



**STATE OF NEW MEXICO  
CITY OF RATON**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**MOSS ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

STATE OF NEW MEXICO  
CITY OF RATON

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CITY OF RATON

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STATE OF NEW MEXICO  
CITY OF RATON

Official Roster

June 30, 2010

ELECTED OFFICIALS & ADMINISTRATION

Name	Title
<u>City Commission</u>	
Jesse J. Johnson	Mayor
Charles Henry	Mayor Pro Tem
Sandy Mantz	Commissioner
Tresa Kagan	Commissioner
Joe F. Apache	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
Sandy Mantz	Commissioner
Jesse J. Johnson	Commissioner

STATE OF NEW MEXICO  
CITY OF RATON

Official Roster (Continued)

June 30, 2010

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

Jesse J. Johnson Director



STATE OF NEW MEXICO  
CITY OF RATON

Official Roster (Continued)

June 30, 2010

ELECTED OFFICIALS & ADMINISTRATION

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

## Report of Independent Auditors

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental funds, 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, 2010, 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 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, 2010, 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, 2010, 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. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor fund of the City, as of June 30, 2010, 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, 2010 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 July 14, 2011 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 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.

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

For the year ended June 30, 2010, 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 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. The additional 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.

*Mess Adams LLP*

Albuquerque, New Mexico  
July 14, 2011

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF NET ASSETS  
June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Raton Public Service	Raton Housing Authority
<b>ASSETS</b>					
Cash and temporary investments	\$ 5,618,535	3,634,495	9,253,030	500,001	703,103
Receivables, net of allowance for uncollectibles	926,625	358,060	1,284,685	530,882	2,938
Inventory	-	118,358	118,358	684,377	14,741
Note receivable, current portion	-	15,243	15,243	-	-
Prepaid expenses	-	-	-	15,252	4,368
Restricted cash and investments	-	-	-	4,341,043	28,462
Loan acquisition costs, net	7,875	-	7,875	-	-
Note receivable, long term	-	110,192	110,192	-	-
Capital assets, not depreciated	715,975	-	715,975	13,841	276,005
Capital assets, net of accumulated depreciation	21,487,513	22,401,557	43,889,070	10,765,034	2,147,715
<b>Total assets</b>	<b>\$ 28,756,523</b>	<b>26,637,905</b>	<b>55,394,428</b>	<b>16,850,430</b>	<b>3,177,332</b>
<b>LIABILITIES</b>					
Cash overdraft	\$ 63,145	-	63,145	-	-
Accounts payable	980,948	83,454	1,064,402	388,825	6,269
Accrued liabilities	118,489	54,093	172,582	67,705	-
Intergovernmental liability	-	-	-	99,833	-
Deposits	-	98,067	98,067	244,310	29,846
Deferred revenues	-	-	-	11,378	-
Compensated absences	356,541	229,424	585,965	121,037	-
Long-term liabilities, due in one year	406,820	209,711	616,531	311,683	-
Long-term liabilities, due in more than one year	8,968,575	3,089,710	12,058,285	7,197,944	-
<b>Total liabilities</b>	<b>\$ 10,894,518</b>	<b>3,764,459</b>	<b>14,658,977</b>	<b>8,442,715</b>	<b>36,115</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 12,828,093	20,541,446	33,369,539	3,269,248	2,423,720
Restricted for					
Special projects	1,379,773	-	1,379,773	-	-
Capital projects	1,097,871	-	1,097,871	-	-
Debt service	1,725,658	-	1,725,658	-	-
Unrestricted	830,610	2,332,000	3,162,610	5,138,467	717,497
<b>Total net assets</b>	<b>\$ 17,862,005</b>	<b>22,873,446</b>	<b>40,735,451</b>	<b>8,407,715</b>	<b>3,141,217</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2010

Functions/Programs Primary government	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business Type Activities	Total	Raton	Raton
								Public Service	Housing Authority
General government	\$ 3,048,893	845,771	1,602,966	578,823	(21,333)	-	(21,333)	-	-
Public safety	3,896,094	13,255	740,805	178,692	(2,963,342)	-	(2,963,342)	-	-
Culture and recreation	433,886	-	14,202	271,187	(148,497)	-	(148,497)	-	-
Highways and streets	2,799,357	-	35,696	607,778	(2,155,883)	-	(2,155,883)	-	-
Interest on long-term debt	448,990	-	-	-	(448,990)	-	(448,990)	-	-
<b>Total governmental activities</b>	<b>10,627,220</b>	<b>859,026</b>	<b>2,393,669</b>	<b>1,636,480</b>	<b>(5,738,045)</b>	<b>-</b>	<b>(5,738,045)</b>	<b>-</b>	<b>-</b>
Business-type activities									
Raton Water Works	2,374,933	1,693,370	-	-	-	(681,563)	(681,563)	-	-
Sanitation Department	1,061,336	800,400	-	-	-	(260,936)	(260,936)	-	-
<b>Total business-type activities</b>	<b>3,436,269</b>	<b>2,493,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(942,499)</b>	<b>(942,499)</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>14,063,489</b>	<b>3,352,796</b>	<b>2,393,669</b>	<b>1,636,480</b>	<b>(5,738,045)</b>	<b>(942,499)</b>	<b>(6,680,544)</b>	<b>-</b>	<b>-</b>
Component Units									
Raton Public Service Company	\$ 7,469,149	7,636,907	-	-	-	-	-	167,758	-
Raton Housing Authority	768,827	628,231	462,444	-	-	-	-	-	321,848
<b>Total component units</b>	<b>8,237,976</b>	<b>8,265,138</b>	<b>462,444</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,758</b>	<b>321,848</b>
General Revenues									
Property taxes					\$ 530,807				
Franchise taxes					108,748				
Gross receipts taxes					3,365,568	1,169,596	4,535,164		
Lodgers taxes					311,587				
Motor fuel taxes					204,624		204,624		
Motor vehicle taxes					12,572		12,572		
Cigarette taxes					23,040		23,040		
Interest income					18,629	53,841	72,470		
Interest expense					-	(108,843)	(108,843)		
Other					803,068	48,218	851,286		7,823
<b>Total general revenues</b>					<b>5,378,643</b>	<b>1,162,812</b>	<b>6,541,455</b>	<b>6,584</b>	<b>7,823</b>
Transfers					254,313	(254,313)	-		
<b>Change in net assets</b>					<b>(105,089)</b>	<b>(34,000)</b>	<b>(139,089)</b>	<b>174,342</b>	<b>329,671</b>
Net assets, beginning of year					17,967,094	22,907,446	40,874,540	8,233,373	2,811,546
<b>Net assets, ending</b>					<b>17,862,005</b>	<b>22,873,446</b>	<b>40,735,451</b>	<b>8,407,715</b>	<b>3,141,217</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CITY OF RATON  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2010

	General Fund	Pool/Rec Center	Other Governmental Funds	Total
<b>ASSETS</b>				
Current Assets				
Cash and temporary investments	\$ 931,793	1,477,754	3,208,988	5,618,535
Accounts receivable - net	432,814	-	493,811	926,625
Loan acquisition costs - net	-	-	7,875	7,875
<b>Total assets</b>	<b>\$ 1,364,607</b>	<b>1,477,754</b>	<b>3,710,674</b>	<b>6,553,035</b>
Current Liabilities				
Cash overdraft	\$ -	-	63,145	63,145
Accounts payable	61,929	593,538	325,481	980,948
Accrued expenses	115,527	-	2,962	118,489
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>177,456</b>	<b>593,538</b>	<b>391,588</b>	<b>1,162,582</b>
<b>FUND BALANCE</b>				
Fund balance				
Reserved				
Debt service	-	-	1,725,658	1,725,658
Unreserved, reported in				
General fund	1,187,151	-	-	1,187,151
Special revenue funds	-	-	1,379,773	1,379,773
Capital project funds	-	884,216	213,655	1,097,871
<b>Total fund balance</b>	<b>1,187,151</b>	<b>884,216</b>	<b>3,319,086</b>	<b>5,390,453</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,364,607</b>	<b>1,477,754</b>	<b>3,710,674</b>	<b>6,553,035</b>

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

<b>Total fund balance governmental funds</b>	\$ 5,390,453
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	22,203,488
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(9,731,936)
<b>Net assets governmental activities</b>	<b>\$ 17,862,005</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, 2010

	General Fund	Pool/Rec Center	Other Governmental Funds	Total
<b>Revenues</b>				
Property taxes	\$ 530,807	-	-	530,807
Franchise taxes	108,748	-	-	108,748
Gross receipts taxes	2,841,584	91,828	432,156	3,365,568
Lodgers taxes	-	-	311,587	311,587
Motor fuel taxes	-	-	204,624	204,624
Motor vehicle taxes	12,572	-	-	12,572
Cigarette taxes	15,341	-	7,699	23,040
State sources	170,264	822,738	2,301,049	3,294,051
Grants	-	-	736,098	736,098
Fees & fines	40,768	-	8,354	49,122
Licenses and permits	27,618	-	-	27,618
Charges for services	777,385	-	4,901	782,286
Interest	1,665	-	16,964	18,629
Miscellaneous	49,878	-	753,190	803,068
<b>Total revenues</b>	<b>4,576,630</b>	<b>914,566</b>	<b>4,776,622</b>	<b>10,267,818</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,036,903	203,850	970,819	2,211,572
Public safety	3,099,325	-	458,798	3,558,123
Culture and recreation	207,634	-	57,267	264,901
Highways and streets	504,077	-	1,991,106	2,495,183
Capital outlay	22,663	5,682,452	620,449	6,325,564
Debt service - principal	-	-	461,261	461,261
Debt service - interest	-	-	448,990	448,990
<b>Total expenditures</b>	<b>4,870,602</b>	<b>5,886,302</b>	<b>5,008,690</b>	<b>15,765,594</b>
Excess (deficiency) of revenues over expenditures	(293,972)	(4,971,736)	(232,068)	(5,497,776)
<b>Other financing sources (uses)</b>				
Proceeds from long-term debt	-	-	82,274	82,274
Transfers in	111,899	4,694,645	(3,466,837)	1,339,707
Transfers out	(114,237)	-	(971,157)	(1,085,394)
<b>Total other financing sources (uses)</b>	<b>(2,338)</b>	<b>4,694,645</b>	<b>(4,355,720)</b>	<b>336,587</b>
Net change in fund balance	(296,310)	(277,091)	(4,587,788)	(5,161,189)
Fund balance, beginning of year	1,483,461	1,161,307	7,906,874	10,551,642
<b>Fund balance, end of year</b>	<b>\$ 1,187,151</b>	<b>884,216</b>	<b>3,319,086</b>	<b>5,390,453</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, 2010

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

Net changes in fund balances total governmental funds	\$ (5,161,189)
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	6,325,564
Depreciation expense not included in the governmental funds	(1,351,884)
Governmental funds do not record the expense necessary to adjust compensated absences, statements of activities records the changes as a program expenditure	16,458
Leases were not included on the balance sheet as of June 30, 2009	(313,025)
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	378,987
	<hr/>
<b>Change in net assets governmental activities</b>	<u><u>\$ (105,089)</u></u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
Year Ended June 30, 2010

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes	\$ 3,980,931	3,991,931	3,509,052	(482,879)
State sources	249,432	169,610	170,264	654
Fines	50,100	50,800	40,768	(10,032)
Licenses and permits	30,000	30,000	27,618	(2,382)
Charges for services	571,100	628,600	777,385	148,785
Interest	25,000	25,000	1,665	(23,335)
Miscellaneous	50,500	50,900	49,878	(1,022)
<b>Total revenues</b>	<b>4,957,063</b>	<b>4,946,841</b>	<b>4,576,630</b>	<b>(370,211)</b>
Expenditures				
Current				
General government	1,068,928	1,070,261	1,036,903	33,358
Public safety	3,173,431	3,210,654	3,099,325	111,329
Public works	486,884	521,200	207,634	313,566
Culture and recreation	202,593	206,931	504,077	(297,146)
Capital outlay	25,227	25,827	22,663	3,164
<b>Total expenditures</b>	<b>4,957,063</b>	<b>5,034,873</b>	<b>4,870,602</b>	<b>164,271</b>
Transfers in	-	111,899	111,899	-
Transfers out	148,198	186,198	(114,237)	(300,435)
<b>Total transfers</b>	<b>148,198</b>	<b>298,097</b>	<b>(2,338)</b>	<b>(300,435)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 148,198	210,065	(296,310)	(506,375)
Changes in accounts receivable				
Changes in accounts payable			-	
Changes in accrued liabilities			-	
GAAP change in fund balance			\$ (296,310)	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CITY OF RATON  
BALANCE SHEET  
ENTERPRISE FUNDS  
June 30, 2010

	Water and Sewer	Sanitation	Total
<b>ASSETS</b>			
Current Assets			
Cash and temporary investments	\$ 3,627,438	7,057	3,634,495
Accounts receivable, net	290,508	67,552	358,060
Notes receivable, current portion	15,243	-	15,243
Inventory	118,358	-	118,358
<b>Total current assets</b>	<u>4,051,547</u>	<u>74,609</u>	<u>4,126,156</u>
Long-Term Assets			
Notes receivable, long-term portion	110,192	-	110,192
Capital assets, net	22,033,752	367,805	22,401,557
<b>Total long-term assets</b>	<u>22,143,944</u>	<u>367,805</u>	<u>22,511,749</u>
<b>Total assets</b>	<u>\$ 26,195,491</u>	<u>442,414</u>	<u>26,637,905</u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities			
Current Liabilities			
Accounts payable	\$ 64,814	18,640	83,454
Customer deposits	98,067	-	98,067
Accrued compensated absences	176,225	53,199	229,424
Revenue bonds, current portion	-	-	-
Accrued payroll	32,220	21,873	54,093
<b>Total current liabilities</b>	<u>371,326</u>	<u>93,712</u>	<u>465,038</u>
Long-Term Liabilities			
Closure and post-closure care	-	1,229,599	1,229,599
Revenue bonds	2,069,822	-	2,069,822
<b>Total long-term liabilities</b>	<u>2,069,822</u>	<u>1,229,599</u>	<u>3,299,421</u>
<b>Total liabilities</b>	<u>2,441,148</u>	<u>1,323,311</u>	<u>3,764,459</u>
Net Assets			
Invested in capital assets, net of related debt	19,963,930	367,805	20,331,735
Net assets (deficit), unrestricted	3,790,413	(1,248,702)	2,541,711
<b>Total net assets (deficit)</b>	<u>23,754,343</u>	<u>(880,897)</u>	<u>22,873,446</u>
<b>Total liabilities and net assets</b>	<u>\$ 26,195,491</u>	<u>442,414</u>	<u>26,637,905</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, 2010

	Water and Sewer	Sanitation	Total
Operating Revenues			
Charges for services	\$ 1,693,370	800,400	2,493,770
Taxes	1,169,596	-	1,169,596
Miscellaneous	39,915	8,303	48,218
<b>Total operating revenues</b>	<b>2,902,881</b>	<b>808,703</b>	<b>3,711,584</b>
Operating Expenses			
Franchise fee	33,612	-	33,612
Filter plant	296,192	-	296,192
Sewer plant	354,167	-	354,167
Construction and maintenance	633,277	-	633,277
Solid waste collection	-	991,133	991,133
General and administrative	377,045	-	377,045
Depreciation	680,640	70,203	750,843
<b>Total operating expenses</b>	<b>2,374,933</b>	<b>1,061,336</b>	<b>3,436,269</b>
Operating income (loss)	527,948	(252,633)	275,315
Non-Operating Revenues (Expenses)			
Interest income	53,783	58	53,841
Interest charges	(108,843)	-	(108,843)
<b>Total non-operating revenues and expenses</b>	<b>(55,060)</b>	<b>58</b>	<b>(55,002)</b>
Net income (loss) before transfers	472,888	(252,575)	220,313
Transfers out	(254,313)	-	(254,313)
Net income (loss)	218,575	(252,575)	(34,000)
Net assets, beginning of year	23,535,768	(628,322)	22,907,446
<b>Net assets, end of year</b>	<b>\$ 23,754,343</b>	<b>(880,897)</b>	<b>22,873,446</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
June 30, 2010

	Water and Sewer	Solid Waste	Total
<b>Operating Activities</b>			
Cash received from customers	\$ 1,739,662	805,707	2,545,369
Cash received for taxes	1,169,596	-	1,169,596
Cash payments to suppliers	(806,334)	(280,935)	(1,087,269)
Cash paid for payroll and benefits	(1,106,130)	(589,386)	(1,695,516)
Other	39,916	-	39,916
<b>Net cash provided (used) by operating activities</b>	<b>1,036,710</b>	<b>(64,614)</b>	<b>972,096</b>
<b>Capital and Related Financing Activities</b>			
Purchase of property	(813,659)	-	(813,659)
Principal paid on debt	(200,013)	-	(200,013)
Interest paid on debt	(108,843)	-	(108,843)
Transfers to governmental funds for capital projects	(254,313)	-	(254,313)
<b>Net cash used by capital and related financing activities</b>	<b>(1,376,828)</b>	<b>-</b>	<b>(1,376,828)</b>
<b>Investing Activities</b>			
Interest received on investments	53,783	58	53,841
Proceeds from principal of note receivable	14,758	-	14,758
<b>Net cash provided by investing activities</b>	<b>68,541</b>	<b>58</b>	<b>68,599</b>
<b>Net decrease in cash</b>	<b>(271,577)</b>	<b>(64,556)</b>	<b>(336,133)</b>
Cash at beginning of year	3,899,015	71,613	3,970,628
<b>Cash at end of year</b>	<b>\$ 3,627,438</b>	<b>7,057</b>	<b>3,634,495</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 527,948	(252,633)	275,315
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>			
Depreciation	680,640	70,203	750,843
Post closure costs	-	96,848	96,848
Accounts receivable	28,603	(2,996)	25,607
Due from RPS	-	-	-
Inventories	(58,199)	-	(58,199)
Accounts payable	(162,010)	18,640	(143,370)
Accrued expenses	2,038	5,324	7,362
Deposits	17,690	-	17,690
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,036,710</b>	<b>(64,614)</b>	<b>972,096</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, 2010**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and temporary investments	\$ 6,858
<b>Total assets</b>	<u>\$ 6,858</u>
<b>LIABILITIES</b>	
Deposits held in trust for others	\$ 6,858
<b>Total liabilities</b>	<u>\$ 6,858</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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, and ambulance), police, highways and streets, low-income housing, public utilities (water, sewer, electric, and 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, 2010**

**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, 2010, 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, 2010

**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 non-fiduciary 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, 2010**

**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 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, 2010

**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.

*Pool/Recreation Center.* To account for funds spent to build the new aquatic and recreation center.

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

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

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

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

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

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

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

If the City is unable to receive payment on public money at the rate of interest set forth by the State Board of Finance (which is no less than one hundred percent (100%) of the asked price on the United States treasury bills of the same maturity on the day of the deposit) from financial institutions within the geographic boundaries of the governmental unit, the City may invest its money as provided under Section 6-10-10.1 NMSA 1978 with the New Mexico State Treasurer's investment pool. As of June 30, 2010, 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 collectability and related allowance for doubtful accounts, management takes into consideration the aging of receivables, past history, amnesty programs, and the ability to lien property.

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.

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

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

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.

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

STATE OF NEW MEXICO  
 CITY OF RATON  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2010

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

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".

*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, 2010, the loan acquisition costs shown on Statement of Net Assets are net of \$17,373 in amortization.

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

*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.
  - 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.

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

- 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.
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.



**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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, 2010, 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	5,987,481
Uninsured and uncollateralized	<u>3,483,324</u>
	<u>\$10,222,772</u>

The following schedule shows deposits and investments for the primary government as of June 30, 2010:

Bank Name	Account Type	Maturity Date	June 30, 2010 Bank	Reconciling Items	June 30, 2010 Book
<b>International Bank</b>					
Special investment	Checking	N/A	\$ 1,098,962	(176,287)	931,340
Pooled special revenue	Checking	N/A	1,236,180	(290,369)	945,811
Pooled capital projects	Checking	N/A	176,019	(17,673)	158,346
GRT Swim/Rec. Ctr.	Checking	N/A	1,839,948	(362,195)	1,477,753
Enterprise/Solid Waste	Checking	N/A	35,480	(28,423)	7,057
Water/SGRT	Checking	N/A	245,225	-	245,225
Water Development	Checking	N/A	387	-	387
Water Operating	Checking	N/A	180,222	(148,719)	31,503
Water Meter Deposit	Checking	N/A	55,337	(1,285)	54,052
Water Capital Improv.	Checking	N/A	62,866	(712)	62,154
Water Bond Retirement	Checking	N/A	38,482	-	38,482
Waste Water Treatment	Checking	N/A	73,248	-	73,248
Waste Water Treatment	Checking	N/A	238,053	-	238,053
Pooled Trust Agency	Checking	N/A	5,877	15	5,892
Payroll Clearing	Checking	N/A	947	(947)	-
Municipal Court Bond	Checking	N/A	2,776	-	2,776

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

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

Bank Name	Account Type	Maturity Date	June 30, 2010 Bank	Reconciling Items	June 30, 2010 Book
Municipal Court	Checking	N/A	\$ 6,084	774	6,858
Water	Cert of Dep	09/22/10	908,515	-	908,515
Water	Cert of Dep	09/10/10	433,494	-	433,494
Water	Cert of Dep	12/05/10	147,996	-	147,996
Water	Cert of Dep	03/11/10	122,297	-	122,297
Water	Cert of Dep	07/15/10	296,630	-	296,630
Bank of America					
Water Bond Reserve	Checking	N/A	980	-	980
Supplemental GRT	Checking	N/A	987	-	987
First National Bank of NM					
Library Building	Cert of Dep	7/20/10	80,000	-	80,000
Library Building	Cert of Dep	7/20/10	149,700	-	149,700
Library Building	Cert of Dep	12/5/10	103,675	-	103,675
Water	Cert of Dep	11/22/10	680,513	-	680,513
Water	Cert of Dep	07/15/10	604,223	-	604,223
New Mexico Finance Authority					
Landfill	Trust Account	N/A	5,643	-	5,643
Landfill Reserve	Trust Account	N/A	13,199	-	13,199
Welcome Center	Trust Account	N/A	8,528	-	8,528
Street Improvements	Trust Account	N/A	95,167	-	95,167
Street Imprv. Reserve	Trust Account	N/A	102,342	-	102,342
Welcome Ctr. Reserve	Trust Account	N/A	51,720	-	51,720
Aquatic Center	Trust Account	N/A	632,585	-	632,585
Recreation Center	Trust Account	N/A	48,938	-	48,938
Recreation Center (Res.)	Trust Account	N/A	209,138	-	209,138
Recreation Center (Res.)	Trust Account	N/A	230,409	-	230,409
Total cash and temporary investments in bank			<u>\$10,222,772</u>	<u>(1,025,821)</u>	<u>9,196,743</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

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

	Bank Balance
International Bank of Raton, NM	
Demand deposits	\$ 5,296,093
Time deposits	<u>1,908,932</u>
	7,205,025
Less FDIC insurance	
Demand deposits	(250,000)
Time deposits	<u>(250,000)</u>
Uninsured deposits	<u>\$ 6,705,025</u>
Total required collateralization	<u>\$ 3,352,513</u>
Collateralization held by International Bank	
FHLB due 8-1-10 (3133X CSY0),	\$ 75,517
FHLB due 9-1-10 (3133X4LK7),	151,335
FHLB due 12-1-10 (3133XDTA9),	76,552
FHLB due 12-1-10 (3133XDTA9),	102,070
FHLB due 12-1-10 (3133XDTA9),	25,517
FHLB due 12-1-12 (3133XD TB7),	81,645
(085279ME4) due 6-1-13	288,805
FHLB due 6-1-14 (3133XKTV7),	2,007,720
FHLB due 6-1-14 (3133XKTV7),	111,540
FHLB due 6-1-14 (3133XKTV7),	<u>641,355</u>
	<u>\$ 3,562,056</u>
Overcollateralized	<u>\$ 209,543</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>\$ 1,397,669</u>
First National Bank of New Mexico	
Time deposits	\$ 1,618,111
Less FDIC insurance	<u>(250,000)</u>
Uninsured deposits	<u>\$ 1,368,111</u>
Collateralization required	<u>\$ 684,056</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

Collateralization held by First National Bank of New Mexico

TORRANCE ETC CNTYS NM MUN SD 8, matures 7/1/2015, CUSIP 891400JS3	\$ 162,423
ROOSEVELT CNTY, NM GROSS RECEIPTS, matures 6/1/2017, CUSIP 776461AL9	25,580
CHAVEZ CNTY NEW MEXICO, matures 8/1/2011, CUSIP 162634BF5	67,285
ROOSEVELT CNTY, NM GROSS RECEIPTS, matures 6/1/2017, CUSIP 776461AL9	25,580
FNMA ARM – Pool #729128, matures 11/1/2033, CUSIP 31402HA50	14,859
ROY NM SCH DIST NO 003, matures 10/1/2015, CUSIP 780040BB6	16,329
ROY NM SCH DIST NO 003, matures 10/1/2016, CUSIP 780040BC4	16,214
SPRINGER NM MUN SCH DIST NO 24, matures 7/15/13, CUSIP 850395CA0	105,869
SPRINGER NM MUN SCH DIST NO 24, matures 7/15/14, CUSIP 850395CB8	106,108
LOGAN NM SCH CIST NO 32, matures 4/15/17, CUSIP 541066BA3	138,690
CHAVES CNTY NEW MEXICO, matures 8/1/15, CUSIP 162634BK4	104,142
BELEN NM CON5 SCD NO 002, matures 8/1/14, CUSIP 077581NM4	<u>244,677</u>
	<u>1,027,756</u>
Overcollateralized	<u>\$ 343,700</u>

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

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

**NOTE 4. RECEIVABLES, NET**

The fund receivables of the City of Raton at June 30, 2010, and the related allowance for doubtful accounts was as follows:

	Receivables	Allowance for Doubtful Accounts	Net Receivables
<b>General Fund</b>			
Gross receipt taxes	\$ 191,125		191,125
Franchise taxes			
Other taxes	25,681		25,681
Grant receivable	1,176		1,176
Municipal Court fines	281,600	(253,294)	28,306
Ambulance services	233,461	(46,935)	186,526
	<u>733,043</u>	<u>(300,229)</u>	<u>432,814</u>
<b>Special Revenue Funds</b>			
<b>Fire Grants</b>			
Due from the Federal Government	138,532		138,532
Due from State Forestry			
<b>Recreation</b>			
State shared taxes	11,177		11,177
<b>Lodger's Tax</b>			
Local taxes	44,338		44,338
<b>Police Narcotics</b>			
Due from Federal Government	10,110		10,110
<b>Environmental GRT</b>			
Local taxes	5,065		5,065
<b>Region IV Narcotics</b>			
Due from Federal Government	1,839		1,839
<b>ARRA - Clean Water</b>			
Due from Federal Government	98,266		98,266
<b>ARRA – 2<sup>nd</sup> Street Project</b>			
Due from Federal Government	35,696		35,696
<b>Juvenile Justice</b>			
Due from state grantor	5,404		5,404
	<u>350,427</u>		<u>350,427</u>
<b>Debt Service Funds</b>			
<b>Recreation Center</b>			
Loan proceeds receivable	8,813		8,813
<b>Pavement Assessments</b>			
Interest	28,896	(28,896)	-
Assessments	38,349	(38,349)	-
	<u>76,058</u>	<u>(67,245)</u>	<u>8,813</u>

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

NOTE 4. RECEIVABLE, NET (CONTINUED)

	Receivables	Allowance for Doubtful Accounts	Net Receivables
Capital Projects Funds			
Airport			
Due from Federal Government	\$ 81,421		81,421
Historic Building			
Grants receivable	1,889		1,889
¼% Capital Improvements			
Gross receipt taxes	20,296		20,296
Water			
Grants receivable	6,018		6,018
Main Street			
Grants receivable	9,051		9,051
Sunshine Paving			
Grants receivable	4,218		4,218
Street Improvements			
Gas tax	11,678		11,678
	<u>134,571</u>		<u>134,571</u>
	<u>\$ 1,294,099</u>	<u>(367,474)</u>	<u>926,625</u>
Enterprise Funds			
Sanitation			
Billed accounts	63,752		63,752
Grants receivable	3,800		3,800
Water and Sewer			
Interest	3,023		3,023
Local taxes	78,922		78,922
Billed accounts	235,669	(27,106)	208,563
	<u>\$ 385,166</u>	<u>(27,106)</u>	<u>358,060</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

	Receivables	Allowance for Doubtful Accounts	Net Receivables
Component Units			
Housing Authority			
Tenant accounts receivable	\$ 8,654	(7,277)	1,377
Grants receivable			
Interest	1,561		1,561
	<u>\$ 10,215</u>	<u>(7,277)</u>	<u>2,938</u>
Raton Public Service			
Customer receivables	\$ 655,284	(132,745)	522,539
Other	8,343		8,343
	<u>\$ 663,627</u>	<u>(132,745)</u>	<u>530,882</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, 2010 is as follows:

Current portion	\$ 15,243
Long-term portion	<u>110,192</u>
	<u>\$ 125,435</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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, 2010:

	Transfers Out
General Fund	
To Recreation	\$ 7,500
To EMS Fund	61,775
To Region IV Grant	2,619
To Airport Capita Projects	7,766
To Historic Buildings	34,577
Fire Protection	
To General Fund	76,899
Lodgers Tax 3%	
To Lodgers Tax 2%	144,581
Lodgers Tax 2%	
To Historic Building	1,761
To Welcome Center Debt Service	48,312
Environmental Gross Receipts Tax	
To Loader Debt Service	32,366
Street Improvements	
To Sunshine Paving Project Fund	25,000
To Street Improvements Debt Service	106,533
Police Narcotics	
To General Fund	35,000
To Law Enforcement Protection Fund	83,717
One-quarter Percent Capital Project Fund	
To Parks Capital Projects Fund	28,039
To Water Capital Projects Fund	509
To Recreation Center Debt Service Fund	172,098
To Pool and Recreation Center	208,992
Water Capital Projects Fund	
To Water Trust Board Debt Service	7,350
Recreation Center Debt Service	
To Recreation Center Capital Projects Fund	3,181,579
Aquatic Center Debt Service	
To Recreation Center Capital Projects Fund	1,513,066
Water Works Enterprise Fund	
To Waste Water Treatment Debt Service	<u>254,313</u>
Total	<u>\$ 6,034,352</u>



STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

**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.

**NOTE 7. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 is as follows:

**Primary Government**

**Governmental-Type Activities**

	Balance July 1, 2009	Additions	Deletions/ Transfers	Balance at June 30, 2010
<b>Non-Depreciable Assets:</b>				
Artwork	\$ 127,250	-		127,250
Land	588,725	-		588,725
Construction in progress	1,395,076	-	(1,395,076)	-
<b>Total Non-Depreciable Assets</b>	<b>2,111,051</b>	<b>-</b>	<b>(1,395,076)</b>	<b>715,975</b>
<b>Depreciable Assets:</b>				
Buildings	9,407,636	-	-	9,407,636
Furniture and Equipment	3,047,146	303,413	-	3,350,559
Improvements	8,648,290	5,785,513	1,395,076	15,828,879
Vehicles	3,346,956	236,636	(24,000)	3,559,592
<b>Total Depreciable Assets</b>	<b>24,450,028</b>	<b>6,325,562</b>	<b>1,371,076</b>	<b>32,146,666</b>
<b>Total Governmental Assets</b>	<b>26,561,079</b>	<b>6,325,562</b>	<b>(24,000)</b>	<b>32,862,641</b>
<b>Accumulated Depreciation</b>				
Buildings	(2,319,493)	(222,969)	-	(2,542,462)
Furniture and Equipment	(1,557,836)	(334,936)	-	(1,892,772)
Improvements	(3,605,666)	(471,308)	-	(4,076,974)
Vehicles	(1,848,274)	(322,671)	24,000	(2,146,945)
<b>Total Accumulated Depreciation</b>	<b>(9,331,269)</b>	<b>(1,351,884)</b>	<b>24,000</b>	<b>(10,659,153)</b>
<b>Net Governmental Assets</b>	<b>\$17,229,810</b>	<b>(4,973,678)</b>	<b>-</b>	<b>22,203,488</b>

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

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

**Business-Type Activities**

	Balance at July 1, 2009	Additions	Deletions/ Transfers	Balance at June 30, 2010
Non-Depreciable Assets:				
Land	\$ 3,056,647	-	-	<u>3,056,647</u>
<b>Total Non-Depreciable Assets</b>	<u>3,056,647</u>	-	-	<u>3,056,647</u>
Depreciable Assets:				
Buildings	199,613	-	-	199,613
Furniture and Equipment	1,349,254	105,027	-	1,454,281
Infrastructure	27,378,283	708,631	-	28,086,914
Vehicles	1,025,161	-	-	1,025,161
Improvements	8,717	-	-	8,717
<b>Total Depreciable Assets</b>	<u>29,961,028</u>	<u>813,658</u>	-	<u>30,774,686</u>
<b>Total Business-Type Assets</b>	<u>33,017,675</u>	<u>813,658</u>	-	<u>33,831,333</u>
Accumulated Depreciation				
Buildings	(109,994)	(5,464)	-	(115,458)
Furniture and Equipment	(1,199,211)	(137,925)	-	(1,337,136)
Infrastructure	(8,471,519)	(566,461)	-	(9,037,980)
Vehicles	(897,774)	(40,556)	-	(938,330)
Improvements	(436)	(436)	-	(872)
<b>Total Accumulated Depreciation</b>	<u>(10,678,934)</u>	<u>(750,842)</u>	-	<u>(11,429,776)</u>
Net Business-Type Assets	<u>\$ 22,338,741</u>	<u>62,816</u>	-	<u>22,401,557</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

**Component Units  
Raton Public Service**

Capital asset activity and related depreciation during the fiscal year ended June 30, 2010 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	<u>13,841</u>	<u>-</u>	<u>-</u>	<u>13,841</u>
<i>Capital assets being depreciated</i>				
Intangible Asset (Investment in ARPA)	2,240,057	-	(2,240,057)	-
Buildings and improvements	12,370,794	5,036,387	2,240,057	19,647,238
Furniture, fixtures & equipment	1,511,712	4,020	-	1,515,732
Franchise	17,000	-	-	17,000
Total capital assets being depreciated	<u>16,139,563</u>	<u>5,040,407</u>	<u>-</u>	<u>21,179,970</u>
Accumulated depreciation	<u>(10,024,745)</u>	<u>(390,191)</u>	<u>-</u>	<u>(10,414,936)</u>
Total capital assets being depreciated, net	<u>6,114,818</u>	<u>4,650,216</u>	<u>-</u>	<u>10,765,034</u>
Total capital assets, net	<u>\$ 6,128,659</u>	<u>4,650,216</u>	<u>-</u>	<u>10,778,875</u>

RPS and ARPA have entered into a memorandum of understanding whereby RPS and ARPA financed the construction of a power generation facility on a fifty-fifty share basis. ARPA shall own the building and is responsible for its operation. In the event the ARPA is dissolved, the facility will be transferred to the City of Raton. Previously, RPS's portion of this facility was reported as an investment in ARPA. However, during 2007 this amount was reclassified as an intangible asset as shown above and will be depreciated over the estimated useful life of the project facilities of 35 years. During the year ended June 30, 2010, RPS and ARPA entered into an agreement for RPS to purchase the facility in full.

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, 2010**

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

**Raton Public Housing**

The following schedule shows the changes in capital assets during the year ended June 30, 2010.

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities					
<i>Nondepreciable assets</i>					
Land	\$ 253,436	-	-	-	\$ 253,436
Construction in progress	199,855	25,569	-	(202,855)	22,569
Total nondepreciable assets	<u>453,291</u>	<u>25,569</u>	<u>-</u>	<u>(202,855)</u>	<u>276,005</u>
<i>Depreciable assets</i>					
Buildings	6,891,136	265,246	-	175,584	7,331,966
Furniture, equipment, machinery - dwellings	121,613	6,915	-	-	128,528
Furniture, equipment, machinery - administration	195,538	4,699	-	-	200,237
Leasehold Improvements	962,194	147,197	-	27,271	1,136,662
Total depreciable assets	<u>8,170,481</u>	<u>424,057</u>	<u>-</u>	<u>202,855.00</u>	<u>8,797,393</u>
<i>Less accumulated depreciation for</i>					
Buildings	5,274,289	180,006	-	-	5,454,295
Furniture, equipment, machinery - dwellings	82,772	9,771	-	-	92,543
Furniture, equipment, machinery - administration	188,618	5,842	-	-	194,460
Leasehold Improvements	889,428	18,952	-	-	908,380
Total accumulated depreciation	<u>6,435,107</u>	<u>214,571</u>	<u>-</u>	<u>-</u>	<u>6,649,678</u>
Capital assets, net	<u>\$ 2,188,665</u>	<u>235,055</u>	<u>-</u>	<u>-</u>	<u>\$ 2,423,720</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

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

**General Government**

General government	\$ 540,754
Public safety	337,971
Culture and recreation	168,985
Highways and streets	<u>304,174</u>
<b>Total</b>	<b><u>\$ 1,351,884</u></b>

**Business-Type activities**

Water works	\$ 70,203
Sanitation	<u>680,639</u>
<b>Total</b>	<b><u>\$ 750,842</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, 2010 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, 2010:

\$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	\$ 255,000
\$4,550,000 Sales Tax Revenue Bonds, monthly payments of \$22,113, interest at 5%, matures 11/2019	<u>1,814,822</u>
Total	2,069,822
Current portion	<u>(209,711)</u>
Long term portion	<b><u>\$ 1,860,111</u></b>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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
2011	\$ 31,000	11,975	178,711	86,645
2012	33,000	10,375	187,854	77,502
2013	35,000	8,675	197,465	67,891
2014	36,000	6,900	207,568	57,788
2015	38,000	5,050	218,187	47,169
2016 - 2019	<u>82,000</u>	<u>4,150</u>	<u>825,037</u>	<u>73,400</u>
<b>Total</b>	<b>\$ 255,000</b>	<b>47,125</b>	<b>1,814,822</b>	<b>410,395</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  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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.

STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

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

***Wastewater Facility Construction***

On December 14, 2009, the City entered into an agreement to borrow \$115,000 from the New Mexico Environment Department, in connection with an ARRA grant, to finance the construction of a wastewater facility.

Balances and terms on the notes and bonds as of June 30, 2010 are as follows:

<b><i>2006 series A</i></b>	
Original loan was \$2,627,154, annual installments interest of 4.38%, matures 04/18/2046.	\$ 2,507,154
<b><i>2006 series B</i></b>	
Original loan was \$510,440, annual installments, interest of 4.38%, matures 04/18/2046.	489,440
<b><i>Welcome Center</i></b>	
Original loan was \$663,909, semi-annual installments interest of 3.80% to 5.180%, matures 5/2018.	333,637
<b><i>Street Improvements</i></b>	
Original loan was \$1,122,152, semi-annual installments interest of 3.85% to 5.05%, matures 5/2032.	289,794
<b><i>Recreation Center</i></b>	
Original loan was \$3,248,772, semi-annual installments interest of 3.33% to 3.89%, matures 5/2013.	3,019,498
<b><i>Environmental GRT Loan</i></b>	
Original loan was \$116,607, semi-annual installments interest of 2.71% to 3.01%, matures 5/2012.	61,947
<b><i>Aquatic Center</i></b>	
Original loan was \$2,410,000, semi-annual installments interest of 2.33% to 5.51%, matures 5/2033.	2,390,000
<b><i>Water Board Trust Grant Matching Funds</i></b>	
Original loan was \$70,000, annual installments Admin Fee of 0.25%, matures 6/2018.	58,153
<b><i>NMED Wastewater Facility Construction</i></b>	
Original loan is \$115,000, annual installments interest of 2%, matures 20 years after project completion, expected in FY 2011.	82,274
<b>Total</b>	9,231,897
Current portion	351,538
Long-term portion	<u>\$ 8,880,359</u>



**STATE OF NEW MEXICO  
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**NOTE 8. LONG-TERM DEBT (CONTINUED)**

Future payment on the revenue bonds are as follows:

	Series 2006A		Series 2006B	
	Principal	Interest	Principal	Interest
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	40,000	104,500	7,000	20,400
2016 - 2020	200,000	496,100	38,000	97,300
2021 - 2025	260,000	448,100	49,000	87,900
2026 - 2030	320,000	386,400	59,000	76,400
2031 - 2035	380,000	311,100	74,000	62,200
2036 - 2040	480,000	219,300	92,000	44,400
2041 - 2045	590,000	105,600	115,000	22,400
2046	117,154	5,200	30,440	1,400
<b>Total</b>	<b>\$ 2,507,154</b>	<b>2,507,300</b>	<b>489,440</b>	<b>496,700</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
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	43,121	7,508	-	-	103,883	105,052
2016-2020	136,857	14,438	-	-	581,176	463,373
2021-2025	-	-	-	-	703,868	340,484
2026-2030	-	-	-	-	856,914	187,236
2031-2032	-	-	-	-	393,402	24,203
<b>Total</b>	<b>\$ 333,637</b>	<b>71,693</b>	<b>289,794</b>	<b>29,771</b>	<b>3,019,498</b>	<b>1,575,913</b>

**STATE OF NEW MEXICO  
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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:						
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	-	-	70,000	110,164	7,278	73
2016-2020	-	-	370,000	508,984	21,944	110
2021-2025	-	-	455,000	414,177	-	-
2026-2030	-	-	610,000	278,733	-	-
2031-2033	-	-	640,000	81,751	-	-
<b>Total</b>	<b>\$ 61,947</b>	<b>2,784</b>	<b>2,390,000</b>	<b>1,853,765</b>	<b>58,153</b>	<b>655</b>

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

	CWSRF	
	Principal	Interest
Fiscal years ending June 30:		
2011	\$ -	-
2012	7,033	1,799
2013	7,033	1,725
2014	7,033	1,649
2015	7,033	1,572
2016-2020	35,165	6,653
2021-2025	18,977	2,963
2026-2030	-	-
2031-2033	-	-
<b>Total</b>	<b>\$ 82,274</b>	<b>16,361</b>

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8. LONG-TERM DEBT (CONTINUED)**

During the year ended June 30, 2010, the following changes occurred in long term liabilities

	Balance June 30, 2009	Additions/ Adjustments	Deletions	Balance June 30, 2010	Amount Due in One Year
<b>Business-Type Activities</b>					
Revenue bonds	\$ 2,269,835	-	(200,013)	<b>2,069,822</b>	209,711
Landfill closure costs	1,132,751	96,937	-	<b>1,229,688</b>	-
Compensated absences	230,459	-	(1,035)	<b>229,424</b>	229,424
<b>Governmental Activities</b>					
Compensated absences	372,999	-	(16,458)	<b>356,541</b>	356,541
Revenue bonds	3,095,934	(63,340)	(36,000)	<b>2,996,594</b>	36,000
Capital leases	-	303,023	(159,525)	<b>143,498</b>	55,282
NMED Loan	-	82,274	-	<b>82,274</b>	7,205
NMFA notes payable	6,345,424	73,340	(265,735)	<b>6,153,029</b>	308,333
<b>Total Primary</b>					
<b>Government</b>	<u>\$ 13,447,402</u>	<u>492,234</u>	<u>(678,766)</u>	<u><b>13,260,870</b></u>	<u>1,202,496</u>
<b>Component Unit</b>					
Loans payable	\$ 1,982,060	5,742,409	(214,842)	7,509,627	311,683
Compensated absences	91,881	125,110	(95,994)	121,037	30,259
	<u>\$ 2,073,941</u>	<u>5,867,559</u>	<u>(310,836)</u>	<u>7,630,664</u>	<u>341,942</u>

**Capital Lease Commitments**

The City is the lessee of ambulances and police vehicles under capital leases expiring in 2013. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for years ending June 30, 2010 and 2009. During the year ended June 30, 2010, the City paid off the Police Vehicle Lease.

The following schedule details the debt service requirements for the direct-financing type capital leases.

	<u>Ambulance Lease</u>	
	Principal	Interest
2011	\$ 55,282	6,492
2012	58,081	3,694
2013	<u>30,135</u>	<u>753</u>
<b>Total</b>	<u>\$ 143,498</u>	<u>10,939</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
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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 post closure 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 post closure costs as an operating expense in each period based on landfill and capacity used as of each balance sheet date.

The \$1,229,688 reported as landfill closure and post closure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of approximately 95% of the estimated capacity. Total closure and post closure costs are currently estimated to be about \$1,294,315.

These payments are based on what it would cost to perform all closure and post closure care in 2010. 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 post closure 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  
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**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

**STATE OF NEW MEXICO  
CITY OF RATON  
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June 30, 2010**

**NOTE 10. TAXES (CONTINUED)**

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

Property tax revenues amounted to \$530,807 for general operating purposes during the fiscal year ended June 30, 2010.

*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, 2010, \$108,748 was earned from franchise taxes.

*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, 2010, the City collected \$18,750 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;

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**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, 2010, the City earned \$311,554 in lodger's tax and spent \$132,675 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, 2010, the City earned \$12,572 in motor vehicle registration fees.

*Excise Tax on 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.

**STATE OF NEW MEXICO  
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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, 2010, the City collected the following distribution of cigarette taxes:

Recreation Fund	\$ 7,700
General Fund	<u>16,691</u>
	<u>\$ 24,391</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, 2010, 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, 2010, the City earned taxes (after deduction of the administrative fees) in the amounts shown below which were imposed under the above stated authorities.

General Fund	
City gross receipts tax	\$ 1,199,668
Infrastructure gross receipts tax	148,008
Capital Projects Fund	
Rec Center Infrastructure GRT	88,739
Special Revenue Fund	
Environmental gross receipts tax	68,995
Rec Center Infrastructure GRT	57,310
Capital Projects ¼ Gross Receipts Tax Fund	
Municipal gross receipts tax	<u>295,938</u>
	<u><u>\$ 1,858,658</u></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, 2010, the City earned \$1,465,934 from the State under the above stated authority.

**NOTE 11. WATER FRANCHISE AGREEMENT**

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

STATE OF NEW MEXICO  
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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	23	39	-	-
Municipal police member coverage	-	-	15	-
Municipal fire member coverage	-	-	-	15
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%

The City's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$408,342, \$374,151, and \$368,112, respectively, which equal the amount of the required contributions for each fiscal year.

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June 30, 2010**

**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.

Listed below is a summary of the significant insurance coverage in force for the year ended June 30, 2010:

**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:	\$113,663

**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, 2010
e. Premium paid:	\$18,058

**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, 2010
e. Premium paid:	\$85,561

**STATE OF NEW MEXICO  
CITY OF RATON  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

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

**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, 2010
e. Premium paid:	\$73,306

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.

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, 2010, 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 council 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, 2010**

**NOTE 15. INSURANCE PROCEEDS**

In May 2009, the City received \$518,620 in insurance proceeds as a result of a fire to a City owned building that occurred in February 2009. As of June 30, 2010, \$34,577 has been spent to clean up the site and pay for design fees on a new building. The balance of \$484,043 is included as cash in the General fund.

**NOTE 16. FUND BALANCE DEFICITS**

The following funds had fund balance/net assets deficits at June 30, 2010:

Special revenue funds		
Fire Grants	\$	14,072
ARRA – Justice Assistance Grant		1,356
Capital project funds		
2% Lodger’s Tax		36,769
Airport		4,913
Historic Building		23,205
Parks		2,359
Enterprise fund		
Sanitation		880,897

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.

**NOTE 17. BUDGET OVERAGES**

The City exceeded the budget for the following funds:

<u>Fund</u>	<u>Overspent</u>
205	\$ 2,705
219	\$ 17,907
301	\$ 2,358
Sanitation Fund	\$ 191,009
210	\$ 1,265
216	\$ 3,735
211	\$ 147

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, 2010

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 3,500	3,500	410	(3,090)
Reserve	17,736	17,736		(17,736)
Principal and Interest	168,800	168,800		(168,800)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>190,036</b>	<b>190,036</b>	<b>410</b>	<b>(189,626)</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	167,800	168,676	168,676	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>167,800</b>	<b>168,676</b>	<b>168,676</b>	<b>-</b>
Transfers in	-	-	254,313	254,313
Transfers out	-	-	-	-
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>254,313</b>	<b>254,313</b>
Revenues and other financing sources over (under) expenditures and other financing uses	22,236	\$ 21,360	86,047	64,687
<b>Budgeted beginning cash</b>	<b>-</b>			
	<b>\$ 22,236</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, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest Income	\$ -	-	1,429	1,429
<b>Total revenues</b>	-	-	1,429	1,429
Expenditures				
Debt Service	172,357	172,357	172,357	-
<b>Total expenditures</b>	172,357	172,357	172,357	-
Proceeds from long-term debt	-	-	-	-
Transfers in	172,357	172,357	-	(172,357.00)
Transfers out	-	-	1,340,968	1,340,968
<b>Total other financing sources</b>	172,357	172,357	1,340,968	1,168,611
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ -	(1,511,896)	1,170,040
<b>Budgeted beginning cash</b>	-			
	\$ -			
<b>Unbudgeted revenues and expenses</b>				
Proceeds from long-term debt			-	
Accrued interest			-	
Debt service - fees			-	
Change in Net Assets, GAAP basis			\$ (1,511,896)	



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, 2010

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 4,000	4,000	389	(3,611)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>4,000</b>	<b>4,000</b>	<b>389</b>	<b>(3,611)</b>
Expenditures				
Current	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	208,975	208,976	208,975	1
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>208,975</b>	<b>208,976</b>	<b>208,975</b>	<b>1</b>
Transfers in	208,975	208,992	-	(208,992)
Transfers out	-	-	(2,972,587)	(2,972,587)
<b>Total transfers</b>	<b>208,975</b>	<b>208,992</b>	<b>(2,972,587)</b>	<b>(3,181,579)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 4,000	4,016	(3,181,173)	(3,185,189)
Proceeds from long-term debt			-	
GAAP change in fund balance			\$ (3,181,173)	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for services	\$ 1,905,000	1,971,900	1,693,370	(278,530)
GRT taxes	1,000,100	1,000,100	1,169,596	169,496
Miscellaneous	10,000	10,000	39,915	29,915
<b>Total revenues</b>	<b>2,915,100</b>	<b>2,982,000</b>	<b>2,902,881</b>	<b>(79,119)</b>
Expenditures				
Current				
Salaries and fringe benefits	1,114,357	1,114,357	1,108,168	6,189
General operating expenses	1,830,300	1,830,300	1,375,608	454,692
<b>Total expenditures</b>	<b>2,944,657</b>	<b>2,944,657</b>	<b>2,483,776</b>	<b>460,881</b>
<b>Operating income</b>	<b>(29,557)</b>	<b>37,343</b>	<b>419,105</b>	<b>381,762</b>
Nonoperating revenues (expenses)				
Interest income	33,200	33,200	53,783	20,583
Transfers in (out)	(242,959)	(176,059)	(254,313)	(78,254)
<b>Total nonoperating revenues and expenditures</b>	<b>(209,759)</b>	<b>(142,859)</b>	<b>(200,530)</b>	<b>(57,671)</b>
Change in Net Assets	\$ (239,316)	\$ (105,516)	218,575	324,091
<b>Unbudgeted expenses and revenues</b>				
Depreciation expense			(680,640)	
Change in Net Assets, GAAP basis			\$ (462,065)	

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, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for services	\$ 830,000	830,000	800,400	(29,600)
State sources	3,800	3,800	-	(3,800)
GRT taxes	-	-	-	-
Interest	14,000	14,000	58	(13,942)
Miscellaneous	15,000	15,000	8,303	(6,697)
<b>Total revenues</b>	<b>862,800</b>	<b>862,800</b>	<b>808,761</b>	<b>(54,039)</b>
Expenditures				
Salaries and fringe benefits	860,188	870,327	594,710	275,617
Capital Outlay	-	-	-	-
General operating expenses	-	-	466,626	(466,626)
<b>Total expenditures</b>	<b>860,188</b>	<b>870,327</b>	<b>1,061,336</b>	<b>(191,009)</b>
<b>Operating income</b>	<b>2,612</b>	<b>(7,527)</b>	<b>(252,575)</b>	<b>136,970</b>
Nonoperating revenues (expenses)				
Interest income	-	-	-	-
Interest expense	-	-	-	-
<b>Total nonoperating revenues and expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in Net Assets	\$ 2,612	(7,527)	(252,575)	136,970
<b>Unbudgeted expenses and revenues</b>				
Depreciation expense			(70,203)	
Addition to Landfill Closure Costs			(96,848)	
Change in accounts receivable			2,996	
Change in accounts payable and accrued liabilities			-	
Change in Net Assets, GAAP basis			\$ (416,630)	

**STATE OF NEW MEXICO  
CITY OF RATON  
SPECIAL REVENUE FUNDS  
June 30, 2010**

*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, 2010**

*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, 2010**

*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, 2010**

*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, 2010

	Juvenile Recreation	Lodgers' Tax	Emergency Medical Services	Local Governmental Corrections
<b>ASSETS</b>				
Current Assets				
Cash and temporary investments	\$ 13,379	74,461	9,153	54,840
Accounts receivable	11,177	44,338	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
<b>Total assets</b>	<b>\$ 24,556</b>	<b>118,799</b>	<b>9,153</b>	<b>54,840</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Current Liabilities				
Cash overdraft	\$ -	-	-	-
Accounts payable	60	-	64	1,430
Accrued expenses	2,962	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total current liabilities</b>	<b>3,022</b>	<b>-</b>	<b>64</b>	<b>1,430</b>
<b>FUND BALANCE (DEFICIT)</b>				
Unreserved				
Designated for subsequent year's expenditures	21,534	118,799	9,089	53,410
<b>Total fund balance</b>	<b>21,534</b>	<b>118,799</b>	<b>9,089</b>	<b>53,410</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 24,556</b>	<b>118,799</b>	<b>9,153</b>	<b>54,840</b>



STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2010

	CDBG Revolving Loan	Environmental GRT	Fire Protection	Fire Grants
<b>ASSETS</b>				
Current Assets				
Cash and temporary investments	\$ 65,445	387,509	5,051	106
Accounts receivable	-	5,065	-	138,532
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
<b>Total assets</b>	<b>\$ 65,445</b>	<b>392,574</b>	<b>5,051</b>	<b>138,638</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Current Liabilities				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	3,982	19,123	80
Accrued expenses	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>3,982</b>	<b>19,123</b>	<b>80</b>
<b>FUND BALANCE (DEFICIT)</b>				
Unreserved				
Designated for subsequent year's expenditures	65,445	388,592	(14,072)	138,558
<b>Total fund balance</b>	<b>65,445</b>	<b>388,592</b>	<b>(14,072)</b>	<b>138,558</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 65,445</b>	<b>392,574</b>	<b>5,051</b>	<b>138,638</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2010

	Law Enforcement Protection	Library Building	Police Grants	Library Grants
<b>ASSETS</b>				
Current Assets				
Cash and temporary investments	\$ -	370,456	-	1,189
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
	<hr/>			
<b>Total assets</b>	<b>\$ -</b>	<b>370,456</b>	<b>-</b>	<b>1,189</b>
<hr/>				
<b>LIABILITIES AND FUND BALANCE</b>				
Current Liabilities				
Cash overdraft	\$ -	-	-	-
Accounts payable	-	150	-	-
Accrued expenses	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
	<hr/>			
<b>Total current liabilities</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>-</b>
<hr/>				
<b>FUND BALANCE (DEFICIT)</b>				
Unreserved				
Designated for subsequent year's expenditures	-	370,306	-	1,189
	<hr/>			
<b>Total fund balance</b>	<b>-</b>	<b>370,306</b>	<b>-</b>	<b>1,189</b>
<hr/>				
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ -</b>	<b>370,456</b>	<b>-</b>	<b>1,189</b>
<hr/>				

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2010

	Police Narcotics	Local Law Enforcement Block Grant	Region IV Narcotics	ARRA OJP	ARRA CWSRF
<b>ASSETS</b>					
Current Assets					
Cash and temporary investments	\$ 267,456	3,006	-	-	-
Accounts receivable	10,110	-	1,839	-	98,266
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total assets</b>	<b>\$ 277,566</b>	<b>3,006</b>	<b>1,839</b>	<b>-</b>	<b>98,266</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Current Liabilities					
Cash overdraft	\$ -	-	1,839	-	-
Accounts payable	52,293	-	-	1,356	98,266
Accrued expenses	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total current liabilities</b>	<b>52,293</b>	<b>-</b>	<b>1,839</b>	<b>1,356</b>	<b>98,266</b>
<b>FUND BALANCE (DEFICIT)</b>					
Unreserved					
Designated for subsequent year's expenditures	225,273	3,006	-	(1,356)	-
<b>Total fund balance</b>	<b>225,273</b>	<b>3,006</b>	<b>-</b>	<b>(1,356)</b>	<b>-</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 277,566</b>	<b>3,006</b>	<b>1,839</b>	<b>-</b>	<b>98,266</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2010

	ARRA 2nd Street Project	Juvenile Justice	Total
<b>ASSETS</b>			
Current Assets			
Cash and temporary investments	\$ -	-	1,252,051
Accounts receivable	35,696	5,404	350,427
Due from other funds	-	-	-
Prepaid expenses	-	-	-
<b>Total assets</b>	<b>\$ 35,696</b>	<b>5,404</b>	<b>1,602,478</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Current Liabilities			
Cash overdraft	\$ 35,696	5,404	42,939
Accounts payable	-	-	176,804
Accrued expenses	-	-	2,962
Accrued payroll	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
<b>Total current liabilities</b>	<b>35,696</b>	<b>5,404</b>	<b>222,705</b>
<b>FUND BALANCE (DEFICIT)</b>			
Unreserved			
Designated for subsequent year's expenditures	-	-	1,379,773
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>1,379,773</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$ 35,696</b>	<b>5,404</b>	<b>1,602,478</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
June 30, 2010

	2% Lodgers Tax	Airport	1/4% Capital Improvements	NMSHTD MAP Projects	Water
<b>ASSETS</b>					
Current Assets					
Cash and temporary investments	\$ -	10	78,384	100,158	-
Accounts receivable	-	81,421.00	20,296.00	-	6,018
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>81,431</b>	<b>98,680</b>	<b>100,158</b>	<b>6,018</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Current Liabilities					
Cash overdraft	\$ -	-	-	-	5,048
Accounts payable	36,769	86,344	-	-	-
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total current liabilities</b>	<b>36,769</b>	<b>86,344</b>	<b>-</b>	<b>-</b>	<b>5,048</b>
<b>FUND BALANCE</b>					
Reserved	-	-	-	-	-
Reserved for prepaids	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	(36,769)	(4,913)	98,680	100,158	970
<b>Total fund balance</b>	<b>(36,769)</b>	<b>(4,913)</b>	<b>98,680</b>	<b>100,158</b>	<b>970</b>
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>81,431</b>	<b>98,680</b>	<b>100,158</b>	<b>6,018</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
June 30, 2010

	Street Improvements	Parks	Historic Building	Court Bonds	Sunshine Paving	Total
<b>ASSETS</b>						
Current Assets						
Cash and temporary investments	\$ 69,415	-	-	-	-	247,967
Accounts receivable	11,678	-	1,889	9,051	4,218	134,571
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 81,093</b>	<b>-</b>	<b>1,889</b>	<b>9,051</b>	<b>4,218</b>	<b>382,538</b>
<b>LIABILITIES AND FUND BALANCE</b>						
Current Liabilities						
Cash overdraft	\$ -	-	1,889	9,051	4,218	20,206
Accounts payable	-	2,359	23,205	-	-	148,677
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>2,359</b>	<b>25,094</b>	<b>9,051</b>	<b>4,218</b>	<b>168,883</b>
<b>FUND BALANCE</b>						
Reserved	-	-	-	-	-	-
Reserved for prepaids	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	81,093	(2,359)	(23,205)	-	-	213,655
<b>Total fund balance</b>	<b>81,093</b>	<b>(2,359)</b>	<b>(23,205)</b>	<b>-</b>	<b>-</b>	<b>213,655</b>
<b>Total liabilities and fund balance</b>	<b>\$ 81,093</b>	<b>-</b>	<b>1,889</b>	<b>9,051</b>	<b>4,218</b>	<b>382,538</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
June 30, 2010

	NMFA-Loan Fire Equipment	Street Improvement Loan	Welcome Center Loan
<b>ASSETS</b>			
Current Assets			
Cash and temporary investments	\$ -	197,509	60,248
Accounts receivable, net	-	-	-
Loan acquisition costs - net	-	7,875	-
<b>Total assets</b>	<b>\$ -</b>	<b>205,384</b>	<b>60,248</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	-	205,384	60,248
<b>Total fund balance</b>	<b>-</b>	<b>205,384</b>	<b>60,248</b>
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>205,384</b>	<b>60,248</b>

STATE OF NEW MEXICO  
 CITY OF RATON  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 June 30, 2010

	Special Assessments Districts	NMFA-Loan Loader	Wastewater Treatment Plant	Aquatic Center
<b>ASSETS</b>				
Current Assets				
Cash and temporary investments	\$ -	18,842	311,301	862,994
Accounts receivable, net	-	-	-	-
Loan acquisition costs - net	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>18,842</b>	<b>311,301</b>	<b>862,994</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	-	18,842	311,301	862,994
<b>Total fund balance</b>	<b>-</b>	<b>18,842</b>	<b>311,301</b>	<b>862,994</b>
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>18,842</b>	<b>311,301</b>	<b>862,994</b>



STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
June 30, 2010

	Recreation Center	Water Trust Board	Total
<b>ASSETS</b>			
Current Assets			
Cash and temporary investments	\$ 258,076	-	1,708,970
Accounts receivable, net	8,813	-	8,813
Loan acquisition costs - net	-	-	7,875
<b>Total assets</b>	<b>\$ 266,889</b>	<b>-</b>	<b>1,725,658</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	266,889	-	1,725,658
<b>Total fund balance</b>	<b>266,889</b>	<b>-</b>	<b>1,725,658</b>
<b>Total liabilities and fund balance</b>	<b>\$ 266,889</b>	<b>-</b>	<b>1,725,658</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES  
IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
June 30, 2010

	Juvenile Recreation	Lodgers' Tax	Emergency Medical Services	Local Governmental Corrections
Revenues				
Taxes	\$ 66,728	311,587	-	-
State sources	-	-	20,000	-
Federal sources	-	-	-	-
Fees and fines	-	-	-	8,354
Charges for services	-	-	-	-
Interest	4	131	20	74
Miscellaneous	-	-	1,150	-
Rent	-	-	-	-
<b>Total revenues</b>	<b>66,732</b>	<b>311,718</b>	<b>21,170</b>	<b>8,428</b>
Expenditures				
Current				
General government	-	132,674	24,651	11,765
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Cultural and recreation	43,128	-	-	-
Capital outlay	8,700	-	-	-
Debt service - principal	-	-	52,619	-
Debt service - interest	-	-	9,156	-
<b>Total expenditures</b>	<b>51,828</b>	<b>132,674</b>	<b>86,426</b>	<b>11,765</b>
Excess (Deficiency) of Revenues Over Expenditures	14,904	179,044	(65,256)	(3,337)
Other financial sources (uses)				
Proceeds from long-term debt	-	-	-	-
Transfers in	7,500	-	61,775	-
Transfers out	-	(144,581)	-	-
<b>Total other financing         sources (uses)</b>	<b>7,500</b>	<b>(144,581)</b>	<b>61,775</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>22,404</b>	<b>34,463</b>	<b>(3,481)</b>	<b>(3,337)</b>
Fund balance, beginning of year	(870)	84,336	12,570	56,747
<b>Fund balance (deficit), end of year</b>	<b>\$ 21,534</b>	<b>118,799</b>	<b>9,089</b>	<b>53,410</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, 2010

	CDBG Revolving Loan	Environmental GRT	Fire Grants
Revenues			
Taxes	\$ -	71,397	-
State sources	-	192,631	299,666
Federal sources	-	-	-
Fees and fines	-	-	-
Charges for services	-	-	4,901
Interest	86	5,061	-
Miscellaneous	-	-	-
Rent	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	86	269,089	304,567
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	-	377,642	-
Public safety	-	-	160,508
Highways and streets	-	-	-
Cultural and recreation	-	-	-
Capital outlay	-	-	-
Debt service - principal	-	-	-
Debt service - interest	-	-	-
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<b>Total expenditures</b>	-	377,642	160,508
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	86	(108,553)	144,059
Other financial sources (uses)			
Proceeds from long-term debt	-	-	-
Transfers in	-	-	-
Transfers out	-	(32,366)	-
	<hr/>	<hr/>	<hr/>
<b>Total other financing         sources (uses)</b>	-	(32,366)	-
	<hr/>	<hr/>	<hr/>
<b>Net change in fund balance</b>	86	(140,919)	144,059
Fund balance, beginning of year	65,359	529,511	(5,501)
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<b>Fund balance (deficit), end of year</b>	\$ 65,445	388,592	138,558
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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, 2010

	Fire Protection	Law Enforcement Protection	Library Building	Police Grants	Library Grants
Revenues					
Taxes	\$ -	-	-	-	-
State sources	381,829	29,000	-	134,622	14,202
Federal sources	-	-	-	-	-
Fees and fines	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	210	6	4,240	-	-
Miscellaneous	500	-	628	-	-
Rent	-	-	-	-	-
<b>Total revenues</b>	<b>382,539</b>	<b>29,006</b>	<b>4,868</b>	<b>134,622</b>	<b>14,202</b>
Expenditures					
Current					
General government	86,135	-	3,550	-	-
Public safety	56,863	1,895	-	134,622	-
Highways and streets	-	-	-	-	-
Cultural and recreation	-	-	-	-	14,139
Capital outlay	166,228	-	21,747	-	-
Debt service - principal	-	106,907	-	-	-
Debt service - interest	-	3,921	-	-	-
<b>Total expenditures</b>	<b>309,226</b>	<b>112,723</b>	<b>25,297</b>	<b>134,622</b>	<b>14,139</b>
Excess (Deficiency) of Revenues Over Expenditures	73,313	(83,717)	(20,429)	-	63
Other financial sources (uses)					
Proceeds from long-term debt	-	-	-	-	-
Transfers in	-	83,717	-	-	-
Transfers out	(76,899)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(76,899)</b>	<b>83,717</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(3,586)</b>	<b>-</b>	<b>(20,429)</b>	<b>-</b>	<b>63</b>
Fund balance, beginning of year	(10,486)	-	390,735	-	1,126
<b>Fund balance (deficit), end of year</b>	<b>\$ (14,072)</b>	<b>-</b>	<b>370,306</b>	<b>-</b>	<b>1,189</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, 2010

	Police Narcotics	Local Law Enforcement Block Grant	Region IV Narcotics	ARRA OJP	ARRA CWSRF
Revenues					
Taxes	\$ -	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	8,871	15,070	228,689
Fees and fines	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	321	-	-	-	-
Miscellaneous	724,262	-	-	-	-
Rent	-	-	-	-	-
<b>Total revenues</b>	<b>724,583</b>	<b>-</b>	<b>8,871</b>	<b>15,070</b>	<b>228,689</b>
Expenditures					
Current					
General government	-	-	11,576	-	-
Public safety	88,484	-	-	16,426	-
Highways and streets	-	-	-	-	310,963
Cultural and recreation	-	-	-	-	-
Capital outlay	364,423	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
<b>Total expenditures</b>	<b>452,907</b>	<b>-</b>	<b>11,576</b>	<b>16,426</b>	<b>310,963</b>
Excess (Deficiency) of Revenues Over Expenditures	271,676	-	(2,705)	(1,356)	(82,274)
Other financial sources (uses)					
Proceeds from long-term debt	-	-	-	-	82,274
Transfers in	-	-	2,619	-	-
Transfers out	(118,717)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(118,717)</b>	<b>-</b>	<b>2,619</b>	<b>-</b>	<b>82,274</b>
<b>Net change in fund balance</b>	<b>152,959</b>	<b>-</b>	<b>(86)</b>	<b>(1,356)</b>	<b>-</b>
Fund balance, beginning of year	72,314	3,006	86	-	-
<b>Fund balance (deficit), end of year</b>	<b>\$ 225,273</b>	<b>3,006</b>	<b>-</b>	<b>(1,356)</b>	<b>-</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, 2010

	ARRA 2nd Street Project	Juvenile Justice	Total
Revenues			
Taxes	\$ -	-	449,712
State sources	-	-	1,071,950
Federal sources	35,696	63,496	351,822
Fees and fines	-	-	8,354
Charges for services	-	-	4,901
Interest	-	-	10,153
Miscellaneous	-	-	726,540
Rent	-	-	-
<b>Total revenues</b>	<b>35,696</b>	<b>63,496</b>	<b>2,623,432</b>
Expenditures			
Current			
General government	-	63,496	711,489
Public safety	-	-	458,798
Highways and streets	35,696	-	346,659
Cultural and recreation	-	-	57,267
Capital outlay	-	-	561,098
Debt service - principal	-	-	159,526
Debt service - interest	-	-	13,077
<b>Total expenditures</b>	<b>35,696</b>	<b>63,496</b>	<b>2,307,914</b>
Excess (Deficiency) of Revenues Over Expenditures	-	-	315,518
Other financial sources (uses)			
Proceeds from long-term debt	-	-	82,274
Transfers in	-	-	155,611
Transfers out	-	-	(372,563)
<b>Total other financing         sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(134,678)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>180,840</b>
Fund balance, beginning of year	-	-	1,198,933
<b>Fund balance (deficit), end of year</b>	<b>\$ -</b>	<b>-</b>	<b>1,379,773</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, 2010

	2% Lodgers Tax	Airport	1/4% Capital Improvements	NMSHTD MAP Projects	Water
<b>Revenues</b>					
Taxes	\$ -	-	301,730	-	-
State sources	-	-	-	540,776	578,823
Federal sources	-	384,276	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	899	-
Interest	1	10	322	137	-
<b>Total revenues</b>	<b>1</b>	<b>384,286</b>	<b>302,052</b>	<b>541,812</b>	<b>578,823</b>
<b>Expenditures</b>					
Current					
General government					
Operating	131,278	-	5,439	-	-
Public Works	-	396,965	-	576,390	576,427
Capital outlay	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
<b>Total expenditures</b>	<b>131,278</b>	<b>396,965</b>	<b>5,439</b>	<b>576,390</b>	<b>576,427</b>
Excess (Deficiency) of Revenues Over Expenditures	(131,277)	(12,679)	296,613	(34,578)	2,396
Other financial sources (uses)					
Transfers in	144,581	7,766	-	-	509
Transfers out	(50,073)	-	(409,638)	-	(7,350)
<b>Total other financing sources (uses)</b>	<b>94,508</b>	<b>7,766</b>	<b>(409,638)</b>	<b>-</b>	<b>(6,841)</b>
<b>Net change in fund balance</b>	<b>(36,769)</b>	<b>(4,913)</b>	<b>(113,025)</b>	<b>(34,578)</b>	<b>(4,445)</b>
Fund balance (deficit), beginning of year	-	-	211,705	134,736	5,415
<b>Fund balance (deficit), end of year</b>	<b>\$ (36,769)</b>	<b>(4,913)</b>	<b>98,680</b>	<b>100,158</b>	<b>970</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN  
FUND BALANCES  
CAPITAL PROJECTS FUNDS  
June 30, 2010

	Street Improvements	Parks	Historic Building	Court Bonds	Sunshine Paving	Total
<b>Revenues</b>						
Taxes	\$ 204,624	-	-	-	-	506,354
State sources	57,951	-	42,498	9,051	-	1,229,099
Federal sources	-	-	-	-	-	384,276
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	25,751	-	-	26,650
Interest	75	-	-	-	-	545
<b>Total revenues</b>	<b>262,650</b>	<b>-</b>	<b>68,249</b>	<b>9,051.00</b>	<b>-</b>	<b>2,146,924</b>
<b>Expenditures</b>						
<b>Current</b>						
General government						
Operating	82,585	30,398	-	-	-	249,700
Public Works	-	-	60,962	9,051	24,652	1,644,447
Capital outlay	-	-	59,351	-	-	59,351
Debt service - principal	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>82,585</b>	<b>30,398</b>	<b>120,313</b>	<b>9,051</b>	<b>24,652</b>	<b>1,953,498</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>180,065</b>	<b>(30,398)</b>	<b>(52,064)</b>	<b>-</b>	<b>(24,652)</b>	<b>193,426</b>
<b>Other financial sources (uses)</b>						
Transfers in	-	28,039	36,338	-	25,000	242,233
Transfers out	(131,533)	-	-	-	-	(598,594)
<b>Total other financing sources (uses)</b>	<b>(131,533)</b>	<b>28,039</b>	<b>36,338</b>	<b>-</b>	<b>25,000</b>	<b>(356,361)</b>
<b>Net change in fund balance</b>	<b>48,532</b>	<b>(2,359)</b>	<b>(15,726)</b>	<b>-</b>	<b>348</b>	<b>(162,935)</b>
Fund balance (deficit), beginning of year	32,561	-	(7,479)	-	(348)	376,590
<b>Fund balance (deficit), end of year</b>	<b>\$ 81,093</b>	<b>(2,359)</b>	<b>(23,205)</b>	<b>-</b>	<b>-</b>	<b>213,655</b>



STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN  
FUND BALANCES  
DEBT SERVICE FUNDS  
June 30, 2010

	NMFA-Loan Fire Equipment	Street Improvement Loan	Welcome Center Loan
Revenues			
Taxes	\$ -	-	-
State sources	-	-	-
Federal sources	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	-
Interest	-	2,704	1,296
<b>Total revenues</b>	-	2,704	1,296
Expenditures			
Debt service			
Principal	-	87,666	34,246
Interest	-	17,891	15,887
Other	-	945	919
<b>Total expenditures</b>	-	106,502	51,052
Excess (Deficiency) of Revenues Over Expenditures	-	(103,798)	(49,756)
Other financial sources (uses)			
Proceeds from long-term debt	-	-	-
Transfers in (out)	-	106,533	48,312
<b>Total other financing sources (uses)</b>	-	106,533	48,312
<b>Net change in fund balance</b>	-	2,735	(1,444)
Fund balance, beginning of year	-	202,649	61,692
<b>Fund balance, end of year</b>	\$ -	205,384	60,248

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN  
FUND BALANCES  
DEBT SERVICE FUNDS  
June 30, 2010

	Special Assessments Districts	NMFA-Loan Loader DS	Wastewater Treatment Plant	Aquatic Center
Revenues				
Taxes	\$ -	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	38	410	1,429
<b>Total revenues</b>	<b>-</b>	<b>38</b>	<b>410</b>	<b>1,429</b>
Expenditures				
Debt service				
Principal	-	29,688	36,000	20,000
Interest	-	2,678	132,676	152,357
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>32,366</b>	<b>168,676</b>	<b>172,357</b>
Excess (Deficiency) of Revenues Over Expenditures	-	(32,328)	(168,266)	(170,928)
Other financial sources (uses)				
Proceeds from long-term debt	-	-	-	-
Transfers in (out)	-	32,366	254,313	(1,340,968)
<b>Total other financing         sources (uses)</b>	<b>-</b>	<b>32,366</b>	<b>254,313</b>	<b>(1,340,968)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>38</b>	<b>86,047</b>	<b>(1,511,896)</b>
Fund balance, beginning of year	-	18,804	225,254	2,374,890
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>18,842</b>	<b>311,301</b>	<b>862,994</b>

STATE OF NEW MEXICO  
CITY OF RATON  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN  
FUND BALANCES  
DEBT SERVICE FUNDS  
June 30, 2010

	Recreation Center	Water Trust Board	Total
Revenues			
Taxes	\$ -	-	-
State sources	-	-	-
Federal sources	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	-
Interest	389	-	6,266
	<hr/>		
<b>Total revenues</b>	389	-	6,266
	<hr/>		
Expenditures			
Debt service			
Principal	86,948	7,187	301,735
Interest	114,261	163	435,913
Other	7,766	-	9,630
	<hr/>		
<b>Total expenditures</b>	208,975	7,350	747,278
	<hr/>		
Excess (Deficiency) of Revenues Over Expenditures	(208,586)	(7,350)	(741,012)
Other financial sources (uses)			
Proceeds from long-term debt	-	-	-
Transfers in (out)	(2,972,587)	7,350	(3,864,681)
	<hr/>		
<b>Total other financing         sources (uses)</b>	(2,972,587)	7,350	(3,864,681)
	<hr/>		
<b>Net change in fund balance</b>	(3,181,173)	-	(4,605,693)
Fund balance, beginning of year	3,448,062	-	6,331,351
	<hr/>		
<b>Fund balance, end of year</b>	\$ 266,889	-	1,725,658
	<hr/>		

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
JUVENILE RECREATION FUND 203  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 7,100	57,100	66,728	9,628
Charges for services	-	-	-	-
Interest	200	200	4	(196)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>7,300</b>	<b>57,300</b>	<b>66,732</b>	<b>9,432</b>
Expenditures				
Current	-	-	43,128	(43,128)
Public safety	-	-	8,700	(8,700)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>51,828</b>	<b>51,828</b>
Transfers in	-	-	7,500	7,500
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>7,500</b>	<b>7,500</b>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 7,300</u>	<u>57,300</u>	22,404	<u>68,760</u>
Changes in accounts receivable			-	
Changes in accrued liabilities			-	
GAAP change in fund balance			<u>\$ 22,404</u>	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
LODGERS TAX 3% FUND 204  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Municipal taxes	\$ 330,000	330,000	311,587	(18,413)
Miscellaneous	-	-	-	-
Interest	1,000	1,000	4	(996)
<b>Total revenues</b>	<u>331,000</u>	<u>331,000</u>	<u>311,591</u>	<u>(19,409)</u>
Expenditures				
Culture & Recreation	135,000	145,000	132,674	12,326
<b>Total expenditures</b>	<u>135,000</u>	<u>145,000</u>	<u>132,674</u>	<u>12,326</u>
Transfers In	-	-	-	-
Transfers out	132,000	166,634	(144,581)	(311,215)
<b>Total other financing sources</b>	<u>132,000</u>	<u>166,634</u>	<u>(144,581)</u>	<u>(311,215)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	328,000	<u>352,634</u>	34,336	<u>(342,950)</u>
<b>Budgeted beginning cash</b>	<u>-</u>			
	<u>\$ 328,000</u>			
Changes in accounts receivable			-	
Changes in accrued liabilities			-	
GAAP change in fund balance			<u>\$ 34,336</u>	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
EMERGENCY MEDICAL SERVICES FUND 208  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 18,000	20,000	20,000	-
Miscellaneous revenue	500	500	1,170	670
<b>Total revenues</b>	<b>18,500</b>	<b>20,500</b>	<b>21,170</b>	<b>670</b>
Expenditures				
Current				
Public Safety	31,070	33,070	24,651	8,419
Debt service	61,775	61,775	61,775	-
<b>Total expenditures</b>	<b>92,845</b>	<b>94,845</b>	<b>86,426</b>	<b>8,419</b>
Transfers in	61,775	61,775	61,775	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>61,775</b>	<b>61,775</b>	<b>61,775</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(12,570)	(12,570)	(3,481)	9,089
<b>Budgeted beginning cash</b>	-			
	<u>\$ (12,570)</u>			

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
LOCAL GOVERNMENT CORRECTIONS FUND 210  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Fines	\$ 10,000	10,000	8,354	(1,646)
Interest	500	500	74	(426)
<b>Total revenues</b>	<b>10,500</b>	<b>10,500</b>	<b>8,428</b>	<b>(2,072)</b>
Expenditures				
Current				
Public safety	10,500	10,500	11,765 -	1,265
<b>Total expenditures</b>	<b>10,500</b>	<b>10,500</b>	<b>11,765 -</b>	<b>1,265</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	-	-	(3,337)	(3,337)
<b>Budgeted beginning cash</b>	<b>-</b>			
	<b>\$ -</b>			
Changes in accounts receivable			-	
Changes in accrued liabilities			-	
GAAP change in fund balance			<b>\$ (3,337)</b>	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
CDBG REVOLVING LOAN FUND 218  
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 500	500	86	(414)
<b>Total revenues</b>	<b>500</b>	<b>500</b>	<b>86</b>	<b>(414)</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>
<b>Transfers in</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers out</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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	(4,500)	<u>(4,500)</u>	86	<u>4,586</u>
<b>Budgeted beginning cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<u>\$</u>	<u>(4,500)</u>		



STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
ENVIRONMENTAL GRANT FUND 216  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 87,000	87,000	71,397	(15,603)
Legislative grants	-	192,632	192,631	-
Interest	7,000	7,000	5,061	(1,939)
<b>Total revenues</b>	<b>94,000</b>	<b>286,632</b>	<b>269,089</b>	<b>(17,542)</b>
Expenditures				
Current				
General government	7,500	373,907	377,642	(3,735)
<b>Total expenditures</b>	<b>7,500</b>	<b>373,907</b>	<b>377,642</b>	<b>(3,735)</b>
Transfers in	-	-	-	-
Transfers out	32,366	32,366	(32,366)	(64,732)
<b>Total other financing sources</b>	<b>32,366</b>	<b>32,366</b>	<b>(32,366)</b>	<b>(64,732)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 118,866	(54,909)	(140,919)	(86,009)
Change in accounts receivable				
GAAP change in fund balance			\$ (140,919)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
FIRE GRANTS FUND - 201  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State sources	\$ 52,000	52,000	299,666	247,666
Federal grant	171,760	263,760	-	(263,760)
Charges for service	1,000	5,035	4,901	(134)
<b>Total revenues</b>	<b>224,760</b>	<b>320,795</b>	<b>304,567</b>	<b>(16,228)</b>
<b>Expenditures</b>				
Current				
Public safety	81,000	83,550	160,508	76,958
Capital Outlay	-	89,050	-	89,050
<b>Total expenditures</b>	<b>81,000</b>	<b>172,600</b>	<b>160,508</b>	<b>12,092</b>
<b>Transfers in</b>				
Transfers in	-	-	-	-
<b>Transfers out</b>				
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>				
	143,760	<u>148,195</u>	144,059	<u>(4,136)</u>
<b>Budgeted beginning cash</b>				
	-			
	<u>\$ 143,760</u>			
Change in accounts receivable				
			-	
Change in accounts payable				
			-	
<b>GAAP change in fund balance</b>				
			<u>\$ 144,059</u>	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
FIRE PROTECTION FUND-202  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 381,829	381,829	381,829	-
Interest	5,000	5,000	210	(4,790)
Miscellaneous	500	500	500	-
<b>Total revenues</b>	<b>387,329</b>	<b>387,329</b>	<b>382,539</b>	<b>(4,790)</b>
Expenditures				
Current				
Public Safety	83,500	106,797	142,998	(36,201)
Capital Outlay	249,188	225,891	166,228	59,663
<b>Total expenditures</b>	<b>332,688</b>	<b>332,688</b>	<b>309,226</b>	<b>23,462</b>
Transfers in	-	-	-	-
Transfers out	(76,899)	(76,899)	(76,899)	-
<b>Total other financing sources</b>	<b>(76,899)</b>	<b>(76,899)</b>	<b>(76,899)</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(22,258)	<u>(22,258)</u>	(3,586)	<u>18,672</u>
<b>Budgeted beginning cash</b>	<u>-</u>			
	<u>\$ (22,258)</u>			
Change in accounts receivable			-	
Change in accounts payable			<u>-</u>	
GAAP change in fund balance			<u>\$ (3,586)</u>	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
LAW ENFORCEMENT PROTECTION FUND - 206  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 29,000	29,000	29,000	-
Miscellaneous	-	-	-	-
Interest	100	100	6	(94)
<b>Total revenues</b>	<b>29,100</b>	<b>29,100</b>	<b>29,006</b>	<b>(94)</b>
Expenditures				
Current				
Public safety	-	-	1,895	(1,895)
Debt service	29,100	113,100	110,828	2,272
<b>Total expenditures</b>	<b>29,100</b>	<b>113,100</b>	<b>112,723</b>	<b>377</b>
Transfers in	-	84,000	83,717	283
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>84,000</b>	<b>83,717</b>	<b>283</b>
Revenues and other financing sources over (under) expenditures and other financing uses	-	\$ (84,000)	-	283
<b>Budgeted beginning cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	\$	-		

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
LIBRARY BUILDING FUND - 211  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Miscellaneous	\$ 2,500	2,500	628	-
Interest	10,000	10,000	4,240	(5,760)
<b>Total revenues</b>	<b>12,500</b>	<b>12,500</b>	<b>4,868</b>	<b>(5,760)</b>
Expenditures				
Current				
General government	-	-	3,550	- 3,550
Capital Outlay	15,000	25,150	21,747	3,403
<b>Total expenditures</b>	<b>15,000</b>	<b>25,150</b>	<b>25,297</b>	<b>- 147</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	(2,500)	\$ (12,650)	(20,429)	(5,907)
<b>Budgeted beginning cash</b>	<b>-</b>			
	<b>\$ (2,500)</b>			

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
POLICE GRANTS FUND 209  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ -	155,000	134,622	(20,378)
Other	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>155,000</b>	<b>134,622</b>	<b>(20,378)</b>
Expenditures				
Current				
Public Safety	-	-	-	-
Capital outlay	-	155,000	134,622	20,378
<b>Total expenditures</b>	<b>-</b>	<b>155,000</b>	<b>134,622</b>	<b>20,378</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)  
SPECIAL REVENUE FUNDS  
LIBRARY GRANTS FUND 213  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 27,752	30,565	14,202	(16,363)
<b>Total revenues</b>	<b>27,752</b>	<b>30,565</b>	<b>14,202</b>	<b>(16,363)</b>
Expenditures				
Current				
Cultural and recreation	27,752	30,705	14,139	16,566
<b>Total expenditures</b>	<b>27,752</b>	<b>30,705</b>	<b>14,139</b>	<b>16,566</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	\$ -	(140)	63	203

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
POLICE NARCOTICS FUND 219  
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Drug forfeitures		604,000	724,262	120,262
Interest	\$ -	-	321	321
<b>Total revenues</b>	-	604,000	724,583	120,583
Expenditures				
Current				
Public safety		15,000	88,484 -	73,484
Capital outlay	-	420,000	364,423	55,577
<b>Total expenditures</b>	-	435,000	452,907 -	17,907
Transfers in	-	-	-	-
Transfers out	- -	119,000	(118,717)	283
<b>Total other financing sources</b>	- -	119,000 -	118,717	283
Revenues and other financing sources over (under) expenditures and other financing uses	\$	169,000	152,959	102,676



STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND 220  
Year Ended June 30, 2010

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

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
REGION IV NARCOTICS GRANT - FUND 221  
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal grant	\$ 27,009	27,009	7,032	(19,977)
Miscellaneous	-	-	0	-
<b>Total revenues</b>	<b>27,009</b>	<b>27,009</b>	<b>7,032</b>	<b>(19,977)</b>
Expenditures				
Current				
General government	20,863	23,863	11,576	12,287
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>20,863</b>	<b>23,863</b>	<b>11,576</b>	<b>12,287</b>
Transfers in	-	3,000	2,619	(381)
Transfers out	-	-	-	-
<b>Total transfers</b>	<b>-</b>	<b>3,000</b>	<b>2,619</b>	<b>(381)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 6,146	6,146	(1,925)	8,071
Changes in accounts receivable			1,839	
GAAP change in fund balance			\$ (86)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPECIAL REVENUE FUNDS  
JUVENILE JUSTICE FUND 222  
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 12,134	75,629	63,496	(12,133)
<b>Total revenues</b>	<b>12,134</b>	<b>75,629</b>	<b>63,496</b>	<b>(12,133)</b>
Expenditures				
General Government	-	63,496	63,496	-
<b>Total expenditures</b>	<b>-</b>	<b>63,496</b>	<b>63,496</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	\$ 12,133	-	(12,133)
<b>Budgeted beginning cash</b>	<b>-</b>			
	<u>\$ 12,134</u>			
Changes in accounts receivable				
GAAP change in fund balance			\$ -	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUNDS  
LODGERS TAX 2% FUND 205  
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 1,007	1,007	1	(1,006)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>1,007</u>	<u>1,007</u>	<u>1</u>	<u>(1,006)</u>
Expenditures				
General government	81,879	128,573	131,278 -	2,705
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>81,879</u>	<u>128,573</u>	<u>131,278 -</u>	<u>2,705</u>
Transfers In	140,000	166,634	144,581	(22,053)
Transfers Out	(59,054)	(59,054)	(50,073)	8,981
<b>Total other financing sources</b>	<u>80,946</u>	<u>107,580</u>	<u>94,508</u>	<u>(13,072)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	74	\$ (19,986)	(36,769)	(16,783)
<b>Budgeted beginning cash</b>	<u>-</u>			
	<u>\$ 74</u>			

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECT FUNDS  
AIRPORT FUND - 300  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 228,924	228,924	-	(228,924)
Federal sources	1,077,103	1,099,103	384,276	(714,827)
Miscellaneous	-	-	-	-
Interest	-	-	10	10
<b>Total revenues</b>	<b>1,306,027</b>	<b>1,328,027</b>	<b>384,286</b>	<b>(943,741)</b>
Expenditures				
Capital outlay	1,406,950	1,406,950	396,965	1,009,985
<b>Total expenditures</b>	<b>1,406,950</b>	<b>1,406,950</b>	<b>396,965</b>	<b>1,009,985</b>
Transfers in	78,923	78,923	7,766	(71,157)
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>78,923</b>	<b>78,923</b>	<b>7,766</b>	<b>(71,157)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	(22,000)	\$ -	(4,913)	(4,913)
<b>Budgeted beginning cash</b>	<b>-</b>			
	\$ (22,000)			
Change in accounts receivable			-	
GAAP change in fund balance			\$ (4,913)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUNDS  
PARKS FUND 301  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ -	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	-	-	-	-
Expenditures				
General Government	-	-	30,398	- 30,398
Culture and Recreation	-	-	-	-
Capital outlay	-	28,040	-	28,040
Debt service	-	-	-	-
<b>Total expenditures</b>	-	28,040	30,398	- 2,358
Transfer in	-	28,040	28,039	(1)
Transfer out	-	-	-	-
<b>Total other financing sources</b>	-	28,040	28,039	(1)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	-	(2,359)	(2,359)
Change in accounts receivable			-	
GAAP change in fund balance			\$ (2,359)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUNDS  
NMSHTD MAP PROJECT FUND 305  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 1,961,946	1,961,946	540,776	(1,421,170)
Federal sources	1,600,000	1,600,000		
Miscellaneous	-	-	899	899
Interest	-	-	137	137
<b>Total revenues</b>	<b>3,561,946</b>	<b>3,561,946</b>	<b>541,812</b>	<b>(1,420,134)</b>
Expenditures				
Capital outlay	3,274,456	3,274,456	576,390	2,698,066
<b>Total expenditures</b>	<b>3,274,456</b>	<b>3,274,456</b>	<b>576,390</b>	<b>2,698,066</b>
Transfers in	-	-	-	-
Transfers out	250,029	250,029	-	250,029
<b>Total other financing sources</b>	<b>250,029</b>	<b>250,029</b>	<b>-</b>	<b>250,029</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 287,490	537,519	(34,578)	1,527,961
Change in accounts receivable			-	
Change in accounts payable			-	
GAAP change in fund balance			\$ (34,578)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUNDS  
HISTORICAL BUILDING 308  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 80,000	122,499	42,498	(80,001)
Miscellaneous	7,479	9,347	25,751	16,404
<b>Total revenues</b>	<b>87,479</b>	<b>131,846</b>	<b>68,249</b>	<b>(63,597)</b>
Expenditures				
Capital outlay	88,000	166,222	59,351	106,871
Public Works	-	-	60,962	- 60,962
<b>Total expenditures</b>	<b>88,000</b>	<b>166,222</b>	<b>120,313</b>	<b>45,909</b>
Transfers in	8,000	43,000	36,338	(6,662)
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>8,000</b>	<b>43,000</b>	<b>36,338</b>	<b>- 6,662</b>
Revenues and other financing sources over (under) expenditures and other financing uses	7,479	<u>\$ 8,624</u>	(15,726)	<u>(24,350)</u>
<b>Budgeted beginning cash</b>	<u>-</u>			
	<u>\$ 7,479</u>			
Change in accounts receivable			-	
Change in accounts payable			-	
GAAP change in fund balance			<u>\$ (15,726)</u>	



STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUNDS  
1/4% - CAPITAL IMPROVEMENTS (309)  
Year Ended June 30, 2010

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 384,332	384,332	281,434	(102,898)
State Sources	-	-	-	-
Interest	3,000	3,000	322	(2,678)
<b>Total revenues</b>	<b>387,332</b>	<b>387,332</b>	<b>281,756</b>	<b>(105,576)</b>
Expenditures				
Current				
General government	6,000	6,000	5,439	561
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>6,000</b>	<b>6,000</b>	<b>5,439</b>	<b>561</b>
Transfers in	-	-	-	-
Transfers out	381,332	409,899	(409,638)	(819,537)
<b>Total transfers</b>	<b>381,332</b>	<b>409,899</b>	<b>(409,638)</b>	<b>(819,537)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 762,664	\$ 791,231	(133,321)	(924,552)
Change in accounts receivable			20,296	
GAAP change in fund balance			\$ (113,025)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUNDS  
WATER CAPITAL PROJECT FUND - 311  
Year Ended June 30, 2010

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ 627,066	827,066	578,823	(248,243)
Interest	-	-	-	-
Local sources	-	-	-	-
<b>Total revenues</b>	<b>627,066</b>	<b>827,066</b>	<b>578,823</b>	<b>(248,243)</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	585,000	749,090	576,427	172,663
<b>Total expenditures</b>	<b>585,000</b>	<b>749,090</b>	<b>576,427</b>	<b>172,663</b>
Transfers in	-	510	509	(1)
Transfers out	-	(7,351)	(7,350)	1
<b>Total transfers</b>	<b>-</b>	<b>(6,841)</b>	<b>(6,841)</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 42,066	\$ 71,135	(4,445)	(75,580)
Change in accounts receivable			-	
GAAP change in fund balance			\$ (4,445)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUNDS  
STREET IMPROVEMENT FUND 217  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 268,000	268,000	204,624	(63,376)
State sources	57,951	57,951	57,951	-
Charges for services	3,000	3,000	-	(3,000)
Interest	1,000	1,000	75	925
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>329,951</b>	<b>329,951</b>	<b>262,650</b>	<b>(67,301)</b>
Expenditures				
General Government	77,268	82,585	82,585	-
<b>Total expenditures</b>	<b>77,268</b>	<b>-</b>	<b>82,585</b>	<b>-</b>
Transfers in	-	-	-	-
Transfers out	131,501	131,533	(131,533)	(263,066)
<b>Total other financing sources</b>	<b>131,501</b>	<b>131,533</b>	<b>(131,533)</b>	<b>(263,066)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	384,184	<u>461,484</u>	48,532	<u>(67,301)</u>
<b>Budgeted beginning cash</b>	<u>-</u>			
	<u>\$ 384,184</u>			
Change in accounts receivable			-	
Change in accounts payable			-	
GAAP change in fund balance			<u>\$ 48,532</u>	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUNDS  
GRT SWIM POOL/RECREATION CENTER FUND 302  
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 1,148,732	1,148,732		(1,148,732)
Federal Grants	-	-	-	-
Taxes	180,352	180,352	91,828	(88,524)
Miscellaneous revenue	25,000	25,000	822,738	797,738
Bond proceeds	5,668,772	5,668,772		
Interest	5,000	5,000		(5,000)
<b>Total revenues</b>	<b>7,027,856</b>	<b>7,027,856</b>	<b>914,566</b>	<b>(444,518)</b>
Expenditures				
General Government	7,000	4,089	203,850	199,761
Capital outlay	747,815	7,480,726	5,682,452	1,798,274
<b>Total expenditures</b>	<b>754,815</b>	<b>7,484,815</b>	<b>5,886,302</b>	<b>1,598,513</b>
Transfers in	-	-	4,694,645	4,694,645
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>4,694,645</b>	<b>4,694,645</b>
Revenues and other financing sources over (under) expenditures and other financing uses	6,273,041	\$ (456,959)	(277,091)	(2,043,031)
<b>Budgeted beginning cash</b>	<b>-</b>			
	\$ 6,273,041			
Change in accounts receivable, net of adjustments				
Change in accounts payable			-	
GAAP change in fund balance			\$ (277,091)	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECT FUNDS  
SUNSHINE PAVING FUND 355  
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
State Sources	\$ 800,348	800,348	-	(800,348)
<b>Total revenues</b>	<b>800,348</b>	<b>800,348</b>	<b>-</b>	<b>(800,348)</b>
Expenditures				
Capital Outlay	1,075,029	1,075,029	24,652	1,050,377
<b>Total expenditures</b>	<b>1,075,029</b>	<b>1,075,029</b>	<b>24,652</b>	<b>1,050,377</b>
Transfers in	275,029	275,029	25,000	(250,029.00)
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>275,029</b>	<b>275,029</b>	<b>25,000</b>	<b>- 250,029</b>
Revenues and other financing sources over (under) expenditures and other financing uses	348	\$ 348	348	-
<b>Budgeted beginning cash</b>	-			
	<u>\$ 348</u>			

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUNDS  
NMFA LOAN FIRE EQUIPMENT FUND 401  
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ -	-	-	-
<b>Total revenues</b>	-	-	-	-
Expenditures				
Debt service	-	-	-	-
<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>	-	-	-	-
	\$ -	-	-	-

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, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 8,000	8,000	2,704 -	5,296
<b>Total revenues</b>	<b>8,000</b>	<b>8,000</b>	<b>2,704 -</b>	<b>5,296</b>
Expenditures				
Debt service	106,501	106,502	106,502	-
<b>Total expenditures</b>	<b>106,501</b>	<b>106,502</b>	<b>106,502</b>	<b>-</b>
Transfers in	106,501	106,533	106,533	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>106,501</b>	<b>106,533</b>	<b>106,533</b>	<b>-</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 8,000	\$ 8,031	2,735	(5,296)
Amortization of loan acquisition costs			-	
GAAP change in fund balance			\$ 2,735	

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, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 2,000	2,000	1,296	(704)
<b>Total revenues</b>	<b>2,000</b>	<b>2,000</b>	<b>1,296</b>	<b>(704)</b>
Expenditures				
Debt service	51,054	51,054	51,052	2
<b>Total expenditures</b>	<b>51,054</b>	<b>51,054</b>	<b>51,052</b>	<b>2</b>
Transfers in	51,054	51,054	48,312	(2,742)
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>51,054</b>	<b>51,054</b>	<b>48,312</b>	<b>2,742</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 2,000	\$ 2,000	(1,444)	(3,444)



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, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
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			-	
GAAP change in fund balance			\$ -	

STATE OF NEW MEXICO  
CITY OF RATON  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUNDS  
NMFA LOAN-LOADER DS FUND 404  
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Miscellaneous	\$ -	-	-	-
Interest	600	600	38	(562)
<b>Total revenues</b>	<b>600</b>	<b>600</b>	<b>38</b>	<b>(562)</b>
Expenditures				
Debt service	32,366	32,366	32,366	-
<b>Total expenditures</b>	<b>32,366</b>	<b>32,366</b>	<b>32,366</b>	<b>-</b>
Transfers in	32,366	32,366	32,366	
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>32,366</b>	<b>32,366</b>	<b>32,366</b>	
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 600	\$ 600	38	(562)

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, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest Income	\$ -	-	-	-
<b>Total revenues</b>	-	-	-	-
Expenditures				
Debt Service	7,351	7,351	7,350	1
General Government	-	-	-	-
<b>Total expenditures</b>	7,351	7,351	7,350	1
Transfers in	-	7,351	7,350	1
Transfers out	-	-	-	-
<b>Total other financing sources</b>	-	7,351	7,350	1
Revenues and other financing sources over (under) expenditures and other financing uses	(7,351)	\$ -	-	-
<b>Budgeted beginning cash</b>	-			
	<u>\$ (7,351)</u>			

**STATE OF NEW MEXICO  
CITY OF RATON  
TRUST AND AGENCY FUND  
June 30, 2010**

*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, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>ASSETS</b>				
Cash and temporary investments	\$ 1,415	2,845	2,598	<u>6,858</u>
<b>LIABILITIES</b>				
Deposits held for others	\$ 1,415	2,845	2,598	<u>6,858</u>

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2010**

Federal Grantor-Program Title	CFDA Number	Grantor Identifying Number	Expenditures
U.S. Department of Transportation			
Airport Improvement Program	20.106	3-35-0033-12	\$ 147,943
Airport Improvement Program	20.106	3-35-0033-13 (Game Fence)	226,480
National Scenic Byways Program (S.F. Trail Garden Project)	20.205	N/A	<u>4,685</u>
			<u>379,108</u>
U.S. Department of Transportation ARRA			
ARRA 2nd Street Project	20.205	ECO-001-7(5)02 CN:ES41220	<u>35,696</u>
<b>Total U.S. Department of Transportation</b>			<u>414,804</u>
U.S. Department of Justice			
Region IV Drug Task Force	16.738	JAG Rev Region IV FY09	8,952
Asset Forfeiture Program	16.000	NCIC/ORI/Tracking # NM0040100	<u>571,624</u>
			<u>580,576</u>
U.S. Department of Justice ARRA			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2009-SB-B9-3030	<u>15,070</u>
<b>Total U.S. Department of Justice</b>			<u>595,646</u>
U.S. Department of Homeland Security			
Homeland Security Grant Program	97.067	2009-SS-T9-0000030	86,288
EMPG Funds	97.042	2010 EMPG Raton	<u>27,314</u>
<b>Total U.S. Department of Homeland Security</b>			<u>113,602</u>
Environmental Protection Agency - ARRA			
Capitalization Grants for State Revolving Fund	66.458	Project No. CWSRF 11	<u>228,690</u>
U.S. Department of Housing and Urban Development			
Federal Community Development Block Grant CDBG Paving Project	14.228	08-C-RS-I-1-G-29	<u>3,870</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,356,612</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 financial statements of 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, 2010, and have issued our report thereon dated July 14, 2011. 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, 2010, 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

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the

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

accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items, 02-01 (City), 07-01 (City), and 04-05 (RPS), 10-01 (RPS).

A significant deficiency is a deficiency, or combination of deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 02-1, 07-1, 08-2, 09-1, 10-01 and 10-02 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, and 09-02 to be significant deficiencies in internal control over financial reporting.

#### 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, 10-03 and 10-04 for the City, and for the component unit Raton Public Service as item 04-05 and 10-02.



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Mr. Hector H. Balderas,  
New Mexico State Auditor

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.

*Mess Adams LLP*

Albuquerque, New Mexico  
July 14, 2011

**Report on Compliance with Requirements That Could Have a  
Direct and Material Effect 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 State of New Mexico City of Raton's (City) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect to each of the City's major federal programs for the year ended June 30, 2010. 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 could have a direct and material effect to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instance of noncompliance with those requirements, which is 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 09-04 and 10-05.

#### Internal Control Over Compliance

Management of the City 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion and to test 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 09-04 and 10-05. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's response 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 responses and, accordingly, we express no opinion on the responses.

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.

*Mess Adams LLP*

Albuquerque, New Mexico  
July 14, 2011

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010**

**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?   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?   x   Yes        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
16.000	Asset Forfeiture Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

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, 2010**

**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 fiscal year 2010. 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, 2010**

**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 several 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. However, there were fewer audit entries noted in fiscal year 2010 than in prior year. In addition, the City did not reconcile accounts receivable and accounts payable for fiscal year 2010 until November 2010.

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, 2010**

**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, 2010**

**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 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, 2010**

**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, 2010**

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

**09-1 City      Untimely Bank Reconciliations**

**CONDITION**

We noted that all bank statements for the Municipal Courts were not reconciled as of June 14, 2010. Further, we noted nine months for the General Fund that were not reconciled timely as follows:

July and August 2009 bank statements were not reconciled until October 2009. October, November and December 2009 bank statements were not reconciled until February 2010, the January and February 2010 bank statements were not reconciled until April 2010, and the April 2010 bank statements were not reconciled until June 2010.

In addition, we identified one bank account that was not reconciled at all. This required an adjusting entry for a material amount.

Lastly, during our cash receipts walkthrough, we noted currently there is no review of bank reconciliations being completed by a supervisor.

During our cash receipts testwork for the Raton Water Works we noted five months for the Operating Fund that were not reconciled on a timely basis as follows:

July and August 2009 bank statements were not reconciled until October 2009, September, October and November 2009 bank statements were not reconciled until January 2010.

**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.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

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

**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.

**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, 2010**

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

**09-2 City      Stale Dated Checks**

CONDITION

During the testing of cash, we noted 37 checks outstanding which are dated prior to June 30, 2008. The total of all checks is \$4,433.

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, 2010**

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

**09-4 City Late Audit Report**

CONDITION

The City submitted its financial statements beyond the due date of December 1, 2010. The Office of the State Auditor received the audit report on August 15, 2011.

CRITERIA

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

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.

CAUSE

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

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, 2010**

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

**10-01: Segregation of Duties Over Disbursements**

CONDITION

One individual had the ability to both prepare (execute) and sign (authorize) checks. The accounts payable clerk can authorize checks electronically to print them. For FY 2010, the City changed the control to have another person sign on to the system prior to the accounts payable person electronically sign the check. This is an inadequate segregation of duties as it does not prevent the accounts payable clerk from printing checks that were not authorized.

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. In addition, the bank reconciliations are not always performed on a timely basis, which increases the risk.

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. Due to the small size of the accounting department, the City has not developed an adequate system to ensure proper segregation of duties or compensating controls over the process.

RECOMMENDATION

We recommend the City develop and implement policies and procedures over the accounts payable/expenditure process. This should include documenting adequate segregation of duties or compensating controls over the process.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**10-01: Segregation of Duties Over Disbursements (Continued)**

**MANAGEMENT RESPONSE**

This finding will reoccur in fiscal year 2010-11 as a result of the recall election and delays in hiring a City Clerk. The recommendation essentially requires additional staff in the office of the City Clerk which will require budgetary considerations for implementation.



**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**10-02 Disbursements – Supporting Documentation**

CONDITION

We noted that 2 out of 18 disbursements selected for testing for \$135 and \$2,500 did not have supporting contracts.

CRITERIA

Certain recurring expenditures should have valid and approved contracts prior to receiving the goods or services.

EFFECT

Vendors could be paid without the proper approval.

CAUSE

Management did not ensure these two disbursements had valid contracts and the policies and procedures over the procurement/expenditure cycles did not discover the error.

RECOMMENDATION

We recommend the City develop and implement policies and procedures over the procurement/expenditure cycle to ensure all required expenditures have a valid contract prior to receiving the goods or services.

MANAGEMENT RESPONSE

The City is developing a purchasing policy that will require the approval of contracts prior to the receiving of goods or services.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**10-03 – Budgetary Conditions**

CONDITION

The City of Raton has exceeded the budgeted expenditures for the following funds:

<u>Fund</u>	<u>Overspent</u>
205	\$ 2,705
219	\$ 17,907
301	\$ 2,358
Sanitation Fund	\$ 191,009
210	\$ 1,265
216	\$ 3,735
211	\$ 147

CRITERIA

Sound financial management and 6.20.2.9 (A) NMAC and 22-8-5 to 22-8.12.2 NMSA 1978 require the budgets not be exceeded at the level of control.

EFFECT

The City is not in compliance with the New Mexico State Rule.

CAUSE

The City maintains its monthly accounting on the cash basis and does not record accruals until subsequent to year end, which was in November 2010 for the year ended June 30, 2010. This does not allow the city to properly manage the budgeting process.

RECOMMENDATION

We recommend the City develop and implement policies and procedures to ensure accounts payable are processed in a more timely manner and the budgeting process throughout the year and at year end are monitored more closely to ensure budgets are not overspent. Any potential overexpenditure of a budget should be brought to the City Commission for review and a potential budget amendment prior to year end.

MANAGEMENT RESPONSE

The City is developing a procurement policy which allows the utilization of the purchase order module within the Incode accounting software to assist with proper management of the City's budget.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**10-04 – Procurement Policies and Procedures**

CONDITION

During our review of procurement transactions and our discussions required under Statement of Auditing Standard 99, we noted the policies and procedures over procurement at the City are not adequate. This resulted in contracts where it is not easily determinable if they are valid or have been through an adequate procurement process. The following details the contracts where it is not determinable if adequate procurement had been followed:

- The City obtained the required bids and followed the State law for procurement over the construction of a road. This contract was extended for a related project prior to approval by the Commission. Subsequent to starting work on the project, the Commission voted to approve the work. The procurement policies are silent to approval over changes or additions to contracts.
- The City has had a contract for groundwater monitoring at the City's landfill that is updated annually. This has not been presented to other companies for bid since 2003. The procurement policies are silent on frequency of updating bids.
- This City procured services to engage a contractor to provide professional services for advertising, publicizing, and promoting tourist related attractions, facilities, and events on behalf of the City. There was a requirement for the contractor to maintain an office within a City building or building approved by the Commission from 20 to 40 hours per week. This requirement was not in the final contract. The procurement policies are silent to amendments from the procurement process to the final contract.

CRITERIA

The City is to have adequate procurement policies and procedures that are specific to the needs of the City.

EFFECT

In the absence of adequate procurement policies and procedures, there have been several contracts called into question by a City Commissioner.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**10-04 – Procurement Policies and Procedures (Continued)**

CAUSE

The City has not developed and implemented a comprehensive procurement policy and procedure manual.

RECOMMENDATION

We recommend the City develop and implement a comprehensive procurement policy and procedure manual that is unique to the needs of the City.

MANAGEMENT RESPONSE

The City is in the process of developing a comprehensive procurement policy.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**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 not developed an accounting procedure due to its small size and governance by state and federal accounting requirements.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

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

CONDITION

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

- A physical inventory was completed at or near the 2007 fiscal 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

We recommend that RPS develops and implements 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, and management should consider grouping capital assets within their system as they are presented in the financial statements.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**04-05 RPS Capital Assets (*Material Weakness*) Continued**

MANAGEMENT RESPONSE

As noted in previous year's response, the discrepancy between the 2007 year end inventory and the general ledger were previously resolved. While asset additions have been tracked, RPS is working to resolve the remaining issues with the detail listing.

Moveable assets are tagged with a unique identifier as required under NMAC.

RPS follows NMAC requirements for disposition of fixed assets.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**08-02 RPS Aged Accounts Receivable Finding (*Significant deficiency*)**

CONDITION

As of June 30, 2010, there was a \$55,324 discrepancy between the accounts receivable balance reflected on the aged listing and the general ledger accounts receivable balance. Subsequent to our inquiry, RPS reconciled a portion of the difference; however, there is still a variance of \$6,662.

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 trial balance was overstated and not representative of the actual account receivable balance in the A/R subsidiary ledger at year end.

CAUSE

There were errors in the daily postings to the general ledger from the accounts receivable ledger.

RECOMMENDATION

We recommend that RPS develop and implement policies and procedures to ensure the accounts receivable balance is reconciled on a monthly basis from the subsidiary schedule to the general ledger.

MANAGEMENT RESPONSE

RPS will begin reconciliation between the accounts receivable and general ledger on a monthly basis.



**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

**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, 2010**

**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 RESPONSE

As a component unit of the City, RPS is on the same network system as the City and is controlled by the City's IT policy, including password policies and security assessments. RPS does work with the City's IT consultant on any changes to the billing/accounts receivable system. Backup of all data are made nightly and checked regularly for consistency. Changes made by the consultant to the billing/accounts receivable systems consist of recommended updates from the software vendor. The vendor does pre-release testing to ensure compatibility with the existing software. Due to the size of the billing/AR system, non-production testing is not feasible.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**09-02 RPS    Accounts Payable and Accrued Liabilities (*Significant deficiency*)**

CONDITION

During our test of cutoff for accounts payable, we noted one expense transaction for \$15,680 that occurred during fiscal year 2010 and paid in the subsequent period was not accrued at year end. In addition, several accrued liability accounts were not reconciled as of June 30, 2010.

CRITERIA

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

EFFECT

Accounts payable and accrued liabilities in total were understated by \$67,532.

CAUSE

Certain expenses 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 end are properly accrued in accounts payable and accrued liabilities.

MANAGEMENT RESPONSE

Normal procedure is to accrue payables and liabilities incurred near year end appropriately. The procedures will be reviewed and adjusted as required.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**10-01 RPS Bank and Loan Accounts (*Material Weakness*)**

CONDITION

During our test of cash equivalent and loan balances, we noted the prior year accounts were transferred to a new bank. The client had not recorded the new accounts in the trial balance. In connection with these accounts, the client did not properly record the loan balances as of June 30, 2010. Subsequent to discussion with RPS, RPS recorded the balances in the general ledger.

CRITERIA

RPS should reconcile all cash and cash equivalent balances and loan balances to the general ledger on a monthly basis.

EFFECT

RPS had understated the restricted cash balance by \$872,400 and overstated the loan balance by \$304,334.

CAUSE

The accounts transferred to a new bank and the old and new bank accounts were not reconciled to the general ledger.

RECOMMENDATION

We recommend that RPS develop and implement policies and procedures to ensure all bank and loan accounts are reconciled on a monthly basis.

MANAGEMENT RESPONSE

As part of the settlement agreement reached on January 15, 2010 with the Arkansas River Power Authority, loans for the purchase of the Burro Canyon transmission line and Wartsila generating unit were obtained from the New Mexico Finance Authority (NMFA). Since the electric utility is owned by the City, the loans were taken out in the City's name. Paperwork regarding the loans was sent to the City; therefore, at year end, RPS had not created accounts to reflect the restricted funds held by Bank of Mellon for NMFA. As noted, these restricted funds have now been recorded in the general ledger and the loan account information is being routed to RPS.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**10-01 RPS Bank and Loan Accounts (*Material Weakness*) Continued**

MANAGEMENT RESPONSE (CONTINUED)

The overstated loan balance of \$304,334 was from a 2002 loan from NMFA of approximately \$2.2 million which represented Raton's original investment in the Wartsila generating unit. The \$304,334 was unspent loan proceeds. In August 2009, NMFA transferred these over to a debt service fund. The loan balance was not reduced in the RPS general ledger. This change has been made.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

**10-02 RPS Late Audit Report**

CONDITION

The Auditors for RPS submitted its audit report after the due date of December 1, 2010. The Office of the State Auditor received the audit report in March, 2011.

CRITERIA

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

CAUSE

The audit fieldwork was completed in November 2010 and an exit conference was held November 24, 2010. Due to a delay on the part of the auditors, however, the final audit report was not submitted until March 2011.

EFFECT

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

RECOMMENDATION

In the future we recommend RPS coordinate closely with their auditors in order to ensure the audit is submitted on time.

MANAGEMENT RESPONSE

RPS has and will continue to work with their auditors to comply with these statutes.

**STATE OF NEW MEXICO  
CITY OF RATON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2010**

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

None.

**C. FEDERAL AWARD FINDINGS**

**09-4 City      Equipment – Additions, Physical Inventory, and Deletions  
                  U.S. Department of Justice  
                  CFDA#16.000 Asset Forfeiture Program  
                  Award Number: NM 0040100 (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, 2010**

**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, 2010**

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

**10-05 City Procurement  
U.S. Department of Justice  
CFDA#16.000 Asset Forfeiture Program  
Award Number: NM 0040100 (2009)**

**CONDITION**

We noted during our procurement testwork that one item out of two items tested for \$55,950 did not go through the procurement process. The items were ordered prior to obtaining the three required competitive price quotes.

**CRITERIA**

According to OMB A-133, governmental subrecipients of States shall use the same State policies procedures used for procurements. Per the State Procurement Code 13-1-30, the procurement code applies to purchases of tangible items in excess of \$20,000.

**QUESTIONED COSTS**

None

**EFFECT**

The City is not in compliance with procurement policies and procedures.

**CAUSE**

A specific camera system was desired for the police department. The department did not realize that it was necessary to obtain at least three price quotes before initiating this purchase.

**RECOMMENDATION**

We recommend that the City remind all departments of the State and Federal procurement requirements.

**MANAGEMENT RESPONSE**

The City will remind all departments of the State and Federal procurement requirements.

**STATE OF NEW MEXICO  
CITY OF RATON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2010**

**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
09-01	Untimely Bank Reconciliation	Repeated and Updated
09-02	Stale Dated Checks	Repeated and Updated
09-03	Undercollateralization of Bank Accounts	Resolved
09-04	Late Audit Report	Repeated and Updated

***Federal***

09-04	Equipment Additions and Deletions Physical Inventory	Resolved
09-05	Period of Availability	Resolved
09-06	Reporting	Resolved

**Raton Public Service Co.**

02-1	Policy and Procedures Manual – RPS	Repeated and Updated
04-5	Capital Assets	Repeated and Updated
08-2	Aged Accounts Receivable Finding	Repeated and Updated
08-3	IT finding	Repeated and Updated
09-01	Payroll Finding	Resolved
09-02	Accounts Payable	Repeated and Updated

**Raton Housing Authority**

None

**STATE OF NEW MEXICO  
CITY OF RATON  
EXIT CONFERENCE  
Year Ended June 30, 2010**

We discussed the contents of this report during the exit conference held on November 24, 2010. The exit conference was attended by the following individuals:

**CITY OF RATON**

Sandy Mantz, City Commissioner  
Pete Mileta Jr., City Manager  
Michael Anne Lannon, Former/Interim City Clerk/Treasurer  
Geneva Trujillo, Deputy Clerk  
Dan Campbell, Raton Water Works General Manager  
Bonnie Cunico, Raton Water Works Office Manager

**Moss Adams LLP**

Chris Garner, CPA          Senior Manager  
Kris Nixon, CPA          Manager

**RATON PUBLIC SERVICE**

An exit conference was held on November 24, 2010. 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:**

Chris Garner, CPA          Senior Manager

**RATON HOUSING AUTHORITY**

An exit conference was held on November 24, 2010 and attended by:

**Raton Housing Authority**

Tony Vigil, Commissioner  
Terry Baca, Executive Director

**Moss Adams LLP**

Chris Garner, CPA          Senior Manager  
James Cox          Senior

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