)	(8,937)	(8,937)	-
Total other financing sources	(8,937)	91,063	91,063	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 13,500	431	432	1
Change in accounts receivable			82,885	
Change in accounts payable			(99,685)	
GAAP change in fund balance			\$ (16,368)	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION FUND - 206
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 29,600	29,600	29,600	-
Miscellaneous	-	-	-	-
Interest	500	500	120	(380)
Total revenues	30,100	30,100	29,720	(380)
Expenditures				
Current				
Public safety	-	-	-	-
Capital outlay	30,100	30,100	28,258	1,842
Total expenditures	30,100	30,100	28,258	1,842
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	1,462	1,462
Budgeted beginning cash	-	-	-	-
	\$ -	-	-	-

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIBRARY BUILDING FUND - 211
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 10,000	10,000	18,013	8,013
Total revenues	10,000	10,000	18,013	8,013
Expenditures				
Current				
Cultural and recreation	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	10,000	\$ 10,000	18,013	8,013
Budgeted beginning cash	-			
	<u>\$ 10,000</u>			

STATE OF NEW MEXICO
 CITY OF RATON
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 POLICE GRANTS FUND 209
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ -	122,116	144,566	22,450
Other	-	-	-	-
Total revenues	-	122,116	144,566	22,450
Expenditures				
Current				
Public Safety	-	-	-	-
Capital outlay	-	122,116	144,566	(22,450)
Total expenditures	-	122,116	144,566	22,450
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	-	-
Budgeted beginning cash	-			
	<u>\$ -</u>			

STATE OF NEW MEXICO
 CITY OF RATON
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 LIBRARY GRANTS FUND 213
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 20,369	20,375	7,726	(12,649)
Total revenues	20,369	20,375	7,726	(12,649)
Expenditures				
Current				
Cultural and recreation	20,369	20,375	7,273	13,102
Total expenditures	20,369	20,375	7,273	13,102
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	453	453
Budgeted beginning cash	-	-	-	-
	\$ -	-	-	-

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CONVENTION CENTER FUND 214
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	-	-	-	-
Interest	-	-	599	599
Total revenues	-	-	599	599
Expenditures				
Current				
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(19,145)	(19,144)	1
Total other financing sources	-	(19,145)	(19,144)	1
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ (19,145)	(18,545)	600
Budgeted beginning cash	-	-	-	-
	<u>\$</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE NARCOTICS FUND 219
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 20	20	295	275
Total revenues	20	20	295	275
Expenditures				
Current				
Public safety	300	300	250	50
Total expenditures	300	300	250	50
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	(280)	\$ (280)	45	325
Budgeted Beginning Cash	280			
	\$ -			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND 220
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
Capital Outlay	3,006	3,006	-	3,006
Total expenditures	3,006	3,006	-	3,006
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	(3,006)	<u>\$ (3,006)</u>	-	<u>(3,006)</u>
Budgeted beginning cash	<u>3,006</u>			
	<u>\$ -</u>			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
REGION IV NARCOTICS GRANT - FUND 221
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal grant	\$ -	969	969	-
Miscellaneous	-	1,400	1,399	(1)
Total revenues	-	2,369	2,368	(1)
Expenditures				
Current				
General government	-	7,230	7,230	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	7,230	7,230	-
Transfers in	-	5,000	4,862	(138)
Transfers out	-	-	-	-
Total transfers	-	5,000	4,862	(138)
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ 139	-	139
Budgeted beginning cash	-			
	\$ -			
Changes in accounts receivable			1,438	
GAAP change in fund balance			\$ 1,438	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LODGERS TAX 2% FUND 205
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 1,200	109	110	1
Miscellaneous	-	1,000	1,000	-
Total revenues	1,200	1,109	1,110	1
Expenditures				
General government	148,608	191,133	191,133	-
Capital outlay	-	-	-	-
Total expenditures	148,608	191,133	191,133	-
Transfers In	190,000	208,599	227,743	19,144
Transfers Out	(51,199)	(51,199)	(46,958)	4,241
Total other financing sources	138,801	157,400	180,785	23,385
Revenues and other financing sources over (under) expenditures and other financing uses	(8,607)	<u>\$ (32,624)</u>	<u>(9,238)</u>	<u>23,386</u>
Budgeted beginning cash	<u>8,607</u>			
	<u>\$ -</u>			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECT FUND
AIRPORT FUND - 300
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 19,655	11,521	11,521	-
Federal sources	357,098	449,247	349,247	(100,000)
Miscellaneous	-	-	-	-
Interest	-	187	187	-
Total revenues	376,753	460,955	360,955	(100,000)
Expenditures				
Capital outlay	396,409	414,223	414,223	-
Total expenditures	396,409	414,223	414,223	-
Transfers in	19,656	53,268	53,268	-
Transfers out	-	-	-	-
Total other financing sources	19,656	53,268	53,268	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ 100,000	-	(100,000)
Budgeted beginning cash	-			
	\$ -			
Change in accounts receivable			31,159	
GAAP change in fund balance			\$ 31,159	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
PARKS FUND 301
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 435,200	557,638	420,742	(136,896)
Miscellaneous	-	600,000	371,857	(228,143)
Interest	-	-	-	-
Total revenues	435,200	1,157,638	792,599	(365,039)
Expenditures				
Capital outlay	599,000	1,321,438	1,321,438	-
Total expenditures	599,000	1,321,438	1,321,438	-
Transfer in	163,800	163,800	163,800	-
Transfer out	-	-	-	-
Total other financing sources	163,800	163,800	163,800	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	(365,039)	(365,039)
Budgeted beginning cash	-			
	\$ -			
Change in accounts receivable			733,568	
GAAP change in fund balance			\$ 368,529	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
NMSHTD MAP PROJECT FUND 305
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amount	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 3,350,000	3,350,000	250,000	(3,100,000)
Miscellaneous	400,000	400,000	-	(400,000)
Interest	-	-	639	639
Total revenues	3,750,000	3,750,000	250,639	(3,499,361)
Expenditures				
Capital outlay	4,133,334	3,845,873	345,873	3,500,000
Total expenditures	4,133,334	3,845,873	345,873	3,500,000
Transfers in	383,334	260,617	260,617	-
Transfers out	-	(165,383)	(165,383)	-
Total other financing sources	383,334	95,234	95,234	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	(639)	-	639
Budgeted beginning cash	-			
	<u>\$ -</u>			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
MONTROYA PROPERTY FUND 307
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amount	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 1,005,000	1,005,000	31,191	(973,809)
Interest	-	-	-	-
Total revenues	1,005,000	1,005,000	31,191	(973,809)
Expenditures				
General Government	25,000	25,000	3,019	21,981
Capital outlay	980,000	980,000	63,932	916,068
Total expenditures	1,005,000	1,005,000	66,951	938,049
Transfers in	-	-	3,019	3,019
Transfers out	-	-	-	-
Total other financing sources	-	-	3,019	3,019
Revenues and other financing sources over (under) expenditures and other financing uses	-	<u>\$ -</u>	(32,741)	<u>(32,741)</u>
Budgeted beginning cash	-			
	<u>\$ -</u>			
Change in accounts receivable			41,673	
Change in accounts payable			-	
GAAP change in fund balance			<u>\$ 8,932</u>	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HISTORICAL BUILDING 308
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	10,000	65,795	10,000	(55,795)
Miscellaneous	-	-	-	-
Total revenues	10,000	65,795	10,000	(55,795)
Expenditures				
Capital outlay	13,000	69,054	69,054	-
General government	-	-	-	-
Total expenditures	13,000	69,054	69,054	-
Transfers in	3,000	3,259	3,259	-
Transfers out	-	-	-	-
Total other financing sources	3,000	3,259	3,259	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	(55,795)	(55,795)
Budgeted beginning cash	<u> </u>			
	<u>\$ -</u>			
Change in accounts receivable			90,000	
Change in accounts payable			<u>(36,482)</u>	
GAAP change in fund balance			<u>\$ (2,277)</u>	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
1/4% - CAPITAL IMPROVEMENTS (309)
Year Ended June 30, 2008

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 320,000	320,000	338,932	18,932
State Sources	-	-	-	-
Interest	5,000	5,000	6,888	1,888
Total revenues	325,000	325,000	345,820	20,820
Expenditures				
Current				
General government	9,600	9,600	5,569	4,031
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	9,600	9,600	5,569	4,031
Transfers in	-	272,418	272,418	-
Transfers out	(639,367)	(440,745)	(443,764)	(3,019)
Total transfers	(639,367)	(168,327)	(171,346)	(3,019)
Revenues and other financing sources over (under) expenditures and other financing uses	(323,967)	<u>\$ 147,073</u>	168,905	<u>21,832</u>
Budgeted beginning cash	<u>323,967</u>			
	<u>\$ -</u>			
Change in accounts receivable			<u>13,069</u>	
GAAP change in fund balance			<u>\$ 181,974</u>	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTE WATER TREATMENT PLANT - 310
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ -	316,831	316,831	-
Interest	-	1,845	1,845	-
Local sources	-	304,722	304,722	-
Total revenues	-	623,398	623,398	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	631,788	631,788	-
Total expenditures	-	631,788	631,788	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total transfers	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	(8,390)	(8,390)	-
Budgeted beginning cash	-			
	<u>\$ -</u>			
Changes in accounts receivable			(159,284)	
Changes in accounts payable			150,590	
GAAP change in fund balance			<u>\$ (17,084)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER CAPITAL PROJECT FUND - 311
Year Ended June 30, 2008

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 523,644	523,644	301,778	(221,866)
Interest	-	-	1	1
Local sources	200,000	200,000	-	(200,000)
Total revenues	723,644	723,644	301,779	(421,865)
Expenditures				
Current				
General government	35,000	35,000	-	35,000
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	688,644	688,644	301,996	386,648
Total expenditures	723,644	723,644	301,996	421,648
Transfers in	-	-	-	-
Transfers out	-	(9,723)	(9,723)	-
Total transfers	-	(9,723)	(9,723)	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ (9,723)	(9,940)	(217)
Budgeted beginning cash	-			
	\$ -			
Change in accounts receivable			10,900	
GAAP change in fund balance			\$ 960	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
STREET IMPROVEMENT FUND 217
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 330,000	323,886	294,379	(29,507)
State sources	103,267	103,267	-	(103,267)
Charges for services	2,000	3,750	3,750	-
Interest	5,000	1,283	1,283	-
Miscellaneous	-	-	-	-
Total revenues	440,267	432,186	299,412	(132,774)
Expenditures				
General Government	267,023	206,589	206,589	-
Total expenditures	267,023	206,589	206,589	-
Transfers in	-	-	-	-
Transfers out	(189,867)	(201,767)	(201,767)	-
Total other financing sources	(189,867)	(201,767)	(201,767)	-
Revenues and other financing sources over (under) expenditures and other financing uses	(16,623)	<u>23,830</u>	(108,944)	<u>(132,774)</u>
Budgeted beginning cash	<u>16,623</u>			
	<u>\$ -</u>			
Change in accounts receivable			86,839	
Change in accounts payable			<u>(49,071)</u>	
GAAP change in fund balance			<u>\$ (71,176)</u>	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
GRT SWIM POOL/RECREATION CENTER FUND 302
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amount	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 1,580,000	419,048	189,175	(229,873)
Federal Grants	-	-	-	-
Taxes	177,713	169,570	169,570	-
Interest	20,000	32,302	32,302	-
Total revenues	1,777,713	620,920	391,047	(229,873)
Expenditures				
General Government	86,832	86,541	86,541	-
Capital outlay	2,290,881	58,000	58,000	-
Total expenditures	2,377,713	144,541	144,541	-
Transfers in	-	83,753	83,753	-
Transfers out	-	(183,753)	(183,753)	-
Total other financing sources	-	(100,000)	(100,000)	-
Revenues and other financing sources over (under) expenditures and other financing uses	(600,000)	\$ 376,379	146,506	(229,873)
Budgeted beginning cash	600,000			
	\$ -			
Change in accounts receivable, net of adjustments			(7,967)	
Change in accounts payable			-	
GAAP change in fund balance			\$ 138,539	

STATE OF NEW MEXICO
 CITY OF RATON
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 DEBT SERVICE FUNDS
 NMFA LOAN FIRE EQUIPMENT FUND 401
 Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ -	-	3,107	3,107
Total revenues	-	-	3,107	3,107
Expenditures				
Debt service	34,837	34,837	34,837	-
Total expenditures	34,837	34,837	34,837	-
Transfers in	8,937	8,937	8,937	-
Transfers out	-	-	-	-
Total other financing sources	8,937	8,937	8,937	-
Revenues and other financing sources over (under) expenditures and other financing uses	(25,900)	\$ (25,900)	(22,793)	3,107
Budgeted beginning cash	25,900			
	\$ -			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
STREET IMPROVEMENT LOAN FUND 402
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 8,000	8,000	11,290	3,290
Total revenues	8,000	8,000	11,290	3,290
Expenditures				
Debt service	106,483	106,483	106,483	-
Total expenditures	106,483	106,483	106,483	-
Transfers in	106,533	106,533	106,533	-
Transfers out	-	-	-	-
Total other financing sources	106,533	106,533	106,533	-
Revenues and other financing sources over (under) expenditures and other financing uses	8,050	<u>\$ 8,050</u>	11,340	<u>3,290</u>
Budgeted beginning cash	-			
	<u>\$ 8,050</u>			
Amortization of loan acquisition costs			<u>(2,625)</u>	
GAAP change in fund balance			<u>\$ 8,715</u>	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
WELCOME CENTER LOAN FUND 403
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 3,500	3,500	4,076	576
Total revenues	3,500	3,500	4,076	576
Expenditures				
Debt service	51,200	51,200	51,198	2
Total expenditures	51,200	51,200	51,198	2
Transfers in	51,199	51,199	46,958	(4,241)
Transfers out	-	-	-	-
Total other financing sources	51,199	51,199	46,958	(4,241)
Revenues and other financing sources over (under) expenditures and other financing uses	3,499	\$ 3,499	(164)	(3,663)
Budgeted beginning cash	-			
	<u>\$ 3,499</u>			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
SPECIAL ASSESSMENTS DISTRICTS - 499
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	-	-
Budgeted beginning cash	-			
	\$ -			
Change in allowance for uncollectible accounts			-	
GAAP change in fund balance			\$ -	

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
NMFA LOAN-LOADER DS FUND 404
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 300	300	516	216
Total revenues	300	300	516	216
Expenditures				
Debt service	21,314	21,314	21,314	-
Total expenditures	21,314	21,314	21,314	-
Transfers in	21,126	21,126	17,604	(3,522)
Transfers out	-	-	-	-
Total other financing sources	21,126	21,126	17,604	(3,522)
Revenues and other financing sources over (under) expenditures and other financing uses	112	\$ 112	(3,194)	(3,306)
Budgeted beginning cash	-			
	<u>\$ 112</u>			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTE WATER TREATMENT PLANT DEBT SERVICE - 405
Year Ended June 30, 2008

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ -	-	5,061	5,061
Miscellaneous	177,433	177,433	-	(177,433)
Total revenues	177,433	177,433	5,061	(172,372)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	170,900	170,900	170,738	162
Capital outlay	-	-	-	-
Total expenditures	170,900	170,900	170,738	162
Transfers in	-	-	234,599	234,599
Transfers out	-	-	-	-
Total transfers	-	-	234,599	234,599
Revenues and other financing sources over (under) expenditures and other financing uses	6,533	\$ 6,533	68,922	62,389
Budgeted beginning cash	-			
	\$ 6,533			

STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RECREATION CENTER DEBT SERVICE 406
Year Ended June 30, 2008

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 3,400	3,400	9,305	5,905
Miscellaneous	-	-	-	-
Total revenues	3,400	3,400	9,305	5,905
Expenditures				
Current	189,367	189,367	189,367	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	189,367	189,367	189,367	-
Transfers in	189,367	206,992	206,992	-
Transfers out	-	-	-	-
Total transfers	189,367	206,992	206,992	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 3,400	21,025	26,930	5,905

STATE OF NEW MEXICO
CITY OF RATON
TRUST AND AGENCY FUND
June 30, 2008

Municipal Court. To account for fines and fees generated from the municipal court system.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 CITY OF RATON
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and temporary investments	\$ 10,754	62,330	(68,168)	4,916
LIABILITIES				
Deposits held for others	\$ 10,754	62,330	(68,168)	4,916

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

Federal Grantor-Program Title	CFDA Number	Grantor Identifying Number	Expenditures
U.S. Department of Agriculture Direct from USDA Rural waste water treatment program	10.760	85-6000163	\$ 157,546
Total U.S. Department of Agriculture			<u>157,546</u>
U.S. Department of Transportation Federal Aviation Administration Air Improvement	20.106	3-35-0033-010 3-35-0033-012	339,830 40,576
Recreational Trail Program	20.219	unknown	<u>40,742</u>
Total U.S. Department of Transportation			<u>421,148</u>
U.S. Department of Justice Region IV Drug Task Force	16.738	05-JAG-PPA 02 Region IV FY08	<u>2,407</u>
Total U.S. Department of Justice			<u>2,407</u>
U.S. Department of Homeland Security Passed through New Mexico Department of Public Safety State Domestic Preparedness Equipment Support	97.004	2004-GE-T6-0064	11,004 *
Homeland Security Grant Program	97.067	2005-GE-TS-00012	188,765
Homeland Security Grant Program	97.067	2006-GE-T7-0023	<u>82,985</u>
Subtotal Homeland Security cluster			282,754
Hazardous Material Training	97.unknown	unknown	8,000
EMPG Funds	97.042	2007-EM-E7-0035	17,516
EMPG Funds	97.042	2008-EMPG-Raton	<u>25,526</u>
Total U.S. Department of Homeland Security			<u>333,796</u>
Total Expenditures of Federal Awards			<u>\$ 914,897</u>

* Non-cash support

NOTE 1. BASIS OF PRESENTATION

This schedule has been prepared on the accrual basis of accounting. It includes activity only for the City of Raton. The Raton Housing Authority submits a separate A-133 reporting package.

**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***

State of New Mexico
City of Raton
and
Mr. Hector H. Balderas,
New Mexico State Auditor

We have audited the governmental activities, the business-type activities, the discretely presented component units, each major fund, the general fund budgetary comparison, and the aggregate remaining fund information of the City of Raton (City) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 29, 2008. We have also audited the financial statements of each of the City's nonmajor funds, the budgetary comparisons, and the budgetary comparisons of the major enterprise funds, presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended June 30, 2008, as listed in the table of contents. We did not express an opinion related to the effects of capital assets of the City on the entity-wide statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

State of New Mexico
City of Raton
and
Mr. Hector H. Balderas,
New Mexico State Auditor

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. For the City, we consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 02-1, 07-1, 08-1, 08-2, and 08-3 to be significant deficiencies in internal control over financial reporting. For the component units, we consider the deficiencies described in the accompanying schedule of findings and questioned costs as Raton Public Service items 02-1, 04-5, 08-1, 08-2, and 08-3, to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 02-1 (City) and 07-1 (City) and 04-5 (RPS) to be material weaknesses.

State of New Mexico
City of Raton
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 02-1 and 08-4 for the City, and for the component units Raton Public Service as item 04-5.

The City's and component unit's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's and component unit's responses and, accordingly, we express no opinion on them.

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

Moss Adams LLP

Albuquerque, New Mexico
November 29, 2008

**Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

State of New Mexico
City of Raton
and
Mr. Hector H. Balderas,
New Mexico State Auditor

Compliance

We have audited the compliance of State of New Mexico City of Raton (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

State of New Mexico
City of Raton
and
Mr. Hector H. Balderas,
New Mexico State Auditor

In our opinion the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

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

State of New Mexico
City of Raton
and
Mr. Hector H. Balderas,
New Mexico State Auditor

This report is intended solely for the information and use of the City's management, the New Mexico State Auditor, the New Mexico State Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specific parties.

Moss Adams LLP

Albuquerque, New Mexico
November 29, 2008

STATE OF NEW MEXICO
 CITY OF RATON
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2008

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Qualified

Internal control over financial reporting:

- Material weakness(es) identified? x Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? x Yes None Reported

Non-compliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes x No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) Yes x None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes x No

Identification of Major Program

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes x No

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON

02-1 City Capital Assets, Material Weakness

CONDITION

The City's does not report and depreciate general infrastructure assets in their financial statements. In addition, an inventory of capital assets was not performed during FY08. The inventory listing is not maintained. Additions and disposals are not recorded.

CRITERIA

GASB 34 requires governments to report general infrastructure assets in the Statement of Net Assets. State law requires an annual inventory of capital assets be performed. Section 12-6-10, NMSA 1978, requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year.

CAUSE

The City has not had the time and resources to update their fixed assets records.

EFFECT

Lack of an annual inventory and incomplete supporting documentation could lead to theft, misuse or unauthorized disposal without detection. Material misstatements of capital assets may result. A restatement of capital assets did occur in 2007.

RECOMMENDATION

The City should maintain and update an accurate listing of all capital assets, including infrastructure, owned by the City and obtain services of an appraisal company to conduct an inventory of their infrastructure and produce an accurate listing. In addition, detail on current year activity should be maintained.

MANAGEMENT RESPONSE

The City of Raton will obtain the services of an engineering firm to conduct an inventory of the general infrastructure assets as required by GASB 34. The City will also make every effort this year to conduct a physical inventory of all capital assets which will include an accurate report of all additions and deletions.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON
(CONTINUED)

07-1 City Inability to Prepare GAAP-based Financial Statements, Material
Weakness

CONDITION

The City and Raton Water Works did not prepare a trial balance in accordance with generally accepted accounting principles (GAAP). There were 22 journal entries proposed to convert the City's trial balance to the modified accrual basis of accounting. The Raton Water Works trial balance also required adjustments to convert to the full accrual basis of accounting, which is GAAP for enterprise funds. The June 30, 2007 financial statements had to be restated for 3 funds which had material errors.

CRITERIA

The Governmental Accounting Standards Board, *Codification of Governmental Accounting and Financial Reporting Standards (GASB)*, Section 1100 requires governments to prepare financial statements on the modified accrual basis for governmental type funds and full accrual basis for enterprise type funds.

CAUSE

The City and Water Works keep their books on the cash basis and have not taken the necessary steps to convert them to the modified accrual basis.

EFFECT

The City and Water Works may not have the ability to prevent and detect material misstatements in their financial statements.

RECOMMENDATION

We recommend the City and Water Works convert their trial balance to the applicable generally accepted basis prior to the audit.

MANAGEMENT RESPONSE

The City of Raton has consulted with the auditors in order to gain a better understanding of this requirement. The City of Raton and Raton Water Works will provide the auditors with the necessary accrual entries for FY09 prior to the audit in order to convert the trial balances to the modified accrual basis for governmental fund types and full accrual basis for the enterprise fund which will insure proper compliance with generally accepted accounting principles.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON
(CONTINUED)

08-1 City Controls over Cash Receipts

CONDITION

During our review of the cash receipts process, we noted certain control deficiencies. The City accepts cash receipts after the batch has been closed for the day. Currency and checks that are waiting to be deposited are locked in a safe inside the vault overnight. Because the keys to the safe are kept inside the vault, anyone with access to the vault also has access to the safe. In addition, employees who receive cash payments have the ability to void transactions without additional oversight or approval.

CRITERIA

In order to ensure that all cash receipts accepted are correctly applied and are timely deposited into the City's bank account, payments received in currency or check are entered into the accounting system, a computer-generated receipt is issued, and the bank deposit slip is prepared using the cash receipt register. Adequate segregation of duties requires that the ability to authorize, execute, and reconcile transactions lies with three separate individuals. Adequate controls over cash require that cash be properly safeguarded until deposited. Ideally, cash and checks should be deposited in the City's bank account on the same day they are received. If the same employee can both void a transaction and approve the voiding of a transaction, there is the risk that fraud will occur.

CAUSE

The City creates one batch per day of the cash receipts accepted at the City Clerk's office. When a customer pays at the office after the batch has been closed, the cash receipt is not entered into the daily batch, so the customer is given a handwritten receipt. Payments by cash or check are accepted throughout the business day at the City Clerk's office. At the end of the day, the payments are aggregated into one batch. From this batch the bank deposit slip is completed and the payments are deposited in the City's bank the following day. Typically, a transaction will be voided if the amount or account was entered in error. In these instances, the employee accepting the cash payment can void and re-enter the transaction without the approval or oversight of another employee. At times, there may only be one employee in the office, so requiring additional approval may be difficult.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON
(CONTINUED)

08-1 City Controls over Cash Receipts (continued)

EFFECT

A cash receipt accepted without a timely record in the accounting system, and therefore without the issuance of computer-generated receipt, carries a risk that the cash may be mishandled, either through error or fraud. Because the payment is not entered into the accounting system, its receipt is not recorded, and the amount may not be deposited. Without additional controls, checks and cash awaiting deposit overnight in the vault could be susceptible to theft. The lack of detective controls, and the fact that more than one person has both access to the vault and access to the safe, makes it difficult, if not impossible, to detect the person responsible. Because an employee has the ability to void a cash payment transaction, there is the risk that cash receipts may not be recorded or deposited, and that such payments can be converted to personal use.

RECOMMENDATION:

We recommend the City consider not accepting cash receipts after they've closed their batch for the day. Because of risk associated with handwritten receipts and the lack of adequate controls, eliminating handwritten receipts altogether is the best option. This may require that the batch be closed later, after customers are no longer admitted; it may require that customers be informed that payments will no longer be accepted after a given time, even if the office is still open; or, it may require that the City prepare multiple batches in a single day. As a preventative control, cash and checks received as payment could be deposited on the same day received, perhaps at the bank's night deposit drop box. As a detective control, and a deterrent to theft, the cash and checks received and stored in the vault could be counted by two employees upon both delivery into and removal from the vault. The process of voiding transactions would benefit from another level of control, either by requiring a manager to void a transaction, or by requiring two employees to sign off on a voided receipt. The daily batch register should be reviewed for evidence of improperly voided sales to avoid loss due to a register disbursement fraud.

MANAGEMENT RESPONSE

The City of Raton concurs with the auditor recommendation and will be changing some of its internal control procedures to insure the safeguarding of cash receipts. The City of Raton will discuss the procedure for doing night deposits with the bank and will require 2 signatures on all voided transactions. The City of Raton no longer issues hand receipts after the batch has been closed but will keep a receipt book on hand in the event that the system is down for any reason. Staff is also required to write the system generated receipt number on the copy of the manual receipt which will be monitored by the City Clerk regularly.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON
(CONTINUED)

08-2 City Segregation of Duties Over Disbursements

CONDITION:

One individual has the ability to both prepare (execute) and sign (authorize) checks. This is an inadequate segregation of duties.

CRITERIA:

The ability to execute, authorize, and reconcile transactions should lie with three separate individuals to ensure that transactions are not mishandled due to error or fraud. For the instance of payroll checks, this means that one individual should prepare the checks, another individual should sign the checks, and a third individual should reconcile the bank account.

CAUSE:

The system used to generate payroll checks, Incode, has the ability to print authorized signatures directly on the check with the entry of an additional password. The three individuals that have the capability to prepare checks within Incode (Michael Anne Lannon, Geneva Trujillo, and Cyndi Parker) also have the ability to sign the checks. Although the City Clerk does approve and sign off on the check register, there is no control in place that would prevent the generation of a separate check run and the destruction of that separate check register.

EFFECT:

One person can both prepare and sign a fraudulent check, perhaps written to themselves or an accomplice. Although the City Clerk reconciles the bank statement, she wouldn't necessarily notice a fraudulent check as long as it was recorded in Incode, and the bank reconciliations are not always performed on a timely basis.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

**B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON
(CONTINUED)**

08-2 City Segregation of Duties Over Disbursements (continued)

RECOMMENDATION:

The signature printing function (Secure Signature) should require two distinct passwords instead of just one. (Per the City Clerk, the system does have this capability.) Each individual in the accounting department that prepares checks should only have access to one of the passwords (i.e., no one person should know both passwords). In addition, for the instances when there is only one accounting employee at the office, a few individuals outside the accounting department could have access to one password as well. This would ensure that every check prepared and signed would have two individuals overseeing the transaction.

MANAGEMENT RESPONSE

The City of Raton concurs with the auditor recommendation and will have Incode program the system so that 2 passwords are required when printing signatures on checks.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON
(CONTINUED)

08-3 City Fraud Related to Refundable Deposits

CONDITION

In February 2008, the City discovered that fraud had allegedly been perpetrated in the area of cash receipts by an employee who has since resigned. The employee was able to allegedly perpetrate the fraud because they were received payments from customers in the form of currency and checks that were not deposited in the bank but kept in a locked safe until the deposits were refunded and because timely reconciliation of the daily deposits were not completed. While the situation was ultimately detected when the deposits were reconciled to the general ledger, the fraud would have been prevented altogether if the procedure would have been completed timely. The amount of missing deposits totaled \$5,568.

CRITERIA

Adequate controls over cash require that cash deposits should be reconciled in a timely manner. The deposits are fully refundable to the customer, meaning that, although the cash has been received, the money has not been earned by the City and must be returned. Rental deposits account should be classified as a liability (i.e. unearned revenue), not a revenue account.

CAUSE

The City has recently begun recording refundable deposits. Before January, all refundable deposits were issued a handwritten receipt and the cash received was kept in the vault and not deposited. Due to the risk associated with unrecorded cash kept on hand, and the resulting fraudulent activity, the City Clerk instituted a policy that all refundable deposits must be recorded and deposited. The employee was able to perpetrate the fraud because they were received payments from customers in the form of currency and checks that were not deposited in the bank but kept in a locked safe until the deposits were refunded and because timely reconciliation of the daily deposits were not completed.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON
(CONTINUED)

08-3 City Fraud Related to Refundable Deposits (continued)

EFFECT

Without additional controls or timely reconciliation, checks and cash deposits could be susceptible to theft and fraud was not detected until the reconciliation was completed. Liabilities are understated by the amount of any outstanding refundable deposits, and revenue is overstated by the same amount.

RECOMMENDATION

As a preventive control, cash and checks received as payment should be deposited on the same day received and reconciled to the general ledger timely. This will be a deterrent to theft, the cash and checks received will be verified and reconciled to the general ledger. The rental deposits account should be classified as a liability, rather than a revenue, account.

MANAGEMENT RESPONSE

The City of Raton will insure that all cash and checks received are deposited the same day and that copies of all deposit slips and checks are made prior to going to the bank. The validated bank deposit slip is also checked again after the deposit is made to make sure it matches the daily report. All accounts will be reconciled to the general ledger monthly upon receipt of the bank statements. The line item for refundable deposits will also be changed to a liability account.

STATE OF NEW MEXICO
 CITY OF RATON
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2008

B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON
 (CONTINUED)

08-4 City Budget Overages

CONDITION

During our analysis of the budget for the year ended June 30, 2008, we noted the following budget overages for the City:

	Budgetary Level	Overage	Budget
Special Revenue Funds			
Fire Grants	Fund	\$ 1,550	347,422
Police Grants	Fund	\$ 22,450	144,566

CRITERIA

New Mexico State Statute 6-6-6 NMSA 1978 requires that local government spending does not exceed budgeted amounts, unless approved budget adjustments are made.

EFFECT

The City Commission did not have the opportunity to approve these additional expenditures.

CAUSE

Year-end adjustments of budgeted and actual expenditures were not completed.

RECOMMENDATION

Management should update policies and procedures that specifically include reviews that compare actual to budgeted expenditures.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-1. FINANCIAL STATEMENT FINDINGS - CITY OF RATON
(CONTINUED)

08-4 City Budget Overages (continued)

MANAGEMENT RESPONSE

The intent of the City Commission was to approve all over budget items at year end. An adjustment was posted to the Fire Grants Fund incorrectly thus causing the fund to inadvertently be over budget. Information needed to process the E911 Police Grant adjustment was not received from DFA until September, after the final budget adjustment was already approved. The City Clerk will contact DFA next year prior to submission of the final budget adjustment and will also double check all budget adjustment requests for errors prior to submission to DFA.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-2. FINANCIAL STATEMENT FINDINGS-RATON PUBLIC SERVICE

02-01 RPS Policies and Procedures Manual

CONDITION

There are no written policies and procedures for accounting and purchasing.

CRITERIA

Policies and procedures should be maintained to ensure proper accounting and ensure that internal control structure is adequate and in operation.

CAUSE

Due to the size of RPS and the fact that the majority of transactions are routine, management has not determined it cost effective to develop formal polices and procedures for accounting.

EFFECT

Without policies and procedures, there may be inconsistencies on how items are processed and may lead to improper accounting method utilization.

RECOMMENDATION

Policy and procedure manuals should be written and adopted by the Board.

MANAGEMENT RESPONSE

RPS implemented a purchasing policy on July 24, 2002. This policy will be reviewed and updated as necessary. RPS is working to implement an accounting policy.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-2. FINANCIAL STATEMENT FINDINGS-RATON PUBLIC SERVICE
(CONTINUED)

04-05 RPS Capital Assets - Material Weakness

CONDITION

During our testwork of capital assets, the following was noted:

- A physical inventory was completed at or near year-end by an outside firm. However, the inventory taken by the firm did not agree to amounts posted in the general ledger for fixed assets. Additionally, there are unresolved errors in the detail listing from the physical inventory.
- Movable assets, such as computers, are not tagged with unique identifying numbers.
- RPS does not have policies and procedures related to the disposition of fixed assets.

CRITERIA

Sound accounting requirements require a detailed asset listing, which should be in agreement with the general ledger. In addition, RPS is not in compliance with 1 NMAC 1.2.1, Accounting and Control of Fixed Assets since the assets are not tagged.

CAUSE

Adequate policies and procedures are not in place to help monitor this situation.

EFFECT

RPS is not in compliance with 1 NMAC 1.2.1.

RECOMMENDATION

Develop and implement policies and procedures that incorporate tagging all assets and calls for a complete physical inventory at or near year-end and proper disposal of assets. Reconcile all capital assets to the general ledger. Management should consider grouping capital assets within their system as they are presented in the financial statements.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-2. FINANCIAL STATEMENT FINDINGS-RATON PUBLIC SERVICE
(CONTINUED)

04-05 RPS Capital Assets - Material Weakness (continued)

MANAGEMENT RESPONSE

RPS has agreed to work with the City of Raton to reconcile and update the asset records for both organizations, including the tagging of assets. RPS has begun work on the policies and procedures governing the maintenance of asset records, including but not limited to additions, inventory control and disposition of assets.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-2. FINANCIAL STATEMENT FINDINGS-RATON PUBLIC SERVICE
(CONTINUED)

08-1 RPS Expensing of Inventory Used in Operations

CONDITION

The unadjusted inventory balance reflected on the general ledger did not agree to the total balance on the detailed schedule at year end.

CRITERIA

Inventory items consumed in the course of operations should be expensed according to the first-in first-out method in accordance with RPS' accounting policies.

CAUSE

The ending inventory balance reflected on the detailed listing was appropriately calculated using the first-in first-out method while inventory consumed during the year was incorrectly expensed at average cost.

EFFECT

The general ledger ending inventory balance was understated and related operating expenses were overstated.

RECOMMENDATION

We recommend establishing procedures to ensure that inventory items used during the year is expensed using the first-in-out method.

MANAGEMENT RESPONSE

The inventory tracking software has been adjusted to expense items on a first-in first-out basis.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-2. FINANCIAL STATEMENT FINDINGS-RATON PUBLIC SERVICE
(CONTINUED)

08-2 RPS Aged Accounts Receivable Finding

CONDITION

There was an immaterial discrepancy between the accounts receivable balance reflected on the aged listing and the general ledger accounts receivable balance.

CRITERIA

The total accounts balance per the aged accounts receivable listing should agree to the general ledger balance at year end.

CAUSE

Receivables that have been written-off are not being removed from the aged accounts receivable listing.

EFFECT

The accounts receivable balance reflected on the aged listing was overstated and not representative of the actual account receivable balance on the general ledger at year end.

RECOMMENDATION

We recommend establishing procedures to ensure that the accounts receivable balance on the aged listing agrees to the general ledger balance at year end.

MANAGEMENT RESPONSE

RPS will begin running a process to write off aged accounts and remove them from the accounts receivable balance.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-2. FINANCIAL STATEMENT FINDINGS-RATON PUBLIC SERVICE
(CONTINUED)

08-3 RPS IT Finding

CONDITION

During our testing of internal controls relating to information technology controls we noted the following opportunities for the County to improve controls and overall system security:

- RPS does not have a change management program in place for implementing software application programming or other technology changes. It was noted that the A/R system was modified by an external consultant. Modified applications bear an increased risk of lost or damaged data, or the introduction of processing errors.
- Currently, Raton Public Service does not have a password policy in place. Even access to non-critical systems can be a risk for RPS.
- Security access has not been tested over the past year.

CRITERIA

There should be proper safeguards and controls over information technology to ensure proper financial reporting and safeguarding of County information.

EFFECT

The safeguarding of important and confidential information can be compromised. Also, once weak passwords are exploited, a determined hacker can use other systems within the network to launch attacks or intrusion attempts against critical systems.

CAUSE

There are no established policies and procedures for the application of implementing new software and passwords. Additionally, there has not been any testing by an outside security expert.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-2. FINANCIAL STATEMENT FINDINGS-RATON PUBLIC SERVICE
(CONTINUED)

08-3 RPS IT Finding (continued)

RECOMMENDATION

We recommend the County implement the following:

- A process should be developed to document and manage all technology changes at RPS, including those performed by external consultants. Change management should at a minimum document the review and approval of the proposed change, developing and testing changes in a non-production environment, rollback procedures, and approval to migrate the change to production. Development documentation, performed by an external consultant, should be retained in-house by RPS. Such proactive measures will help ensure the expected performance of the system, and help anticipate any unforeseen problems.
- A password policy should be uniform across the organization regardless of the employee's status or role. Everyone should be required to adhere to a regular schedule of changing their passwords for access to the network. This policy should be clearly defined with the following parameters: requiring users to change their passwords every 90 days, maintaining password uniqueness, and having at least 8 alphanumeric characters in their password. In addition, the system should lock out an account after three failed login attempts.
- RPS should establish policies and procedures to ensure that a security assessment will be conducted annually and that penetration testing be added to the quarterly maintenance routines.

MANAGEMENT'S RESPONSE

RPS will work with the City and its consultants to develop and implement a more thorough network security policy.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

B-3. FINANCIAL STATEMENT FINDINGS-RATON HOUSING AUTHORITY

None.

C. FEDERAL AWARD FINDINGS

None.

STATE OF NEW MEXICO
CITY OF RATON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2008

City of Raton

02-1	Fixed Assets, material weakness	Repeated and Updated
04-1	Travel & Per Diem	Resolved
04-2	Information Systems	Resolved
06-1	Maintaining control numbers for checks – RWW	Resolved
07-1	Inability to prepare GAAP-based financial statements	Repeated and Updated
07-2	Cash disbursements – RWW	Resolved
07-3	Cash – bank collateralization	Resolved
07-4	Inventory of supplies – RWW	Resolved

Raton Public Service Co.

02-1	Policy and Procedures Manual – RPS	Repeated and Updated
04-5	Capital Assets	Repeated and Updated
06-1	Inventory Tracking System	Resolved
07-1	Reconciliation of cash accounts	Resolved

Raton Housing Authority

None

**STATE OF NEW MEXICO
CITY OF RATON
EXIT CONFERENCE
Year Ended June 30, 2008**

We discussed the contents of this report during the exit conference held on November 25, 2008. The exit conference was attended by the following individuals:

CITY OF RATON

Joe F. Apache, Mayor
Michael Anne Lannon, City Clerk/Treasurer
Dan Campbell, Raton Water Works Manager
Bonnie Cunico, Raton Water Works Financial Officer

Moss Adams LLP

James Hartogensis, CPA Senior Manager

RATON PUBLIC SERVICE

An exit conference was held on November 25, 2008. Attending were the following:

Representing RPS:

Kathy McQueary	Vice President of the Board
Glenn Fisher	General Manager
Sandy Chavez	Office Manager

Representing Moss Adams LLP:

James Hartogensis, CPA Senior Manager

RATON HOUSING AUTHORITY

An exit conference was held on November 25, 2008 and attended by:

Raton Housing Authority

Robert Stoller, Chairperson
Terry Baca, Executive Director

Moss Adams LLP

James Hartogensis, CPA Senior Manager

The financial statements were prepared with the assistance of Moss Adams LLP.