

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

**JUNE 30, 2009**

Moss Adams LLP  
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STATE OF NEW MEXICO  
CITY OF RATON

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STATE OF NEW MEXICO  
CITY OF RATON

Official Roster

June 30, 2009

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, 2009

ELECTED OFFICIALS & ADMINISTRATION

Name

Title

Administration

Dan Campbell

General Manager

Bonnie Cunico

Office Manager

Housing Authority Commission

Robert Stoller

Chairperson

Margaret Evans

Vice Chairperson

Mike Morgan

Commissioner

John Duran

Commissioner

Tony Vigil

Commissioner

Administration

Terry Baca

Executive Director

Tresa Kagen

City Commissioner

The Public Service Company

Kathy McQueary

President

Scott Berry

Vice President

Mark Jansen

Treasurer

Joe Apache

Director

Charles Henry

Director



**STATE OF NEW MEXICO  
CITY OF RATON**

**Official Roster (Continued)**

**June 30, 2009**

**ELECTED OFFICIALS & ADMINISTRATION**

**Name**

**Title**

Administration

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor funds, including the budgetary comparisons, and the budgetary comparisons of the major debt service and enterprise funds presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the 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, 2009, 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, 2009, 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, 2009, 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 debt service funds, the nonmajor governmental funds and the enterprise funds for the year ended June 30, 2009 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2009 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, 2009, 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  
December 1, 2009

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF NET ASSETS  
June 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Raton Public Service	Raton Housing Authority
<b>ASSETS</b>					
Cash and temporary investments	\$ 6,813,624	3,970,628	10,784,252	459,579	604,804
Receivables, net of allowance for uncollectibles	4,374,260	383,667	4,757,927	443,465	6,427
Inventory	-	60,159	60,159	754,965	12,165
Note receivable, current portion	-	14,757	14,757	-	-
Prepaid expenses	-	-	-	7,094	3,544
Restricted cash and investments	-	-	-	3,429,102	28,992
Loan acquisition costs, net	7,875	-	7,875	-	-
Note receivable, long term	-	125,435	125,435	-	-
Capital assets, not depreciated	2,111,051	-	2,111,051	-	453,291
Capital assets, net of accumulated depreciation	15,118,758	22,338,741	37,457,499	6,128,659	1,735,374
<b>Total assets</b>	<b>\$ 28,425,568</b>	<b>26,893,387</b>	<b>55,318,955</b>	<b>11,222,864</b>	<b>2,844,597</b>
<b>LIABILITIES</b>					
Cash overdraft	\$ 249,394	-	249,394	-	-
Accounts payable	285,891	226,823	512,714	538,580	2,167
Accrued liabilities	108,832	45,696	154,528	55,025	1,892
Intergovernmental liability	-	-	-	40,849	-
Deposits	-	80,377	80,377	270,993	28,992
Deferred revenues	-	-	-	10,103	-
Compensated absences	372,999	230,459	603,458	91,881	-
Long-term liabilities, due in one year	301,735	200,013	501,748	116,929	-
Long-term liabilities, due in more than one year	9,139,623	3,202,573	12,342,196	1,865,131	-
<b>Total liabilities</b>	<b>\$ 10,458,474</b>	<b>3,985,941</b>	<b>14,444,415</b>	<b>2,989,491</b>	<b>33,051</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 7,788,451	20,268,919	28,057,370	4,146,599	2,188,665
Restricted for					
Special projects	1,198,933	-	1,198,933	-	-
Capital projects	1,537,897	-	1,537,897	-	-
Debt service	6,331,351	-	6,331,351	-	-
Unrestricted	1,110,462	2,638,527	3,748,989	4,086,774	622,881
<b>Total net assets</b>	<b>\$ 17,967,094</b>	<b>22,907,446</b>	<b>40,874,540</b>	<b>8,233,373</b>	<b>2,811,546</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2009

Functions/Programs Primary government	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	Component Units Raton Public Service Raton Housing Authority
General government	\$ 1,807,364	616,610	266,263	115,685	(808,806)	-	(808,806)	-
Public safety	3,434,483	9,180	865,666	81,647	(2,477,990)	-	(2,477,990)	-
Culture and recreation	394,369	-	11,043	786,901	403,575	-	403,575	-
Highways and streets	847,472	3,750	-	1,121,958	278,236	-	278,236	-
Interest on long-term debt	358,434	-	-	-	(358,434)	-	(358,434)	-
<b>Total governmental activities</b>	<b>6,842,122</b>	<b>629,540</b>	<b>1,142,972</b>	<b>2,106,191</b>	<b>(2,963,419)</b>	<b>-</b>	<b>(2,963,419)</b>	<b>-</b>
Business-type activities								
Raton Water Works	2,288,029	1,741,493	-	-	-	(546,536)	(546,536)	-
Sanitation Department	1,170,362	865,339	-	-	(305,023)	-	(305,023)	-
<b>Total business-type activities</b>	<b>3,458,391</b>	<b>2,606,832</b>	<b>-</b>	<b>-</b>	<b>(851,559)</b>	<b>-</b>	<b>(851,559)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 10,300,513</b>	<b>3,236,372</b>	<b>1,142,972</b>	<b>2,106,191</b>	<b>(2,963,419)</b>	<b>(851,559)</b>	<b>(3,814,978)</b>	<b>-</b>
Component Units								
Raton Public Service Company	\$ 6,787,301	6,709,128	-	-	-	-	-	(78,173)
Raton Housing Authority	708,924	246,663	320,399	120,838	-	-	-	(21,024)
<b>Total component units</b>	<b>7,496,225</b>	<b>6,955,791</b>	<b>320,399</b>	<b>120,838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(78,173)</b>
General Revenues								
Property taxes					524,658	-	524,658	-
Franchise taxes					115,115	-	115,115	-
Gross receipts taxes					3,453,619	1,196,020	4,649,639	-
Lodgers taxes					306,229	-	306,229	-
Motor fuel taxes					253,015	-	253,015	-
Motor vehicle taxes					12,678	-	12,678	-
Cigarette taxes					22,022	-	22,022	-
Interest income					47,715	81,460	129,175	8,871
Interest expense					-	(118,626)	(118,626)	-
Other					918,844	183,125	1,101,969	31,555
<b>Total general revenues</b>					<b>5,653,895</b>	<b>1,341,979</b>	<b>6,995,874</b>	<b>40,426</b>
Transfers					254,313	(254,313)	-	-
<b>Change in net assets</b>					<b>2,944,789</b>	<b>236,107</b>	<b>3,180,896</b>	<b>19,402</b>
Net assets, beginning of year					15,022,305	22,671,339	37,693,644	2,792,144
<b>Net assets, ending</b>					<b>\$ 17,967,094</b>	<b>22,907,446</b>	<b>40,874,540</b>	<b>2,811,546</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CITY OF RATON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2009

	General Fund	Wastewater Treatment Plant	Aquatic Center	Recreation Center	Other Governmental Funds	Total
<b>ASSETS</b>						
Current Assets						
Cash and temporary investments	\$ 1,199,926	225,254	2,374,890	257,670	2,755,884	6,813,624
Accounts receivable - net	390,236	-	-	3,190,392	793,632	4,374,260
Loan acquisition costs - net	-	-	-	-	7,875	7,875
<b>Total assets</b>	<b>\$ 1,590,162</b>	<b>225,254</b>	<b>2,374,890</b>	<b>3,448,062</b>	<b>3,557,391</b>	<b>11,195,759</b>
Current Liabilities						
Cash overdraft	\$ -	-	-	-	249,394	249,394
Accounts payable	-	-	-	-	285,891	285,891
Accrued expenses	106,701	-	-	-	2,131	108,832
Deferred revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>106,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>537,416</b>	<b>644,117</b>
<b>FUND BALANCE</b>						
Fund balance						
Reserved						
Debt service	-	225,254	2,374,890	3,448,062	283,145	6,331,351
Unreserved, reported in						
General fund	1,483,461	-	-	-	-	1,483,461
Special revenue funds	-	-	-	-	1,198,933	1,198,933
Capital project funds	-	-	-	-	1,537,897	1,537,897
<b>Total fund balance</b>	<b>1,483,461</b>	<b>225,254</b>	<b>2,374,890</b>	<b>3,448,062</b>	<b>3,019,975</b>	<b>10,551,642</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,590,162</b>	<b>225,254</b>	<b>2,374,890</b>	<b>3,448,062</b>	<b>3,557,391</b>	<b>11,195,759</b>

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

<b>Total fund balance governmental funds</b>	\$ 10,551,642
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	17,229,809
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(9,814,357)</u>
<b>Net assets governmental activities</b>	<b><u>\$ 17,967,094</u></b>

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, 2009

	General Fund	Wastewater Treatment Plant	Aquatic Center	Recreation Center	Other Governmental Funds	Total
<b>Revenues</b>						
Property taxes	\$ 524,658	-	-	-	-	524,658
Franchise taxes	115,115	-	-	-	-	115,115
Gross receipts taxes	2,897,422	-	-	-	556,197	3,453,619
Lodgers taxes	-	-	-	-	306,229	306,229
Motor fuel taxes	-	-	-	-	253,015	253,015
Motor vehicle taxes	12,678	-	-	-	-	12,678
Cigarette taxes	14,663	-	-	-	7,359	22,022
State sources	253,522	-	-	-	2,925,832	3,179,354
Grants	-	-	-	-	69,809	69,809
Fees & fines	41,460	-	-	-	7,830	49,290
Licenses and permits	27,211	-	-	-	-	27,211
Charges for services	547,939	-	-	-	5,100	553,039
Interest	8,187	-	-	3,559	35,969	47,715
Miscellaneous	601,195	1,325	506	-	428,500	1,031,526
<b>Total revenues</b>	<b>5,044,050</b>	<b>1,325</b>	<b>506</b>	<b>3,559</b>	<b>4,595,840</b>	<b>9,645,280</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	995,808	-	-	-	361,852	1,357,660
Public safety	2,956,527	-	-	-	197,052	3,153,579
Culture and recreation	202,034	-	-	7,976	43,907	253,917
Highways and streets	551,961	-	-	-	42,712	594,673
Capital outlay	231,522	-	-	-	3,678,740	3,910,262
Debt service - principal	-	35,000	-	83,946	572,939	691,885
Debt service - interest	-	134,207	35,616	117,061	71,550	358,434
<b>Total expenditures</b>	<b>4,937,852</b>	<b>169,207</b>	<b>35,616</b>	<b>208,983</b>	<b>4,968,752</b>	<b>10,320,410</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>106,198</b>	<b>(167,882)</b>	<b>(35,110)</b>	<b>(205,424)</b>	<b>(372,912)</b>	<b>(675,130)</b>
<b>Other financing sources (uses)</b>						
Proceeds from long-term debt	-	-	2,410,000	3,190,392	70,000	5,670,392
Transfers in	100,000	254,313	-	208,992	933,762	1,497,067
Transfers out	(32,094)	-	-	-	(1,210,660)	(1,242,754)
<b>Total other financing sources (uses)</b>	<b>67,906</b>	<b>254,313</b>	<b>2,410,000</b>	<b>3,399,384</b>	<b>(206,898)</b>	<b>5,924,705</b>
<b>Net change in fund balance</b>	<b>174,104</b>	<b>86,431</b>	<b>2,374,890</b>	<b>3,193,960</b>	<b>(579,810)</b>	<b>5,249,575</b>
<b>Fund balance, beginning of year</b>	<b>1,309,357</b>	<b>138,823</b>	<b>-</b>	<b>254,102</b>	<b>3,599,785</b>	<b>5,302,067</b>
<b>Fund balance, end of year</b>	<b>\$ 1,483,461</b>	<b>225,254</b>	<b>2,374,890</b>	<b>3,448,062</b>	<b>3,019,975</b>	<b>10,551,642</b>

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, 2009

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

Net changes in fund balances total governmental funds	\$ 5,249,575
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	3,910,262
Depreciation expense not included in the governmental funds	(1,123,601)
Governmental funds do not record the expense necessary to adjust compensated absences, statements of activities records the changes as a program expenditure	(258)
Loss on disposal of capital assets	(112,682)
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	(4,978,507)
<b>Change in net assets governmental activities</b>	<b><u>\$ 2,944,789</u></b>

*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, 2009

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes	\$ 4,048,434	3,756,940	3,321,023	(435,917)
State sources	152,778	301,475	259,304	(42,171)
Fines	50,100	36,648	13,295	(23,353)
Licenses and permits	27,100	27,211	27,211	-
Charges for services	531,900	539,013	539,014	1
Interest	40,000	8,187	8,187	-
Miscellaneous	7,308	569,002	601,193	32,191
<b>Total revenues</b>	<b>4,857,620</b>	<b>5,238,476</b>	<b>4,769,227</b>	<b>(469,249)</b>
Expenditures				
Current				
General government	1,036,280	1,139,250	1,135,877	3,373
Public safety	3,063,461	2,965,597	2,947,633	17,964
Public works	553,290	561,911	550,981	10,930
Culture and recreation	201,486	202,443	201,419	1,024
Capital outlay	2,600	89,272	89,272	-
<b>Total expenditures</b>	<b>4,857,117</b>	<b>4,958,473</b>	<b>4,925,182</b>	<b>33,291</b>
Transfers in	100,000	4,958,472	100,000	(4,858,472)
Transfers out	(49,931)	(32,095)	(32,094)	1
<b>Total transfers</b>	<b>50,069</b>	<b>4,926,377</b>	<b>67,906</b>	<b>(4,858,471)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 50,572	5,206,380	(88,049)	5,294,429
Changes in accounts receivable			274,822	
Changes in accounts payable			-	
Changes in accrued liabilities			(12,669)	
GAAP change in fund balance			\$ 174,104	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CITY OF RATON  
BALANCE SHEET  
ENTERPRISE FUNDS  
June 30, 2009

	Water and Sewer	Sanitation	Total
<b>ASSETS</b>			
Current Assets			
Cash and temporary investments	\$ 3,899,015	71,613	3,970,628
Accounts receivable, net	319,111	64,556	383,667
Notes receivable, current portion	14,757	-	14,757
Inventory	60,159	-	60,159
<b>Total current assets</b>	<u>4,293,042</u>	<u>136,169</u>	<u>4,429,211</u>
Long-Term Assets			
Notes receivable, long-term portion	125,435	-	125,435
Capital assets, net	21,900,733	438,008	22,338,741
<b>Total long-term assets</b>	<u>22,026,168</u>	<u>438,008</u>	<u>22,464,176</u>
<b>Total assets</b>	<u>\$ 26,319,210</u>	<u>574,177</u>	<u>26,893,387</u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities			
Current Liabilities			
Accounts payable	\$ 226,823	-	226,823
Customer deposits	80,377	-	80,377
Accrued compensated absences	177,438	53,021	230,459
Revenue bonds, current portion	200,013	-	200,013
Accrued payroll	28,969	16,727	45,696
<b>Total current liabilities</b>	<u>713,620</u>	<u>69,748</u>	<u>783,368</u>
Long-Term Liabilities			
Closure and post-closure care	-	1,132,751	1,132,751
Revenue bonds	2,069,822	-	2,069,822
<b>Total long-term liabilities</b>	<u>2,069,822</u>	<u>1,132,751</u>	<u>3,202,573</u>
<b>Total liabilities</b>	<u>2,783,442</u>	<u>1,202,499</u>	<u>3,985,941</u>
Net Assets			
Invested in capital assets, net of related debt	19,630,898	438,008	20,068,906
Net assets (deficit), unrestricted	3,904,870	(1,066,330)	2,838,540
<b>Total net assets (deficit)</b>	<u>23,535,768</u>	<u>(628,322)</u>	<u>22,907,446</u>
<b>Total liabilities and net assets</b>	<u>\$ 26,319,210</u>	<u>574,177</u>	<u>26,893,387</u>

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, 2009

	Water and Sewer	Sanitation	Total
Operating Revenues			
Charges for services	\$ 1,741,493	865,339	2,606,832
Taxes	1,196,020	-	1,196,020
Miscellaneous	73,189	109,936	183,125
<b>Total operating revenues</b>	<b>3,010,702</b>	<b>975,275</b>	<b>3,985,977</b>
Operating Expenses			
Franchise fee	34,219	-	34,219
Filter plant	280,856	-	280,856
Sewer plant	362,838	-	362,838
Construction and maintenance	625,337	-	625,337
Solid waste collection	-	1,100,158	1,100,158
General and administrative	350,728	-	350,728
Depreciation	634,051	70,204	704,255
<b>Total operating expenses</b>	<b>2,288,029</b>	<b>1,170,362</b>	<b>3,458,391</b>
Operating income (loss)	722,673	(195,087)	527,586
Non-Operating Revenues (Expenses)			
Interest income	79,890	1,570	81,460
Interest charges	(118,626)	-	(118,626)
<b>Total non-operating revenues and expenses</b>	<b>(38,736)</b>	<b>1,570</b>	<b>(37,166)</b>
Net income (loss) before transfers	683,937	(193,517)	490,420
Transfers out	(254,313)	-	(254,313)
Net income (loss)	429,624	(193,517)	236,107
Net assets, beginning of year	23,106,144	(434,805)	22,671,339
<b>Net assets, end of year</b>	<b>\$ 23,535,768</b>	<b>(628,322)</b>	<b>22,907,446</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
June 30, 2009

	Water and Sewer	Solid Waste	Total
<b>Operating Activities</b>			
Cash received from customers	\$ 1,740,964	800,783	2,541,747
Cash received for taxes	1,196,020	-	1,196,020
Cash payments to suppliers	(587,699)	(505,851)	(1,093,550)
Cash paid for payroll and benefits	(841,653)	(486,010)	(1,327,663)
Other	73,189	109,936	183,125
<b>Net cash provided (used) by operating activities</b>	<b>1,580,821</b>	<b>(81,142)</b>	<b>1,499,679</b>
<b>Capital and Related Financing Activities</b>			
Purchase of property	(1,290,291)	(95,753)	(1,386,044)
Principal paid on debt	(189,680)	-	(189,680)
Interest paid on debt	(118,626)	-	(118,626)
Transfers to governmental funds for capital projects	(254,313)	-	(254,313)
<b>Net cash used by capital and related financing activities</b>	<b>(1,852,910)</b>	<b>(95,753)</b>	<b>(1,948,663)</b>
<b>Investing Activities</b>			
Interest received on investments	79,890	1,570	81,460
Proceeds from principal of note receivable	13,772	-	13,772
<b>Net cash provided by investing activities</b>	<b>93,662</b>	<b>1,570</b>	<b>95,232</b>
<b>Net decrease in cash</b>	<b>(178,427)</b>	<b>(175,325)</b>	<b>(353,752)</b>
Cash at beginning of year	4,077,442	246,938	4,324,380
<b>Cash at end of year</b>	<b>\$ 3,899,015</b>	<b>71,613</b>	<b>3,970,628</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 722,673	(195,087)	527,586
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>			
Depreciation	634,051	70,204	704,255
Post closure costs	-	97,251	97,251
Accounts receivable	34,837	(64,556)	(29,719)
Due from RPS	-	-	-
Inventories	-	-	-
Accounts payable	163,241	-	163,241
Accrued expenses	26,019	11,046	37,065
Deposits	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,580,821</b>	<b>(81,142)</b>	<b>1,499,679</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
Year Ended June 30, 2009**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and temporary investments	\$ 1,415
<b>Total assets</b>	<u>\$ 1,415</u>
<b>LIABILITIES</b>	
Deposits held in trust for others	\$ 1,415
<b>Total liabilities</b>	<u>\$ 1,415</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**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, 2009**

**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, 2009, 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, 2009

**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, 2009

**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, 2009

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

The City reports the following major governmental funds:

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.

*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 Aquatic Center Loan* – To accumulate monies for the repayment of the loan received from NMFA. Revenue provided by the State-Shared Gross Receipts Tax distributed by the State Taxation and Revenue Department pursuant to Section 7-1-6.4 NMSA 1978, as amended, and by the fifth one-quarter of one percent increment of Municipal Gross Receipts Tax authorized by Ordinance No. 957, adopted December 9, 2008 pursuant to Section 7-19D-9, NMSA 1978, as amended.

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.

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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

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.

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, 2009, 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, 2009

**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 1<sup>st</sup> on property values assessed on the same date. The tax levy is payable in two installments, November 10<sup>th</sup> and April 10<sup>th</sup>. 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, 2009**

**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.

*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".

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

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

*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, 2009, the loan acquisition costs shown on Statement of Net Assets are net of \$17,373 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.

**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.

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)**

- 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.
  - 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.



STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)**

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.

As of June 30, 2009, the City's deposits were exposed to custodial credit risk as follows:

Insured	\$ 751,967
Uninsured and collateralized with securities held in financial institution's name	6,279,445
Uninsured and uncollateralized	<u>4,417,661</u>
	<u>\$11,448,073</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

The following schedule shows deposits and investments for the primary government as of June 30, 2009:

Bank Name	Account Type	Maturity Date	June 30, 2009 Bank	Reconciling Items	June 30, 2009 Book
International Bank					
Operating	Checking	N/A	85,000	-	85,000
Special investment	Checking	N/A	1,448,518	(409,044)	1,039,474
Pooled special revenue	Checking	N/A	25,000	-	25,000
Special revenue	Checking	N/A	431,815	(135,015)	296,800
Pooled capital projects	Checking	N/A	407,729	(307,625)	100,104
GRT Swim/Rec. Ctr.	Checking	N/A	1,016,634	59,823	1,076,457
Enterprise/Solid Waste	Checking	N/A	10,000	-	10,000
Enterprise/Solid Waste	Checking	N/A	77,593	(15,980)	61,613
Water/SGRT	Checking	N/A	444,067	(27,610)	416,457
Water Operating	Checking	N/A	129,894	(30,129)	99,765
Water Meter Deposit	Checking	N/A	45,526	(1,762)	43,764
Water Capital Improv.	Checking	N/A	311,538	(83,758)	227,780
Water Bond Retirement	Checking	N/A	20,503	17,698	38,201
Water Int. and Sinking	Checking	N/A	360	-	360
Waste Water Treatment	Checking	N/A	55,423	-	55,423
Waste Water Treatment	Checking	N/A	169,831	-	169,831
Pooled Trust	Checking	N/A	3,754	(3,305)	449
Payroll Clearing	Checking	N/A	2,854	(2,854)	-
Municipal Court Bond	Checking	N/A	2,500	(2,500)	-
Municipal Court	Checking	N/A	144	1,271	1,415
Environmental GRT	Cert. of Dep.	12/29/09	200,000	-	200,000
Environmental GRT	Cert. of Dep	12/29/09	200,000	-	200,000
Water	Cert of Dep	09/22/09	902,246	-	902,246
Water	Cert of Dep	09/11/09	730,903	-	730,903
Water	Cert of Dep	07/16/09	294,793	-	294,793
Water	Cert of Dep	12/06/09	146,904	-	146,904
Water	Cert of Dep.	09/10/09	121,390	-	121,390

**STATE OF NEW MEXICO**  
**CITY OF RATON**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

Bank Name	Account Type	Maturity Date	June 30, 2009 Bank	Reconciling Items	June 30, 2009 Book
<b>Bank of America</b>					
Water Bond Reserve	Checking	N/A	980	-	980
Supplemental GRT	Checking	N/A	987	-	987
<b>First National Bank of NM</b>					
General Fund	Cert. of Dep	09/03/09	75,000	-	75,000
Library Building	Cert. Of Dep.	07/21/09	149,700	-	149,700
Library Building	Cert. Of Dep.	12/09/09	103,160	-	103,160
Library Building	Cert. of Dep.	07/21/09	80,000	-	80,000
Water	Cert. of Dep.	11/20/09	276,250	-	276,250
Water	Cert. Of Dep.	12/18/09	598,235		598,235
<b>New Mexico Finance Authority</b>					
Sanitation Reserve	Trust Account	N/A	13,183	-	13,183
Sanitation Truck	Trust Account	N/A	2,924	2,697	5,621
Welcome Center	Trust Account	N/A	11,232	-	11,232
Street Improvements	Trust Account	N/A	99,852	-	99,852
Street Imprv. Reserve	Trust Account	N/A	86,045	8,877	94,922
Welcome Ctr. Reserve	Trust Account	N/A	50,462	-	50,462
Recreation Center	Trust Account	N/A	31,369	17,416	48,785
Recreation Center	Trust Account	N/A	208,885	-	208,885
Aquatics Center Reserve	Trust Account	N/A	230,130	-	230,130
Aquatics Center	Trust Account	N/A	<u>2,144,760</u>		<u>2,144,760</u>
<b>Total cash and temporary investments</b>			<b><u>\$11,448,073</u></b>	<b><u>(911,800)</u></b>	<b><u>10,536,273</u></b>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

The following schedules pertain to the primary government:

	Bank Balance
International Bank of Raton, NM	
Demand deposits	\$ 4,688,683
Time deposits	<u>2,596,236</u>
	\$ 7,284,919
Less FDIC insurance	
Demand deposits	(250,000)
Time deposits	<u>(250,000)</u>
Uninsured deposits	<u>\$ 6,784,919</u>
<b>Total required collateralization</b>	<u>\$ 3,392,460</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 6-13-14 (3133XKTV7),	1,800,000
FHOR due 9-17-10 (3133X4LX7),	<u>150,000</u>
	\$ 2,425,000
Undercollateralized	<u>\$ 967,460</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>\$ 2,878,842</u>
First National Bank of New Mexico	
Time deposits	\$ 1,282,345
Less FDIC insurance	<u>(250,000)</u>
Uninsured deposits	<u>\$ 1,032,345</u>
Collateralization required	<u>\$ 516,172</u>

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

Collateralization held by Federal Home Loan Bank, Dallas

FNMA, Pool #254583, matures 12/01/2009, CUSIP 31371KXLO	\$ 16,842
FHLB Fixed Rate Note, matures 2/22/2018, CUSIP 3133PFR0	181,815
TORRANCE ETC CNTYS NM MUN SD, matures 7/1/2015 CUSIP 891400JS3	159,636
RIO RANCHO NM PUB SCH DIST, matures 8/1/2010 CUSIP 767171EH0	234,588
FNMA ARM – Pool #729128, matures 11/1/2033, CUSIP 31402HA50	21,720
ROOSEVELT CNTY, NM Gross Receipts, matures 6/1/2017, CUSIP 776461AL9	24,511
CHAVEZ CNTY, NM, matures 8/1/2011, CUSIP 162634BF5	67,012
ROY NM SCH DIST NO 003, matures 10/1/2015, CUSIP 780040886	15,821
ROY NM SCH DIST NO 003, matures 10/1/2016, CUSIP 780040BC4	15,727
ROOSEVELT CNTY, NM Gross Receipts, matures 6/1/2017, CUSIP 776461AL9	24,511
SPRINGER NM MUN SCH DIST NO 24, matures 7/15/13, CUSIP 850395CA0	106,988
SPRINGER NM MUN SCH DIST NO 24, matures 7/15/14, CUSIP 850395CB8	106,432
	<u>975,603</u>
Overcollateralized	<u>\$ 459,431</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.

*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 above.

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 4. RECEIVABLES, NET**

The fund receivables of the City of Raton at June 30, 2009, and the related allowance for doubtful accounts was as follows:

	Receivables	Allowance for Doubtful Accounts	Net Receivables
<b>General Fund</b>			
Gross receipt taxes	\$ 228,232	-	228,232
Franchise taxes	-	-	-
Other taxes	15,281	-	15,281
Grant receivable	1,718	-	1,718
Municipal Court fines	270,853	(242,688)	28,165
Ambulance services	207,551	(90,711)	116,840
	<u>723,635</u>	<u>(333,399)</u>	<u>390,236</u>
<b>Special Revenue Funds</b>			
<b>Fire Grants</b>			
Due from the Federal Government	131,833	-	131,833
Due from State Forestry	6,426	-	6,426
<b>Recreation</b>			
State shared taxes	155	-	155
<b>Lodger's Tax</b>			
Local taxes	36,074	-	36,074
<b>Corrections</b>			
Fines	-	-	-
<b>Environmental GRT</b>			
Local taxes	6,064	-	6,064
<b>Region IV Narcotics</b>			
Due from federal government	6,232	-	6,232
<b>Juvenile Justice</b>			
Due from state grantor	12,134	-	12,134
	<u>198,918</u>	<u>-</u>	<u>198,918</u>
<b>Debt Service Funds</b>			
<b>Pavement Assessments</b>			
Interest	28,896	(28,896)	-
Assessments	38,349	(38,349)	-
	<u>67,245</u>	<u>(67,245)</u>	<u>-</u>

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 4. RECEIVABLE, NET (CONTINUED)

	Receivables	Allowance for Doubtful Accounts	Net Receivables
Capital Projects Funds			
Swimming Pool/Rec. Center			
Gross Receipt taxes	\$ 12,118	-	12,118
Grants Receivable	301,632	-	301,632
NMSHTD Map			
Grants receivable	196,444	-	196,444
¼% Capital Improvements			
Gross Receipt taxes	24,248	-	24,248
Water			
Grants Receivable	47,481	-	47,481
Street Improvements			
Grants Receivable	-	-	-
Gas Tax	12,791	-	12,791
	<u>594,714</u>	<u>-</u>	<u>594,714</u>
Debt Service Funds			
Recreation Center			
Loan proceeds receivable	3,190,392	-	3,190,392
	<u>\$ 4,774,904</u>	<u>(400,644)</u>	<u>4,374,260</u>
Enterprise Funds			
Sanitation			
Billed accounts	64,556	-	64,556
Water and Sewer			
Interest	3,505	-	3,505
Local taxes	97,022	-	97,022
Billed accounts	236,441	(17,857)	218,584
	<u>\$ 401,524</u>	<u>(17,857)</u>	<u>383,667</u>

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**NOTE 4. RECEIVABLE, NET (CONTINUED)**

	Receivables	Allowance for Doubtful Accounts	Net Receivables
Component Units			
Housing Authority			
Tenant accounts receivable	\$ 7,275	(2,746)	4,529
Grants receivable	-	-	-
Interest	1,898	-	1,898
	<u>\$ 9,173</u>	<u>(2,746)</u>	<u>6,427</u>
Raton Public Service			
Customer receivables	\$ 558,628	(135,427)	423,201
Other	20,624	-	20,624
	<u>\$ 578,892</u>	<u>(135,427)</u>	<u>443,465</u>

**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, 2009 is as follows:

Current portion	\$ 14,757
Long-term portion	125,435
	<u>\$ 140,192</u>



**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**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, 2009:

	Transfers Out
General Fund	
To Region IV Grant	\$ 1,207
To EMS Fund	30,887
Fire Fund	
To EMS Fund	20,000
Fire Protection	
To General Fund	100,000
Lodgers Tax 3%	
To Lodgers Tax 2%	206,667
Lodgers Tax 2%	
To Historic Building	25,000
To Welcome Center Debt Service	47,140
Environmental Gross Receipts Tax	
To Loader Debt Service	33,263
Street Improvements	
To MAP Project Fund	11,904
To Street Improvements Debt Service	93,652
One-quarter Percent Capital Project Fund	
To Airport Capital Projects	1,068
To Parks Capital Projects Fund	263,612
To MAP Project Fund	72,851
To Historic Building	19,444
To Pool and Recreation Center	208,992
Water Capital Projects Fund	
To Water Trust Board Debt Service	4,752
Fire Equipment Debt Service	
To Fire Protection	30,052
Loader Debt Service	
To Environmental Gross Receipts Tax	2,263
Water Trust Board Debt Service	
To Water Capital Project	<u>70,000</u>
 Total	 <u>\$ 1,242,754</u>

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**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 \$254,313 to the Wastewater 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.

**NOTE 7. CAPITAL ASSETS**

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

**Primary Government**

**Governmental-Type Activities**

	Balance July 1, 2008	Additions	Deletions/ Transfers	Balance at June 30, 2009
<b>Non-Depreciable Assets:</b>				
Artwork	\$ 127,250	-	-	127,250
Land	588,725	-	-	588,725
Construction in progress	451,288	943,788	-	1,395,076
<b>Total Non-Depreciable Assets</b>	<b>1,167,263</b>	<b>943,788</b>	<b>-</b>	<b>2,111,051</b>
<b>Depreciable Assets:</b>				
Buildings	9,559,820	-	(152,184)	9,407,636
Furniture and Equipment	2,404,750	642,395	-	3,047,145
Improvements	6,766,502	1,881,788	-	8,648,290
Vehicles	2,924,724	442,291	(20,059)	3,346,956
<b>Total Depreciable Assets</b>	<b>21,655,796</b>	<b>2,966,474</b>	<b>(172,243)</b>	<b>24,450,027</b>
<b>Total Governmental Assets</b>	<b>22,823,059</b>	<b>3,910,262</b>	<b>(172,243)</b>	<b>26,561,078</b>
<b>Accumulated Depreciation</b>				
Buildings	(2,246,122)	(102,843)	29,472	(2,319,493)
Furniture and Equipment	(1,255,278)	(302,558)	-	(1,557,836)
Improvements	(3,177,994)	(427,672)	-	(3,605,666)
Vehicles	(1,577,805)	(290,528)	20,059	(1,848,274)
<b>Total Accumulated Depreciation</b>	<b>(8,257,199)</b>	<b>(1,123,601)</b>	<b>49,531</b>	<b>(9,331,269)</b>
<b>Net Governmental Assets</b>	<b>\$14,565,860</b>	<b>2,786,661</b>	<b>(122,712)</b>	<b>17,229,809</b>

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE 7. CAPITAL ASSETS (CONTINUED)

Business-Type Activities

	Balance at July 1, 2008	Additions	Deletions/ Transfers	Balance at June 30, 2009
Non-Depreciable Assets:				
Land	\$ 3,061,823	7,305	(12,481)	3,056,647
<b>Total Non-Depreciable Assets</b>	<u>3,061,823</u>	<u>7,305</u>	<u>(12,481)</u>	<u>3,056,647</u>
Depreciable Assets:				
Buildings	200,705	10,445	(11,537)	199,613
Furniture and Equipment	1,553,900	37,051	(241,697)	1,349,254
Infrastructure	25,787,333	1,590,950	-	27,378,283
Vehicles	1,041,797	-	(16,636)	1,025,161
Improvements	42,648	190,283	(224,214)	8,717
<b>Total Depreciable Assets</b>	<u>28,626,383</u>	<u>1,828,729</u>	<u>(494,084)</u>	<u>29,961,028</u>
<b>Total Business-Type Assets</b>	<u>31,688,206</u>	<u>1,836,034</u>	<u>(506,565)</u>	<u>33,017,675</u>
Accumulated Depreciation				
Buildings	(104,620)	(5,374)	-	(109,994)
Furniture and Equipment	(1,073,275)	(125,936)	-	(1,199,211)
Infrastructure	(7,994,463)	(531,894)	54,838	(8,471,519)
Vehicles	(857,159)	(40,615)	-	(897,774)
Improvements	(15,738)	(436)	15,738	(436)
<b>Total Accumulated Depreciation</b>	<u>(10,045,255)</u>	<u>(704,255)</u>	<u>70,576</u>	<u>(10,678,934)</u>
Net Business-Type Assets	<u>\$ 21,642,951</u>	<u>1,131,779</u>	<u>(435,989)</u>	<u>22,338,741</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 7. CAPITAL ASSETS (CONTINUED)**

**Component Units**

**Raton Public Service**

Capital asset activity and related depreciation during the fiscal year ended June 30, 2009 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated</i>				
Land	\$ 13,841	-	-	13,841
Total capital assets not being depreciated	13,841	-	-	13,841
<i>Capital assets being depreciated</i>				
Intangible Asset (Investment in ARPA)	2,240,057	-	-	2,240,057
Buildings and improvements	11,179,144	1,191,650	-	12,370,794
Furniture, fixtures & equipment	1,504,231	7,481	-	1,511,712
Franchise	17,000	-	-	17,000
Total capital assets being depreciated	14,940,432	1,199,131	-	16,139,563
Accumulated depreciation	(9,698,660)	(326,085)	-	(10,024,745)
Total capital assets being depreciated, net	5,241,772	873,046	-	6,114,818
Total capital assets, net	\$ 5,255,613	873,046	-	6,128,659

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 fiscal year ended 2007, a physical inventory of capital assets was completed 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, 2009

NOTE 7. CAPITAL ASSETS (CONTINUED)

**Raton Public Housing**

The following schedule shows the changes in capital assets during the year ended June 30, 2009.

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities					
<i>Nondepreciable assets</i>					
Land	\$ 253,436	-	-	-	\$ 253,436
Construction in progress	388,208	61,518	(249,871)	-	199,855
Total nondepreciable assets	<u>641,644</u>	<u>61,518</u>	<u>(249,871)</u>	<u>-</u>	<u>453,291</u>
<i>Depreciable assets</i>					
Buildings	6,641,905	249,231	-	-	6,891,136
Furniture, equipment, machinery - dwellings	114,915	19,134	(12,436)	-	121,613
Furniture, equipment, machinery - administration	212,586	18,098	(35,146)	-	195,538
Leasehold Improvements	942,386	24,608	(4,800)	-	962,194
Total depreciable assets	<u>7,911,792</u>	<u>311,071</u>	<u>(52,382)</u>	<u>-</u>	<u>8,170,481</u>
<i>Less accumulated depreciation for</i>					
Buildings	5,123,715	150,574	-	-	5,274,289
Furniture, equipment, machinery - dwellings	87,689	9,099	(14,016)	-	82,772
Furniture, equipment, machinery - administration	196,160	12,046	(19,588)	-	188,618
Leasehold Improvements	886,906	7,321	(4,800)	-	889,428
Total accumulated depreciation	<u>6,294,470</u>	<u>179,040</u>	<u>(38,404)</u>	<u>-</u>	<u>6,435,107</u>
Capital assets, net	<u>\$ 2,258,966</u>	<u>193,549</u>	<u>(263,849)</u>	<u>-</u>	<u>\$ 2,188,665</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 7. CAPITAL ASSETS (CONTINUED)**

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

**General Government**

General government	\$ 449,440
Public safety	280,900
Culture and recreation	140,450
Highways and streets	<u>252,810</u>
<b>Total</b>	<b><u>\$ 1,123,601</u></b>

**Business-Type activities**

Water works	\$ 634,051
Sanitation	<u>70,204</u>
<b>Total</b>	<b><u>\$ 704,255</u></b>

**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, 2009 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, 2009:

\$750,000 2 <sup>nd</sup> Series 1976 Joint Water and Sewer Extension Revenue Series Bonds, varying annual installments, interest at 5%, matures 7/2016	\$ 285,000
\$4,550,000 Sales Tax Revenue Bonds, monthly payments of \$22,113, interest at 5%, matures 11/2019	<u>1,984,835</u>
Total	2,269,835
Current portion	<u>(200,013)</u>
Long term portion	<b><u>\$ 2,069,822</u></b>

**STATE OF NEW MEXICO  
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June 30, 2009**

**NOTE 8. LONG-TERM DEBT (CONTINUED)**

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

	<u>1976 2<sup>nd</sup> Series</u>		<u>Sales Tax Revenue Bonds</u>	
	Principal	Interest	Principal	Interest
2010	\$ 30,000	13,500	170,013	95,343
2011	31,000	11,975	170,013	86,645
2012	33,000	10,375	178,711	77,502
2013	35,000	8,675	187,854	67,891
2014	36,000	6,900	197,465	57,788
2015 - 2019	<u>120,000</u>	<u>9,200</u>	<u>1,080,779</u>	<u>120,569</u>
<b>Total</b>	<b>\$ 285,000</b>	<b>60,625</b>	<b>1,984,835</b>	<b>505,738</b>

**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) construction, expansion, and improvement of the Welcome Center, dated March 17, 1998; 2) street improvements, dated June 9, 1998; 3) construction of a Recreational Center, dated May 1, 2007; 4) purchase of a sanitation truck, dated June 20, 2008, 5) construction of the Aquatic Center, dated January 16, 2009; and 6) matching funds as part of the Water Trust Board grant agreement, dated June 1, 2009.

**STATE OF NEW MEXICO  
CITY OF RATON  
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June 30, 2009**

**NOTE 8. LONG-TERM DEBT (CONTINUED)**

***Note No. 1. 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. 2. 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.

***Note No. 3. 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. 4. 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.

***Note No. 5. Aquatic 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. Water Trust Board Grant Agreement 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.



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**NOTE 8. LONG-TERM DEBT (CONTINUED)**

Balances and terms on the notes and bonds as of June 30, 2009 are as follows:

<i><b>2006 series A</b></i>	
Original loan was \$2,627,154, annual installments interest of 4.38%, matures 04/18/2046.	\$ 2,537,154
<i><b>2006 series B</b></i>	
Original loan was \$510,440, annual installments, interest of 4.38%, matures 04/18/2046.	495,440
<i><b>Welcome Center</b></i>	
Original loan was \$663,909, semi-annual installments interest of 3.80% to 5.180%, matures 5/2018.	367,883
<i><b>Street Improvements</b></i>	
Original loan was \$1,122,152, semi-annual installments interest of 3.85% to 5.05%, matures 5/2032.	377,460
<i><b>Environmental GRT Loan</b></i>	
Original loan was \$116,607, semi-annual installments Interest of 2.71% to 3.01%, matures 5/2012.	91,635
<i><b>Recreation Center</b></i>	
Original loan was \$3,248,772, semi-annual installments Interest of 3.33% to 3.89%, matures 5/2032	3,106,446
<i><b>Aquatic Center</b></i>	
Original loan was \$2,410,000, semi-annual installments Interest of 2.33% to 5.51%, matures 5/2033.	2,410,000
<i><b>Water Board Trust Grant Matching Funds</b></i>	
Original loan was \$70,000, annual installments Admin Fee of 0.25%, matures 6/2018.	<u>65,340</u>
<b>Total</b>	9,441,358
Current portion	<u>301,735</u>
Long-term portion	<u>\$ 9,139,623</u>

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**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
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	30,000	105,800	7,000	20,700
2015 - 2019	200,000	504,900	37,000	98,900
2020 - 2024	240,000	458,500	46,000	90,000
2025 - 2029	310,000	400,000	57,000	78,900
2030 - 2034	370,000	327,300	71,000	65,300
2035 - 2039	460,000	239,400	88,000	48,200
2040 - 2044	560,000	130,100	110,000	27,200
2045 - 2046	247,154	16,100	55,440	3,900
<b>Total</b>	<b>\$ 2,537,154</b>	<b>2,618,400</b>	<b>495,440</b>	<b>518,400</b>

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

	Welcome Center		Street Improvements		Recreation Center	
	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal years ending June 30:						
2010	\$ 34,246	16,807	87,666	18,835	86,948	122,027
2011	35,808	15,169	91,932	14,579	90,067	118,900
2012	37,472	13,424	96,492	10,029	93,306	115,653
2013	39,249	11,562	101,370	5,163	96,679	112,272
2014	41,130	9,592	-	-	100,203	108,740
2015-2019	179,978	21,946	-	-	559,900	484,692
2020-2024	-	-	-	-	677,055	367,335
2025-2029	-	-	-	-	823,628	220,562
2030-2033	-	-	-	-	578,660	47,759
<b>Total</b>	<b>\$ 367,883</b>	<b>88,500</b>	<b>377,460</b>	<b>48,606</b>	<b>3,106,446</b>	<b>1,697,940</b>

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NOTE 8. LONG-TERM DEBT (CONTINUED)

	Environmental GRT		Aquatic Center		Water Trust Board Matching Funds		
	Principal	Interest	Principal	Interest	Principal	Interest	
Fiscal years ending June 30:							
2010	\$ 29,688	2,678	20,000	152,357	7,187	163	
2011	30,526	1,839	60,000	117,488	7,205	145	
2012	31,421	945	60,000	115,946	7,224	127	
2013	-	-	60,000	114,200	7,242	109	
2014	-	-	65,000	112,322	7,260	91	
2015-2019	-	-	360,000	523,745	29,222	183	
2020-2024	-	-	435,000	436,208	-	-	
2025-2029	-	-	575,000	309,527	-	-	
2030-2033	-	-	775,000	124,328	-	-	
<b>Total</b>	<u>\$ 91,635</u>	<u>5,462</u>	<u>2,410,000</u>	<u>2,006,121</u>	<u>65,340</u>	<u>818</u>	

During the year ended June 30, 2009, the following changes occurred in long term liabilities

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Amount Due in One Year
<b>Business-Type Activities</b>					
Revenue bonds	\$ 2,455,994	-	(186,159)	2,269,835	200,213
Landfill closure costs	1,035,500	97,251	-	1,132,751	-
Compensated absences	201,014	75,901	(46,456)	230,459	230,459
<b>Governmental Activities</b>					
Compensated absences	372,741	174,788	(174,530)	372,999	372,999
Revenue bonds	3,067,594	70,000	(41,660)	3,095,934	43,187
NMFA notes payable	1,405,287	5,590,392	(650,255)	6,345,424	258,548
<b>Total Primary Government</b>	<u>\$ 8,538,130</u>	<u>6,008,332</u>	<u>(1,099,060)</u>	<u>13,447,402</u>	<u>1,105,406</u>
<b>Component Unit</b>					
Loans payable	\$ 2,095,416	-	(108,785)	2,095,416	111,315

**STATE OF NEW MEXICO  
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**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 \$1,164,884 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of approximately 90% of the estimated capacity. Total closure and postclosure costs are currently estimated to be about \$1,294,315. \$32,133 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 2009. 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.

**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.

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 10. TAXES (CONTINUED)**

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.
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

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**NOTE 10. TAXES (CONTINUED)**

15. Acquiring, purchasing, constructing, improving, rehabilitating, or remodeling, or any combination thereof, cemeteries or mausoleums.

Property tax revenues amounted to \$524,658 for general operating purposes during the fiscal year ended June 30, 2009.

*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, 2009, \$115,707 was earned from franchise taxes, including \$592 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, 2009, the City collected \$18,105 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.
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;

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10. TAXES (CONTINUED)**

- 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, 2009, the City earned \$306,229 in lodger's tax and spent \$194,630 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, 2009, the City earned \$12,678 in motor vehicle registration fees.

*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 (\$.0455) 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 (1.35% 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.

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NOTE 10. TAXES (CONTINUED)

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 (2.69% 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, 2009, the City collected the following distribution of cigarette taxes:

Recreation Fund	\$ 7,359
General Fund	<u>14,663</u>
	<u>\$ 22,022</u>

*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.



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**NOTE 10. TAXES (CONTINUED)**

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.

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**NOTE 10. TAXES (CONTINUED)**

During the fiscal year ended June 30, 2009, the City earned \$ 253,015 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, 2009, 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	\$ 156,984
Infrastructure gross receipts tax	1,255,980
Capital Projects Fund	
Supplemental gross receipts tax	154,017
Special Revenue Fund	
Environmental gross receipts tax	77,006
Capital Projects ¼ Gross Receipts Tax Fund	
Municipal gross receipts tax	<u>325,174</u>
	<u>\$ 1,969,161</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, 2009, the City earned \$1,484,458 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.

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**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](http://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	-
Municipal fire member coverage	-	-	-	18
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%

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**NOTE 12. RETIREMENT PLAN (CONTINUED)**

The City's contributions to PERA for the fiscal years ending June 30, 2009, 2008 and 2007 were \$374,151, \$368,112, and \$337,112, 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, 2009**

**NOTE 13. RISK MANAGEMENT (CONTINUED)**

Listed below is a summary of the significant insurance coverage in force for the year ended June 30, 2009:

**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:	\$120,532

**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, 2009
e. Premium paid:	\$17,990

**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, 2009
e. Premium paid:	\$83,440

**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, 2009
e. Premium paid:	\$62,708

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, with premiums paid at \$42,125.

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, 2009**

**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, 2009, 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.

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, 2009**

**NOTE 15. FUND BALANCE DEFICITS**

The following funds had fund balance/net assets deficits at June 30, 2009:

Special revenue funds		
Fire Grants	\$	5,501
Juvenile Recreation		870
Fire Protection		10,486
Capital project funds		
Historic Building		7,479
Sunshine Paving		348
Enterprise fund		
Sanitation		628,322

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  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
WASTE WATER TREATMENT PLANT DEBT SERVICE - 405  
Year Ended June 30, 2009

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 5,000	5,000	1,325	(3,675)
Miscellaneous	-	-	43,233	43,233
<b>Total revenues</b>	<b>5,000</b>	<b>5,000</b>	<b>44,558</b>	<b>39,558</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	169,300	169,300	169,207	93
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>169,300</b>	<b>169,300</b>	<b>169,207</b>	<b>93</b>
Transfers in	-	-	211,080	211,080
Transfers out	-	-	-	-
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>211,080</b>	<b>211,080</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(164,300)	\$ (164,300)	86,431	250,731
<b>Budgeted beginning cash</b>	<b>138,823</b>			
	<b>\$ (25,477)</b>			



STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUND  
AQUATIC CENTER DS 407  
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest Income	\$ -	-	380	380
<b>Total revenues</b>	-	-	380	380
Expenditures				
Debt Service	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Proceeds from long-term debt	-	-	230,006	230,006
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	-	-	230,006	230,006
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	230,386	230,386
<b>Budgeted beginning cash</b>	-			
	\$ -			
<b>Unbudgeted revenues and expenses</b>				
Proceeds from long-term debt			2,179,994	
Accrued interest			126	
Debt service - fees			(35,616)	
Change in Net Assets, GAAP basis			\$ 2,374,890	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUND  
RECREATION CENTER 406  
Year Ended June 30, 2009

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 8,000	8,000	3,559	(4,441)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>8,000</b>	<b>8,000</b>	<b>3,559</b>	<b>(4,441)</b>
Expenditures				
Current	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	208,983	208,983	208,983	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>208,983</b>	<b>208,983</b>	<b>208,983</b>	<b>-</b>
Transfers in	208,992	208,992	208,992	-
Transfers out	-	-	-	-
<b>Total transfers</b>	<b>208,992</b>	<b>208,992</b>	<b>208,992</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 8,009	8,009	3,568	(4,441)
Proceeds from long-term debt			3,190,392	
GAAP change in fund balance			3,193,960	

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 1,810,000	1,810,000	1,741,493	(68,507)
GRT taxes	1,045,000	1,045,000	1,196,020	151,020
Miscellaneous	45,000	45,000	73,189	28,189
<b>Total revenues</b>	<b>2,900,000</b>	<b>2,900,000</b>	<b>3,010,702</b>	<b>110,702</b>
<b>Expenditures</b>				
Current				
Salaries and fringe benefits	1,025,651	1,025,651	867,672	157,979
General operating expenses	829,349	829,349	948,165	(118,816)
<b>Total expenditures</b>	<b>1,855,000</b>	<b>1,855,000</b>	<b>1,815,837</b>	<b>39,163</b>
<b>Operating income</b>	<b>1,045,000</b>	<b>1,045,000</b>	<b>1,194,865</b>	<b>149,865</b>
<b>Nonoperating revenues (expenses)</b>				
Interest income	-	-	79,890	79,890
Transfers in (out)	2,905	2,905	(211,080)	(213,985)
<b>Total nonoperating revenues and expenditures</b>	<b>2,905</b>	<b>2,905</b>	<b>(131,190)</b>	<b>(134,095)</b>
<b>Change in Net Assets</b>	<b>\$ 1,047,905</b>	<b>\$ 1,047,905</b>	<b>1,063,675</b>	<b>15,770</b>
<b>Unbudgeted expenses and revenues</b>				
Depreciation expense			(634,051)	
<b>Change in Net Assets, GAAP basis</b>			<b>\$ 429,624</b>	

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, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 837,000	800,783	800,783	-
State sources	4,500	5,000	5,000	-
GRT taxes	-	-	-	-
Interest	20,000	1,571	1,571	-
Miscellaneous	15,000	9,183	9,183	-
<b>Total revenues</b>	<b>876,500</b>	<b>816,537</b>	<b>816,537</b>	<b>-</b>
<b>Expenditures</b>				
Salaries and fringe benefits	490,983	486,010	485,046	964
Capital Outlay	-	-	-	-
General operating expenses	453,094	505,852	505,851	1
<b>Total expenditures</b>	<b>944,077</b>	<b>991,862</b>	<b>990,897</b>	<b>965</b>
<b>Operating income</b>	<b>(67,577)</b>	<b>(175,325)</b>	<b>(174,360)</b>	<b>(965)</b>
<b>Nonoperating revenues (expenses)</b>				
Interest income	-	-	-	-
Interest expense	-	-	-	-
<b>Total nonoperating revenues and expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>\$ (67,577)</b>	<b>(175,325)</b>	<b>(174,360)</b>	<b>(965)</b>
<b>Unbudgeted expenses and revenues</b>				
Depreciation expense			(70,204)	
Addition to Landfill Closure Costs			(97,251)	
Change in accounts receivable			64,556	
Change in accounts payable and accrued liabilities			83,743	
<b>Change in Net Assets, GAAP basis</b>			<b>\$ (193,516)</b>	

**STATE OF NEW MEXICO  
CITY OF RATON  
SPECIAL REVENUE FUNDS  
June 30, 2009**

*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, 2009**

*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.

*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.

*Juvenile Justice Grant Fund.* To account for funds designated by the Children, Youth, and Families Department (CYFD) to provide supervision to juveniles who have been referred to juvenile probation and parole office. The City acts as the fiscal agent for the grant funds, which are used to serve youth in Colfax County.

**STATE OF NEW MEXICO  
CITY OF RATON  
CAPITAL PROJECTS FUNDS  
June 30, 2009**

*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, 2009**

*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.

*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.

*Water Trust Board Loan* – To accumulate monies for the repayment of the loan received from the Water Trust Board. Revenue provided by net revenues of the City's municipally owned combined water and wastewater utility system, as authorized by Ordinance No. 954, adopted October 14, 2008.



STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2009

	Juvenile Recreation	Lodgers' Tax	Emergency Medical Services	Local Governmental Corrections
<b>ASSETS</b>				
Current Assets				
Cash and temporary investments	\$ 1,106	48,262	12,570	56,747
Accounts receivable	155	36,074	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
<b>Total assets</b>	<b>\$ 1,261</b>	<b>84,336</b>	<b>12,570</b>	<b>56,747</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Current Liabilities				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	-	-	-
Accrued expenses	2,131	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total current liabilities</b>	<b>2,131</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>				
Unreserved				
Designated for subsequent year's expenditures	(870)	84,336	12,570	56,747
<b>Total fund balance</b>	<b>(870)</b>	<b>84,336</b>	<b>12,570</b>	<b>56,747</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 1,261</b>	<b>84,336</b>	<b>12,570</b>	<b>56,747</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2009

	CDBG Revolving Loan	Environmental GRT	Fire Protection	Fire Grants
<b>ASSETS</b>				
Current Assets				
Cash and temporary investments	\$ 65,359	523,447	22,258	-
Accounts receivable	-	6,064	-	138,259
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
<b>Total assets</b>	<b>\$ 65,359</b>	<b>529,511</b>	<b>22,258</b>	<b>138,259</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Current Liabilities				
Cash overdraft	\$ -	-	-	143,760
Accounts payable	-	-	32,744	-
Accrued expenses	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>32,744</b>	<b>143,760</b>
<b>FUND BALANCE (DEFICIT)</b>				
Unreserved				
Designated for subsequent year's expenditures	65,359	529,511	(10,486)	(5,501)
<b>Total fund balance</b>	<b>65,359</b>	<b>529,511</b>	<b>(10,486)</b>	<b>(5,501)</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 65,359</b>	<b>529,511</b>	<b>22,258</b>	<b>138,259</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2009

	Law Enforcement Protection	Library Building	Police Grants	Library Grants
<b>ASSETS</b>				
Current Assets				
Cash and temporary investments	\$ -	390,735	-	1,126
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>390,735</b>	<b>-</b>	<b>1,126</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Current Liabilities				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT)</b>				
Unreserved				
Designated for subsequent year's expenditures	-	390,735	-	1,126
<b>Total fund balance</b>	<b>-</b>	<b>390,735</b>	<b>-</b>	<b>1,126</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ -</b>	<b>390,735</b>	<b>-</b>	<b>1,126</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2009

	Police Narcotics	Local Law Enforcement Block Grant	Region IV Narcotics	Juvenile Justice	Total
<b>ASSETS</b>					
Current Assets					
Cash and temporary investments	\$ 72,314	3,006	-	-	1,196,930
Accounts receivable	-	-	6,232	12,134	198,918
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total assets</b>	<b>\$ 72,314</b>	<b>3,006</b>	<b>6,232</b>	<b>12,134</b>	<b>1,395,848</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Current Liabilities					
Cash overdraft	\$ -	-	6,146	12,134	162,040
Accounts payable	-	-	-	-	32,744
Accrued expenses	-	-	-	-	2,131
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>6,146</b>	<b>12,134</b>	<b>196,915</b>
<b>FUND BALANCE (DEFICIT)</b>					
Unreserved					
Designated for subsequent year's expenditures	72,314	3,006	86	-	1,198,933
<b>Total fund balance</b>	<b>72,314</b>	<b>3,006</b>	<b>86</b>	<b>-</b>	<b>1,198,933</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 72,314</b>	<b>3,006</b>	<b>6,232</b>	<b>12,134</b>	<b>1,395,848</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
June 30, 2009

	2% Lodgers Tax	Airport	1/4% Capital Improvements	NMSHTD MAP Projects	Water
<b>ASSETS</b>					
Current Assets					
Cash and temporary investments	\$ -	-	187,457	-	-
Accounts receivable	-	-	24,248	196,444	47,481
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>-</b>	<b>211,705</b>	<b>196,444</b>	<b>47,481</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Current Liabilities					
Cash overdraft	\$ -	-	-	37,461	42,066
Accounts payable	-	-	-	24,247	-
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,708</b>	<b>42,066</b>
<b>FUND BALANCE</b>					
Reserved	-	-	-	-	-
Reserved for prepaids	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	-	-	211,705	134,736	5,415
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>211,705</b>	<b>134,736</b>	<b>5,415</b>
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>211,705</b>	<b>196,444</b>	<b>47,481</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
June 30, 2009

	Street Improvements	Parks	Historic Building	Pool/Rec Center	Sunshine Paving	Total
<b>ASSETS</b>						
Current Assets						
Cash and temporary investments	\$ 19,770	-	-	1,076,457	-	1,283,684
Accounts receivable	12,791	-	-	313,750	-	594,714
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 32,561</b>	<b>-</b>	<b>-</b>	<b>1,390,207</b>	<b>-</b>	<b>1,878,398</b>
<b>LIABILITIES AND FUND BALANCE</b>						
Current Liabilities						
Cash overdraft	\$ -	-	7,479	-	348	87,354
Accounts payable	-	-	-	228,900	-	253,147
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>7,479</b>	<b>228,900</b>	<b>348</b>	<b>340,501</b>
<b>FUND BALANCE</b>						
Reserved	-	-	-	-	-	-
Reserved for prepaids	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-
Designated for subsequent year's expenditures	32,561	-	(7,479)	1,161,307	(348)	1,537,897
<b>Total fund balance</b>	<b>32,561</b>	<b>-</b>	<b>(7,479)</b>	<b>1,161,307</b>	<b>(348)</b>	<b>1,537,897</b>
<b>Total liabilities and fund balance</b>	<b>\$ 32,561</b>	<b>-</b>	<b>-</b>	<b>1,390,207</b>	<b>-</b>	<b>1,878,398</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
June 30, 2009

	NMFA-Loan Fire Equipment	Street Improvement Loan	Welcome Center Loan
<b>ASSETS</b>			
Current Assets			
Cash and temporary investments	\$ -	194,774	61,692
Accounts receivable, net	-	-	-
Loan acquisition costs - net	-	7,875	-
<b>Total assets</b>	<b>\$ -</b>	<b>202,649</b>	<b>61,692</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Current Liabilities			
Cash overdraft	\$ -	-	-
Accounts payable	-	-	-
Accrued payroll	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>			
Reserved for debt service	-	202,649	61,692
<b>Total fund balance</b>	<b>-</b>	<b>202,649</b>	<b>61,692</b>
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>202,649</b>	<b>61,692</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
June 30, 2009

	Special Assessments Districts	NMFA-Loan Loader	Water Trust Board	Total
<b>ASSETS</b>				
Current Assets				
Cash and temporary investments	\$ -	18,804	-	275,270
Accounts receivable, net	-	-	-	-
Loan acquisition costs - net	-	-	-	7,875
<b>Total assets</b>	<b>\$ -</b>	<b>18,804</b>	<b>-</b>	<b>283,145</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Current Liabilities				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Reserved for debt service	-	18,804	-	283,145
<b>Total fund balance</b>	<b>-</b>	<b>18,804</b>	<b>-</b>	<b>283,145</b>
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>18,804</b>	<b>-</b>	<b>283,145</b>



STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES  
IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
June 30, 2009

	Juvenile Recreation	Lodgers' Tax	Emergency Medical Services	Local Governmental Corrections
<b>Revenues</b>				
Taxes	\$ 7,359	306,229	-	-
State sources	-	-	28,605	-
Federal sources	-	-	-	-
Fees and fines	-	-	-	7,830
Charges for services	-	-	-	-
Interest	30	678	112	310
Miscellaneous	-	-	222,442	-
Rent	-	-	-	-
<b>Total revenues</b>	<b>7,389</b>	<b>306,907</b>	<b>251,159</b>	<b>8,140</b>
<b>Expenditures</b>				
Current				
General government	-	168,666	101,075	5,950
Public safety	-	-	-	-
Cultural and recreation	7,572	25,964	-	-
Capital outlay	4,747	-	203,669	-
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>12,319</b>	<b>194,630</b>	<b>304,744</b>	<b>5,950</b>
Excess (Deficiency) of Revenues Over Expenditures	(4,930)	112,277	(53,585)	2,190
<b>Other financial sources (uses)</b>				
Proceeds from long-term debt	-	-	-	-
Transfers in	-	-	50,887	-
Transfers out	-	(206,667)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(206,667)</b>	<b>50,887</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(4,930)</b>	<b>(94,390)</b>	<b>(2,698)</b>	<b>2,190</b>
Fund balance, beginning of year	4,060	178,726	15,268	54,557
<b>Fund balance (deficit), end of year</b>	<b>\$ (870)</b>	<b>84,336</b>	<b>12,570</b>	<b>56,747</b>

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, 2009

	CDBG Revolving Loan	Environmental GRT	Fire Grants
Revenues			
Taxes	\$ -	77,006	-
State sources	-	-	435,615
Federal sources	-	-	-
Fees and fines	-	-	-
Charges for services	-	-	1,350
Interest	361	4,841	-
Miscellaneous	-	-	-
Rent	-	-	-
<b>Total revenues</b>	<b>361</b>	<b>81,847</b>	<b>436,965</b>
Expenditures			
Current			
General government	-	2,139	-
Public safety	-	-	173,316
Cultural and recreation	-	-	-
Capital outlay	-	-	376,571
Debt service - principal	-	-	-
Debt service - interest	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>2,139</b>	<b>549,887</b>
Excess (Deficiency) of Revenues Over Expenditures	361	79,708	(112,922)
Other financial sources (uses)			
Proceeds from long-term debt	-	-	-
Transfers in	-	2,263	90,270
Transfers out	-	(33,263)	(20,000)
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>(31,000)</b>	<b>70,270</b>
<b>Net change in fund balance</b>	<b>361</b>	<b>48,708</b>	<b>(42,652)</b>
Fund balance, beginning of year	64,998	480,803	37,151
<b>Fund balance (deficit), end of year</b>	<b>\$ 65,359</b>	<b>529,511</b>	<b>(5,501)</b>

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, 2009

	Fire Protection	Law Enforcement Protection	Library Building	Police Grants	Library Grants
<b>Revenues</b>					
Taxes	\$ -	-	-	-	-
State sources	315,246	30,200	-	81,647	11,043
Federal sources	-	-	-	-	-
Fees and fines	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	1,163	6	6,616	-	-
Miscellaneous	550	106,906	705	-	-
Rent	-	-	-	-	-
<b>Total revenues</b>	<b>316,959</b>	<b>137,112</b>	<b>7,321</b>	<b>81,647</b>	<b>11,043</b>
<b>Expenditures</b>					
Current					
General government	107,726	-	-	-	-
Public safety	19,886	3,850	-	-	-
Cultural and recreation	-	-	-	-	10,371
Capital outlay	69,388	109,367	80	81,647	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	26,906	-	-	-
<b>Total expenditures</b>	<b>197,000</b>	<b>140,123</b>	<b>80</b>	<b>81,647</b>	<b>10,371</b>
Excess (Deficiency) of Revenues Over Expenditures	119,959	(3,011)	7,241	-	672
<b>Other financial sources (uses)</b>					
Proceeds from long-term debt	-	-	-	-	-
Transfers in	30,052	-	-	-	-
Transfers out	(190,270)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(160,218)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(40,259)</b>	<b>(3,011)</b>	<b>7,241</b>	<b>-</b>	<b>672</b>
Fund balance, beginning of year	29,773	3,011	383,494	-	454
<b>Fund balance (deficit), end of year</b>	<b>\$ (10,486)</b>	<b>-</b>	<b>390,735</b>	<b>-</b>	<b>1,126</b>

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, 2009

	Police Narcotics	Local Law Enforcement Block Grant	Region IV Narcotics	Juvenile Justice	Total
<b>Revenues</b>					
Taxes	\$ -	-	-	-	390,594
State sources	-	-	-	-	902,356
Federal sources	-	-	12,741	56,000	68,741
Fees and fines	-	-	-	-	7,830
Charges for services	-	-	-	-	1,350
Interest	10	-	6	-	14,133
Miscellaneous	71,977	-	-	-	402,580
Rent	-	-	-	-	-
<b>Total revenues</b>	<b>71,987</b>	<b>-</b>	<b>12,747</b>	<b>56,000</b>	<b>1,787,584</b>
<b>Expenditures</b>					
Current					
General government	-	-	15,306	56,000	456,862
Public safety	-	-	-	-	197,052
Cultural and recreation	-	-	-	-	43,907
Capital outlay	-	-	-	-	845,469
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	26,906
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>15,306</b>	<b>56,000</b>	<b>1,570,196</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>71,987</b>	<b>-</b>	<b>(2,559)</b>	<b>-</b>	<b>217,388</b>
<b>Other financial sources (uses)</b>					
Proceeds from long-term debt	-	-	-	-	-
Transfers in	-	-	1,207	-	174,679
Transfers out	-	-	-	-	(450,200)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,207</b>	<b>-</b>	<b>(275,521)</b>
<b>Net change in fund balance</b>	<b>71,987</b>	<b>-</b>	<b>(1,352)</b>	<b>-</b>	<b>(58,133)</b>
Fund balance, beginning of year	327	3,006	1,438	-	1,257,066
<b>Fund balance (deficit), end of year</b>	<b>\$ 72,314</b>	<b>3,006</b>	<b>86</b>	<b>-</b>	<b>1,198,933</b>

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, 2009

	2% Lodgers Tax	Airport	1/4% Capital Improvements	NMSHTD MAP Projects	Water
<b>Revenues</b>					
Taxes	\$ -	-	325,173	-	-
State sources	-	-	-	1,121,958	114,617
Federal sources	-	1,068	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest	16	-	970	9	-
<b>Total revenues</b>	<b>16</b>	<b>1,068</b>	<b>326,143</b>	<b>1,121,967</b>	<b>114,617</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>General government</b>					
Operating	98,271	-	5,134	-	-
Public Works	-	42,712	-	-	-
Capital outlay	36,653	-	-	1,071,986	175,410
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
<b>Total expenditures</b>	<b>134,924</b>	<b>42,712</b>	<b>5,134</b>	<b>1,071,986</b>	<b>175,410</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(134,908)</b>	<b>(41,644)</b>	<b>321,009</b>	<b>49,981</b>	<b>(60,793)</b>
<b>Other financial sources (uses)</b>					
Transfers in	206,667	1,068	-	84,755	70,000
Transfers out	(72,140)	-	(565,967)	-	(4,752)
<b>Total other financing sources (uses)</b>	<b>134,527</b>	<b>1,068</b>	<b>(565,967)</b>	<b>84,755</b>	<b>65,248</b>
<b>Net change in fund balance</b>	<b>(381)</b>	<b>(40,576)</b>	<b>(244,958)</b>	<b>134,736</b>	<b>4,455</b>
<b>Fund balance (deficit), beginning of year</b>	<b>381</b>	<b>40,576</b>	<b>456,663</b>	<b>-</b>	<b>960</b>
<b>Fund balance (deficit), end of year</b>	<b>\$ -</b>	<b>-</b>	<b>211,705</b>	<b>134,736</b>	<b>5,415</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN  
FUND BALANCES  
CAPITAL PROJECTS FUNDS  
June 30, 2009

	Street Improvements	Parks	Historic Building	Pool/Rec Center	Sunshine Paving	Total
<b>Revenues</b>						
Taxes	\$ 253,016	-	-	154,017	-	732,206
State sources	-	73,437	-	713,464	-	2,023,476
Federal sources	-	-	-	-	-	1,068
Charges for services	3,750	-	-	-	-	3,750
Miscellaneous	-	-	12,544	200	-	12,744
Interest	3	-	-	9,175	-	10,173
<b>Total revenues</b>	<b>256,769</b>	<b>73,437</b>	<b>12,544</b>	<b>876,856</b>	<b>-</b>	<b>2,783,417</b>
<b>Expenditures</b>						
Current						
General government						
Operating	55,282	21,919	-	147,996	-	328,602
Public Works	-	-	-	-	-	42,712
Capital outlay	-	683,659	62,190	803,025	348	2,833,271
Debt service - principal	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>55,282</b>	<b>705,578</b>	<b>62,190</b>	<b>951,021</b>	<b>348</b>	<b>3,204,585</b>
Excess (Deficiency) of Revenues Over Expenditures	201,487	(632,141)	(49,646)	(74,165)	(348)	(421,168)
Other financial sources (uses)						
Transfers in	-	263,612	44,444	-	-	670,546
Transfers out	(105,556)	-	-	-	-	(748,415)
<b>Total other financing sources (uses)</b>	<b>(105,556)</b>	<b>263,612</b>	<b>44,444</b>	<b>-</b>	<b>-</b>	<b>(77,869)</b>
<b>Net change in fund balance</b>	<b>95,931</b>	<b>(368,529)</b>	<b>(5,202)</b>	<b>(74,165)</b>	<b>(348)</b>	<b>(499,037)</b>
Fund balance (deficit), beginning of year	(63,370)	368,529	(2,277)	1,235,472	-	2,036,934
<b>Fund balance (deficit), end of year</b>	<b>\$ 32,561</b>	<b>-</b>	<b>(7,479)</b>	<b>1,161,307</b>	<b>(348)</b>	<b>1,537,897</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN  
FUND BALANCES  
DEBT SERVICE FUNDS  
June 30, 2009

	NMFA-Loan Fire Equipment	Street Improvement Loan	Welcome Center Loan
Revenues			
Taxes	\$ -	-	-
State sources	-	-	-
Federal sources	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	-
Interest	538	7,603	3,274
<b>Total revenues</b>	<b>538</b>	<b>7,603</b>	<b>3,274</b>
Expenditures			
Debt service			
Principal	-	83,652	32,783
Interest	-	24,312	17,343
Other	-	1,153	1,002
<b>Total expenditures</b>	<b>-</b>	<b>109,117</b>	<b>51,128</b>
Excess (Deficiency) of Revenues Over Expenditures	538	(101,514)	(47,854)
Other financial sources (uses)			
Proceeds from long-term debt	-	-	-
Transfers in (out)	(30,052)	93,652	47,140
<b>Total other financing sources (uses)</b>	<b>(30,052)</b>	<b>93,652</b>	<b>47,140</b>
<b>Net change in fund balance</b>	<b>(29,514)</b>	<b>(7,862)</b>	<b>(714)</b>
Fund balance, beginning of year	29,514	210,511	62,406
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>202,649</b>	<b>61,692</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN  
FUND BALANCES  
DEBT SERVICE FUNDS  
June 30, 2009

	Special Assessments Districts	NMFA-Loan Loader DS	Water Trust Board	Total
<b>Revenues</b>				
Taxes	\$ -	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	13,176	-	13,176
Interest	-	248	-	11,663
<b>Total revenues</b>	<b>-</b>	<b>13,424</b>	<b>-</b>	<b>24,839</b>
<b>Expenditures</b>				
Debt service				
Principal	-	24,972	4,660	146,067
Interest	-	2,897	92	44,644
Other	1,105	-	-	3,260
<b>Total expenditures</b>	<b>1,105</b>	<b>27,869</b>	<b>4,752</b>	<b>193,971</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,105)</b>	<b>(14,445)</b>	<b>(4,752)</b>	<b>(169,132)</b>
<b>Other financial sources (uses)</b>				
Proceeds from long-term debt	-	-	70,000	70,000
Transfers in (out)	-	31,000	(65,248)	76,492
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>31,000</b>	<b>4,752</b>	<b>146,492</b>
<b>Net change in fund balance</b>	<b>(1,105)</b>	<b>16,555</b>	<b>-</b>	<b>(22,640)</b>
Fund balance, beginning of year	1,105	2,249	-	305,785
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>18,804</b>	<b>-</b>	<b>283,145</b>



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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 7,500	7,337	7,204	(133)
Charges for services	-	-	-	-
Miscellaneous	200	30	30	-
<b>Total revenues</b>	<b>7,700</b>	<b>7,367</b>	<b>7,234</b>	<b>(133)</b>
Expenditures				
Current	7,700	7,572	7,572	-
Public safety	-	4,747	4,747	-
<b>Total expenditures</b>	<b>7,700</b>	<b>12,319</b>	<b>12,319</b>	<b>-</b>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	-	<u>(4,952)</u>	(5,085)	<u>(133)</u>
Changes in accounts receivable			155	
Changes in accrued liabilities			-	
GAAP change in fund balance			<u>\$ (4,930)</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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Municipal taxes	\$ 380,000	315,560	270,155	(45,405)
Miscellaneous	-	-	-	-
Interest	6,000	678	678	-
<b>Total revenues</b>	<u>386,000</u>	<u>316,238</u>	<u>270,833</u>	<u>(45,405)</u>
Expenditures				
Culture & Recreation	186,000	194,630	194,630	-
<b>Total expenditures</b>	<u>186,000</u>	<u>194,630</u>	<u>194,630</u>	<u>-</u>
Transfers In	-	-	-	-
Transfers out	(202,000)	(206,667)	(206,667)	-
<b>Total other financing sources</b>	<u>(202,000)</u>	<u>(206,667)</u>	<u>(206,667)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,000)	<u>(85,059)</u>	(130,464)	<u>(45,405)</u>
<b>Budgeted beginning cash</b>	<u>2,000</u>			
	<u>\$ -</u>			
Changes in accounts receivable			36,074	
Changes in accrued liabilities			-	
GAAP change in fund balance			<u>\$ (94,390)</u>	

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 20,000	28,605	28,605	-
Miscellaneous revenue	1,000	1,027	1,027	-
<b>Total revenues</b>	<b>21,000</b>	<b>29,632</b>	<b>29,632</b>	<b>-</b>
Expenditures				
Current				
Public Safety	36,268	37,279	37,279	-
Capital Outlay	22,431	45,938	45,938	-
<b>Total expenditures</b>	<b>58,699</b>	<b>83,217</b>	<b>83,217</b>	<b>-</b>
Transfers in	22,431	50,888	50,887	- 1
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>22,431</b>	<b>50,888</b>	<b>50,887</b>	<b>- 1</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(15,268)	(2,697)	(2,698)	(1)
<b>Budgeted beginning cash</b>	<b>15,268</b>			
	<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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Fines	\$ 10,000	10,000	8,382	(1,618)
Interest	2,000	2,000	310	(1,690)
<b>Total revenues</b>	<b>12,000</b>	<b>12,000</b>	<b>8,692</b>	<b>(3,308)</b>
Expenditures				
Current				
Public safety	12,000	12,000	5,950	6,050
<b>Total expenditures</b>	<b>12,000</b>	<b>12,000</b>	<b>5,950</b>	<b>6,050</b>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	-	-	2,742	2,742
<b>Budgeted beginning cash</b>	<b>-</b>			
	<b>\$ -</b>			
Changes in accounts receivable			(553)	
Changes in accrued liabilities			-	
GAAP change in fund balance			<b>\$ 2,189</b>	

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, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 3,000	3,000	361	(2,639)
<b>Total revenues</b>	<b>3,000</b>	<b>3,000</b>	<b>361</b>	<b>(2,639)</b>
Expenditures				
Current				
General government	5,000	5,000	-	5,000
<b>Total expenditures</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,000)	(2,000)	361	2,361
<b>Budgeted beginning cash</b>	<b>2,000</b>			
	<u>\$ -</u>			

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 87,000	87,000	70,942	(16,058)
Interest	16,000	16,000	4,841	(11,159)
<b>Total revenues</b>	<b>103,000</b>	<b>103,000</b>	<b>75,783</b>	<b>(27,217)</b>
Expenditures				
Current				
General government	7,500	7,500	2,138	5,362
<b>Total expenditures</b>	<b>7,500</b>	<b>7,500</b>	<b>2,138</b>	<b>5,362</b>
Transfers in	-	-	2,263	2,263
Transfers out	(27,870)	(27,870)	(33,263)	(5,393)
<b>Total other financing sources</b>	<b>(27,870)</b>	<b>(27,870)</b>	<b>(31,000)</b>	<b>(3,130)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 67,630</u>	<u>67,630</u>	42,645	<u>(24,985)</u>
Change in accounts receivable			<u>6,063</u>	
GAAP change in fund balance			<u>\$ 48,708</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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 67,869	184,579	15,540	(169,039)
Federal grant	-	475,914	372,086	(103,828)
Charges for service	-	1,350	1,350	-
<b>Total revenues</b>	<b>67,869</b>	<b>661,843</b>	<b>388,976</b>	<b>(272,867)</b>
Expenditures				
Current				
Public safety	63,000	173,316	173,316	-
Capital Outlay	19,000	482,658	376,571	106,087
<b>Total expenditures</b>	<b>82,000</b>	<b>655,974</b>	<b>549,887</b>	<b>106,087</b>
Transfers in	-	-	-	-
Transfers out	-	20,000	(20,000)	(40,000)
<b>Total other financing sources</b>	<b>-</b>	<b>20,000</b>	<b>(20,000)</b>	<b>(40,000)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(14,131)	<u>5,869</u>	(180,911)	<u>(206,780)</u>
<b>Budgeted beginning cash</b>	<u>14,131</u>			
	<u>\$ -</u>			
Change in accounts receivable			138,259	
Change in accounts payable			-	
GAAP change in fund balance			<u>\$ (42,652)</u>	

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State sources	\$ 315,246	315,246	224,976	(90,270)
Interest	5,000	5,000	1,163	(3,837)
Miscellaneous	-	-	550.00	550
<b>Total revenues</b>	<b>320,246</b>	<b>320,246</b>	<b>226,689</b>	<b>(93,557)</b>
<b>Expenditures</b>				
Current				
Public Safety	95,500	127,612	127,612	-
Capital Outlay	163,934	136,329	36,644	99,685
<b>Total expenditures</b>	<b>259,434</b>	<b>263,941</b>	<b>164,256</b>	<b>99,685</b>
Transfers in	-	30,052	30,052	-
Transfers out	(100,000)	(100,000)	(100,000)	-
<b>Total other financing sources</b>	<b>(100,000)</b>	<b>(69,948)</b>	<b>(69,948)</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(39,188)	(13,643)	(7,515)	6,128
<b>Budgeted beginning cash</b>	<b>39,188</b>			
	<b>\$ -</b>			
Change in accounts receivable			-	
Change in accounts payable			(32,744)	
GAAP change in fund balance			<b>\$ (40,259)</b>	



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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 30,200	30,200	30,200	-
Miscellaneous	-	80,000	80,000	-
Interest	100	7	6	(1)
<b>Total revenues</b>	<b>30,300</b>	<b>110,207</b>	<b>110,206</b>	<b>(1)</b>
Expenditures				
Current				
Public safety	5,053	3,850	3,850	-
Capital outlay	28,258	109,368	109,367	1
<b>Total expenditures</b>	<b>33,311</b>	<b>113,218</b>	<b>113,217</b>	<b>1</b>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(3,011)	\$ (3,011)	(3,011)	-
<b>Budgeted beginning cash</b>	<b>3,011</b>			
	<b>\$ -</b>			

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Miscellaneous	\$ 2,500	2,500	-	-
Interest	11,000	11,000	7,321	(3,679)
<b>Total revenues</b>	<b>13,500</b>	<b>13,500</b>	<b>7,321</b>	<b>(3,679)</b>
Expenditures				
Current				
Cultural and recreation	-	-	-	-
Capital Outlay	15,000	15,000	80	14,920
<b>Total expenditures</b>	<b>15,000</b>	<b>15,000</b>	<b>80</b>	<b>14,920</b>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,500)	\$ (1,500)	7,241	11,241
<b>Budgeted beginning cash</b>	<b>1,500</b>			
	<u>\$ -</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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 42,121	81,648	81,647	(1)
Other	-	-	-	-
<b>Total revenues</b>	<b>42,121</b>	<b>81,648</b>	<b>81,647</b>	<b>(1)</b>
Expenditures				
Current				
Public Safety	-	-	-	-
Capital outlay	42,121	81,648	81,647	1
<b>Total expenditures</b>	<b>42,121</b>	<b>81,648</b>	<b>81,647</b>	<b>1</b>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	-	-	-

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 18,582	18,582	11,043	(7,539)
<b>Total revenues</b>	<b>18,582</b>	<b>18,582</b>	<b>11,043</b>	<b>(7,539)</b>
Expenditures				
Current				
Cultural and recreation	18,582	18,582	10,371	8,211
<b>Total expenditures</b>	<b>18,582</b>	<b>18,582</b>	<b>10,371</b>	<b>8,211</b>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	-	672	672

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, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ -	-	71,987	71,987
<b>Total revenues</b>	-	-	71,987	71,987
Expenditures				
Current				
Public safety	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$	-	71,987	71,987

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ -	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures				
Current				
Capital Outlay	3,006	3,006	-	3,006
<b>Total expenditures</b>	<b>3,006</b>	<b>3,006</b>	<b>-</b>	<b>3,006</b>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(3,006)	<u>\$ (3,006)</u>	<u>-</u>	<u>(3,006)</u>
<b>Budgeted beginning cash</b>	<b>3,006</b>			
	<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, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal grant	\$ -	14,094	6,510	(7,584)
Miscellaneous	-	6	6	-
<b>Total revenues</b>	<b>-</b>	<b>14,100</b>	<b>6,516</b>	<b>(7,584)</b>
Expenditures				
Current				
General government	2,500	15,307	15,306	1
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>2,500</b>	<b>15,307</b>	<b>15,306</b>	<b>1</b>
Transfers in	2,500	-	1,207	1,207
Transfers out	-	-	-	-
<b>Total transfers</b>	<b>2,500</b>	<b>-</b>	<b>1,207</b>	<b>1,207</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(1,207)	(7,583)	6,376
Changes in accounts receivable			6,232	
GAAP change in fund balance			\$ (1,351)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUND  
JUVENILE JUSTICE FUND 222  
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ -	56,000	43,866	(12,134)
<b>Total revenues</b>	<b>-</b>	<b>56,000</b>	<b>43,866</b>	<b>(12,134)</b>
Expenditures				
General Government	-	56,000	56,000	-
<b>Total expenditures</b>	<b>-</b>	<b>56,000</b>	<b>56,000</b>	<b>-</b>
Transfers in	-	-		
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	(12,134)	(12,134)
<b>Budgeted beginning cash</b>	<b>-</b>			
	<u>\$ -</u>			
Changes in accounts receivable			<u>12,134</u>	
GAAP change in fund balance			<u>\$ -</u>	



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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 1,200	1,200	16	(1,184)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>1,200</u>	<u>1,200</u>	16	(1,184)
Expenditures				
General government	127,212	98,271	98,271	-
Capital outlay	-	36,653	36,653	-
<b>Total expenditures</b>	<u>127,212</u>	<u>134,924</u>	134,924	-
Transfers In	202,000	206,667	206,667	-
Transfers Out	(76,128)	(76,128)	(72,140)	3,988
<b>Total other financing sources</b>	<u>125,872</u>	<u>130,539</u>	134,527	3,988
Revenues and other financing sources over (under) expenditures and other financing uses	(140)	<u>(3,185)</u>	<u>(381)</u>	<u>2,804</u>
<b>Budgeted beginning cash</b>	<u>381</u>			
	<u>\$ 241</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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 84,992	84,992	1,068	(83,924)
Federal sources	3,039,679	3,039,679	-	(3,039,679)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<b>3,124,671</b>	<b>3,124,671</b>	<b>1,068</b>	<b>(3,123,603)</b>
Expenditures				
Capital outlay	3,209,663	3,209,663	42,712	3,166,951
<b>Total expenditures</b>	<b>3,209,663</b>	<b>3,209,663</b>	<b>42,712</b>	<b>3,166,951</b>
Transfers in	84,992	1,068	1,068	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>84,992</b>	<b>1,068</b>	<b>1,068</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ (83,924)	(40,576)	43,348
<b>Budgeted beginning cash</b>	<b>-</b>			
	<b>\$ -</b>			
Change in accounts receivable			-	
GAAP change in fund balance			\$ (40,576)	

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 465,039	733,569	-	(733,569)
Miscellaneous	-	73,438	73,438	-
Interest	-	-	-	-
<b>Total revenues</b>	<b>465,039</b>	<b>807,007</b>	<b>73,438</b>	<b>(733,569)</b>
Expenditures				
General Government	-	21,920	21,920	-
Culture and Recreation	-	61,527	61,527	-
Capital outlay	100,000	166,392	166,392	-
Debt service	-	455,740	455,740	-
<b>Total expenditures</b>	<b>100,000</b>	<b>705,579</b>	<b>705,579</b>	<b>-</b>
Transfer in	-	263,612	263,612	-
Transfer out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>263,612</b>	<b>263,612</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 365,039	365,040	(368,529)	(733,569)
Change in accounts receivable			-	
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, 2009

	Budgeted Amounts		Actual Amount	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 3,350,000	962,976	925,515	(37,461)
Miscellaneous	400,000	-	-	-
Interest	-	9	9	
<b>Total revenues</b>	<b>3,750,000</b>	<b>962,985</b>	<b>925,524</b>	<b>(37,461)</b>
Expenditures				
Capital outlay	4,133,333	1,047,739	1,047,739	-
<b>Total expenditures</b>	<b>4,133,333</b>	<b>1,047,739</b>	<b>1,047,739</b>	<b>-</b>
Transfers in	383,333	84,755	84,755	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>383,333</b>	<b>84,755</b>	<b>84,755</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	1	(37,460)	(37,461)
Change in accounts receivable			196,444	
Change in accounts payable			(24,247)	
GAAP change in fund balance			\$ 134,737	

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, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 166,983	102,544	-	(102,544)
Miscellaneous	-	-	12,544	12,544
<b>Total revenues</b>	<u>166,983</u>	<u>102,544</u>	<u>12,544</u>	<u>(90,000)</u>
Expenditures				
Capital outlay	136,188	98,672	62,190	36,482
General government	-	-	-	-
<b>Total expenditures</b>	<u>136,188</u>	<u>98,672</u>	<u>62,190</u>	<u>36,482</u>
Transfers in	25,000	44,444	44,444	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<u>25,000</u>	<u>44,444</u>	<u>44,444</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	55,795	<u>\$ 48,316</u>	(5,202)	<u>(53,518)</u>
<b>Budgeted beginning cash</b>	<u>-</u>			
	<u>\$ 55,795</u>			
Change in accounts receivable			-	
Change in accounts payable			-	
GAAP change in fund balance			<u>\$ (5,202)</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, 2009

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 350,465	-	300,926	300,926
State Sources	-	-	-	-
Interest	5,000	-	970	970
<b>Total revenues</b>	<b>355,465</b>	<b>-</b>	<b>301,896</b>	<b>301,896</b>
Expenditures				
Current				
General government	6,000	6,000	5,134	866
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>6,000</b>	<b>6,000</b>	<b>5,134</b>	<b>866</b>
Transfers in	-	-	-	-
Transfers out	-	(565,968)	(565,967)	1
<b>Total transfers</b>	<b>-</b>	<b>(565,968)</b>	<b>(565,967)</b>	<b>1</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 349,465	\$ (571,968)	(269,205)	302,763
Change in accounts receivable			24,248	
GAAP change in fund balance			\$ (244,957)	

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, 2009

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 569,940	178,501	124,536	(53,965)
Interest	-	-	-	-
Local sources	90,000	12,601	12,601	-
<b>Total revenues</b>	<b>659,940</b>	<b>191,102</b>	<b>137,137</b>	<b>(53,965)</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	650,000	175,411	175,410	1
<b>Total expenditures</b>	<b>650,000</b>	<b>175,411</b>	<b>175,410</b>	<b>1</b>
Transfers in	-	-	-	-
Transfers out	-	4,753	(4,752)	(9,505)
<b>Total transfers</b>	<b>-</b>	<b>4,753</b>	<b>(4,752)</b>	<b>(9,505)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 9,940	\$ 20,444	(43,025)	(63,469)
Change in accounts receivable			47,480	
GAAP change in fund balance			\$ 4,455	

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 325,000	252,218	240,224	(11,994)
State sources	154,226	102,226	-	(102,226)
Charges for services	2,000	3,750	3,750	-
Interest	2,000	3	3	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>483,226</b>	<b>358,197</b>	<b>243,977</b>	<b>(114,220)</b>
Expenditures				
General Government	246,302	-	55,282	55,282
<b>Total expenditures</b>	<b>246,302</b>	<b>203,364</b>	<b>55,282</b>	<b>55,282</b>
Transfers in	-	-	-	-
Transfers out	189,866	(105,556)	(105,556)	-
<b>Total other financing sources</b>	<b>189,866</b>	<b>(105,556)</b>	<b>(105,556)</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	426,790	<u>49,277</u>	83,139	<u>(169,502)</u>
<b>Budgeted beginning cash</b>	<u>-</u>			
	<u>\$ 426,790</u>			
Change in accounts receivable			12,791	
Change in accounts payable			-	
GAAP change in fund balance			<u>\$ 95,930</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, 2009

	Budgeted Amounts		Actual Amount	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 1,540,453	411,832	411,832	-
Federal Grants	-	-	-	-
Taxes	180,352	156,984	141,899	(15,085)
Miscellaneous Revenue	-	200	200	-
Interest	25,000	9,175	9,175	-
<b>Total revenues</b>	<b>1,745,805</b>	<b>578,190</b>	<b>563,106</b>	<b>(15,085)</b>
Expenditures				
General Government	6,000	147,996	147,996	-
Capital outlay	2,715,881	574,125	574,125	-
<b>Total expenditures</b>	<b>2,721,881</b>	<b>722,121</b>	<b>722,121</b>	<b>-</b>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(976,076)	\$ (143,931)	(159,015)	(15,085)
<b>Budgeted beginning cash</b>	<b>976,076</b>			
	<b>\$ -</b>			
Change in accounts receivable, net of adjustments			313,750	
Change in accounts payable			(228,900)	
GAAP change in fund balance			\$ (74,165)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECT FUND  
SUNSHINE PAVING FUND 355  
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 500,000	500,000	-	(500,000)
<b>Total revenues</b>	<b>500,000</b>	<b>500,000</b>	<b>-</b>	<b>(500,000)</b>
Expenditures				
Capital Outlay	525,000	525,000	348	524,652
<b>Total expenditures</b>	<b>525,000</b>	<b>525,000</b>	<b>348</b>	<b>524,652</b>
Transfers in	25,000	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ (25,000)	(348)	24,652
<b>Budgeted beginning cash</b>	-			
	<b>\$ -</b>			

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUNDS  
NMEA LOAN FIRE EQUIPMENT FUND 401  
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ -	-	538	538
<b>Total revenues</b>	-	-	538	538
Expenditures				
Debt service	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Transfers in	-	-		-
Transfers out	-	(30,052)	(30,052)	-
<b>Total other financing sources</b>	-	(30,052)	(30,052)	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ (30,052)	(29,514)	538
<b>Budgeted beginning cash</b>	-			
	\$ -			

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, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 8,000	8,000	7,603	- 397
<b>Total revenues</b>	<b>8,000</b>	<b>8,000</b>	<b>7,603</b>	<b>- 397</b>
Expenditures				
Debt service	106,493	106,493	106,492	1
<b>Total expenditures</b>	<b>106,493</b>	<b>106,493</b>	<b>106,492</b>	<b>1</b>
Transfers in	106,533	93,652	93,652	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>106,533</b>	<b>93,652</b>	<b>93,652</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 8,040	\$ (4,841)	(5,237)	(396)
Amortization of loan acquisition costs			(2,625)	
GAAP change in fund balance			\$ (7,862)	

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, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 4,000	4,000	3,274	(726)
<b>Total revenues</b>	<b>4,000</b>	<b>4,000</b>	<b>3,274</b>	<b>(726)</b>
Expenditures				
Debt service	51,128	51,128	51,128	-
<b>Total expenditures</b>	<b>51,128</b>	<b>51,128</b>	<b>51,128</b>	<b>-</b>
Transfers in	51,128	51,128	47,140	(3,988)
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>51,128</b>	<b>51,128</b>	<b>47,140</b>	<b>- 3,988</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 4,000	\$ 4,000	(714)	(4,714)

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, 2009

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$ -	-	-	-
<b>Total revenues</b>	-	-	-	-
Expenditures	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	-	-
<b>Budgeted beginning cash</b>	-			
	\$ -			
Change in allowance for uncollectible accounts			(1,105)	
GAAP change in fund balance			\$ (1,105)	

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, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Miscellaneous	\$ -	-	13,176	13,176
Interest	600	600	248	(352)
<b>Total revenues</b>	<b>600</b>	<b>600</b>	<b>13,424</b>	<b>12,824</b>
Expenditures				
Debt service	27,869	27,869	27,869	-
<b>Total expenditures</b>	<b>27,869</b>	<b>27,869</b>	<b>27,869</b>	<b>-</b>
Transfers in	27,870	33,264	33,263	(1)
Transfers out	-	(2,264)	(2,263)	1
<b>Total other financing sources</b>	<b>27,870</b>	<b>31,000</b>	<b>31,000</b>	
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 601	\$ 3,731	16,555	12,824

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUND  
WATER TRUST BOARD DS 408  
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest Income	\$ -	-	-	-
<b>Total revenues</b>	-	-	-	-
Expenditures				
Debt Service	-	4,753	4,752	1
General Government	-	-	-	-
<b>Total expenditures</b>	-	4,753	4,752	1
Transfers in	-	4,753	4,752	1
Transfers out	-	-	-	-
<b>Total other financing sources</b>	-	4,753	4,752	1
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	-	-
<b>Budgeted beginning cash</b>	-			
	<u>\$ -</u>			



**SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
CITY OF RATON  
TRUST AND AGENCY FUND  
June 30, 2009**

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

STATE OF NEW MEXICO  
 CITY OF RATON  
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND - MUNICIPAL COURT  
 June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<b>ASSETS</b>				
Cash and temporary investments	\$ 4,916	34,620	(38,121)	<u>1,415</u>
<b>LIABILITIES</b>				
Deposits held for others	\$ 4,916	34,620	(38,121)	<u>1,415</u>

STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2009

Federal Grantor-Program Title	CFDA Number	Grantor Identifying Number	Expenditures
U.S. Department of Justice Region IV Drug Task Force	16.738	05-JAG-PPA 02 Region IV FY08	<u>12,662</u>
<b>Total U.S. Department of Justice</b>			<u>12,662</u>
U.S. Department of Homeland Security Passed through New Mexico Department of Public Safety			
Homeland Security Grant Program	97.067	2004-GE-T6-0064	252,085
Homeland Security Grant Program	97.067	2007-GE-T7-0023	120,000
Homeland Security Grant Program	16.007	Robot	<u>105,213</u>
Subtotal Homeland Security cluster			477,298
EMPG Funds	97.042	2008-EMPG-Raton	10,208
EMPG Funds	97.042	2009-EMPG-Raton	<u>16,412</u>
<b>Total U.S. Department of Homeland Security</b>			<u>503,918</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 516,580</u>

**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, 2009, and have issued our report thereon dated December 1, 2009. 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 debt service and enterprise funds, presented as supplementary information in the accompanying combining and individual fund statements as of and for the year ended June 30, 2009, 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, 08-2, and 09-1 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 02-01, 04-05, 08-02, 08-3, 09-01, and 09-02 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), 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, 09-2 and 09-3 for the City, and for the component unit Raton Public Service as item 04-05.

We noted a certain matter that is required to be reported under Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and responses as item 09-4.

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  
December 1, 2009

**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, 2009. 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, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-4, 09-5, and 09-6.

#### 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.

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

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.

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  
December 1, 2009

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**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?   x   Yes        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?   x   Yes        No

**Identification of Major Program**

CFDA Number	Name of Federal Program or Cluster
97.067/16.007	Homeland Security Grant Program (Cluster)

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 (CONTINUED)  
Year Ended June 30, 2009**

**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 FY09. 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.

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.

CAUSE

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

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 has had difficulty finding an engineering firm that performs these types of services but will be consulting with an engineering firm that recently performed a replacement cost analysis of City streets and infrastructure to see if their work can be utilized to determine a historical cost analysis for depreciation purposes. The City also due to budget constraints and staffing levels was unable to perform a physical inventory this past fiscal year but will make every effort to compile an accurate report of all capital assets including all additions and deletions prior to the end of fiscal year 2010.

STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009

**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. In our audit of the current year, we noted that two new forms of financing, an NMFA loan and a capital financing-type lease, were not recognized in the City's accounting records.

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.

EFFECT

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

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.

RECOMMENDATION

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

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**07-1 City      Inability to Prepare GAAP-based Financial Statements, Material  
Weakness (Continued)**

**MANAGEMENT RESPONSE**

The City of Raton and Raton Water Works made some progress towards resolving this finding but will continue to work with our audit firm to provide the necessary accrual entries 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 (CONTINUED)  
Year Ended June 30, 2009**

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

**08-2 City Segregation of Duties Over Disbursements**

**CONDITION**

Three individuals have 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.

**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.

**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.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**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 was unable to coordinate the necessary programming changes prior to the end of the fiscal year but still concurs with the auditor recommendation and will have Incode program the accounting system so that 2 passwords are required when printing signatures on checks to insure that transactions are not mishandled due to error or fraud.



**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**09-1 City      Untimely Bank Reconciliations**

**CONDITION**

During our Cash Receipts test work for the City of Raton we noted that all bank statements for the Municipal Courts were not reconciled as of May 29, 2009. Further, we noted three months for the General Fund that were not reconciled timely as follows:

August 2008 bank statement was not reconciled until November 2008, January 2009 bank statement was not reconciled until April 2009 and the February 2009 bank statement was not reconciled until April 2009.

During our Cash Receipts test work for the Raton Water Works we noted that the February 2009 bank statement was not reconciled until May 2009.

**CRITERIA**

Timely bank reconciliations are crucial in that they assist management in identifying errors and other problems promptly.

**EFFECT**

Because reconciliations of the City's bank accounts are not performed timely, errors or defalcations may not be detected in a timely manner, thus circumventing the detective capabilities of the reconciliation control.

**CAUSE**

It appears that management is short staffed and therefore lacked sufficient time to perform the bank reconciliations timely.

**RECOMMENDATION**

Bank statements in some instances were accumulated for several months before they were reconciled to the appropriate general ledger controls. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time-consuming to reconcile accounts while transactions are fresh in mind. We recommend that all bank accounts be reconciled each month prior to preparation of the monthly financial statements.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**09-1 City Untimely Bank Reconciliations (Continued)**

**MANAGEMENT RESPONSE**

The City of Raton concurs that performing timely bank reconciliations is a crucial internal control that assists management in identifying errors and defalcations. The City of Raton will try to increase staffing levels once the budget improves to insure the City Clerk/Treasurer can perform her duties, as required by ordinance, more timely.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**09-2 City      Stale Dated Checks**

**CONDITION**

During the testing of cash, we noted 33 checks outstanding which are dated prior to June 30, 2008. The total of all checks is \$4,114.

**CRITERIA**

New Mexico Statutes, Section 6-10-57, NMSA 1978 compilation requires local public bodies to cancel or void any check that is unpaid for on year after it is written.

**EFFECT**

The City is not in compliance with state statute regarding stale-dated checks.

**CAUSE**

The City does not have a policy or procedure in effect to monitor and void stale-dated checks.

**RECOMMENDATION**

We recommend that the City implement a procedure to monitor outstanding checks, that checks disbursed by the City be printed to read "Void after one year," and that all stale-dated checks are reclassified as liabilities and escheated to the state when required.

**MANAGEMENT RESPONSE**

The City of Raton concurs with the auditor recommendation and will monitor all outstanding checks and follow up with vendors in order to reissue payment or reclassify as liabilities and escheat to the state if unable to contact vendor. The City will also have our check printing company add "Void after one year" to all future check orders.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**09-3 City Undercollateralization of Bank Account**

**CONDITION**

During the testing of cash, we noted that the International Bank is under collateralized by 967,519.60.

**CRITERIA**

Per New Mexico Administrative Code 2.60.4.9 Collateral Requirements for Depository Bank Services, the agency's bank must maintain collateral 50% of the amount of the uninsured balance on deposit.

**EFFECT**

The bank is under collateralized which places the city's financial resources at risk in case of bank failure.

**CAUSE**

It appears that management has failed to ensure that collateralization is met.

**RECOMMENDATION**

We recommend that the City of Raton monitor the collateralization of its bank-held deposits and investments in order to ensure that collateralization requirements are met.

**MANAGEMENT RESPONSE**

The City of Raton had several certificates of deposit with another bank that were not renewed because funds were needed for general fund operations. These funds in addition to a large insurance recovery for a property claim were deposited with International Bank causing the account balances at year end to increase significantly. The City Clerk failed to make proper arrangements to increase the collateral prior to year end. Collateralization is currently monitored on a quarterly basis but in the future the City Clerk will make sure that adjustments are made as needed and will conduct a comprehensive review in May to insure proper collateralization prior to year end.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**09-4 City Late Audit Report**

**CONDITION**

The City submitted its financial statements beyond the due date of December 1, 2009. The Office of the State Auditor received the audit report on January 29, 2010.

**CRITERIA**

Subsection A of 2.2.2.9 NMAC states that audit report due date for municipalities is December 1.

**CAUSE**

The report was rejected by the Office of the State Auditor due to the number of corrections required.

**EFFECT**

The users of the City's financial statements, including the State Auditor, legislators and others, were not able to review the City's report timely.

**RECOMMENDATION**

We recommend the City and Water Works convert the trial balance and have all necessary adjustments posted earlier in the fall to allow adequate time for financial statement preparation.

**MANAGEMENT'S RESPONSE**

As identified in the management response to repeated audit finding 07-1 the City of Raton has made some progress towards resolving the requirement of converting our financial statements to a modified accrual basis for governmental funds and a full accrual basis for enterprise funds and will insure this finding is resolved for the next fiscal year to allow adequate time for financial statement preparation prior to the December 1, 2010 deadline.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**B-2. FINANCIAL STATEMENT FINDINGS-RATON PUBLIC SERVICE**

**02-01 RPS Polices 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.

EFFECT

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

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.

RECOMMENDATION

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

MANAGEMENT RESPONSE

RPS has an existing purchasing policy, implemented on July 24, 2002, in place and follows state purchasing requirements. RPS is working on an accounting policy governing internal controls.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**04-05 RPS Capital Assets**

**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.

**EFFECT**

RPS is not in compliance with 1 NMAC 1.2.1 and assets could be stolen or misplaced without RPS's knowledge.

**CAUSE**

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

**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.

**MANAGEMENT RESPONSE**

The discrepancy between the year-end inventory and the general ledger valuations is resolved. The inventory system was using an average valuation for assets compared to the actual for the GL. RPS will work to properly tag moveable assets. RPS follows state requirements for the disposition of assets and will formalize the proper methodology via policy.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**08-02 RPS Aged Accounts Receivable Finding**

**CONDITION**

There was a 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.

**EFFECT**

The accounts receivable balance reflected on the general ledger was understated and not representative of the actual account receivable balance in the aged accounts receivable listing at year end. Related revenues were also understated.

**CAUSE**

Unapplied credits were credited against accounts receivable in the general ledger even though there was no related accounts receivable balance for these amounts.

**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**

The reimbursements (unapplied credits) from the Water Fund were incorrectly booked. A new account has been set up to properly book unapplied credits as deferred revenue.



**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**08-03 RPS IT Environment Finding**

**CONDITION**

During our testing of internal controls relating to information technology controls we noted the following opportunities for RPS 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 RPS 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 (CONTINUED)  
Year Ended June 30, 2009**

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

**08-03 RPS IT Environment Finding (Continued)**

RECOMMENDATION

We recommend RPS 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 the IT consultant to develop a password and security assessment policy. The IT consultant does monitor all changes to the system. Most changes, including software updates or loading new software can only be performed by the consultant. Regarding the modifications to the accounts receivable system, this was an upgrade of the software by the third party provider. It was performed in concert with the IT consultant. Daily data backups are done through a system implemented by the City's IT consultant to avoid issues of data loss and/or corruption.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**09-01 RPS Payroll Finding**

CONDITION

Three of five employee payroll time cards tested were not signed by the department supervisor.

CRITERIA

Bi-weekly employee payroll time cards should be signed by the department supervisor indicating their review.

EFFECT

The number of hours recorded and related account codes indicated on the employee time cards may not be reflective of actual hours worked and account codes may not be accurate.

CAUSE

It appears three of five employee payroll time cards tested were not reviewed by the payroll supervisor.

RECOMMENDATION

We recommend establishing procedures to ensure that bi-weekly payroll time cards are reviewed and signed by the department supervisor.

MANAGEMENT RESPONSE

The issue has been addressed with all supervisors. It was reinforced that the supervisors are directly responsible for reviewing and approving all timesheets prior to submission for processing.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

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

**09-02 RPS    Accounts Payable Finding**

**CONDITION**

During our test of cutoff for accounts payable, we noted three expense transactions that occurred during fiscal year 2009 and paid in the subsequent period were not accrued at year end.

**CRITERIA**

Good internal controls require that expenditures incurred near year end are recorded in the proper period.

**EFFECT**

Accounts payable and expenses were understated for the fiscal year ended 2009.

**CAUSE**

Certain expenditures incurred near year end and paid in the subsequent period were not fully examined to determine proper cutoff.

**RECOMMENDATION**

We recommend establishing procedures to ensure that expenditures incurred near year end are recorded in the proper period.

**MANAGEMENT RESPONSE**

This issue has been addressed in conjunction with Moss Adams regarding the proper method to address payments made in subsequent periods.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**B-3. FINANCIAL STATEMENT FINDINGS-RATON HOUSING AUTHORITY**

None.

**C. FEDERAL AWARD FINDINGS**

**09-4 City Equipment – Additions, Physical Inventory, and Deletions**

**CFDA#97.067 and 16.007 Homeland Security Cluster  
Grant Period July 1, 2008 – June 30, 2009**

**CONDITION**

We noted during our equipment testwork that the four items tested did not have proper tag or serial numbers recorded in inventory listing. In addition, we could not perform the physical inventory of these items because they didn't have tag number or serial numbers.

**CRITERIA**

According to OMB Circular A-87, equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, and appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

**QUESTIONED COSTS**

None

**EFFECT**

There may be some risk that the federal funding could have a negative impact.

**CAUSE**

Per discussion with Treasurer, property tags are not in use at the city.

**RECOMMENDATION**

We recommend that the City of Raton implement procedures to tag equipment. In addition, we recommend that the City of Raton implement written procedures to identify federal assets in order to dispose of federal assets adequately.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**C. FEDERAL AWARD FINDINGS (CONTINUED)**

**09-4 City      Equipment – Additions, Physical Inventory, and Deletions  
(Continued)**

**MANAGEMENT RESPONSE**

The City of Raton concurs with the auditor recommendation and will work with all departments receiving federal funds to implement procedures to identify and tag federal assets in order to insure proper disposal.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**C. FEDERAL AWARD FINDINGS (CONTINUED)**

**09-5 City      Period of Availability  
CFDA#97.067 and 16.007 Homeland Security Cluster  
Grant Period July 1, 2008 – June 30, 2009**

**CONDITION**

We noted during our period of availability walk-through and testwork that the City of Raton does not have process to ensure period of availability requirements are met.

**CRITERIA**

According to OMB Circular A-87, grant funds may not be expended past the period of availability.

**QUESTIONED COSTS**

None

**EFFECT**

There may be some risk that the federal funding could have a negative impact.

**CAUSE**

Per discussion with the Treasurer and Fire Chief, there is no policy to check period of availability.

**RECOMMENDATION**

We recommend that the City of Raton implement procedures check period of availability before a purchase is made.

**MANAGEMENT RESPONSE**

The City of Raton concurs with the auditor recommendation and will implement a procedure for all federal grant expenditures requiring the individual making the purchase to document the period of availability on the purchase requisition before a purchase is made.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**C. FEDERAL AWARD FINDINGS (CONTINUED)**

**09-6 City Reporting  
CFDA#97.007 and 16.007 Homeland Security Cluster  
Grant Period July 1, 2008 – June 30, 2009**

**CONDITION**

We noted during our reporting walk-through and testwork that the City of Raton does following reporting requirements. Grant 2007-GE-T7-0023-Raton/Colfax County required 4 quarterly reports and one annual report. No reports were submitted for this grant. Grant 2005-GE-T5-0012-Raton was extended on July 23, 2007. Per grant agreement, the City of Raton was required to submit a Final report on March 15, 2009. No reports were submitted. Grant 2006-GE-T6-0065-COLFAX was extended on May 6, 2009. per grant agreement, the City of Raton was required to submit a final report on March 15, 2009. Not reports were submitted. Additionally, there are no processes in place to ensure that reporting requirements are met.

**CRITERIA**

According to the grant agreements, reports must be submitted to ensure that the funding is being used as required.

**QUESTIONED COSTS**

None

**EFFECT**

The program does not have adequate reporting policies and there may be some risk that the federal funding could have a negative impact.

**CAUSE**

Per discussion with the Treasurer and Fire Chief, there is no policy to ensure that reports are submitted as required.

**RECOMMENDATION**

We recommend that the City of Raton create a report tracking system to identify reports required by the grants and when they are due. In addition, we recommend that the City of Raton implement written procedures to prepare reports adequately.



**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2009**

**C. FEDERAL AWARD FINDINGS (CONTINUED)**

**09-6 City Reporting (Continued)**

**MANAGEMENT RESPONSE**

The City of Raton understands this is a federal requirement although the State of New Mexico Homeland Security Division does not always provide the necessary reporting format or follow the reporting schedule identified in the grant agreements. The City of Raton and the Fire Chief in the future will continue to strive to insure compliance with all federal grant requirements in cooperation with the State of New Mexico Homeland Security Division to implement a procedure to insure that reporting requirements are met.

**STATE OF NEW MEXICO  
CITY OF RATON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2009**

**City of Raton**

02-1	Fixed Assets, material weakness	Repeated and Updated
07-1	Inability to prepare GAAP-based financial statements	Repeated and Updated
08-1	Controls over Cash Receipts	Resolved
08-2	Segregation of Duties over Disbursements	Repeated and Updated
08-3	Fraud Related to Refundable Deposits	Resolved
08-4	Budget Overages	Resolved

**Raton Public Service Co.**

02-1	Policy and Procedures Manual – RPS	Repeated and Updated
04-5	Capital Assets	Repeated and Updated
08-1	Expensing of Inventory used in Operations	Resolved
08-2	Aged Accounts Receivable Finding	Repeated and Updated
08-3	IT finding	Repeated and Updated

**Raton Housing Authority**

None

**STATE OF NEW MEXICO  
CITY OF RATON  
EXIT CONFERENCE  
Year Ended June 30, 2009**

We discussed the contents of this report during the exit conference held on November 30, 2009. The exit conference was attended by the following individuals:

**CITY OF RATON**

Tresa Kagan, City Commissioner  
P.J. Mileta, City Manager  
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 30, 2009. 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 30, 2009 and attended by:

Raton Housing Authority

Tony Vigil, Commissioner  
Terry Baca, Executive Director

**Moss Adams LLP**

James Hartogensis, CPA Senior Manager

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