

**STATE OF NEW MEXICO
CITY OF RATON
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011**

**STATE OF NEW MEXICO
CITY OF RATON**

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**STATE OF NEW MEXICO
CITY OF RATON
OFFICIAL ROSTER
JUNE 30, 2011**

Elected Officials and Administration

City Commission

Jesse J. Johnson, Mayor
Charles Henry, Mayor Pro Tem
Sandy Mantz, Commissioner
Tresa Kagan, Commissioner
Joe F. Apache, Commissioner

Municipal Judge

Roy J. Manfredi

Administration

Pete Mileta, Jr., City Manager
Geneva Trujillo, City Clerk/Treasurer

Raton Water Works

Allen Litchfield, Chairman
Irwin Record, Vice Chairman
Joe Gagliardi, Board Member
Sandy Mantz, Commissioner
Jesse J. Johnson, Commissioner

Administration

Dan Campbell, General Manager
Bonnie Cunico, Office Manager

Housing Authority Commissioner

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

Administration

Glenn Fisher, General Manager
Sandy Chavez, Office Manager

**STATE OF NEW MEXICO
CITY OF RATON
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas
New Mexico State Auditor

Honorable Mayor, Members of the City Council
of the City of Raton, New Mexico

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information, and the budgetary comparison for the General Fund of the City of Raton, New Mexico (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds and the budgetary comparisons for the major enterprise funds, major capital projects fund and all nonmajor funds presented as Supplementary Information as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Raton, a component unit of the City of Raton, which is a discretely presented component unit and represents 17 percent, 27 percent, and 12 percent, respectively, as of the assets, net assets, and revenues of aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Raton, a component unit of the City of Raton, is based on the report of the other auditors.

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 the 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, business-type activities, major enterprise funds and 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.

In our opinion, except for the effects of incomplete capital asset records as described in the previous paragraph based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Raton, New Mexico, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and major special revenue 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 governmental fund of the City of Raton, New Mexico, as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital projects funds, debt service funds, enterprise funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011, which represents a change in accounting principle.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, on our consideration of the City of Raton, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for the 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 financial statements. The additional schedules listed as Other Supplementary Information in the table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and Other Supplementary Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

June 20, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**STATE OF NEW MEXICO
CITY OF RATON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

As management of the City of Raton, New Mexico (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the current fiscal year.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for the current fiscal year as follows.

- The City's total net assets of governmental activities increased \$2.4 million and business-type activities increased \$237,919 representing 47 percent and 53 percent respectively, of the total net assets of \$43.3 million.
- General revenues from governmental activities accounted for \$4.8 million in revenue, or 45 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5.9 million, or 55 percent of total governmental activities revenues. The City had \$1.3 million in general revenues and \$2.7 million of program revenues related to business-type activities.
- The City had \$8.5 million in expenses related to governmental activities, a decrease of 20 percent from the prior fiscal year primarily due to conservative budgeting and cost cutting measures. The City had \$3.5 million in expenses related to business-type activities, a 3 percent increase from the prior fiscal year.
- The General Fund had \$4.9 million in revenues, which primarily consisted of municipal and state shared taxes and charges for services. The total expenditures of the General Fund were \$4.7 million. The General Fund's fund balance increased from \$1.4 million to \$1.5 million.
- The GRT Swim/Pool Recreation Center Fund had \$25,000 in revenues and \$1.5 million in expenditures. The GRT Swim/Pool Recreation Center Fund's fund balance decreased from \$1.5 million to \$48,571, primarily due to expenditures in the current year to complete the recreation center.
- The Sanitation Fund operating expenses of \$824,486 exceeded operating revenues of \$792,456. The Sanitation Fund's net assets decreased from \$(880,897) to \$(862,862).
- The Water Fund operating revenues of \$3.2 million exceeded operating expenses of \$2.6 million. The Water Fund's net assets increased from \$23.8 million to \$24.0 million, an increase of less than one percent.

**STATE OF NEW MEXICO
CITY OF RATON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

In the government-wide financial statements the City's activities are presented in the following categories:

- **Governmental activities** – Most of the City's basic services are included here, such as general government, public safety, culture and recreation, and highways and streets. Gross receipts taxes, property taxes, and charges for services finance most of these activities.
- **Business-type activities** – The services provided by the City included here are water and sewer and sanitation. The services are primarily financed through charges for services.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**STATE OF NEW MEXICO
CITY OF RATON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General and GRT Swim/Pool Recreation Funds, both of which are considered to be major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The City of Raton maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Raton uses enterprise funds to account for its water and sewer and sanitation.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Under New Mexico Administrative Code Section 2.2.2, governments in New Mexico must include the budgetary comparison statement for the General Fund as a component of the fund financial statements within the basic financial statements.

**STATE OF NEW MEXICO
CITY OF RATON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

During the year ended June 30, 2011, the City implemented the provisions of the Governmental Standards Accounting Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds and clarifies existing governmental fund type definitions. Additional information on the fund balance classifications, components of fund balance, and other information related to fund balance can be found in Note 2.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets exceeded liabilities by \$43.3 million at the current fiscal year end.

A large portion of the City's total net assets reflects its investment in capital assets (e.g., land and property, plant and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the City's net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	2011	2010	2011	2010	2011 Total	2010 Total
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities		
Current and other assets	\$ 4,674,868	\$ 6,553,035	\$ 4,390,804	\$ 4,236,348	\$ 9,065,672	\$ 10,789,383
Capital assets, net	26,054,429	22,203,488	22,306,697	22,401,557	48,361,126	44,605,045
Total assets, net	<u>30,729,297</u>	<u>28,756,523</u>	<u>26,697,501</u>	<u>26,637,905</u>	<u>57,426,798</u>	<u>55,394,428</u>
Current and other liabilities	406,491	1,162,582	261,613	235,614	668,104	1,398,196
Long-term liabilities	10,099,825	9,731,936	3,324,523	3,528,845	13,424,348	13,260,781
Total liabilities	<u>10,506,316</u>	<u>10,894,518</u>	<u>3,586,136</u>	<u>3,764,459</u>	<u>14,092,452</u>	<u>14,658,977</u>
Invested in capital assets, net of related debt	16,403,077	12,828,093	20,430,049	20,541,446	36,833,126	33,369,539
Restricted	2,669,771	4,203,302			2,669,771	4,203,302
Unrestricted	1,150,133	830,610	2,681,316	2,332,000	3,831,449	3,162,610
Total net assets	<u>\$ 20,222,981</u>	<u>\$ 17,862,005</u>	<u>\$ 23,111,365</u>	<u>\$ 22,873,446</u>	<u>\$ 43,334,346</u>	<u>\$ 40,735,451</u>

**STATE OF NEW MEXICO
CITY OF RATON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- An increase in capital assets due to the completion of several projects during the year.
- An increase in long-term debt obligations of \$682,777 in governmental activities from additional loans entered into by the City.
- A decrease in long-term debt of \$193,174 in business-type activities.

Changes in net assets. The City's total revenues for the current fiscal year ended were \$14.7 million. The total cost of all programs and services was \$16.2 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

	2011 Governmental Activities	2010 Governmental Activities	2011 Business-type Activities	2010 Business-type Activities	2011 Total	2010 Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,674,746	\$ 859,026	\$ 2,722,708	\$ 2,493,770	\$ 4,370,454	\$ 3,352,796
Operating grants and contributions	1,019,090	2,393,669			1,019,090	2,393,669
Capital grants and contributions	3,212,957	1,636,480			3,212,957	1,636,480
General revenues:						
Gross receipts taxes	3,481,911	3,365,568	1,232,056	1,169,596	4,713,967	4,535,164
Property taxes, levied for general purposes	646,975	530,807			646,975	530,807
Franchise taxes	97,737	108,748			97,737	108,748
Other taxes	557,563	551,823			557,563	551,823
Investment income	8,049	18,629	33,408	53,841	41,457	72,470
Miscellaneous		803,068		48,218		851,286
Total revenues	<u>10,672,028</u>	<u>10,267,818</u>	<u>3,988,172</u>	<u>3,765,425</u>	<u>14,660,200</u>	<u>14,033,243</u>
Expenses:						
General government	1,943,850	3,048,893			1,943,850	3,048,893
Public safety	4,720,888	3,896,094			4,720,888	3,896,094
Culture and recreation	861,706	433,886			861,706	433,886
Highways and streets	575,332	2,799,357			575,332	2,799,357
Interest on long-term debt	413,589	448,990		108,843	413,589	557,833
Solid waste			2,721,454	2,374,933	2,714,454	2,374,933
Water and sewer			824,486	1,061,336	824,486	1,061,336
Total expenses	<u>8,515,365</u>	<u>10,627,220</u>	<u>3,545,940</u>	<u>3,545,112</u>	<u>12,061,305</u>	<u>14,172,332</u>
Transfers	<u>204,313</u>	<u>254,313</u>	<u>(204,313)</u>	<u>(254,313)</u>		
Changes in net assets	<u>\$ 2,360,976</u>	<u>\$ (105,089)</u>	<u>\$ 237,919</u>	<u>\$ (34,000)</u>	<u>\$ 2,598,895</u>	<u>\$ (139,089)</u>

**STATE OF NEW MEXICO
CITY OF RATON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

The following are significant changes that have had an impact on the changes in net assets.

- Total charges for services increased \$1.0 million, or 30 percent, primarily as a result of local revenue charged for paving projects.
- Capital grants and contributions increased \$1.6 million primarily due to funding received from the American Recovery and Reinvestment Act for highway planning and construction projects.
- Governmental activities expenses decreased primarily as a result of conservative budgeting and cost cutting measures by the City.

Governmental and Business-type activities. The following table presents the cost of the major City functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

	2011		2010	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 1,943,850	\$ (440,869)	\$ 3,048,893	\$ (21,333)
Public safety	4,720,888	(3,321,197)	3,896,094	(2,963,342)
Public works	861,706	(762,786)	433,886	(148,497)
Culture and recreation	575,332	2,302,869	2,799,357	(2,155,883)
Interest on long-term debt	413,589	(413,589)	448,990	(448,990)
Total	\$ 8,515,365	\$ (2,635,572)	\$ 10,627,220	\$ (5,738,045)
Business-type Activities				
Sanitation	\$ 2,721,454	\$ (791,202)	\$ 2,374,933	\$ (681,563)
Water and Sewer	824,486	(32,030)	1,061,336	(260,936)
Total	\$ 3,545,940	\$ (823,232)	\$ 3,436,269	\$ (942,499)

- The net cost of all governmental activities this year was \$2.6 million, a decrease from the prior fiscal year.
- The net cost of all business-type activities this year was \$823,232 a decrease from the prior fiscal year.
- Net cost of governmental activities of \$2.6 million was financed by general revenues, which are made up of primarily gross receipts taxes of \$3.5 million.
- Net cost of business-type activities of \$823,232 was financed by general revenues, which are made up of primarily gross receipts taxes of \$1.2 million.

**STATE OF NEW MEXICO
CITY OF RATON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$4.2 million, a decrease of \$1.2 million, primarily due to expenditures related to the completion of the recreation center.

The General Fund is the principal operating fund of the City. The General Fund's fund balance at the end of the current fiscal year was \$1.5 million, an increase of \$128,490.

Proprietary funds. Net assets of the Enterprise Funds at the end of the year amounted to \$23.1 million, an increase of \$237,919 from the prior fiscal year.

BUDGETARY HIGHLIGHTS

There were several amendments to the City of Raton's fiscal year 2010-11 operating budget. A statement reporting the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as a basic financial statement.

**STATE OF NEW MEXICO
CITY OF RATON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of year end, the City had invested \$26.1 million in governmental capital assets, and \$22.3 million in business-type capital assets including land, construction in progress, historical treasures, water rights, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase in governmental capital assets prior to depreciation of \$4.8 million from the prior fiscal year, and a net increase in business-type capital assets prior to depreciation of \$748,355. Total depreciation expense for the current fiscal year for governmental activities was \$987,385 and for business-type activities was \$843,215.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2011 and June 30, 2010.

	2011 Governmental Activities	2010 Governmental Activities	2011 Business-type Activities	2010 Business-type Activities
Land and depreciable assets	\$ 715,975	\$ 715,975	\$ 3,056,647	\$ 3,056,647
Property, plant and equipment	36,984,992	32,146,666	31,523,041	30,774,686
Less: Accumulated depreciation	(11,646,538)	(10,659,153)	(12,272,991)	(11,429,776)
Total	\$ 26,054,429	\$ 22,203,488	\$ 22,306,697	\$ 22,401,557

Additional information on the City's capital assets can be found in Note 7.

Debt Administration. At year end, the City had \$11.5 million in long-term debt outstanding, \$645,329 due within one year. The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2011 and June 30, 2010.

	As of June 30, 2011	As of June 30, 2010
Bonds payable	\$ 4,837,242	\$ 5,066,416
Loans payable	6,602,542	6,235,303
Capital leases payable	88,216	143,498
Total	\$ 11,528,000	\$ 11,445,217

State statutes currently limit the amount of general obligation debt a City may issue to 4 percent of its total assessed valuation for general purposes. State statute currently does not limit the amount of general obligation debt a City may issue for a water and sewer system.

**STATE OF NEW MEXICO
CITY OF RATON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the City's administration during the process of developing the fiscal year 2011-12 budget. Among them:

- Fiscal year 2010-11 budget balance carry forward.
- Employee salaries.
- Capital projects under way.
- Employee furlough days.

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund decreased 9 percent to \$4.2 million in fiscal year 2011-12. Increased payroll and employee benefit costs is the primary reason for the increase. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2011-12 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Raton City Hall, City of Raton, P. O. Box 910, Raton, New Mexico 87740.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Primary Government			Component Units	
	Governmental Activites	Business-type Activites	Total	Raton Public Service Company	Raton Housing Authority
ASSETS					
Current assets:					
Cash and investments	\$ 3,147,162	\$ 3,682,118	\$ 6,829,280	\$ 532,239	\$ 805,169
Due from other governments	1,081,591	187,613	1,269,204		
Receivables, net	330,129	349,524	679,653	491,049	3,374
Inventory		177,343	177,343	705,351	11,987
Prepaid items				19,122	2,121
Notes receivable		16,233	16,233		
Internal balances	115,986	(115,986)			
Total current assets	<u>4,674,868</u>	<u>4,296,845</u>	<u>8,971,713</u>	<u>1,747,761</u>	<u>822,651</u>
Noncurrent assets:					
Cash and investments, restricted				5,001,050	29,267
Notes receivable		93,959	93,959		
Land	588,725	3,056,647	3,645,372	13,841	253,436
Property, plant and equipment	37,112,242	31,523,041	68,635,283	21,193,562	9,208,539
Accumulated depreciation	(11,646,538)	(12,272,991)	(23,919,529)	(10,776,050)	(6,872,975)
Total noncurrent assets	<u>26,054,429</u>	<u>22,400,656</u>	<u>48,455,085</u>	<u>15,432,403</u>	<u>2,618,267</u>
Total assets	<u>30,729,297</u>	<u>26,697,501</u>	<u>57,426,798</u>	<u>17,180,164</u>	<u>3,440,918</u>
LIABILITIES					
Current liabilities:					
Accounts payable	358,956	114,651	473,607	552,365	3,804
Accrued salaries and related benefits	24,196	9,190	33,386	2,331	
Due to Raton Public Service Company		20,655	20,655		
Due to Raton Water Works				2,785	
Unearned revenue	23,339		23,339	8,159	1,718
Deposits held for others		117,117	117,117	231,339	29,267
Compensated absences payable	125,000	110,000	235,000	24,831	
Interest payable				48,122	
Obligations under capital leases	58,081		58,081		
Loans payable	330,658		330,658	317,795	
Bonds payable	36,000	220,590	256,590		
Total current liabilities	<u>956,230</u>	<u>592,203</u>	<u>1,548,433</u>	<u>1,187,727</u>	<u>34,789</u>
Noncurrent liabilities:					
Non-current portion of long-term obligations	9,550,086	2,993,933	12,544,019	6,954,640	
Total noncurrent liabilities	<u>9,550,086</u>	<u>2,993,933</u>	<u>12,544,019</u>	<u>6,954,640</u>	
Total liabilities	<u>10,506,316</u>	<u>3,586,136</u>	<u>14,092,452</u>	<u>8,142,367</u>	<u>34,789</u>
NET ASSETS					
Invested in capital assets, net of related debt	16,403,077	20,430,049	36,833,126	3,233,409	2,589,000
Restricted for:					
Special purposes	1,146,339		1,146,339	4,769,711	
Debt service	1,173,081		1,173,081		
Capital outlay	350,351		350,351		
Unrestricted	1,150,133	2,681,316	3,831,449	1,034,677	817,129
Total net assets	<u>\$ 20,222,981</u>	<u>\$ 23,111,365</u>	<u>\$ 43,334,346</u>	<u>\$ 9,037,797</u>	<u>\$ 3,406,129</u>

**STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities:					
General government	\$ 1,943,850	\$ 318,806	\$ 325,995	\$ 858,180	\$ (440,869)
Public safety	4,720,888	706,596	693,095		(3,321,197)
Culture and recreation	861,706	98,920			(762,786)
Highways and streets	575,332	523,424		2,354,777	2,302,869
Interest on long-term debt	413,589				(413,589)
Total governmental activities	8,515,365	1,647,746	1,019,090	3,212,957	(2,635,572)
Business-type activities:					
Water and sewer	2,721,454	1,930,252			
Sanitation	824,486	792,456			
Total business-type activities	3,545,940	2,722,708			
Total primary government	\$ 12,061,305	\$ 4,370,454	\$ 1,019,090	\$ 3,212,957	(2,635,572)
Component Units:					
Raton Public Service Company	\$ 7,001,017	\$ 7,628,883	\$		
Raton Housing Authority	780,411	283,441	754,338		
	\$ 7,781,428	\$ 7,912,324	\$ 754,338		
General revenues:					
Taxes:					
					3,481,911
					646,975
					97,737
					557,563
					8,049
					204,313
					4,996,548
					2,360,976
					17,862,005
					\$ 20,222,981

Net (Expense) Revenue and Changes in Net Assets		Component Units	
Business-type Activities	Primary Government Totals	Raton Public Service Company	Raton Housing Authority
\$	\$ (440,869)	\$	\$
	(3,321,197)		
	(762,786)		
	2,302,869		
	(413,589)		
	<u>(2,635,572)</u>		
(791,202)	(791,202)		
<u>(32,030)</u>	<u>(32,030)</u>		
<u>(823,232)</u>	<u>(823,232)</u>		
<u>(823,232)</u>	<u>(3,458,804)</u>		
		627,866	
			257,368
		<u>627,866</u>	<u>257,368</u>
1,232,056	4,713,967		
	646,975		
	97,737		
	557,563		
33,408	41,457	2,216	7,544
<u>(204,313)</u>			
<u>1,061,151</u>	<u>6,057,699</u>	<u>2,216</u>	<u>7,544</u>
237,919	2,598,895	630,082	264,912
<u>22,873,446</u>	<u>40,735,451</u>	<u>8,407,715</u>	<u>3,141,217</u>
<u>\$ 23,111,365</u>	<u>\$ 43,334,346</u>	<u>\$ 9,037,797</u>	<u>\$ 3,406,129</u>

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FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CITY OF RATON
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General	GRT Swim/Pool Recreation Center	Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 749,970	\$ 48,571	\$ 2,348,621
Due from other governments	645,276		436,315
Receivables, net	273,853		56,276
Due from other funds	115,986		248,894
Total assets	\$ 1,785,085	\$ 48,571	\$ 3,090,106
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 111,702	\$	\$ 247,254
Accrued salaries and related benefits	22,197		1,999
Deferred revenue	107,605		
Due to other funds	22,748		226,146
Total liabilities	264,252		475,399
Fund balances (deficits):			
Restricted		48,571	2,621,200
Unassigned	1,520,833		(6,493)
Total fund balances	1,520,833	48,571	2,614,707
 Total liabilities and fund balances	\$ 1,785,085	\$ 48,571	\$ 3,090,106

The notes to the basic financial statements are an integral part of this statement.

Total
Governmental
Funds

\$ 3,147,162
1,081,591
330,129
364,880
\$ 4,923,762

\$ 358,956
24,196
107,605
248,894
739,651

2,669,771
1,514,340
4,184,111

\$ 4,923,762

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**STATE OF NEW MEXICO
CITY OF RATON
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total governmental fund balances		\$ 4,184,111
 Amounts reported for <i>governmental activities</i> in the Statement of Net Assets are different because:		
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 37,700,967	
Less accumulated depreciation	<u>(11,646,538)</u>	26,054,429
 Property tax revenues will not be available to pay current period expenditures and, therefore, are deferred in the governmental funds.		
		84,266
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(2,960,594)	
Loans payable	(6,602,542)	
Capital leases payable	(88,216)	
Compensated absences payable	<u>(448,473)</u>	<u>(10,099,825)</u>
 Net assets of governmental activities		 <u><u>\$ 20,222,981</u></u>

The notes to the basic financial statements are integral part of this statement.

**STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	General	GRT Swim/Pool Recreation Center	Non-Major Governmental Funds
Revenues:			
Gross receipts taxes	\$ 2,981,034	\$	\$ 500,877
Property taxes	562,709		
Francise tax	97,737		
Other taxes	23,499		534,064
Intergovernmental	299,342		3,932,705
Charges for services	832,593		31,867
Fines and forfeitures	85,308		83,564
Miscellaneous	39,787	25,000	549,627
Interest income	1,582		6,467
Total revenues	<u>4,923,591</u>	<u>25,000</u>	<u>5,639,171</u>
Expenditures:			
Current -			
General government	746,564		397,086
Public safety	3,172,413		135,485
Culture and recreation	245,544	73,224	196,824
Highways and streets	465,672		81,193
Capital outlay	39,184	1,420,134	4,887,462
Debt service -			
Principal			406,820
Interest and fees			413,589
Total expenditures	<u>4,669,377</u>	<u>1,493,358</u>	<u>6,518,459</u>
Excess (deficiency) of revenues over expenditures	<u>254,214</u>	<u>(1,468,358)</u>	<u>(879,288)</u>
Other financing sources (uses):			
Transfers in	100,000		1,407,596
Transfers out	(225,724)		(1,077,559)
Issuance of loans			682,777
Total other financing sources (uses):	<u>(125,724)</u>		<u>1,012,814</u>
Changes in fund balances	<u>128,490</u>	<u>(1,468,358)</u>	<u>133,526</u>
Fund balances, beginning of year	1,392,343	1,516,929	2,481,181
Fund balances, end of year	<u>\$ 1,520,833</u>	<u>\$ 48,571</u>	<u>\$ 2,614,707</u>

The notes to the basic financial statements are an integral part of this statement.

Total
Governmental
Funds

\$ 3,481,911
562,709
97,737
557,563
4,232,047
864,460
168,872
614,414
8,049

10,587,762

1,143,650
3,307,898
515,592
546,865
6,346,780

406,820
413,589

12,681,194

(2,093,432)

1,507,596
(1,303,283)
682,777

887,090

(1,206,342)

5,390,453

\$ 4,184,111

STATE OF NEW MEXICO
CITY OF RATON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Net changes in fund balances - total governmental funds **\$ (1,206,342)**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 4,838,326	
Less current year depreciation	<u>(987,385)</u>	3,850,941

Property tax revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.		84,266
--	--	--------

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(91,932)
---	--	----------

Issuance of debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Assets.		(682,777)
---	--	-----------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Bond principal retirement	36,000	
Loan principal retirement	315,538	
Capital lease principal retirement	<u>55,282</u>	<u>406,820</u>

Change in net assets in governmental activities **\$ 2,360,976**

The notes to the basic financial statements are integral part of this statement.

**STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$ 2,904,848	\$ 2,904,848	\$ 2,528,391	\$ 376,457
Property taxes	557,279	572,345	541,931	(30,414)
Franchise tax	115,000	115,000	97,737	(17,263)
Other taxes	26,000	26,022	23,499	(2,523)
Intergovernmental	218,535	220,004	195,706	(24,298)
Charges for services	662,900	676,289	817,872	141,583
Fines and forfeitures	49,100	51,774	12,702	(39,072)
Miscellaneous	36,500	51,844	39,787	(12,057)
Interest income	5,000	5,000	1,480	(3,520)
Total revenues	<u>4,575,162</u>	<u>4,623,126</u>	<u>4,259,105</u>	<u>(364,021)</u>
Cash balance carryforward	<u>1,187,151</u>	<u>1,187,151</u>		
Total	<u>\$ 5,762,313</u>	<u>\$ 5,810,277</u>		
Expenditures:				
Current -				
General government	\$ 793,218	\$ 852,561	763,713	88,848
Public safety	2,922,436	3,146,358	3,061,462	84,896
Culture and recreation	194,920	195,113	187,676	7,437
Highways and streets	548,528	548,528	465,672	82,856
Capital outlay	27,600	18,287	16,436	1,851
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>4,486,702</u>	<u>4,760,847</u>	<u>4,494,959</u>	<u>265,888</u>
Other financing sources (uses):				
Transfers in	100,000	113,000	113,000	
Transfers out	(456,732)	(236,881)	(225,724)	(11,157)
Loan proceeds				
Total other financing sources (uses)	<u>(356,732)</u>	<u>(123,881)</u>	<u>(112,724)</u>	<u>(11,157)</u>
Change in fund balance - Budgetary basis			(348,578)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			602,250	
Expenditures accruals, net of prior year amounts			(39,868)	
Change in fund balance for funds budgeted separately from the General Fund			<u>(85,314)</u>	
Change in fund balance - GAAP basis			<u>\$ 128,490</u>	

**STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Enterprise Funds		
	Sanitation	Water and Sewer	Totals
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 33,801	\$ 3,648,317	\$ 3,682,118
Due from other governments		187,613	187,613
Receivables, net	64,899	284,625	349,524
Inventory		177,343	177,343
Notes receivable		16,233	16,233
Total current assets	<u>98,700</u>	<u>4,314,131</u>	<u>4,412,831</u>
Noncurrent assets:			
Notes receivable		93,959	93,959
Land	213,607	2,843,040	3,056,647
Property, plant and equipment	1,347,713	30,175,328	31,523,041
Accumulated depreciation	(1,215,836)	(11,057,155)	(12,272,991)
Total noncurrent assets	<u>345,484</u>	<u>22,055,172</u>	<u>22,400,656</u>
Total assets	<u>444,184</u>	<u>26,369,303</u>	<u>26,813,487</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	11,755	102,896	114,651
Accrued salaries and related benefits	2,928	6,262	9,190
Due to Raton Public Service Company		20,655	20,655
Due to other funds		115,986	115,986
Deposits held for others		117,117	117,117
Compensated absences payable	10,000	100,000	110,000
Bonds payable		220,590	220,590
Total current liabilities	<u>24,683</u>	<u>683,506</u>	<u>708,189</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	1,282,363	1,711,570	2,993,933
Total noncurrent liabilities	<u>1,282,363</u>	<u>1,711,570</u>	<u>2,993,933</u>
Total liabilities	<u>1,307,046</u>	<u>2,395,076</u>	<u>3,702,122</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	344,484	20,085,565	20,430,049
Unrestricted	(1,207,346)	3,888,662	2,681,316
Total net assets	<u>\$ (862,862)</u>	<u>\$ 23,974,227</u>	<u>\$ 23,111,365</u>

The notes to the basic financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Enterprise Funds		
	Sanitation	Water and Sewer	Totals
Operating revenues:			
Gross receipts taxes	\$	\$ 1,232,056	\$ 1,232,056
Charges for services	792,456	1,927,376	2,719,832
Miscellaneous		2,876	2,876
Total operating revenues	792,456	3,162,308	3,954,764
Operating expenses:			
Francise fee		133,704	133,704
Filter plant		199,734	199,734
Sewer plant		345,002	345,002
Construction and maintenance		547,009	547,009
Solid waste collection	802,165		802,165
General and administrative		551,405	551,405
Depreciation	22,321	820,894	843,215
Total operating expenses	824,486	2,597,748	3,422,234
Operating income (loss)	(32,030)	564,560	532,530
Nonoperating revenues (expenses):			
Investment income	65	33,343	33,408
Interest on long-term debt		(123,706)	(123,706)
Total nonoperating revenues (expenses)	65	(90,363)	(90,298)
Income (loss) before transfers	(31,965)	474,197	442,232
Transfers in	50,000		50,000
Transfers out		(254,313)	(254,313)
Changes in net assets	18,035	219,884	237,919
Total net assets, beginning of year	(880,897)	23,754,343	22,873,446
Total net assets, end of year	\$ (862,862)	\$ 23,974,227	\$ 23,111,365

The notes to the basic financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Enterprise Funds		
	Sanitation	Water and Sewer	Total
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 795,109	\$ 1,767,572	\$ 2,562,681
Cash received from taxes		1,232,056	1,232,056
Cash payments to suppliers for goods and services	(182,900)	(597,443)	(780,343)
Cash payments to employees for services	(671,544)	(1,110,344)	(1,781,888)
Other	36,014		36,014
Net cash provided by (used for) operating activities	(23,321)	1,291,841	1,268,520
Cash flows from capital and related financing activities:			
Purchase of property		(748,355)	(748,355)
Principal paid on debt		(193,174)	(193,174)
Interest paid on debt		(123,706)	(123,706)
Transfers from governmental funds	50,000		50,000
Transfers to governmental funds for capital projects		(254,313)	(254,313)
Net cash provided by (used) for capital and related financing activities	50,000	(1,319,548)	(1,269,548)
Cash flows from investing activities:			
Proceeds from principal of note receivable		15,243	15,243
Investment income	65	33,343	33,408
Net cash provided by investing activities	65	48,586	48,651
Net increase (decrease) in cash and cash equivalents	26,744	20,879	47,623
Cash and cash equivalents, beginning of year	7,057	3,627,438	3,634,495
Cash and cash equivalents, end of year	\$ 33,801	\$ 3,648,317	\$ 3,682,118
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>			
Operating income (loss)	\$ (32,030)	\$ 564,560	\$ 532,530
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	22,321	820,894	843,215
Post closure costs	36,014		36,014
Change in assets and liabilities:			
(Increase) decrease in receivables	2,653	(181,730)	(179,077)
(Increase) decrease in inventories		(58,985)	(58,985)
Increase (decrease) in accounts payable	(6,885)	38,082	31,197
Increase (decrease) in accrued payroll and employee benefits	(18,945)	(25,958)	(44,903)
Increase (decrease) in compensated absences	(26,449)	(20,713)	(47,162)
Increase (decrease) in deposits held for others		19,050	19,050
Increase (decrease) in other liabilities		136,641	136,641
Total adjustments	8,709	727,281	735,990
Net cash provided by (used for) operating activities	\$ (23,321)	\$ 1,291,841	\$ 1,268,520

**STATE OF NEW MEXICO
CITY OF RATON
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2011**

	<u>Agency</u>
<u>ASSETS</u>	
Cash and investments	\$ 9,520
Total assets	<u>\$ 9,520</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 9,520
Total liabilities	<u>\$ 9,520</u>

The notes to the basic financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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.

During the year ended June 30, 2011, the City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds, and clarifies existing governmental fund type definitions.

A. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the City for financial statement presentation purposes, and the City, are not included in any other governmental reporting entity. Consequently, the City's financial statements include only the financial activity of those organizational entities for which its elected governing body is financially accountable. The Housing Authority of the City of Raton and Raton Public Service Company are the component units included in defining the City's reporting entity.

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, 334 North Second Street, 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 U.S.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Department of Housing and Urban Development (HUD) are signed by the City Commissioners. The Housing Authority of the City of Raton issues 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City and its component units. For the most part, the effect of internal activity has been removed from these statements. These statements distinguish between governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and 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 segments 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, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements, however the effect of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their exchange value. The City does not allocate indirect expenses to functions in the statement of activities.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In addition, derived tax revenues, such as gross receipts and gasoline taxes, are recognized as revenues when the underlying exchange transaction has occurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, gross receipts taxes, state shared taxes, franchise fees, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received.

Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenue also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Property taxes recognized are net of estimated refunds and uncollectible amounts. Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The City reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the City, except those required to be accounted for in other funds. The General Fund includes the Fire Grants, Library Grants, Revolving Loan and Track Fire Recovery Funds. These funds are maintained as separate funds for accounting and budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

GRT Swim/Pool Recreation Center Fund – This fund accounts for funds spent to build the new aquatic and recreation center.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The City reports the following major proprietary funds.

Sanitation Fund – This enterprise fund is used to account for garbage and refuse removal services to the residents of the City of Raton. All activities necessary to provide such services are accounted for in this fund.

Water and Sewer Fund – This enterprise fund accounts for the provisions of water and sewer services to the residents of the City of Raton. All activities necessary to provide such services are accounted for in this fund.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for this fund include production costs, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

New Mexico Statutes Annotated (NMSA) authorizes the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of New Mexico, counties, cities, towns, school districts, and special districts as specified by statute.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The State of New Mexico local government investment pool is a pool that is not registered with the United States Securities Exchange Commission. §6-10-101, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per §6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary. The investment in the State of New Mexico local government investment pool approximates the value of the participant's pool share.

A significant portion of the cash and investments of funds of the City is pooled for investment purposes. The balance reported for each participating fund as "Cash and Investments" represents the equity of that fund in the pooled cash and investments. Interest earnings on pooled investments is applied to the participating funds based on the average balance.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade receivables are shown net of allowance for uncollectibles.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Taxes

Property Tax Calendar – 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.

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

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.

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.

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.

Lodgers' Tax – The City, through authority of Chapter 3, §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. Certain restrictions apply to the usage of Lodger's taxes, including between one-fourth and one-half being used for advertising and promoting applicable facilities and tourist attractions.

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.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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. 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.

Gasoline Tax – The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposes an excise tax of \$0.17 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.

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.

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 businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

G. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide and proprietary fund financial statements.

H. Capital Assets

Capital assets include land and improvements; buildings and improvements; plant; vehicles, furniture, and equipment; construction in progress; computer software; fine art; and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Information technology equipment including software, is capitalized and included in furniture, fixtures and equipment in accordance with State Law. The City defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. 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 assets or materially extend asset lives are not capitalized.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Certain capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land improvements	20
Furniture, fixtures, and equipment	10
Vehicles	7
Mapping	20
Airport improvements	15

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

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

I. Compensated Absences

The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. All employees' accrued leave is based on years of service. Fire employees earn between 16 and 21 hours of accrued leave per month. Police earn between 15 and 20 hours per month. Laborers earn between 15 and 21 hours. Water employees earn between 10 and 15 hours. Combined vacation and sick leave not used in excess of 700 hours is forfeited at year end. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Resources from the General Fund are generally used to liquidate compensated absences.

J. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs, and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

L. Budgets

The General, Special Revenue, Debt Service, Capital Projects, and Proprietary Fund budgets are subject to approval by the New Mexico Department of Finance and Administration (DFA), Local Government Division. During the month of May, public hearings are conducted to obtain taxpayer comments. Prior to June 1, the City submits to the DFA a proposed operating budget for the fiscal year commencing the following July 1. The budget is prepared by fund and function and includes proposed expenditures, which include carryover encumbrances and accounts payable, and the means of financing them. Prior to July 1, DFA grants interim approval for the City to operate on the proposed budget subject to adjustments and/or revisions prior to final subsequent approval before the first Monday in September. Such approval is contingent upon the City Council adopting the proposed budget in accordance with applicable state statutes, and sufficient funds being available for anticipated fiscal year expenditures. Prior to July 31, the City Council adopts by resolution a formal budget and such budget is presented to DFA for final approval. Line items within each budget may be over-expended; however the legal level of budgetary control is the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level.

Section 6-6-6, NMSA, 1978 Compilation prohibits municipalities from making expenditures in excess of the approved budget. For these purposes the budget referred to is the fund's total budget.

The adopted budget of the City is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

M. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a management official delegated that authority by the formal City Council action.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

The table below provides detail of the major components of the City's fund balance classifications at year end.

	<u>General Fund</u>	<u>GRT Swim/Pool Recreation Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:			
Restricted:			
Debt service	\$	\$	\$ 1,173,081
Capital projects		48,571	301,780
Lodgers' tax			209,260
Library building			365,080
Environmental GRT			303,101
Other purposes			268,898
Unassigned	<u>1,520,833</u>		<u>(6,493)</u>
Total fund balances	<u>\$1,520,833</u>	<u>\$ 48,571</u>	<u>\$ 2,614,707</u>

The July 1, 2010 fund balances of the General Fund and Non-Major Governmental Funds do not agree to the prior year financial statements for the reclassification of certain funds due to the new fund type definitions specified in GASB Statement No. 54 and a reclassification of activity related to the aquatic center.

	<u>General Fund</u>	<u>GRT Swim/Pool Recreation Center Fund</u>	<u>Non-Major Governmental Funds</u>
Fund balance, June 30, 2010, as previously reported	\$ 1,187,151	\$ 884,216	\$ 3,319,086
Reclassification of activity		632,713	(632,713)
Reclassification of funds	<u>205,192</u>		<u>(205,192)</u>
Fund balance, July 1, 2010, as restated	<u>\$ 1,392,343</u>	<u>\$ 1,516,929</u>	<u>\$ 2,481,181</u>

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the following major enterprise fund and non-major governmental funds reported deficits in net assets and fund balance.

	Budget
Major Fund:	
<i>Sanitation</i>	\$ 862,862
Non-Major Governmental Funds:	
<i>Airport</i>	4,162
<i>Water</i>	2,205
<i>Depot Improvement Projects</i>	126

The deficits arose because of operations during the year and prior years. Additional revenues received in fiscal year 2011-12 are expected to eliminate the deficits in the non-major funds. Increased revenue due to a rate change and implementation of a transfer station is expected to eliminate the deficit in the Sanitation Fund.

Excess Expenditures Over Budget – At year end, the following individual non-major governmental funds had expenditures that exceed the budget, which constitutes a violation of legal provisions.

	Budget	Expenditures	Excess
Non-Major Governmental Funds:			
<i>NMFA Loan – Street</i>			
<i>Improvements</i>	\$ 106,512	\$ 114,386	\$ (7,874)
<i>CDBG Paving Project</i>	971,270	977,487	(6,217)

NOTE 4 – CASH AND INVESTMENTS

At year end, the carrying amount of the City’s deposits was \$6,073,766 and the bank balance was \$6,979,802. The difference represents outstanding checks, deposits, and other reconciling items.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned. The City has a specific deposit policy for custodial credit risk; which follows New Mexico law. All deposits with financial institutions must be collateralized in an amount not less than 50% of the uninsured balance. The City’s agreement with its sole depository requires pledged collateral of 102% of the public money in each account. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC).

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

The pledged collateral by bank at year end consists of the following.

Deposits	\$ 6,979,802
Less: FDIC and Dodd-Frank Coverage	896,834
Total unsecured public funds	6,082,968
50% collateral requirement	3,041,484
Pledged collateral	3,997,253
Pledged in excess of requirement	\$ 955,769

At year end the City's investments consisted of the following.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	Credit Risk Concentrations
State Treasurer's Investment Pool	\$ 765,034	\$ 765,034	100%

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The City has no investment policy that would further limit its investment choices. The *New MexiGROW* Local Government Investment Pool (LGIP), a government investment pool is rated AAAM by Standard & Poor's and is authorized by the New Mexico State statute. The weighted average maturity of the State Treasurer's local government pool was 50 days at year end.

Custodial Credit Risk - Investments. To control custody risk State law and the City adopted Investment Policy requires all securities and all collateral for time and demand deposits as well as repurchase agreement collateral be transferred delivery versus payment and held by an independent party required to provide original safekeeping receipts. Repurchase agreements must be collateralized to 102%.

The City's investment in the New Mexico State Treasurer's Investment Pool represents a proportionate interest in the Pool's portfolio. The City's portion is not identified with specific investments and is not subject to custodial risk; however, separately issued financial statements of the Office of the State Treasurer disclose the collateral pledged to secure the State Treasurer's cash and investments. The most recent report may be obtained by contacting the Office of the State Treasurer, P.O. Box 608, Santa Fe, New Mexico 87504-0608.

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, 2011**

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the City’s individual major funds, non-major governmental funds in the aggregate, and component units, were as follows.

	General Fund	Non-Major Governmental Funds	Water and Sewer Fund
Due from Federal government	\$ 22,748	\$ 406,558	\$
Due from State government	581,026	29,757	
Due from other governments	41,502		187,613
Net due from governmental entities	\$ 645,276	\$ 436,315	\$ 187,613

	General Fund	Non-Major Governmental Funds	Sanitation Fund	Water and Sewer Fund	Component Units	
					Raton Public Service Company	Housing Authority
Accounts receivable, net	\$ 273,853	\$ 18,567	\$ 64,899	\$ 284,625	\$ 491,049	\$
Tenant accounts receivable, net						2,681
Interest receivable		37,709				693
Receivables, net	\$ 273,853	\$ 56,276	\$ 64,899	\$ 284,625	\$ 491,049	\$ 3,374

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenue consisted of unavailable delinquent property taxes of \$84,266 and unearned revenues of \$23,339 in the General Fund.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 – NOTES RECEIVABLE

At year end, the City had the following long-term notes receivable.

	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Term</u>	<u>Outstanding Receivable June 30, 2011</u>	<u>Due Within One Year</u>
Business-type activities:					
National Rifle Association	\$ 368,925	5.00%	7/1/2011 - 7/1/2016	\$ 110,192	\$ 16,233
				<u>\$ 110,192</u>	<u>\$ 16,233</u>

Future revenues for the business-type activities notes receivable at year end are summarized as follows.

Year ending June 30:		
	2012	\$ 16,233
	2013	17,216
	2014	17,708
	2015	18,692
	2016	19,676
	2017-21	<u>20,667</u>
Total		<u>\$ 110,192</u>

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows.

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 588,725	\$	\$	\$ 588,725
Artwork	127,250			127,250
Total capital assets, not being depreciated	<u>715,975</u>			<u>715,975</u>
Capital assets, being depreciated:				
Buildings	9,407,636			9,407,636
Furniture and equipment	3,350,559	45,785		3,396,344
Improvements	15,828,879	4,540,082		20,368,961
Vehicles	3,559,592	252,459		3,812,051
Total capital assets being depreciated	<u>32,146,666</u>	<u>4,838,326</u>		<u>36,984,992</u>
Less accumulated depreciation for:				
Buildings	(2,542,462)	(116,378)		(2,658,840)
Furniture and equipment	(1,892,772)	(75,905)		(1,968,677)
Improvements	(4,076,974)	(414,870)		(4,491,844)
Vehicles	(2,146,945)	(380,232)		(2,527,177)
Total accumulated depreciation	<u>(10,659,153)</u>	<u>(987,385)</u>		<u>(11,646,538)</u>
Total capital assets, being depreciated, net	21,487,513	3,850,941		25,338,454
Governmental activities capital assets, net	<u>\$ 22,203,488</u>	<u>\$ 3,850,941</u>	<u>\$</u>	<u>\$ 26,054,429</u>
	Beginning Balance	Increase	Decrease	Ending Balance
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 3,056,647	\$	\$	\$ 3,056,647
Total capital assets, not being depreciated	<u>3,056,647</u>			<u>3,056,647</u>
Capital assets, being depreciated:				
Buildings	199,613			199,613
Furniture and equipment	1,454,281	11,578		1,465,859
Improvements	8,717	659,171		667,888
Vehicles	1,025,161			1,025,161
Infrastructure	28,086,914	77,606		28,164,520
Total capital assets being depreciated	<u>30,774,686</u>	<u>748,355</u>		<u>31,523,041</u>
Less accumulated depreciation for:				
Buildings	(115,458)	(6,348)		(121,806)
Furniture and equipment	(1,337,136)	(37,592)		(1,374,728)
Improvements	(872)	(14,542)		(15,414)
Vehicles	(938,330)	(1,565)		(939,895)
Infrastructure	(9,037,980)	(783,168)		(9,821,148)
Total accumulated depreciation	<u>(11,429,776)</u>	<u>(843,215)</u>		<u>(12,272,991)</u>
Total capital assets, being depreciated, net	19,344,910	(94,860)		19,250,050
Business-type activities capital assets, net	<u>\$ 22,401,557</u>	<u>\$ (94,860)</u>	<u>\$</u>	<u>\$22,306,697</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – CAPITAL ASSETS (Cont'd)

A summary of component unit capital asset activity for the current fiscal year follows.

Component Units

Raton Public Service Company	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 13,841	\$	\$	\$ 13,841
Total capital assets, not being depreciated	<u>13,841</u>			<u>13,841</u>
Capital assets, being depreciated:				
Buildings and improvements	19,647,238	42,669	29,077	19,660,830
Vehicles, furniture, and equipment	1,515,732			1,515,732
Franchise	17,000			17,000
Total capital assets being depreciated	<u>21,179,970</u>	<u>42,669</u>	<u>29,077</u>	<u>21,193,562</u>
Less total accumulated depreciation	<u>(10,414,936)</u>	<u>(390,191)</u>	<u>(29,077)</u>	<u>(10,776,050)</u>
Total capital assets, being depreciated, net	<u>10,765,034</u>	<u>(347,522)</u>		<u>10,417,512</u>
Capital assets, net	<u>\$ 10,778,875</u>	<u>\$ (347,522)</u>	\$	<u>\$ 10,431,353</u>
Raton Housing Authority	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 253,436	\$	\$	\$ 253,436
Construction in progress	22,569	8,087		30,656
Total capital assets, not being depreciated	<u>276,005</u>	<u>8,087</u>		<u>284,092</u>
Capital assets, being depreciated:				
Buildings	7,331,966	112,524		7,444,490
Furniture, equipment, machinery - dwellings	128,528	7,456	1,434	134,550
Furniture, equipment, machinery - administration	200,237	5,525	16,178	189,584
Leasehold improvements	1,136,662	272,597		1,409,259
Total capital assets being depreciated	<u>8,797,393</u>	<u>398,102</u>	<u>17,612</u>	<u>9,177,883</u>
Less accumulated depreciation for:				
Buildings	(5,454,295)	(187,234)		(2,641,529)
Furniture, equipment, machinery - dwellings	(92,543)	(10,887)	(1,434)	(101,996)
Furniture, equipment, machinery - administration	(194,460)	(1,019)	(16,178)	(179,301)
Leasehold improvements	(908,380)	(41,769)		(950,149)
Total accumulated depreciation	<u>(6,649,678)</u>	<u>(240,909)</u>	<u>(17,612)</u>	<u>(6,872,975)</u>
Total capital assets, being depreciated, net	<u>2,147,715</u>	<u>157,193</u>		<u>2,304,908</u>
Capital assets, net	<u>\$ 2,423,720</u>	<u>\$ 165,280</u>	\$	<u>\$ 2,589,000</u>

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7 – CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to functions/programs as follows.

Governmental Activities:	
General government	\$ 364,972
Public safety	429,436
Culture and recreation	187,522
Public works	5,455
Total depreciation expense – governmental activities	\$ 987,385
Business-Type Activities:	
Water works	\$ 819,894
Sanitation	23,321
Total depreciation expense – business-type activities	\$ 843,215

NOTE 8 – BONDS PAYABLE

Governmental activities. The Waste Water System Revenues Bonds Series 2006 were issued to finance construction of the waste water treatment plant. The Bonds were issued pursuant to §§3-3 1-1 through 3-3 1-12 NMSA 1978, as amended. The 2006 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with Net Revenues of the waste water system, transferred to governmental funds for payment.

Purpose	Original Amount Issued	Interest Rates	Maturity	Outstanding Principal June 30, 2011	Due Within One Year
Governmental activities:					
Waste Water System Revenue					
Bonds 2006A	\$ 2,627,154	4.375%	7/1/11-46	\$ 2,477,154	\$ 30,000
Waste Water System Revenue					
Bonds 2006B	510,400	4.375%	7/1/11-46	483,440	6,000
Total				\$ 2,960,594	\$ 36,000

Pledged Revenues – governmental activities – The City has pledged future waste water revenues to repay outstanding bonds of \$3.0 million as of June 30, 2011. Proceeds from the original loan issuances provided financing for the construction of the waste water treatment plant. The Waste Water System Revenue Bonds are paid solely from the City's waste water revenues and are payable through 2046. Total annual principal and interest payments for all Waste Water bonds are expected to require less than 45% of gross revenue. Total principal and interest to be paid on the loans is \$5.8 million. The current total waste water revenues were \$1.9 million and the total principal and interest paid on the loans was \$167,101 or 9% of waste water revenues.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8 – BONDS PAYABLE (Cont'd)

Business-type activities. The Joint Water and Sewer Improvement Revenue Bonds, Series July 14, 1976, were issued to provide funds to extend, enlarge, better, repair, and otherwise improve the City's Joint Water and Sewer System and all costs incidental to the foregoing and the issuance of the Bonds. The Bonds were issued pursuant to §§3-3 1-1 through 3-3 1-12 NMSA 1978, as amended. The 1976 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with Net Revenues of the Joint Systems.

The Gross Receipts Tax Improvement Revenue Bonds, Series 1982, were issued to provide funds to defray the cost of acquiring, constructing, and improving solid waste disposal and recycling facilities and all costs incidental to the foregoing and the issuance of the Bonds. The Bonds were issued pursuant to §§3-3 1-1 through 3-3 1-12 NMSA 1978, as amended. The 2008 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the revenues distributed to it by the New Mexico Taxation and Revenue Department pursuant to §§7-1-6.4 NMSA 1978, as amended.

Purpose	Original Amount Issued	Interest Rates	Maturity	Outstanding Principal June 30, 2011	Due Within One Year
Business-type activities:					
Water and Sewer Bond Series 1976	750,000	5%	7/1/16	\$ 224,000	\$ 33,000
GRT Bond Series 1982	4,550,000	5%	12/1/18	1,652,648	187,590
				<u>\$ 1,876,648</u>	<u>\$ 220,590</u>

Pledged Revenues – business-type activities – The City has pledged future water system revenues and gross receipts tax revenues to repay outstanding bonds of \$1.9 million as of June 30, 2011. Proceeds from the original loan issuances provided financing for the construction of major capital facilities and acquisition of equipment. The 1976 bonds are paid solely from the City's water system revenue and are payable through 2016. The 1982 bonds are paid solely from the City's gross receipts tax and are payable through 2018. Total annual principal and interest payments on the 1976 bonds are expected to require less than 2% of gross revenue and total annual principal and interest payments on the 1982 bonds are expected to require less than 22% of gross revenue. Total principal and interest to be paid on the loans is \$2.2 million. The current total water system revenues were \$1.9 million and the total principal and interest paid on the 1976 bonds was \$42,975 or 2% of water system revenues. The current total gross receipts tax revenues were \$1.2 million and the total principal and interest paid on the 1982 bonds was \$265,356 or 22% of gross receipts tax revenues.

**STATE OF NEW MEXICO
CITY OF RATON
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NOTE 8 – BONDS PAYABLE (Concl'd)

Annual debt service requirements to maturity on the bonds for governmental and business-type activities at year end are summarized as follows.

Year ending June 30:	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 36,000	\$ 129,600	\$ 220,590	\$ 88,141
2013	36,000	128,000	231,674	77,357
2014	37,000	126,500	242,619	65,637
2015	47,000	124,900	255,190	53,216
2016	47,000	122,800	268,244	40,212
2017-21	250,000	583,000	658,331	41,228
2022-26	321,000	522,400		
2027-31	392,000	446,200		
2032-36	477,000	353,500		
2037-41	596,000	238,700		
2042-46	721,594	97,200		
Total	<u>\$ 2,960,594</u>	<u>\$ 2,872,800</u>	<u>\$ 1,876,648</u>	<u>\$ 365,791</u>

NOTE 9 – LOANS PAYABLE

NMFA Loans – The City entered into several debt finance agreements with New Mexico Finance Authority (NMFA) to finance various constructions projects and purchase equipment. The principal and interest payments are recorded in the four NMFA Loans funds, all non-major governmental funds. The NMFA Loans are as follows.

Purpose	Original Amount Issued	Interest Rates	Maturity	Outstanding Principal June 30, 2011	Due Within One Year
Governmental activities:					
Welcome Center	\$ 663,909	3.00%	May 2015	\$ 297,829	\$ 37,472
Street Improvements	1,122,152	3.00%	May 2013	197,862	96,492
Recreation Center	3,248,772	3.00%	May 2032	2,929,431	93,306
Sanitation Truck	116,607	3.00%	May 2012	31,421	31,421
Water Trust Board	70,000	3.00%	May 2018	50,948	7,224
Aquatics Center	2,410,000	3.00%	May 2033	2,330,000	60,000
NMED Wastewater Facility Construction	115,247	3.00%	May 2031	115,248	4,743
Fire Equipment	649,803	3.00%	May 2021	649,803	
Total				<u>\$ 6,602,542</u>	<u>\$ 330,658</u>

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 9 – LOANS PAYABLE (Concl'd)

Principal and interest payments on the governmental loans payable at year end are summarized as follows.

Year ending June 30:	Governmental Activities	
	Principal	Interest
2012	\$ 330,658	\$ 396,161
2013	375,467	261,336
2014	285,588	247,603
2015	297,539	238,268
2016	303,292	258,267
2017-21	1,497,558	977,123
2022-26	1,246,984	708,334
2027-31	1,564,838	400,333
2032-36	700,618	54,726
Total	<u>\$ 6,602,542</u>	<u>\$ 3,542,151</u>

Pledged Revenues – governmental activities – The City has pledged future gross receipts tax revenues to repay outstanding loans of \$5.3 million as of June 30, 2011. Proceeds from the original loan issuances provided financing for the construction of major capital facilities and acquisition of equipment. The Recreation Center and Aquatic Center loans are paid solely from the City’s gross receipts tax and are payable through 2032 and 2033, respectively. Total annual principal and interest payments for all NFMA loans are expected to require less than 9% of gross revenue. Total principal and interest to be paid on the loans is \$8.5 million. The current total gross receipts tax revenues were \$4.7 million and the total principal and interest paid on the loans was \$386,456 or 8% of gross receipts tax revenues.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 – OBLIGATIONS UNDER CAPITAL LEASES

The City has acquired an ambulance under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the EMS Fund, a non-major governmental fund, are used to pay the capital lease obligation.

The assets acquired through capital leases that meet the City’s capitalization threshold are as follows.

	Governmental Activities
Asset:	
Vehicles	\$ 172,856
Less: Accumulated depreciation	69,142
Total	\$ 103,714

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows.

	Governmental Activities
Year Ending June 30:	
2012	\$ 61,774
2013	30,887
Total minimum lease payments	92,661
Less: amount representing interest	4,445
Present value of minimum lease payments	\$ 88,216
Due within one year	\$ 58,081

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 11 – LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require the City to place a final cover on the City-operated landfill 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 incurred after the date the landfill stops accepting waste, the City reports these closure and post closure care costs as a liability as of each balance sheet date. The \$1,265,613 reported as landfill closure and post closure care liability at year end in the Sanitation Fund represents management's estimate based on an expert hired to estimate the costs for standard monitoring and compliance.

These payments are based on what it would cost to perform all closure and post closure care in 2011. The City expects to close the landfill in 2013. The City anticipates funding these costs with increased user charges and use of Environmental Gross Receipts Tax and available grants.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 356,541	\$ 276,688	\$ 184,754	\$ 448,473	\$ 125,000
Capital leases	143,498		55,282	88,216	58,081
Loans payable	6,235,303	682,777	315,538	6,602,542	330,658
Bonds payable	2,996,594		36,000	2,960,594	36,000
Total	<u>\$ 9,731,936</u>	<u>\$ 959,465</u>	<u>\$ 591,574</u>	<u>\$ 10,099,825</u>	<u>\$ 549,739</u>
Business-type Activities:					
Compensated absences	\$ 229,424	\$ 127,273	\$ 174,435	\$ 182,262	\$ 110,000
Bonds payable	2,069,822		193,174	1,876,648	220,590
Landfill closure and postclosure	1,229,599	36,014		1,265,613	
Total	<u>\$ 3,528,845</u>	<u>\$ 163,287</u>	<u>\$ 367,609</u>	<u>\$ 3,324,523</u>	<u>\$ 330,590</u>
Component Unit:					
Compensated absences	\$ 121,037	\$ 91,442	\$ 113,157	\$ 99,322	\$ 24,831
Loans payable	7,509,627		311,683	7,197,944	317,795
Total	<u>\$ 7,630,664</u>	<u>\$ 91,442</u>	<u>\$ 424,840</u>	<u>\$ 7,297,266</u>	<u>\$ 342,626</u>

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 – INTERFUND RECEIVABLES AND PAYABLES

At year end, interfund balances were as follows.

Due to/from other funds – At year end, temporary borrowing was recorded between funds. In addition, interfund activity was recorded between several non-major governmental funds of \$248,894 to demonstrate the reserve requirements of the refunding bonds were met. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in			
	General Fund	Non-Major Governmental Funds	Sanitation Fund	Total
Transfers out				
General Fund	\$	\$ 175,724	\$ 50,000	\$ 225,724
Non-Major Governmental Funds	100,000	977,559		1,077,559
Water and Sewer Fund		254,313		254,313
Total	\$ 100,000	\$ 1,407,596	\$ 50,000	\$ 1,557,596

NOTE 14 – CONTINGENT LIABILITIES

Federal and State grants and loans – The City has received a number of grants and loans from both the Federal and State governments. Although the programs have been audited, not all audits have been approved as of June 30, 2011; however, the City expects no material disallowance of expenditures.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
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NOTE 16 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Therefore, the City joined the New Mexico Self-Insurers' Fund Risk Pool (Pool), together with other cities and towns in the State for its property and liability insurance. The Pool is a public entity risk pool currently operating as a common risk management and insurance program for member cities and towns. The City pays an annual premium to the Pool for its general insurance coverage. The agreement provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the annual aggregate per policy for general liability and property claims.

The City also participates in the New Mexico Self-Insurers' Fund (the "Fund"), which services the City's worker's compensation claims. Through this arrangement, the City retains risks associated with worker's compensation claims up to \$250,000 per accident.

The City currently reports all of its risk management activities in its General Fund. The General Fund pays the worker's compensation claims and premiums, which are then reimbursed by the City's other Funds.

The New Mexico Self-Insurers' Fund (Fund) charges a "premium" to the City to cover expenses of the Fund (including, but not limited to, reinsurance expenses, claims adjusting, rating, underwriting, safety and loss control, reporting, and administration). This "premium" is equal to 20% of the earned normal premium, which is based on a percentage of the City's current payroll. Additionally, the "premium" charge includes a factor for recent actual claims experience.

The City's employees have health and accident insurance coverage with the Risk Management Division of the New Mexico General Services Department (RMD). RMD is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The City pays a monthly premium to RMD for employees' health and accident insurance coverage. The agreement provides that RMD will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 17 – WATER FRANCHISE AGREEMENT

The City passed Ordinance No. 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 25 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.

NOTE 18 – RELATED PARTIES

During fiscal year 2010-11, the City Manager resigned and an interim manager was appointed. The Interim City Manager was an owner of a business in which the City procured services. The total paid to the company for the fiscal year was \$154,050.

NOTE 19 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description – Substantially all of the full-time employees of the City participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit public employee retirement plan. The plan provides for retirement, 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. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy – Plan members are required to contribute 7% to 16.3% for municipal plan members (ranges from 4.0% to 16.65% depending upon the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The City is required to contribute between 7% and 21.25% for law enforcement plan members; for all plan members (ranges from 7.0% to 25.72% depending upon the plan) 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 contributions to PERA for the years ended June 30, 2011, 2010, and 2009 were \$331,653, \$408,342 and \$374,151, respectively, which were equal to the amount of the required contributions for each year.

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 19 – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN

Plan Description. The City of Raton contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (§10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 19 – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN (Concl'd)

The Retiree Health Care Act (§10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee was required to contribute 0.65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2011	1.666%	0.833%
2012	1.834	0.917
2013	2.000	1.000

Also, employers joining the program after January 1, 1998, are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The City’s contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$46,331, \$31,249, and \$37,835, respectively, which equal the required contributions for each year.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GRT SWIM/POOL RECREATION CENTER
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Property taxes				
Franchise tax				
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous		25,200	25,000	(200)
Interest income	200			
Total revenues	<u>200</u>	<u>25,200</u>	<u>25,000</u>	<u>(200)</u>
Cash balance carryforward	1,516,929	1,516,929		
Total	<u>\$ 1,517,129</u>	<u>\$ 1,542,129</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation	10,000	89,682	73,224	16,458
Highways and streets				
Capital outlay	690,000	2,045,785	1,420,134	625,651
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>700,000</u>	<u>2,135,467</u>	<u>1,493,358</u>	<u>642,109</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans		632,713		632,713
Total other financing sources (uses)		<u>632,713</u>		<u>632,713</u>
Change in fund balance - Budgetary basis			(1,468,358)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ (1,468,358)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL - SANITATION
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Operating revenues:				
Gross receipts taxes	\$	\$	\$	\$
Charges for services	830,000	838,195	727,557	\$ (110,638)
Miscellaneous				
Total operating revenues	<u>830,000</u>	<u>838,195</u>	<u>727,557</u>	<u>(110,638)</u>
Cash balance carryforward	<u>(1,248,702)</u>	<u>(1,248,702)</u>		
Total	<u>\$ (418,702)</u>	<u>\$ (410,507)</u>		
Operating expenses:				
Franchise fee	\$	\$		
Filter plant				
Sewer plant				
Construction and maintenance				
Solid waste collection	827,281	847,128	794,411	52,717
General and administrative				
Total operating expenses	<u>827,281</u>	<u>847,128</u>	<u>794,411</u>	<u>52,717</u>
Non-operating revenues (expenses)				
Interest income	1,000	1,000	65	935
Interest and fees				
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>65</u>	<u>935</u>
Other financing sources (uses):				
Transfers in		50,000	50,000	
Transfers out				
Total other financing sources (uses)		<u>50,000</u>	<u>50,000</u>	
Change in fund balance - Budgetary basis			(16,789)	
Reconciliation to change in fund balance-GAAP basis:				
Depreciation expense			(22,321)	
Revenue accruals, net of prior year amounts			64,899	
Expenditures accruals, net of prior year amounts			<u>(7,754)</u>	
Change in fund balance - GAAP basis			<u>\$ 18,035</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL - WATER AND SEWER
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Operating revenues:				
Gross receipts taxes	\$	\$ 1,125,875	\$ 1,340,747	\$ 214,872
Charges for services		1,738,000	1,909,110	\$ 171,110
Miscellaneous		2,670	2,876	\$ 206
Total operating revenues		<u>2,866,545</u>	<u>3,252,733</u>	<u>386,188</u>
Cash balance carryforward	<u>3,790,413</u>	<u>3,790,413</u>		
Total	<u>\$ 3,790,413</u>	<u>\$ 6,656,958</u>		
Operating expenses:				
Franchise fee	\$	\$ 288,417	133,704	154,713
Filter plant		\$ 274,913	199,734	75,179
Sewer plant		503,670	345,002	158,668
Construction and maintenance		664,799	720,955	(56,156)
Solid waste collection				
General and administrative		1,200,492	504,734	695,758
Total operating expenses		<u>2,643,874</u>	<u>1,904,129</u>	<u>739,745</u>
Non-operating revenues (expenses)				
Interest income			33,343	(33,343)
Interest and fees			(123,706)	123,706
Total other financing sources (uses)			<u>(90,363)</u>	<u>90,363</u>
Other financing sources (uses):				
Transfers in		1,218,171		1,218,171
Transfers out		(288,417)	(254,313)	(34,104)
Total other financing sources (uses)		<u>929,754</u>	<u>(254,313)</u>	<u>1,184,067</u>
Change in fund balance - Budgetary basis			1,003,928	
Reconciliation to change in fund balance-GAAP basis:				
Depreciation expense			(820,894)	
Revenue accruals, net of prior year amounts			(90,425)	
Expenditures accruals, net of prior year amounts			<u>127,275</u>	
Change in fund balance - GAAP basis			<u>\$ 219,884</u>	

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2011**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<u>ASSETS</u>				
Cash and investments	\$ 985,735	\$ 1,164,268	\$ 198,618	\$ 2,348,621
Due from other governments	146,234		290,081	436,315
Receivables, net	47,463	8,813		56,276
Due from other funds	122,154		126,740	248,894
Total assets	<u>\$ 1,301,586</u>	<u>\$ 1,173,081</u>	<u>\$ 615,439</u>	<u>\$ 3,090,106</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 53,842	\$	\$ 193,412	\$ 247,254
Accrued salaries and related benefits	1,999			1,999
Due to other funds	99,406		126,740	226,146
Total liabilities	<u>155,247</u>		<u>320,152</u>	<u>475,399</u>
Fund balances (deficits):				
Restricted	1,146,339	1,173,081	301,780	2,621,200
Unassigned			(6,493)	(6,493)
Total fund balances	<u>1,146,339</u>	<u>1,173,081</u>	<u>295,287</u>	<u>2,614,707</u>
 Total liabilities and fund balances	 <u>\$ 1,301,586</u>	 <u>\$ 1,173,081</u>	 <u>\$ 615,439</u>	 <u>\$ 3,090,106</u>

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2011**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:				
Gross receipts taxes	\$ 231,295	\$	\$ 269,582	\$ 500,877
Other taxes	361,277		172,787	534,064
Intergovernmental	2,013,590		1,919,115	3,932,705
Charges for services	31,867			31,867
Fines and forfeitures	83,564			83,564
Miscellaneous	18,830		530,797	549,627
Interest income	4,174	1,862	431	6,467
Total revenues	<u>2,744,597</u>	<u>1,862</u>	<u>2,892,712</u>	<u>5,639,171</u>
Expenditures:				
Current -				
General government	281,272		115,814	397,086
Public safety	135,485			135,485
Culture and recreation	196,824			196,824
Highways and streets	81,193			81,193
Capital outlay	2,466,353		2,421,109	4,887,462
Debt service -				
Principal	55,282	351,538		406,820
Interest and fees	6,493	407,096		413,589
Total expenditures	<u>3,222,902</u>	<u>758,634</u>	<u>2,536,923</u>	<u>6,518,459</u>
Excess (deficiency) of revenues over expenditures	<u>(478,305)</u>	<u>(756,772)</u>	<u>355,789</u>	<u>(879,288)</u>
Other financing sources (uses):				
Transfers in	114,525	836,908	456,163	1,407,596
Transfers out	(347,239)		(730,320)	(1,077,559)
Issuance of loans	682,777			682,777
Total other financing sources (uses):	<u>450,063</u>	<u>836,908</u>	<u>(274,157)</u>	<u>1,012,814</u>
Changes in fund balances	<u>(28,242)</u>	<u>80,136</u>	<u>81,632</u>	<u>133,526</u>
Fund balances, beginning of year	1,174,581	1,092,945	213,655	2,481,181
Fund balances, end of year	<u>\$ 1,146,339</u>	<u>\$ 1,173,081</u>	<u>\$ 295,287</u>	<u>\$ 2,614,707</u>

SPECIAL REVENUE FUNDS

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

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

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 §7-12-15 NMSA 1978 which provides that the cigarette taxes received under this section shall be used for recreational facilities.

Lodgers' 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.

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.

EMS – 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.

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.

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 jailor juvenile detention facility, for paying the cost of housing municipal prisoners in a City jailor 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.

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.

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

Environmental GRT – 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.

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.

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.

LLEBG – 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 - North – 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 sub grant 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 – 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.

ARRA OJP Grant - to account for funds received from American Recovery and Reinvestment Act grants for the OJP Project.

ARRA CWSRF Project - to account for funds received from American Recovery and Reinvestment Act grants for the CWSRF Project.

ARRA 2nd Street Project - to account for funds received from American Recovery and Reinvestment Act grants for the 2nd Street Project.

ARRA Clayton Highway - to account for funds received from American Recovery and Reinvestment Act grants for the Clayton Highway Project.

Track Fire Recovery - to account for grant funding received for recovery efforts from the Track Fire.

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	<u>Fire</u>	<u>Recreation</u>	<u>Lodgers' Tax</u>
<u>ASSETS</u>			
Cash and investments	\$ 113,460	\$ 19,354	\$ 45,976
Due from other governments		23,434	
Receivables, net			47,463
Due from other funds			<u>122,154</u>
Total assets	<u>\$ 113,460</u>	<u>\$ 42,788</u>	<u>\$ 215,593</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 12,115	\$ 5,206	\$ 6,333
Accrued salaries and related benefits		1,999	
Due to other funds			
Total liabilities	<u>12,115</u>	<u>7,205</u>	<u>6,333</u>
Fund balances:			
Restricted	<u>101,345</u>	<u>35,583</u>	<u>209,260</u>
Total fund balances	<u>101,345</u>	<u>35,583</u>	<u>209,260</u>
Total liabilities and fund balances	<u>\$ 113,460</u>	<u>\$ 42,788</u>	<u>\$ 215,593</u>

<u>Law Enforcement</u>	<u>EMS</u>	<u>Local Government Corrections</u>	<u>Library Building</u>	<u>Environmental GRT</u>	<u>Police Narcotics</u>
\$ 8,541	\$ 3,747	\$ 53,420	\$ 365,080	\$ 310,651 6,323	\$ 62,500
<u>\$ 8,541</u>	<u>\$ 3,747</u>	<u>\$ 53,420</u>	<u>\$ 365,080</u>	<u>\$ 316,974</u>	<u>\$ 62,500</u>
\$	\$	\$	\$	\$ 13,873	\$
				<u>13,873</u>	
<u>8,541</u>	<u>3,747</u>	<u>53,420</u>	<u>365,080</u>	<u>303,101</u>	<u>62,500</u>
<u>8,541</u>	<u>3,747</u>	<u>53,420</u>	<u>365,080</u>	<u>303,101</u>	<u>62,500</u>
<u>\$ 8,541</u>	<u>\$ 3,747</u>	<u>\$ 53,420</u>	<u>\$ 365,080</u>	<u>\$ 316,974</u>	<u>\$ 62,500</u>

(Continued)

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	<u>LLEBG</u>	<u>Region IV - North</u>	<u>Juvenile Justice Grant</u>
<u>ASSETS</u>			
Cash and investments	\$ 3,006	\$	\$
Due from other governments		3,288	26,583
Receivables, net			
Due from other funds			
Total assets	<u>\$ 3,006</u>	<u>\$ 3,288</u>	<u>\$ 26,583</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$ 15,184
Accrued salaries and related benefits			
Due to other funds		<u>3,288</u>	<u>11,399</u>
Total liabilities		<u>3,288</u>	<u>26,583</u>
Fund balances:			
Restricted	<u>3,006</u>		
Total fund balances	<u>3,006</u>		
 Total liabilities and fund balances	 <u>\$ 3,006</u>	 <u>\$ 3,288</u>	 <u>\$ 26,583</u>

<u>ARRA OJP Grant</u>	<u>ARRA 2nd Street Project</u>	<u>ARRA Clayton Highway Project</u>	<u>Totals</u>
\$ 4,604	\$ 36,547	\$ 45,455	\$ 985,735
			146,234
			47,463
			122,154
<u>\$ 4,604</u>	<u>\$ 36,547</u>	<u>\$ 45,455</u>	<u>\$ 1,301,586</u>
\$ 1,131	\$	\$	\$ 53,842
			1,999
<u>2,717</u>	<u>36,547</u>	<u>45,455</u>	<u>99,406</u>
<u>3,848</u>	<u>36,547</u>	<u>45,455</u>	<u>155,247</u>
<u>756</u>			<u>1,146,339</u>
<u>756</u>			<u>1,146,339</u>
<u>\$ 4,604</u>	<u>\$ 36,547</u>	<u>\$ 45,455</u>	<u>\$ 1,301,586</u>

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Fire</u>	<u>Recreation</u>	<u>Lodgers' Tax</u>
Revenues:			
Gross receipts taxes	\$	\$ 157,873	\$
Other taxes			361,277
Intergovernmental	372,190		
Charges for services		31,867	
Fines and forfeitures			
Miscellaneous		14,340	2,170
Interest income	534		252
Total revenues	<u>372,724</u>	<u>204,080</u>	<u>363,699</u>
Expenditures:			
Current -			
General government			58,365
Public safety	72,727		
Culture and recreation		196,824	
Highways and streets			
Capital outlay	834,383	43,207	
Debt service -			
Principal			
Interest and fees			
Total expenditures	<u>907,110</u>	<u>240,031</u>	<u>58,365</u>
Excess (deficiency) of revenues over expenditures	<u>(534,386)</u>	<u>(35,951)</u>	<u>305,334</u>
Other financing sources (uses):			
Transfers in		50,000	
Transfers out			(214,873)
Issuance of loans	649,803		
Total other financing sources (uses):	<u>649,803</u>	<u>50,000</u>	<u>(214,873)</u>
Changes in fund balances	<u>115,417</u>	<u>14,049</u>	<u>90,461</u>
Fund balances (deficits), beginning of year	(14,072)	21,534	118,799
Fund balances, end of year	<u>\$ 101,345</u>	<u>\$ 35,583</u>	<u>\$ 209,260</u>

<u>Law Enforcement</u>	<u>EMS</u>	<u>Police Grants</u>	<u>Local Government Corrections</u>	<u>Library Building</u>	<u>Environmental GRT</u>
\$	\$	\$	\$	\$	\$ 73,422
30,200	19,284	195,506			7,369
			9,244		
	1,480			840	
23	14		84	2,481	554
<u>30,223</u>	<u>20,778</u>	<u>195,506</u>	<u>9,328</u>	<u>3,321</u>	<u>81,345</u>
				7,737	134,470
10,663	26,120		9,318		
		195,506		810	
	55,282				
	6,493				
<u>21,682</u>	<u>87,895</u>	<u>195,506</u>	<u>9,318</u>	<u>8,547</u>	<u>134,470</u>
<u>8,541</u>	<u>(67,117)</u>		<u>10</u>	<u>(5,226)</u>	<u>(53,125)</u>
	61,775				(32,366)
	<u>61,775</u>				<u>(32,366)</u>
<u>8,541</u>	<u>(5,342)</u>		<u>10</u>	<u>(5,226)</u>	<u>(85,491)</u>
	9,089		53,410	370,306	388,592
<u>\$ 8,541</u>	<u>\$ 3,747</u>	<u>\$</u>	<u>\$ 53,420</u>	<u>\$ 365,080</u>	<u>\$ 303,101</u>

(Continued)

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Police Narcotics</u>	<u>LLEBG</u>	<u>Region IV - North</u>
Revenues:			
Gross receipts taxes	\$	\$	\$
Other taxes			
Intergovernmental			9,895
Charges for services			
Fines and forfeitures	74,320		
Miscellaneous			
Interest income	232		
Total revenues	<u>74,552</u>	<u></u>	<u>9,895</u>
Expenditures:			
Current -			
General government			
Public safety	1,520		12,645
Culture and recreation			
Highways and streets			
Capital outlay	135,805		
Debt service -			
Principal			
Interest and fees			
Total expenditures	<u>137,325</u>	<u></u>	<u>12,645</u>
Excess (deficiency) of revenues over expenditures	<u>(62,773)</u>	<u></u>	<u>(2,750)</u>
Other financing sources (uses):			
Transfers in			2,750
Transfers out	(100,000)		
Issuance of loans			
Total other financing sources (uses):	<u>(100,000)</u>	<u></u>	<u>2,750</u>
Changes in fund balances	<u>(162,773)</u>	<u></u>	<u></u>
Fund balances (deficits), beginning of year	225,273	3,006	
Fund balances, end of year	<u>\$ 62,500</u>	<u>\$ 3,006</u>	<u>\$</u>

<u>Juvenile Justice Grant</u>	<u>ARRA OJP Grant</u>	<u>ARRA CWSRF Project</u>	<u>ARRA 2nd Street Project</u>	<u>ARRA Clayton Highway Project</u>	<u>Totals</u>
\$	\$	\$	\$	\$	\$
80,700	4,604	16,187	754,102	523,553	2,312,995
					361,277
					2,013,590
					31,867
					83,564
					18,830
					4,174
<u>80,700</u>	<u>4,604</u>	<u>16,187</u>	<u>754,102</u>	<u>523,553</u>	<u>2,744,597</u>
80,700					281,272
	2,492				135,485
					196,824
			35,738	45,455	81,193
		49,161	718,364	478,098	2,466,353
					55,282
					6,493
<u>80,700</u>	<u>2,492</u>	<u>49,161</u>	<u>754,102</u>	<u>523,553</u>	<u>3,222,902</u>
	2,112	(32,974)			(478,305)
					114,525
					(347,239)
		32,974			682,777
		<u>32,974</u>			<u>450,063</u>
	2,112				(28,242)
	(1,356)				1,174,581
<u>\$</u>	<u>\$ 756</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,146,339</u>

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FIRE GRANTS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	33,000	163,308	24,775	(138,533)
Charges for services	3,000	3,000		(3,000)
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>36,000</u>	<u>166,308</u>	<u>24,775</u>	<u>(141,533)</u>
Cash balance carryforward	<u>138,558</u>	<u>138,558</u>		
Total	<u>\$ 174,558</u>	<u>\$ 304,866</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	36,106	134,120	99,659	34,461
Culture and recreation				
Highways and streets				
Capital outlay		1,294		1,294
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>36,106</u>	<u>135,414</u>	<u>99,659</u>	<u>35,755</u>
Other financing sources (uses):				
Transfers in				
Transfers out		(13,000)	(13,000)	
Issuance of loans				
Total other financing sources (uses)		<u>(13,000)</u>	<u>(13,000)</u>	
Change in fund balance - Budgetary basis			(87,884)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts			(11,292)	
Change in fund balance - GAAP basis			<u>\$ (99,176)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FIRE
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	393,283	372,190	372,190	
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income	1,000	1,000	534	(466)
Total revenues	<u>394,283</u>	<u>373,190</u>	<u>372,724</u>	<u>(466)</u>
Cash balance carryforward	<u>(14,072)</u>	<u>(14,072)</u>		
Total	<u>\$ 380,211</u>	<u>\$ 359,118</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	79,051	84,551	60,612	23,939
Culture and recreation				
Highways and streets				
Capital outlay	320,283	924,726	815,615	109,111
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>399,334</u>	<u>1,009,277</u>	<u>876,227</u>	<u>133,050</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans		631,036	649,803	18,767
Total other financing sources (uses)		<u>631,036</u>	<u>649,803</u>	<u>18,767</u>
Change in fund balance - Budgetary basis			146,300	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts			(30,883)	
Change in fund balance - GAAP basis			<u>\$ 115,417</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - RECREATION
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$ 145,243	\$ 145,243	\$ 134,439	\$ 10,804
Other taxes		1,018		(1,018)
Intergovernmental				
Charges for services	70,000	75,781	31,867	(43,914)
Fines and forfeitures				
Miscellaneous	15,000	16,833	14,340	(2,493)
Interest income	1,000	1,000		(1,000)
Total revenues	<u>231,243</u>	<u>239,875</u>	<u>180,646</u>	<u>(59,229)</u>
Cash balance carryforward	<u>21,534</u>	<u>21,534</u>		
Total	<u>\$ 252,777</u>	<u>\$ 261,409</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation	183,283	206,214	191,750	14,464
Highways and streets				
Capital outlay		43,208	43,207	1
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>183,283</u>	<u>249,422</u>	<u>234,957</u>	<u>14,465</u>
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	
Transfers out				
Issuance of loans				
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	
Change in fund balance - Budgetary basis			(4,311)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			23,434	
Expenditures accruals, net of prior year amounts			<u>(5,074)</u>	
Change in fund balance - GAAP basis			<u>\$ 14,049</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - LODGERS' TAX
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes	310,000	313,814	313,814	
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous		2,171	2,170	
Interest income	500	500	252	(248)
Total revenues	<u>310,500</u>	<u>316,485</u>	<u>316,236</u>	<u>(249)</u>
Cash balance carryforward	<u>118,799</u>	<u>118,799</u>		
Total	<u>\$ 429,299</u>	<u>\$ 435,284</u>		
Expenditures:				
Current -				
General government	\$ 115,000	\$ 129,985	52,032	77,953
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>115,000</u>	<u>129,985</u>	<u>52,032</u>	<u>77,953</u>
Other financing sources (uses):				
Transfers in				
Transfers out	(186,000)	(214,874)	(214,873)	1
Issuance of loans				
Total other financing sources (uses)	<u>(186,000)</u>	<u>(214,874)</u>	<u>(214,873)</u>	<u>1</u>
Change in fund balance - Budgetary basis			49,331	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			47,463	
Expenditures accruals, net of prior year amounts			<u>(6,333)</u>	
Change in fund balance - GAAP basis			<u>\$ 90,461</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	30,200	30,200	30,200	
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income		23	23	
Total revenues	<u>30,200</u>	<u>30,223</u>	<u>30,223</u>	
Cash balance carryforward				
Total	<u>\$ 30,200</u>	<u>\$ 30,223</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	17,000	17,023	10,663	6,360
Culture and recreation				
Highways and streets				
Capital outlay	13,200	13,200	11,019	2,181
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>30,200</u>	<u>30,223</u>	<u>21,682</u>	<u>8,541</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			8,541	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 8,541</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - EMS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	20,000	20,000	19,284	(716)
Charges for services				
Fines and forfeitures				
Miscellaneous	1,000	1,500	1,480	
Interest income		14	14	
Total revenues	<u>21,000</u>	<u>21,514</u>	<u>20,778</u>	<u>(736)</u>
Cash balance carryforward	<u>9,089</u>	<u>9,089</u>		
Total	<u>\$ 30,089</u>	<u>\$ 30,603</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	21,000	26,559	26,120	439
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal	55,282	55,282	55,282	
Interest and fees	6,493	6,493	6,493	
Total expenditures	<u>82,775</u>	<u>88,334</u>	<u>87,895</u>	<u>439</u>
Other financing sources (uses):				
Transfers in	61,775	61,775	61,775	
Transfers out				
Issuance of loans				
Total other financing sources (uses)	<u>61,775</u>	<u>61,775</u>	<u>61,775</u>	
Change in fund balance - Budgetary basis			(5,342)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ (5,342)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - POLICE GRANTS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental		195,506	195,506	
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues		<u>195,506</u>	<u>195,506</u>	
Cash balance carryforward				
Total	<u>\$</u>	<u>\$ 195,506</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay		195,506	195,506	
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>195,506</u>	<u>195,506</u>	
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - LOCAL GOVERNMENT CORRECTIONS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures	10,000	10,000	9,244	
Miscellaneous				
Interest income		83	84	1
Total revenues	<u>10,000</u>	<u>10,083</u>	<u>9,328</u>	<u>(755)</u>
Cash balance carryforward	<u>53,410</u>	<u>53,410</u>		
Total	<u>\$ 63,410</u>	<u>\$ 63,493</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	7,000	11,000	9,318	1,682
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>7,000</u>	<u>11,000</u>	<u>9,318</u>	<u>1,682</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			10	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 10</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - LIBRARY BUILDING
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous	1,000	1,000	840	
Interest income	4,000	4,000	2,481	(1,519)
Total revenues	5,000	5,000	3,321	(1,679)
Cash balance carryforward	370,306	370,306		
Total	\$ 375,306	\$ 375,306		
Expenditures:				
Current -				
General government	\$ 600	\$ 7,737	7,737	
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay		811	810	1
Debt service -				
Principal				
Interest and fees				
Total expenditures	600	8,548	8,547	1
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			(5,226)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$ (5,226)	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - LIBRARY GRANTS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	10,225	21,009	14,611	(6,398)
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>10,225</u>	<u>21,009</u>	<u>14,611</u>	<u>(6,398)</u>
Cash balance carryforward	<u>1,189</u>	<u>1,189</u>		
Total	<u>\$ 11,414</u>	<u>\$ 22,198</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation	11,414	19,440	12,143	7,297
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>11,414</u>	<u>19,440</u>	<u>12,143</u>	<u>7,297</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			2,468	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 2,468</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ENVIRONMENTAL GRT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$ 72,622	\$ 72,622	\$ 67,099	\$ 5,523
Other taxes				
Intergovernmental		7,369	7,369	
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income	5,000	5,000	554	(4,446)
Total revenues	<u>77,622</u>	<u>84,991</u>	<u>75,022</u>	<u>(9,969)</u>
Cash balance carryforward	<u>388,592</u>	<u>388,592</u>		
Total	<u>\$ 466,214</u>	<u>\$ 473,583</u>		
Expenditures:				
Current -				
General government	\$ 32,500	\$ 144,628	120,597	24,031
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>32,500</u>	<u>144,628</u>	<u>120,597</u>	<u>24,031</u>
Other financing sources (uses):				
Transfers in				
Transfers out	(32,365)	(32,365)	(32,366)	1
Issuance of loans				
Total other financing sources (uses)	<u>(32,365)</u>	<u>(32,365)</u>	<u>(32,366)</u>	<u>1</u>
Change in fund balance - Budgetary basis			(77,941)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			6,323	
Expenditures accruals, net of prior year amounts			<u>(13,873)</u>	
Change in fund balance - GAAP basis			<u>\$ (85,491)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - REVOLVING LOAN
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income	500	500	102	(398)
Total revenues	<u>500</u>	<u>500</u>	<u>102</u>	<u>(398)</u>
Cash balance carryforward	<u>65,445</u>	<u>65,445</u>		
Total	<u>\$ 65,945</u>	<u>\$ 65,945</u>		
Expenditures:				
Current -				
General government	\$ 5,000	\$ 5,000		5,000
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>5,000</u>	<u>5,000</u>		<u>5,000</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			102	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 102</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - POLICE NARCOTICS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures		83,540	74,320	(9,220)
Miscellaneous				
Interest income	500	500	232	(268)
Total revenues	<u>500</u>	<u>84,040</u>	<u>74,552</u>	<u>(9,488)</u>
Cash balance carryforward	<u>225,273</u>	<u>225,273</u>		
Total	<u>\$ 225,773</u>	<u>\$ 309,313</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety		2,000	1,520	480
Culture and recreation				
Highways and streets				
Capital outlay	167,956	250,717	135,805	114,912
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>167,956</u>	<u>252,717</u>	<u>137,325</u>	<u>115,392</u>
Other financing sources (uses):				
Transfers in				
Transfers out	(100,000)	(100,000)	(100,000)	
Issuance of loans				
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	
Change in fund balance - Budgetary basis			(162,773)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ (162,773)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - LLEBG
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues				
Cash balance carryforward	3,006	3,006		
Total	\$ 3,006	\$ 3,006		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay	3,006	3,006		3,006
Debt service -				
Principal				
Interest and fees				
Total expenditures	3,006	3,006		3,006
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - REGION IV - NORTH
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	1,839	9,895	9,895	
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>1,839</u>	<u>9,895</u>	<u>9,895</u>	
Cash balance carryforward				
Total	<u>\$ 1,839</u>	<u>\$ 9,895</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety		12,895	12,645	250
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>12,895</u>	<u>12,645</u>	<u>250</u>
Other financing sources (uses):				
Transfers in		3,000	2,750	250
Transfers out				
Issuance of loans				
Total other financing sources (uses)		<u>3,000</u>	<u>2,750</u>	<u>250</u>
Change in fund balance - Budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - JUVENILE JUSTICE GRANT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	5,404	86,104	54,117	(31,987)
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>5,404</u>	<u>86,104</u>	<u>54,117</u>	<u>(31,987)</u>
Cash balance carryforward				
Total	<u>\$ 5,404</u>	<u>\$ 86,104</u>		
Expenditures:				
Current -				
General government	\$	\$ 80,700	65,516	15,184
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>80,700</u>	<u>65,516</u>	<u>15,184</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			(11,399)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			26,583	
Expenditures accruals, net of prior year amounts			<u>(15,184)</u>	
Change in fund balance - GAAP basis			<u>\$</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ARRA OJP GRANT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	5,793	5,793	4,604	(1,189)
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>5,793</u>	<u>5,793</u>	<u>4,604</u>	<u>(1,189)</u>
Cash balance carryforward	<u>(1,356)</u>	<u>(1,356)</u>		
Total	<u>\$ 4,437</u>	<u>\$ 4,437</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety	5,793	5,793	1,361	4,432
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>5,793</u>	<u>5,793</u>	<u>1,361</u>	<u>4,432</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			3,243	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts			<u>(1,131)</u>	
Change in fund balance - GAAP basis			<u>\$ 2,112</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ARRA CWSRF PROJECT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental		114,454	16,187	(98,267)
Charges for services				
Fines and forfeitures				
Miscellaneous		32,380		(32,380)
Interest income				
Total revenues		<u>146,834</u>	<u>16,187</u>	<u>(130,647)</u>
Cash balance carryforward				
Total	<u>\$</u>	<u>\$ 146,834</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay		146,834	49,161	97,673
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>146,834</u>	<u>49,161</u>	<u>97,673</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans			32,974	
Total other financing sources (uses)			<u>32,974</u>	<u>(32,974)</u>
Change in fund balance - Budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ARRA 2ND STREET PROJECT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	1,000,000	1,000,000	717,555	(282,445)
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>717,555</u>	<u>(282,445)</u>
Cash balance carryforward				
Total	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets	30,524	35,738	35,738	
Capital outlay	933,780	928,566	718,364	210,202
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>964,304</u>	<u>964,304</u>	<u>754,102</u>	<u>210,202</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			(36,547)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			36,547	
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ARRA CLAYTON HIGHWAY PROJECT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	600,000	600,000	478,098	(121,902)
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>478,098</u>	<u>(121,902)</u>
Cash balance carryforward				
Total	<u>\$ 600,000</u>	<u>\$ 600,000</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets	30,721	45,456	45,455	1
Capital outlay	569,279	554,544	478,098	76,446
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>600,000</u>	<u>600,000</u>	<u>523,553</u>	<u>76,447</u>
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			(45,455)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			45,455	
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - TRACK FIRE RECOVERY
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental		22,749	22,748	(1)
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues		<u>22,749</u>	<u>22,748</u>	<u>(1)</u>
Cash balance carryforward				
Total	<u>\$</u>	<u>\$ 22,749</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures				
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis			22,748	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			22,748	
Expenditures accruals, net of prior year amounts			<u>(45,725)</u>	
Change in fund balance - GAAP basis			<u>\$ (229)</u>	

DEBT SERVICE FUNDS

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 §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 §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, §§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 - Landfill – 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.

Wastewater Treatment – 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.

Recreation Center - to accumulate monies for the repayment of the loan received from NMFA. Revenues provided by the municipal gross receipts tax imposed, authorized under Governmental Unit Ordinance No. 951, adopted on March 13, 2007, and was authorized pursuant to Section 7-19D-9 NMSA 1978 is pledged for the repayment of this loan.

Aquatic Center – to accumulate monies for the repayment of the loan received from NMFA. Revenues provided by municipal gross receipts tax imposed, authorized under Governmental Unit Ordinance No. 951, adopted on March 13, 2007, and was authorized pursuant to Section 7-19D-9 NMSA 1978 is pledged for the repayment of this 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 - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2011**

	<u>NMFA Loan - Street Improvements</u>	<u>NMFA Loan - Welcome Center</u>	<u>NMFA Loan - Landfill</u>
<u>ASSETS</u>			
Cash and investments	\$ 197,854	\$ 59,814	\$ 18,883
Receivables, net			
Total assets	<u>\$ 197,854</u>	<u>\$ 59,814</u>	<u>\$ 18,883</u>
 Fund balances:			
Restricted	<u>197,854</u>	<u>59,814</u>	<u>18,883</u>
Total fund balances	<u>197,854</u>	<u>59,814</u>	<u>18,883</u>
 Total liabilities and fund balances	<u>\$ 197,854</u>	<u>\$ 59,814</u>	<u>\$ 18,883</u>

<u>Wastewater Treatment</u>	<u>Recreation Center</u>	<u>Aquatic Center</u>	<u>Totals</u>
\$ 399,234	\$ 258,442	\$ 230,041	\$ 1,164,268
	8,813		8,813
<u>\$ 399,234</u>	<u>\$ 267,255</u>	<u>\$ 230,041</u>	<u>\$ 1,173,081</u>
399,234	267,255	230,041	1,173,081
<u>399,234</u>	<u>267,255</u>	<u>230,041</u>	<u>1,173,081</u>
<u>\$ 399,234</u>	<u>\$ 267,255</u>	<u>\$ 230,041</u>	<u>\$ 1,173,081</u>

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2011**

	NMFA Loan - Street Improvements	NMFA Loan - Welcome Center	NMFA Loan - Landfill
Revenues:			
Interest income	\$ 323	\$ 80	\$ 40
Total revenues	<u>323</u>	<u>80</u>	<u>40</u>
Expenditures:			
Debt service -			
Principal	91,932	35,808	30,526
Interest and fees	22,454	15,169	1,839
Total expenditures	<u>114,386</u>	<u>50,977</u>	<u>32,365</u>
Excess (deficiency) of revenues over expenditures	<u>(114,063)</u>	<u>(50,897)</u>	<u>(32,325)</u>
Other financing sources (uses):			
Transfers in	106,533	50,463	32,366
Total other financing sources (uses):	<u>106,533</u>	<u>50,463</u>	<u>32,366</u>
Changes in fund balances	<u>(7,530)</u>	<u>(434)</u>	<u>41</u>
Fund balances, beginning of year	205,384	60,248	18,842
Fund balances, end of year	<u>\$ 197,854</u>	<u>\$ 59,814</u>	<u>\$ 18,883</u>

Wastewater Treatment	Recreation Center	Aquatic Center	Water Trust Board	Totals
\$ 721	\$ 341	\$ 357	\$	\$ 1,862
<u>721</u>	<u>341</u>	<u>357</u>		<u>1,862</u>
36,000	90,067	60,000	7,205	351,538
131,101	118,900	117,488	145	407,096
<u>167,101</u>	<u>208,967</u>	<u>177,488</u>	<u>7,350</u>	<u>758,634</u>
<u>(166,380)</u>	<u>(208,626)</u>	<u>(177,131)</u>	<u>(7,350)</u>	<u>(756,772)</u>
254,313	208,992	176,891	7,350	836,908
<u>254,313</u>	<u>208,992</u>	<u>176,891</u>	<u>7,350</u>	<u>836,908</u>
87,933	366	(240)		80,136
311,301	266,889	230,281		1,092,945
<u>\$ 399,234</u>	<u>\$ 267,255</u>	<u>\$ 230,041</u>	<u>\$</u>	<u>\$ 1,173,081</u>

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NMFA LOAN - STREET IMPROVEMENTS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income	4,000	4,000	323	(3,677)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>323</u>	<u>(3,677)</u>
Cash balance carryforward	<u>205,384</u>	<u>205,384</u>		
Total	<u>\$ 209,384</u>	<u>\$ 209,384</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal	91,932	91,932	91,932	
Interest and fees	14,580	14,580	14,579	1
Total expenditures	<u>106,512</u>	<u>106,512</u>	<u>106,511</u>	<u>1</u>
Other financing sources (uses):				
Transfers in	106,512	106,533	106,533	
Transfers out				
Issuance of loans				
Total other financing sources (uses)	<u>106,512</u>	<u>106,533</u>	<u>106,533</u>	
Change in fund balance - Budgetary basis			345	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 345</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NMFA LOAN - WELCOME CENTER
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income	2,000	2,000	80	(1,920)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>80</u>	<u>(1,920)</u>
Cash balance carryforward	<u>60,248</u>	<u>60,248</u>		
Total	<u>\$ 62,248</u>	<u>\$ 62,248</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal	35,808	35,808	35,808	
Interest and fees	15,171	15,171	15,169	2
Total expenditures	<u>50,979</u>	<u>50,979</u>	<u>50,977</u>	<u>2</u>
Other financing sources (uses):				
Transfers in	50,979	50,979	50,463	516
Transfers out				
Issuance of loans				
Total other financing sources (uses)	<u>50,979</u>	<u>50,979</u>	<u>50,463</u>	<u>516</u>
Change in fund balance - Budgetary basis			(434)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ (434)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NMFA LOAN - LANDFILL
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income	200	200	40	(160)
Total revenues	<u>200</u>	<u>200</u>	<u>40</u>	<u>(160)</u>
Cash balance carryforward	<u>18,842</u>	<u>18,842</u>		
Total	<u>\$ 19,042</u>	<u>\$ 19,042</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal	30,526	30,526	30,526	
Interest and fees	1,839	1,839	1,839	
Total expenditures	<u>32,365</u>	<u>32,365</u>	<u>32,365</u>	
Other financing sources (uses):				
Transfers in	32,365	32,366	32,366	
Transfers out				
Issuance of loans				
Total other financing sources (uses)	<u>32,365</u>	<u>32,366</u>	<u>32,366</u>	
Change in fund balance - Budgetary basis			41	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 41</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - WASTEWATER TREATMENT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous	254,304	254,314		(254,314)
Interest income		722	721	(1)
Total revenues	<u>254,304</u>	<u>255,036</u>	<u>721</u>	<u>(254,315)</u>
Cash balance carryforward	<u>311,301</u>	<u>311,301</u>		
Total	<u>\$ 565,605</u>	<u>\$ 566,337</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal	36,000	36,000	36,000	
Interest and fees	131,400	131,400	131,101	299
Total expenditures	<u>167,400</u>	<u>167,400</u>	<u>167,101</u>	<u>299</u>
Other financing sources (uses):				
Transfers in			254,313	(254,313)
Transfers out				
Issuance of loans				
Total other financing sources (uses)			<u>254,313</u>	<u>(254,313)</u>
Change in fund balance - Budgetary basis			87,933	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 87,933</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - RECREATION CENTER
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income	1,000	1,000	341	(659)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>341</u>	<u>(659)</u>
Cash balance carryforward	<u>266,889</u>	<u>266,889</u>		
Total	<u>\$ 267,889</u>	<u>\$ 267,889</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal	90,067	90,067	90,067	
Interest and fees	118,901	118,901	118,900	1
Total expenditures	<u>208,968</u>	<u>208,968</u>	<u>208,967</u>	<u>1</u>
Other financing sources (uses):				
Transfers in	208,968	208,968	208,992	(24)
Transfers out				
Issuance of loans				
Total other financing sources (uses)	<u>208,968</u>	<u>208,968</u>	<u>208,992</u>	<u>(24)</u>
Change in fund balance - Budgetary basis			366	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 366</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - AQUATIC CENTER
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income	500	500	357	(143)
Total revenues	<u>500</u>	<u>500</u>	<u>357</u>	<u>(143)</u>
Cash balance carryforward	<u>230,281</u>	<u>230,281</u>		
Total	<u>\$ 230,781</u>	<u>\$ 230,781</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal	60,000	60,000	60,000	
Interest and fees	117,488	117,488	117,488	
Total expenditures	<u>177,488</u>	<u>177,488</u>	<u>177,488</u>	
Other financing sources (uses):				
Transfers in	177,488	177,488	176,891	597
Transfers out				
Issuance of loans				
Total other financing sources (uses)	<u>177,488</u>	<u>177,488</u>	<u>176,891</u>	<u>597</u>
Change in fund balance - Budgetary basis			(240)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ (240)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - WATER TRUST BOARD
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous	7,351	7,351		(7,351)
Interest income				
Total revenues	<u>7,351</u>	<u>7,351</u>	<u></u>	<u>(7,351)</u>
Cash balance carryforward				
Total	<u>\$ 7,351</u>	<u>\$ 7,351</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal	7,205	7,205	7,205	
Interest and fees	146	146	145	1
Total expenditures	<u>7,351</u>	<u>7,351</u>	<u>7,350</u>	<u>1</u>
Other financing sources (uses):				
Transfers in		7,351	7,350	1
Transfers out				
Issuance of loans				
Total other financing sources (uses)		<u>7,351</u>	<u>7,350</u>	<u>1</u>
Change in fund balance - Budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ARRA CWSFR
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous	7,034	7,034		(7,034)
Interest income				
Total revenues	7,034	7,034		(7,034)
Cash balance carryforward				
Total	\$ 7,034	\$ 7,034		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal	4,734	6,533		6,533
Interest and fees	2,300	501		501
Total expenditures	7,034	7,034		7,034
Other financing sources (uses):				
Transfers in				
Transfers out				
Issuance of loans				
Total other financing sources (uses)				
Change in fund balance - Budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			\$	

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CAPITAL PROJECTS FUNDS

2% Lodgers' Tax Building – 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.

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.

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

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

NMDOT Projects – 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.

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

Capital Improvements – to account for 1/4% 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.

Water – 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.

Depot Improvement Projects – to account for costs associated with the multi-modal transportation center. Funding is provided by FHWA administration grants and state mainstreet program grants.

CDBG Paving Project – to account for costs associated with the sunshine paving project. Funding is provided by federal CDBG grants and state GRIP II funds.

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011**

	2% Lodgers' Tax	Street Improvements	Airport
<u>ASSETS</u>			
Cash and investments	\$ 44,990	\$ 138,539	\$
Due from other governments			158,181
Due from other funds			
Total assets	\$ 44,990	\$ 138,539	\$ 158,181
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 36,169	\$	\$ 155,038
Due to other funds			7,305
Total liabilities	36,169		162,343
Fund balances (deficits):			
Restricted	8,821	138,539	
Unassigned			(4,162)
Total fund balances	8,821	138,539	(4,162)
 Total liabilities and fund balances	 \$ 44,990	 \$ 138,539	 \$ 158,181

<u>NMDOT Projects</u>	<u>Capital Improvements</u>	<u>Water</u>	<u>Depot Improvement Projects</u>	<u>Totals</u>
\$ 119,309	\$ 15,089	\$	\$	\$ 198,618
	12,591			290,081
	126,740			126,740
<u>\$ 119,309</u>	<u>\$ 154,420</u>	<u>\$</u>	<u>\$</u>	<u>\$ 615,439</u>
\$ 119,309	\$	\$ 2,205	\$	\$ 193,412
<u>119,309</u>			126	<u>126,740</u>
		<u>2,205</u>	<u>126</u>	<u>320,152</u>
	154,420			301,780
		(2,205)	(126)	(6,493)
	<u>154,420</u>	<u>(2,205)</u>	<u>(126)</u>	<u>295,287</u>
<u>\$ 119,309</u>	<u>\$ 154,420</u>	<u>\$</u>	<u>\$</u>	<u>\$ 615,439</u>

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>2% Lodgers' Tax</u>	<u>Street Improvements</u>	<u>Airport</u>
Revenues:			
Gross receipts taxes	\$	\$	\$
Other taxes		172,787	
Intergovernmental			387,842
Miscellaneous	23		
Interest income		135	
Total revenues	<u>23</u>	<u>172,922</u>	<u>387,842</u>
Expenditures:			
Current -			
General government	110,794		
Capital outlay		8,943	399,555
Total expenditures	<u>110,794</u>	<u>8,943</u>	<u>399,555</u>
Excess (deficiency) of revenues over expenditures	<u>(110,771)</u>	<u>163,979</u>	<u>(11,713)</u>
Other financing sources (uses):			
Transfers in	214,873		12,464
Transfers out	(58,512)	(106,533)	
Total other financing sources (uses):	<u>156,361</u>	<u>(106,533)</u>	<u>12,464</u>
Changes in fund balances	<u>45,590</u>	<u>57,446</u>	<u>751</u>
Fund balances (deficits), beginning of year	(36,769)	81,093	(4,913)
Fund balances (deficits), end of year	<u>\$ 8,821</u>	<u>\$ 138,539</u>	<u>\$ (4,162)</u>

<u>Parks</u>	<u>NMDOT Projects</u>	<u>Historic Buildings</u>	<u>Capital Improvements</u>	<u>Water</u>	<u>Depot Improvement Projects</u>
\$	\$	\$	\$ 269,582	\$	\$
	565,153	74,765	27,049	360,780	7,744
	47,936			7,350	
	133		163		
	<u>613,222</u>	<u>74,765</u>	<u>296,794</u>	<u>368,130</u>	<u>7,744</u>
			5,020		
	<u>563,228</u>	<u>98,261</u>		<u>363,955</u>	<u>9,680</u>
	<u>563,228</u>	<u>98,261</u>	<u>5,020</u>	<u>363,955</u>	<u>9,680</u>
	<u>49,994</u>	<u>(23,496)</u>	<u>291,774</u>	<u>4,175</u>	<u>(1,936)</u>
2,359		46,701	171,739		1,810
	<u>(150,152)</u>		<u>(407,773)</u>	<u>(7,350)</u>	
<u>2,359</u>	<u>(150,152)</u>	<u>46,701</u>	<u>(236,034)</u>	<u>(7,350)</u>	<u>1,810</u>
<u>2,359</u>	<u>(100,158)</u>	<u>23,205</u>	<u>55,740</u>	<u>(3,175)</u>	<u>(126)</u>
(2,359)	100,158	(23,205)	98,680	970	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 154,420</u>	<u>\$ (2,205)</u>	<u>\$ (126)</u>

(Continued)

**STATE OF NEW MEXICO
CITY OF RATON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2011**

	CDBG Paving Project	Totals
Revenues:		
Gross receipts taxes	\$	\$ 269,582
Other taxes		172,787
Intergovernmental	495,782	1,919,115
Miscellaneous	475,488	530,797
Interest income		431
Total revenues	971,270	2,892,712
Expenditures:		
Current -		
General government		115,814
Capital outlay	977,487	2,421,109
Total expenditures	977,487	2,536,923
Excess (deficiency) of revenues over expenditures	(6,217)	355,789
Other financing sources (uses):		
Transfers in	6,217	456,163
Transfers out		(730,320)
Total other financing sources (uses):	6,217	(274,157)
Changes in fund balances		81,632
Fund balances (deficits), beginning of year		213,655
Fund balances, end of year	\$	\$ 295,287

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - 2% LODGERS' TAX
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous			23	
Interest income		200		(200)
Total revenues	<u>200</u>	<u>200</u>	<u>23</u>	<u>(177)</u>
Cash balance carryforward	<u>(36,769)</u>	<u>(36,769)</u>		
Total	<u>\$ (36,569)</u>	<u>\$ (36,569)</u>		
Expenditures:				
Current -				
General government	\$ 128,854	\$ 134,701	74,625	60,076
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>128,854</u>	<u>134,701</u>	<u>74,625</u>	<u>60,076</u>
Other financing sources (uses):				
Transfers in	186,000	214,874	214,873	1
Transfers out	(57,163)	(59,030)	(58,512)	(518)
Issuance of loans				
Total other financing sources (uses)	<u>128,837</u>	<u>155,844</u>	<u>156,361</u>	<u>(517)</u>
Change in fund balance - Budgetary basis			81,759	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts			(36,169)	
Change in fund balance - GAAP basis			<u>\$ 45,590</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - STREET IMPROVEMENTS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes	205,000	216,533	172,787	(43,746)
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income			135	135
Total revenues	<u>205,000</u>	<u>216,533</u>	<u>172,922</u>	<u>(43,611)</u>
Cash balance carryforward	<u>81,093</u>	<u>81,093</u>		
Total	<u>\$ 286,093</u>	<u>\$ 297,626</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay		8,944	8,943	1
Debt service -				
Principal				
Interest and fees				
Total expenditures		<u>8,944</u>	<u>8,943</u>	<u>1</u>
Other financing sources (uses):				
Transfers in				
Transfers out	(253,820)	(253,841)	(106,533)	(147,308)
Issuance of loans				
Total other financing sources (uses)	<u>(253,820)</u>	<u>(253,841)</u>	<u>(106,533)</u>	<u>(147,308)</u>
Change in fund balance - Budgetary basis			57,446	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 57,446</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - AIRPORT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	911,818	911,818	229,661	(682,157)
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>911,818</u>	<u>911,818</u>	<u>229,661</u>	<u>(682,157)</u>
Cash balance carryforward	<u>(4,913)</u>	<u>(4,913)</u>		
Total	<u>\$ 906,905</u>	<u>\$ 906,905</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay	935,198	935,198	244,517	690,681
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>935,198</u>	<u>935,198</u>	<u>244,517</u>	<u>690,681</u>
Other financing sources (uses):				
Transfers in	23,370	23,370	12,464	10,906
Transfers out				
Issuance of loans				
Total other financing sources (uses)	<u>23,370</u>	<u>23,370</u>	<u>12,464</u>	<u>10,906</u>
Change in fund balance - Budgetary basis			(2,392)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			158,181	
Expenditures accruals, net of prior year amounts			<u>(155,038)</u>	
Change in fund balance - GAAP basis			<u>\$ 751</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - PARKS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental				
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues				
Cash balance carryforward				
	(2,359)	(2,359)		
Total	<u>\$ (2,359)</u>	<u>\$ (2,359)</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures				
Other financing sources (uses):				
Transfers in		2,359	2,359	
Transfers out				
Issuance of loans				
Total other financing sources (uses)		<u>2,359</u>	<u>2,359</u>	
Change in fund balance - Budgetary basis			2,359	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 2,359</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NMDOT PROJECTS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	441,924	1,191,924	445,844	(746,080)
Charges for services				
Fines and forfeitures				
Miscellaneous		47,937	47,936	
Interest income		140	133	(7)
Total revenues	<u>441,924</u>	<u>1,240,001</u>	<u>493,913</u>	<u>(746,088)</u>
Cash balance carryforward	<u>100,158</u>	<u>100,158</u>		
Total	<u>\$ 542,082</u>	<u>\$ 1,340,159</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay	589,232	1,339,232	563,228	776,004
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>589,232</u>	<u>1,339,232</u>	<u>563,228</u>	<u>776,004</u>
Other financing sources (uses):				
Transfers in	147,308	147,308		147,308
Transfers out		(150,153)	(150,152)	(1)
Issuance of loans				
Total other financing sources (uses)	<u>147,308</u>	<u>(2,845)</u>	<u>(150,152)</u>	<u>147,307</u>
Change in fund balance - Budgetary basis			(219,467)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			119,309	
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ (100,158)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - HISTORIC BUILDINGS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	65,484	76,654	74,765	(1,889)
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>65,484</u>	<u>76,654</u>	<u>74,765</u>	<u>(1,889)</u>
Cash balance carryforward	<u>(23,205)</u>	<u>(23,205)</u>		
Total	<u>\$ 42,279</u>	<u>\$ 53,449</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay	69,779	108,097	98,261	9,836
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>69,779</u>	<u>108,097</u>	<u>98,261</u>	<u>9,836</u>
Other financing sources (uses):				
Transfers in	6,184	46,703	46,701	2
Transfers out				
Issuance of loans				
Total other financing sources (uses)	<u>6,184</u>	<u>46,703</u>	<u>46,701</u>	<u>2</u>
Change in fund balance - Budgetary basis			23,205	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 23,205</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$ 290,484	\$ 290,485	\$ 269,582	\$ 20,903
Other taxes				
Intergovernmental		14,457	14,458	1
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income	1,000	1,000	163	(837)
Total revenues	<u>291,484</u>	<u>305,942</u>	<u>284,203</u>	<u>(21,739)</u>
Cash balance carryforward	<u>98,680</u>	<u>98,680</u>		
Total	<u>\$ 390,164</u>	<u>\$ 404,622</u>		
Expenditures:				
Current -				
General government	\$ 5,000	\$ 5,021	5,020	1
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay				
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>5,000</u>	<u>5,021</u>	<u>5,020</u>	<u>1</u>
Other financing sources (uses):				
Transfers in	21,587	171,740	171,739	1
Transfers out	(386,456)	(408,371)	(407,773)	(598)
Issuance of loans				
Total other financing sources (uses)	<u>(364,869)</u>	<u>(236,631)</u>	<u>(236,034)</u>	<u>(597)</u>
Change in fund balance - Budgetary basis			43,149	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts			12,591	
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ 55,740</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - WATER
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	180,710	460,360	360,780	(99,580)
Charges for services				
Fines and forfeitures				
Miscellaneous		7,351	7,350	(1)
Interest income				
Total revenues	<u>180,710</u>	<u>467,711</u>	<u>368,130</u>	<u>(99,581)</u>
Cash balance carryforward	<u>970</u>	<u>970</u>		
Total	<u>\$ 181,680</u>	<u>\$ 468,681</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay	175,662	455,312	361,750	93,562
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>175,662</u>	<u>455,312</u>	<u>361,750</u>	<u>93,562</u>
Other financing sources (uses):				
Transfers in				
Transfers out		(7,351)	(7,350)	(1)
Issuance of loans				
Total other financing sources (uses)		<u>(7,351)</u>	<u>(7,350)</u>	<u>(1)</u>
Change in fund balance - Budgetary basis			(970)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts			<u>(2,205)</u>	
Change in fund balance - GAAP basis			<u>\$ (3,175)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - DEPOT IMPROVEMENT PROJECTS
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	200,000	207,744	7,744	(200,000)
Charges for services				
Fines and forfeitures				
Miscellaneous				
Interest income				
Total revenues	<u>200,000</u>	<u>207,744</u>	<u>7,744</u>	<u>(200,000)</u>
Cash balance carryforward				
Total	<u>\$ 200,000</u>	<u>\$ 207,744</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay	190,949	190,949	9,680	181,269
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>190,949</u>	<u>190,949</u>	<u>9,680</u>	<u>181,269</u>
Other financing sources (uses):				
Transfers in		1811	1810	1
Transfers out				
Issuance of loans				
Total other financing sources (uses)		<u>1,811</u>	<u>1,810</u>	<u>1</u>
Change in fund balance - Budgetary basis			(126)	
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$ (126)</u>	

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - CDBG PAVING PROJECT
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:				
Gross receipts taxes	\$	\$	\$	\$
Other taxes				
Intergovernmental	500,000	500,000	495,782	(4,218)
Charges for services				
Fines and forfeitures				
Miscellaneous		475,488	475,488	
Interest income				
Total revenues	<u>500,000</u>	<u>975,488</u>	<u>971,270</u>	<u>(4,218)</u>
Cash balance carryforward				
Total	<u>\$ 500,000</u>	<u>\$ 975,488</u>		
Expenditures:				
Current -				
General government	\$	\$		
Public safety				
Culture and recreation				
Highways and streets				
Capital outlay	495,782	971,270	977,487	(6,217)
Debt service -				
Principal				
Interest and fees				
Total expenditures	<u>495,782</u>	<u>971,270</u>	<u>977,487</u>	<u>(6,217)</u>
Other financing sources (uses):				
Transfers in		6218	6217	1
Transfers out				
Issuance of loans				
Total other financing sources (uses)		<u>6,218</u>	<u>6,217</u>	<u>1</u>
Change in fund balance - Budgetary basis				
Reconciliation to change in fund balance-GAAP basis:				
Revenue accruals, net of prior year amounts				
Expenditures accruals, net of prior year amounts				
Change in fund balance - GAAP basis			<u>\$</u>	

AGENCY FUND

Municipal Court – to account for fines generated from the municipal court system.

STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND MUNICIPAL COURT
YEAR ENDED JUNE 30, 2011

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u> <u>Balance</u>
<u>Assets</u>				
Cash and investments	\$ <u>6,858</u>	\$ <u>2,776</u>	\$ <u>114</u>	\$ <u>9,520</u>
Total assets	\$ <u><u>6,858</u></u>	\$ <u><u>2,776</u></u>	\$ <u><u>114</u></u>	\$ <u><u>9,520</u></u>
<u>Liabilities</u>				
Deposits held for others	\$ <u>6,858</u>	\$ <u>2,776</u>	\$ <u>114</u>	\$ <u>9,520</u>
Total liabilities	\$ <u><u>6,858</u></u>	\$ <u><u>2,776</u></u>	\$ <u><u>114</u></u>	\$ <u><u>9,520</u></u>

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF BANK ACCOUNTS
JUNE 30, 2011**

Account Type	Total Deposits with bank	Reconciling Items	Reconciled Balance	
International Bank	Checking	\$ 704,473	\$ (163,712)	\$ 540,761
International Bank	Checking	85,000		85,000
International Bank	Checking	68,542	(19,971)	48,571
International Bank	Checking	1,021,175	(80,151)	941,024
International Bank	Checking	10,000		10,000
International Bank	Checking	42,769	(18,968)	23,801
International Bank	Checking	308,102		308,102
International Bank	Checking	91,132		91,132
International Bank	Checking	4,335	15	4,350
International Bank	Checking	325,993	(310,904)	15,089
International Bank	Checking	25,000	(25,000)	
International Bank	Checking	139,326	(139,326)	
International Bank	Checking	4,176	(950)	3,226
International Bank	Checking	4,733	1,560	6,293
The First National Bank of New Mexico	CD	103,675		103,675
The First National Bank of New Mexico	CD	15,000		15,000
The First National Bank of New Mexico	CD	80,000		80,000
The First National Bank of New Mexico	CD	149,700		149,700
New Mexico State Investment Pool	State Treasurer LGIP	5,705		5,705
New Mexico State Investment Pool	State Treasurer LGIP	13,178		13,178
New Mexico State Investment Pool	State Treasurer LGIP	10,836		10,836
New Mexico State Investment Pool	State Treasurer LGIP	100,937		100,937
New Mexico State Investment Pool	State Treasurer LGIP	96,917		96,917
New Mexico State Investment Pool	State Treasurer LGIP	48,978		48,978
New Mexico State Investment Pool	State Treasurer LGIP	230,041		230,041
New Mexico State Investment Pool	State Treasurer LGIP	49,638		49,638
New Mexico State Investment Pool	State Treasurer LGIP	208,804		208,804
International Bank	Checking	165,017	(135,664)	29,353
International Bank	Checking	80,439	(7,598)	72,841
International Bank	Checking	16,632	(777)	15,855
International Bank	Checking	22,282	17,461	39,743
International Bank	Checking	285,265	(22,891)	262,374
Bank of America	Checking	987		987
Bank of America	Checking	980		980
International Bank	Checking	387		387
The First National Bank of New Mexico	CD	609,361		609,361
The First National Bank of New Mexico	CD	687,154		687,154
International Bank	CD	299,745		299,745
International Bank	CD	437,828		437,828
International Bank	CD	917,599		917,599
International Bank	CD	123,520		123,520
International Bank	CD	149,475		149,475
Petty cash - City of Raton				840
		<u>\$ 7,744,836</u>	<u>\$ (906,876)</u>	<u>\$ 6,838,800</u>

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2011**

	International Bank	First National Bank of New Mexico	Bank of America
Bank Accounts:			
Checking accounts	\$ 3,404,778		\$ 1,967
Savings accounts			
Certificates of deposit	<u>1,928,167</u>	<u>1,644,890</u>	
Total amount of deposits	<u>5,332,945</u>	<u>1,644,890</u>	<u>1,967</u>
Less: FDIC coverage	<u>644,867</u>	<u>250,000</u>	<u>1,967</u>
Total uninsured public funds	<u>4,688,078</u>	<u>1,394,890</u>	
Collateral requirements (Per 6-10-10 & 6-10-17, NMSA 1978):			
50% of uninsured time and demand accounts	<u>2,344,039</u>	<u>697,445</u>	
Total collateral required	<u>2,344,039</u>	<u>697,445</u>	
Pledged collateral:			
FHLB, matures 12/2012, CUSIP 3133XDTB7	79,905		
Bernalillo SD #1, matures 8/2013, CUSIP 085279HE4	284,267		
FHLB, matures 6/2014, CUSIP 3133XKTV7	2,014,920		
FHLB, matures 6/2014, CUSIP 3133XKTV7	111,940		
FHLB, matures 6/2014, CUSIP 3133XKTV7	643,655		
FHLB, TORRANCE ETC CNTYS NM MUN SD 8, matures 7/1/2015, CUSIP 891400J53		162,770	
FHLB, ROOSEVELT CNTY NM GROSS RECPTS, matures 6/1/2017, CUSIP 776461AL9		52,788	
FHLB, FNMA ARM - Pool # 729128, matures 11/1/2033, CUSIP 31402HA50		11,503	
FHLB, ROY NM SCH DIST NO 003, matures 10/1/2015, CUSIP 780040BB6		16,678	
FHLB, ROY NM SCH DIST NO 003, matures 10/1/2016, CUSIP 7800408C4		16,771	
FHLB, SPRINGER NM MUN SCH DIST NO 24, matures 7/15/2013, CUSIP 850395CA0		105,571	
FHLB, SPRINGER NM MUN SCH DIST NO 24, matures 7/15/2014, CUSIP 850395CB8		106,780	
FHLB, LOGAN NM SCH DIST NO 32, matures 4/17/2017, CUSIP 5410668A3		142,636	
FHLB, BELEN NM CONS SCD NO 002, matures 8/1/2014, CUSIP 077581NM4		<u>247,069</u>	
Total collateral	<u>3,134,687</u>	<u>862,566</u>	
Over / (under) secured	<u>\$ 790,648</u>	<u>\$ 165,121</u>	<u>\$</u>
Custodial Credit Risk:			
Insured	\$ 644,867	\$ 250,000	\$ 1,967
Collateralized with securities held by pledging financial institution's trust department	3,134,687	862,566	
Uninsured and uncollateralized	<u>1,553,391</u>	<u>532,324</u>	
Total deposits	<u>\$ 5,332,945</u>	<u>\$ 1,644,890</u>	<u>\$ 1,967</u>
Location of collateral:			
First Community Bank, Dallas, TX			
Federal Home Loan Bank, Dallas, TX			

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SINGLE AUDIT SECTION

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**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**

Mr. Hector H. Balderas
New Mexico State Auditor

Honorable Mayor, Members of the City Council
of the City of Raton, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, budgetary comparisons of the General Fund and major special revenue fund and combining and individual funds and related budgetary comparisons presented as supplementary information of City of Raton, New Mexico as of and for the year ended June 30, 2011, and have issued our report thereon dated June 20, 2012. We did not audit the financial statements of the Housing Authority of the City of Raton, a component unit of the City of Raton, which is a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Raton, a component unit of the City of Raton, is based on the report of the other auditors. The report was qualified because we were unable to perform procedures to satisfy ourselves as to the accuracy of the capital assets due to incomplete records. In addition, the report was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 54. 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 City of Raton, New Mexico is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Raton, New Mexico's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Raton, New Mexico's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Raton, New Mexico's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned responses as items 02-1, 07-1 and 09-4 to be material weaknesses. For the component unit, we consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 04-05(RPS) and 10-01(RPS) to be material weaknesses.

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 08-2, 09-2, 10-01, 10-02, 10-03, and 10-04 items to be significant deficiencies. For the component unit, we consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 02-01(RPS), 08-03(RPS), 10-02(RPS), 11-01(RPS), and 11-02(RPS) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Raton, New Mexico'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 02-01, 09-4, 10-03, 04-05 (RPS) and 10-02 (RPS).

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

This report is intended solely for the information and use of management, others within the City, the City Council, the State Auditor, the New Mexico Legislature, and applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

June 20, 2012



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditors' Report

Mr. Hector H. Balderas
New Mexico State Auditor

Honorable Mayor, Members of the City Council
of the City of Raton, New Mexico

Compliance

We have audited the City of Raton, New Mexico's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Raton, New Mexico's major federal programs for the year ended June 30, 2011. City of Raton, New Mexico's major federal programs are identified in the summary of auditors' 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 City of Raton, New Mexico's management. Our responsibility is to express an opinion on City of Raton, New Mexico'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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Raton, New Mexico's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Raton, New Mexico's compliance with those requirements.

In our opinion, City of Raton, New Mexico complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SA 09-4, SA 11-01 and SA 11-02.

Internal Control Over Compliance

Management of City of Raton, New Mexico 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 City of Raton, New Mexico's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our 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 on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Raton, New Mexico's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance 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 discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item SA 11-02 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items SA 09-4 and SA 11-01 to be a significant deficiencies.

City of Raton, New Mexico's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Raton, New Mexico's response and accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, others within the City, the City Council, the State Auditor, the New Mexico Legislature, and applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

June 20, 2012

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures and Transfers	Total Expenditures and Transfers
<u>U.S. Department of Transportation</u>				
Direct program:				
Airport Improvement Program	20.106	3-35-0033-13	\$	\$ 381,951
Passed through New Mexico Department of Transportation:				
Highway Planning and Construction, Recovery Act	20.205	ES41230	523,554	
Highway Planning and Construction, Recovery Act	20.205	ES41220	<u>754,102</u>	
Total CFDA 20.205				<u>1,277,656</u>
Total U.S. Department of Transportation				1,659,607
<u>U.S. Department of Justice</u>				
Direct programs:				
Asset Forfeiture Program	16.000	NM0040100		237,326
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG REV REGION IV	9,895	
Edward Byrne Memorial Justice Assistance Grant (JAG) Program, Recovery Act	16.804	2009-SB-B9-3030	<u>1,361</u>	
Total JAG Program Cluster				11,256
Passed through NM Children, Youth and Families Department:				
Juvenile Accountability Block Grants	16.523	N/A		<u>80,700</u>
Total U.S. Department of Justice				329,282
<u>U.S. Department of Homeland Security</u>				
Direct program:				
Homeland Security Grant Program	97.067	2009-SS-T9-0000030		12,771
<u>Environmental Protection Agency</u>				
Passed through State of New Mexico, Local Government Division:				
Capitalization Grants for State Revolving Fund, Recovery Act	66.458	CWSRF11		48,567
<u>Department of Housing and Urban Development</u>				
Passed through New Mexico Department of Finance and Administration, Local Government Division:				
Community Development Block Grants/Entitlement Grants	14.218	08-C-RS-I-1-G-29		<u>496,130</u>
Total Expenditures of Federal Awards				<u>\$ 2,546,357</u>

**STATE OF NEW MEXICO
CITY OF RATON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Raton, New Mexico and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2011 *Catalog of Federal Domestic Assistance*.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? X yes none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? X yes none reported

Type of auditors' 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 OMB Circular A-133? X yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction, Recovery Act
20.106	Airport Improvement Program
14.218	Community Development Block Grants/Entitlement Grants

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

Auditee qualified as low-risk auditee? yes X no

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Reference Number: 02-01

Type of Finding: Material weakness, compliance

Description: Capital Assets (City and Raton Water Works)

CRITERIA

City management must implement processes and procedures to comply with 2.20.1.1 to 2.20.1.18 NMAC, Accounting and Control of Fixed Assets of State Government. In addition, the City should ensure complete internal controls in accordance with generally accepted accounting principles are in place for capital assets.

CONDITION/CONTEXT

The City did not have adequate internal controls in place over capital assets. During our review of capital assets we noted the following:

- There were no formal policies or procedures for capital assets including disposal of capital assets.
- Infrastructure assets were not included in the capital asset listing.
- A physical inventory has not been performed since fiscal year 2007. The inventory taken by the outside firm did not agree to the amounts posted in the general ledger for capital assets.
- Equipment items were not always tagged with a unique identifying number.
- Depreciation expense was not always calculated by individual depreciable assets based on estimated useful lives. Additionally, not all additions of the current year were added to the listing at total cost.

EFFECT

The City's internal controls over capital assets were not adequate to ensure that a misstatement for capital assets would be prevented and/or detected. As a result, material misstatement may occur and a qualified opinion was issued on the financial statements.

CAUSE

The City has not had adequate resources to correct deficiencies and update capital asset records.

RECOMMENDATION

The City should dedicate resources to design and implement effective internal control procedures to ensure capital assets are properly valued, classified, and presented in accordance with generally accepted accounting principles.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 02-01

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City will continue to implement our internal control system to ensure accurate capital asset inventory; to include value and classification in accordance with generally accepted accounting principles.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 07-1

Type of Finding: Material weakness

Description: Internal Controls Over Financial Reporting (City and Raton Water Works)

CRITERIA

City management is responsible for establishing and maintaining internal controls that include controls for the generally accepted accounting principles (GAAP) basis financial statements issued by the City. The City's system of internal controls must extend beyond the cash basis general ledger and the supporting schedules prepared by the City; rather it must also include controls over the GAAP basis financial statements. The internal controls must also include proper controls over the full accrual basis general ledgers maintained for business-type activities.

CONDITION/CONTEXT

Management requested the auditors to prepare a draft of the financial statements, including related note disclosures. The outsourcing of these services is not unusual in governmental entities and is a result of management's cost benefit decision to rely on the accounting expertise of the auditors. The City's management did not have adequate internal control procedures in place over the financial statements issued by the City using the basis of accounting required by GAAP. While the City's management and staff have an understanding of applicable statutes, budgetary controls, general ledger controls, and compliance requirements, sufficient internal controls are not in place for the fund-based and government-wide financial statements and related notes to the financial statements.

EFFECT

The City's internal controls over financial reporting at the financial statement level are not adequate to ensure that a misstatement would be prevented and/or detected.

CAUSE

The City's small size and limited resources contribute to difficulties in establishing controls over financial reporting at the financial statement level.

RECOMMENDATION

The City must design and implement effective internal control procedures to ensure the financial statements and related notes are free from material misstatements. Specifically, the City should use checklists to aid in the review of the financial statements and related notes to the financial statements. The City's personnel should obtain additional training to increase their understanding of the GAAP basis financial statements drafted by the audit firm as well as the related adjusting entries posted during the conversion of the cash basis general ledger to the accrual basis financial statements.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 07-1

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

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
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 09-2

Type of Finding: Significant deficiency

Description: Stale-dated Checks (City and Raton Water Works)

CRITERIA

New Mexico Statutes, §6-10-57, NMSA 1978 requires municipalities to cancel checks that are unpaid for one year after they becomes payable.

CONDITION/CONTEXT

During review of bank reconciliations, we noted 45 checks dated prior to June 30, 2010. The total amount of the checks was \$10,235.

EFFECT

The City was 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

The City should implement procedures to monitor outstanding checks and properly void them within one year of being written.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City has updated their check stock to include the wording "VOID AFTER 1 YEAR" and will have personnel work on researching prior outstanding checks for proper handling as well as monitoring of the current outstanding checks for proper voiding.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 09-4

Type of Finding: Material weakness, compliance

Description: Late Audit Report (City and Raton Water Works)

CRITERIA

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

CONDITION/CONTEXT

The City submitted the financial statements for fiscal year 2010-11 in March 2012.

EFFECT

The users of the City's financial statements, including the Office of the State Auditor, legislators, creditors, and others, did not have timely audit reports and financial statements available for their review. In addition, due to the late timing of the report, it will be more difficult for management to correct deficiencies that resulted in audit findings.

CAUSE

The fiscal year 2010 financial statements were not submitted timely, causing a delay in the audit for fiscal year 2011.

RECOMMENDATION

The City should ensure that all elements necessary to complete the financial audit are completed in a timely manner.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Additional trained staff has been hired to focus on executing financial documents in a timely manner.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 10-01

Type of Finding: Significant deficiency

Description: Internal Controls over the Disbursements Cycle (City and Raton Water Works)

CRITERIA

Policies and procedures should be maintained to ensure proper accounting and ensure that the internal control structure is adequate and in operation. Additionally, the internal control structure should specifically address segregation of duties and adequate review procedures.

CONDITION/CONTEXT

The City (including Raton Water Works) did not have adequate internal controls in place over the accounts payable/cash disbursements cycle. During our review we noted the following:

- The City did not have formal policies and procedures in place over the accounts payable process, which caused inconsistencies between expected procedures and actual procedures.
- The City did not have a process to review of the master vendor listing in the computerized system for errors or fraudulent vendors.
- Journal entries were processed without review and approval by another individual.
- Prenumbered purchase orders were tracked manually in a spreadsheet; however, the spreadsheet was not updated consistently and thoroughly during the fiscal year.
- A cash disbursement was made through wire transfers to a vendor for payment. There were no procedures in place or documentation to support why the payment was made outside the established process.
- Access to the computerized system was not limited to individuals with a need for access to complete their job duties.

EFFECT

Improper cash disbursements could be processed, as well as cash disbursements could be made to incorrect vendors or could be made without the receipt of the goods services. Additionally, transactions could be processed without knowledge of management in the form of cash disbursements or adjusting journal entries.

CAUSE

Management did not have procedures in place to ensure that internal controls and segregation of duties existed within the disbursements cycle.

RECOMMENDATION

The City should implement internal controls and procedures over the disbursements cycle to ensure that cash disbursements and journal entries are proper and approved for propriety.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 10-01

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City will implement internal controls and new procedures over the disbursement cycle to ensure cash disbursements and journal entries are proper and approved for propriety based on a new Commission adopted purchase order (PO's) and procurement policy.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 10-02

Type of Finding: Significant deficiency

Description: Supporting Documentation for Disbursements (City and Raton Water Works)

CRITERIA

City management is responsible for establishing and maintaining internal controls that includes controls for the accounts payable cycle. Controls should include consistent use of purchase orders, proper approval for cash disbursements, and cancellation of purchase documentation upon receipt of goods and subsequent payment.

CONDITION/CONTEXT

The City did not have adequate procedures and controls over the accounts payable/disbursement cycle. During our review we noted the following.

- For two of 56 disbursements reviewed, the purchase order was not created and approved prior to the issuance and receipt of goods.
- For two of 56 disbursements reviewed, a receiving report was not collected/reviewed prior to payment.
- For three of 56 disbursements reviewed, approval was not obtained prior to payment for the services.
- For three of 56 disbursements reviewed, the services were provided and billed in November 2006, December 2008 and December 2009.
- For one of 56 disbursements reviewed, the disbursement was based on a franchise agreement between Raton Water Works and the City; however, the calculation that was not reviewed prior to the disbursement.

EFFECT

Improper cash disbursements could be processed, as well as cash disbursements could be made without approval to incorrect vendors or without the receipts of goods or services. Additionally, invoices to vendors are not paid within a reasonable amount of time, which could result in additional fees.

CAUSE

Management did not implement procedures over the accounts payable/cash disbursements cycle to ensure that errors were detected or prevented.

RECOMMENDATION

The City should provide resources to develop written policies and procedures over the disbursements cycle to ensure that cash disbursements are proper.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 10-02

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City will implement a new procurement policy to define procedures over the disbursements cycle to ensure that errors are detected or prevented and cash disbursements are proper.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 10-03

Type of Finding: Significant deficiency, compliance

Description: Budgetary Conditions (City)

CRITERIA

6.20.2.9 (A) NMAC and 22-8-5 to 22-8-12.2 NMSA 1978 require the City's budgets not to exceed at the level of control.

CONDITION/CONTEXT

The City exceed the budgeted expenditures for the CDBG Paving Projects funds by \$6,217.

EFFECT

The City is not in compliance with the state statutes.

CAUSE

Budgets were not properly monitored throughout the year to ensure that budgeted expenditures were not exceeded.

RECOMMENDATION

The City should develop and implement policies and procedures to ensure that budgets are monitored and budget amendment requests are completed to ensure that actual expenditures do not exceed budgeted expenditures

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City will implement a new purchase order (PO) system using the accounting program, Incode. The system will encumber the expenses at the time a purchase order is issued. The City Manager will monitor the budget to ensure that actual expenditures do not exceed budgeted expenditures and will ensure budget amendment requests are completed.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 10-04

Type of Finding: Significant deficiency

Description: Procurement Policies and Procedures (City)

CRITERIA

City management is responsible for implementing adequate procurement policies and procedures that are specific to the needs of the City and in compliance with NMAC 1.4.1.

CONDITION/CONTEXT

The City did not have formal policies and procedures in place regarding procurement. Additionally, the City did not seek quotations for small purchases that did not exceed thresholds required for formal procurement.

EFFECT

The City is not in compliance with NMAC 1.4.1 and is not does not have adequate practices in place regarding procurement.

CAUSE

The City has not established policies and procedures regarding procurement.

RECOMMENDATION

The City should allocate resources to implement written policies regarding procurement that are adequate to the needs of the City and in compliance with state statutes regarding procurement.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City will implement internal controls and a new Commission adopted purchase order (PO) and procurement policy. Staff will be required to attend in-house procurement training.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 02-01 (RPS)

Type of Finding: Significant deficiency

Description: Policies and Procedures

CRITERIA

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

CONDITION/CONTEXT

RPS did not have written policies and procedures over financial reporting and accounting. In addition, journal entries were not reviewed for approval to ensure proprietary.

EFFECT

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

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 policies and procedures for accounting.

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management is going to create a written Accounting Policy, including a review of journal entries. This process has already begun.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 04-05 (RPS)

Type of Finding: Material weakness, compliance

Description: Capital Assets

CRITERIA

2.20.1.1 to 2.20.1.18 NMAC, Accounting and Control of Fixed Assets of State Government. In addition, RPS should ensure complete internal controls in accordance with generally accepted accounting principles are in place for capital assets.

CONDITION/CONTEXT

RPS did not have adequate internal controls in place over capital assets. During our review of capital assets we noted the following:

1. There were no formal policies or procedures for capital assets including disposals of capital assets.
2. A capital asset listing is not maintained including acquisitions, disposals, historical costs, depreciation expense and accumulated depreciation by individual asset.
3. A physical inventory has not been completed since fiscal year 2007. The inventory taken by the outside firm did not agree to the amounts posted in the general ledger for capital assets. Additionally, there were unresolved errors in the detail listings from the physical inventory.
4. Equipment items were not tagged with a unique identifying number.
5. Documentation to support the historical cost of assets is not maintained
6. Depreciation expense is not calculated for individual depreciable assets based on estimated useful lives.

EFFECT

RPS's controls over capital assets with respect to financial reporting were not adequate to ensure that a misstatement for capital assets would be prevented and/or detected.

CAUSE

Adequate policies and procedures are not in place with regard to capital assets due to resource limitations, resulting in a lack of schedules being maintained for such assets.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 04-05 (RPS)

RECOMMENDATION

RPS should dedicate resources to design and implement effective internal control procedures to ensure capital assets are properly valued and classified and presented in accordance with generally accepted accounting principles.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management understands that this is a huge undertaking, and one that needs to be completed in collaboration with the City. Given our size, it is difficult to place resources towards this, and the study in 2007 appears to have borne little fruit. That being said, this is a priority for Management and they will explore options to remedy the findings in the coming weeks. Management most definitely seeks to value, classify, and present all assets in accordance with generally accepted accounting principles. Additionally, over the last few years, RPS has been tagging new items appropriately. As such, significant progress has been made in correcting this finding.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 08-03 (RPS)

Type of Finding: Significant deficiency

Description: IT Environment

CRITERIA

Management is responsible for establishing policies and procedures related to information technology to ensure that information is adequately safeguarded from error or misuse.

CONDITION/CONTEXT

RPS did not have adequate procedures and controls in place over information technology to ensure proper financial reporting and safeguarding of RPS information. During our review of information technology we noted the following:

1. RPS did not have a process in place for upgrades, modifications, or changes to information technology and systems.
2. RPS did not have a policy in place over passwords, including, required elements for passwords and mandatory changes based on set intervals of time.
3. Security access is not reviewed for appropriateness and tested periodically.

EFFECT

The safeguarding of important and confidential information could be compromised.

CAUSE

There were no established policies and procedures for changes to existing information technology and systems or over use of information technology, including password policies.

RECOMMENDATION

RPS should implement policies and procedures, including, but not limited to the following:

- A process should be developed to document and manage all technology changes.
- Management should review and approve any changes made. Additionally, measures should be taken to ensure the reliability and integrity of any changes made to information technology.
- A password policy should be established and implemented organization-wide.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

RPS has already corrected the finding regarding a policy for passwords. From today, passwords on all RPS computers will have to be changed on set intervals of time. In addition, RPS is putting in a policy governing required elements for passwords. In addition, 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 security assessments. Backup of all data are made nightly and checked regularly for consistency.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 08-03 (RPS)

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS (Concl'd)

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. That being said, management will coordinate with the City and the IT consultant to determine the best way to handle system upgrades and security measures.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 10-01 (RPS)

Type of Finding: Material weakness

Description: Bank and Loan Accounts

CRITERIA

Management should design procedures to ensure loan liabilities are properly recorded in the financial statements.

CONDITION/CONTEXT

The loan balances and loan payments were not reconciled to the general ledger on a monthly basis or at a minimum at year end.

EFFECT

The loan balance was understated in the general ledger by \$337,431.

CAUSE

The loan balances from the debt retirement schedule were not reconciled to the general ledger.

RECOMMENDATION

Management should develop and implement policies and procedures to ensure all loan accounts are reconciled on a monthly.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

At present, normal procedure is to accrue payables and liabilities incurred near year end appropriately. However, these procedures will be reviewed and adjusted as required, most likely to include reconciliation on a monthly basis.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 10-02 (RPS)

Type of Finding: Significant deficiency, compliance

Description: Late Audit Report

CRITERIA

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

CONDITION/CONTEXT

RPS did not submit the financial statements by the due date of December 1, 2011.

EFFECT

The users of RPS's financial statements, including the Office of the State Auditor, legislators, creditors, and others, did not have timely audit reports and financial statements available for their review. In addition, due to the late timing of the report, it will be more difficult for management to correct deficiencies that result in audit findings.

CAUSE

The fiscal year 2010 financial statements were not submitted timely, causing a delay in the audit for fiscal year 2011.

RECOMMENDATION

RPS should ensure that all elements necessary to complete the financial audit are completed in a timely manner.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

As stated in the 2010 audit, the audit was submitted late due to a delay on the part of the auditors, and was not the fault of RPS. As such, RPS 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
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 11-01 (RPS)

Type of Finding: Significant deficiency

Description: Payroll

CRITERIA

Internal controls over payroll should include documentation of approved employee pay rates and documentation of approval of hours worked by an employee's immediate supervisor.

CONDITION/CONTEXT

Documentation of approved wage rates and changes in rate of pay were not maintained in employee personnel files. In addition, 14 of 38 employee payroll timecards reviewed were not signed by a supervisor.

EFFECT

The rate of actual pay may not be reflective of the rate that was designated by the Board of Directors and hours worked may not be accurate.

CAUSE

Overall employee increases were approved by the Board of Directors and the budget developed for salaries was reflective of such. Merit based increases in pay were communicated and noted on the inside of the employment files, however notations in the files were not consistent and not supported by proper approval of the rate of pay. The importance of signing and approving timecards was discussed with supervisors; however, a monitoring process was not put in place.

RECOMMENDATION

Approved employee pay rates should be documented in the employees files. Changes to pay rates authorized by the Board of Directors can be demonstrated with copies of applicable Board approval documentation. In addition, merit based increases should have documentation created and approved by the General Manager. Lastly, a monitoring procedure should be implemented to ensure timecards are reviewed and approved by supervisors.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

RPS takes the recommendation of the auditors and will implement it fully, to the best of our ability. Indeed, RPS has already started to more thoroughly review timecards, and is now ensuring that pay rates are documented in the employee files.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 11-02 (RPS)

Type of Finding: Significant deficiency

Description: Accounts Payable/Disbursement Cycle

CRITERIA

RPS management is responsible for establishing and maintaining internal controls that includes controls for the accounts payable cycle. Controls should include consistent use of purchases orders, proper approval for cash disbursements, and cancellation of purchase documentation upon receipt of goods and subsequent payment.

CONDITION/CONTEXT

RPS did not have adequate procedures and controls over the accounts payables/disbursement cycle. During our review we noted the following:

- For three of 25 cash disbursements reviewed, a purchase order was not created.
- For five of 25 cash disbursements reviewed, supporting documentation for the purchase was not properly cancelled.
- For one of 25 cash disbursements reviewed, a purchase order was issued but not approved.
- Journal entries were not reviewed and approved for accuracy and propriety.

EFFECT

Improper cash disbursements could be processed, as well as cash disbursements could be made to incorrect vendors or could be made without the receipt of the goods or services.

CAUSE

Management did not always ensure that procedures over the accounts payable cycle were followed and procedures were not designed to ensure that such errors were detected or prevented.

RECOMMENDATION

RPS should enhance controls and procedures over the accounts payable cycle to ensure that all cash disbursements are processed through consistent controls.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

RPS has already put in place a new policy regarding the signing and authorization of Purchase Orders. In the new policy, Purchase Orders are reviewed by Management, through a consistent form of control. This new policy will be documented within the written Accounting Policy document and immediate action was taken to remedy the deficiency.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Concl'd)**

Raton Housing Authority

None reported.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Reference Number: SA 09-4

Program: Asset Forfeiture Program

CFDA Number: 16.000

Federal Agency: U.S. Department of Justice

Pass-Through Agency: none

Applicable ARRA Programs: none

Grantor Number: NM004100

Questioned Costs: none noted

Type of Finding: Noncompliance, significant deficiency

Compliance Requirement: Equipment and real property management

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.

CONDITION/CONTEXT

Equipment items acquired with program funds were not properly tagged or recorded on the inventory listing with an identifying number.

EFFECT

The City was not in compliance with program requirements which could result in a reduction of future funding.

CAUSE

Property tags are not currently utilized by the City to track assets.

RECOMMENDATION

The City should develop written procedures to identify and track assets acquired with federal funds and implement procedures to tag equipment.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City of Raton will work with all departments receiving federal funds to identify and tag federal assets to ensure proper tracking and disposal.

Contact Person: Pete Kampfer, City Manager
Anticipated Completion Date: March 31, 2012

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS (Cont'd)

Reference Number: SA 11-01

Program Names:	CFDA Numbers:	Grantor Numbers:
Community Development Block Grants/Entitlement Grants	14.218	08-C-RS-I-1-G-29
Highway Planning and Construction, Recovery Act	20.205	ES41220, ES41230
Airport Improvement Program	20.106	3-35-0033-13

Federal Agencies:

U.S. Department of Housing and Urban Development
U.S. Department of Transportation

Applicable ARRA Programs: Highway Planning and Construction, Recovery Act

Questioned Costs: None noted.

Type of Finding: Noncompliance, significant deficiency

Compliance Requirement: Procurement and Suspension and Debarment

CRITERIA

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g. grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. §180.220 of the government-wide non-procurement debarment and suspension common rule contain those additional limited circumstances. All non-procurement transactions (i.e. subawards to subrecipients), irrespective of award amount, are considered covered transactions.

CONDITION/CONTEXT

The City did not determine if vendors were suspended or debarred for purchases that exceeded \$25,000.

EFFECT

The City was not in compliance with the policies set forth by the federal government.

CAUSE

The City was not aware of the requirement.

RECOMMENDATION

The City should implement procedures to ensure that any vendors used for purchases made with federal funds in excess of \$25,000 have not been suspended or debarred.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS (Cont'd)

Reference Number: SA 11-01

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The City will implement procedures to ensure vendors have not been suspended or debarred as part of the bid/RFP process and will be incorporated into the procurement policy.

Contact Person: Pete Kampfer, City Manager
Anticipated Completion Date: March 31, 2012

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS (Cont'd)

Reference Number: SA 11-02

Program Names:	CFDA Numbers:	Grantor Numbers:
Community Development Block Grants/Entitlement Grants	14.228	08-C-RS-I-1-G-29
Highway Planning and Construction, Recovery Act	20.205	ES41220, ES41230
Airport Improvement Program	20.106	3-35-0033-13

Federal Agencies:

U.S. Department of Housing and Urban Development
U.S. Department of Transportation

Applicable ARRA Programs: Highway Planning and Construction, Recovery Act

Questioned Costs: None noted.

Type of Finding: Noncompliance, material weakness

Compliance Requirement: Other

CRITERIA

In accordance with Office of Management and Budget Circular A-133, the audit shall be completed and the data collection form shall be submitted within nine months after the end of the audit period.

CONDITION/CONTEXT

The fiscal year 2009-10 single audit was not submitted to the Federal Audit Clearinghouse within nine months of fiscal year end.

EFFECT

The City was not in compliance with single audit requirements which resulting in the entity being assessed as a high risk entity for future audit periods.

CAUSE

The fiscal year 2010 financial statements were not completed and submitted timely, causing a delay in filing with the Federal Audit Clearinghouse.

RECOMMENDATION

The City should ensure that all elements necessary to complete the financial and federal compliance audits are completed in a timely manner.

**STATE OF NEW MEXICO
CITY OF RATON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS (Concl'd)

Reference Number: SA 11-02

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Additional trained staff has been hired to focus on executing financial documents in a timely manner.

Contact Person: Pete Kampfer, City Manager
Anticipated Completion Date: March 31, 2012

**STATE OF NEW MEXICO
CITY OF RATON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

Status of Prior Year Findings

Finding Reference	Status
City of Raton	
02-1: Capital Assets	Not corrected. See current year finding 02-1.
07-1: Internal Controls over Financial Reporting	Not corrected. See current year finding 07-1.
08-2: Segregation of Duties over Disbursements	Corrected.
09-1: Untimely Bank Reconciliations	Corrected.
09-2: Stale Dated Checks	Not corrected. See current year finding 09-2.
09-4: Late Audit Report	Not corrected. See current year finding 09-4.
10-01: Segregation of Duties over the Disbursements	Not corrected. See current year finding 10-01.
10-02: Disbursements – Supporting Documentation	Not corrected. See current year finding 10-02.
10-03: Budgetary Conditions	Not corrected. See current year finding 10-03.
10-04: Procurement Policies and Procedures	Not corrected. See current year finding 10-04.
Raton Public Service Company	
02-01: Policies and Procedures	Updated and included
04-05: Capital Assets	Updated and included
08-02: Aged Accounts Receivable	Corrected
08-03: IT Environment	Updated and included
09-02: Accounts Payable	Corrected
10-01: Bank and Loan Accounts	Updated and included
10-02: Late Audit Report	Updated and included
Raton Housing Authority	
2010-01: Late Audit Report	Corrected

Status of Prior Year Federal Award Findings

City of Raton	
09-4: Equipment – Additions, Physical Inventory, and Deletions	Not corrected. See current year finding 09-4.
10-05: Procurement	Corrected

**STATE OF NEW MEXICO
CITY OF RATON
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2011**

An exit conference was held on March 22, 2012, in a closed meeting, in which the contents of this report were discussed with the following.

City of Raton, New Mexico

Geneva Trujillo, City Clerk/Treasurer
Pete Kampfer ,City Manager
Chris Candelario, Mayor Pro-Tem
Neil Segotta, City Commissioner
Sandra Mantz, City Commissioner
Jimmy Fanelli, City Commissioner
Dan Campbell,Raton Water Works General Manager
Bonnie Cunico, Raton Water Works Office Manager

Raton Public Service Company

David Mitchell, General Manager
Kathy McQueary, Board President
Neil Segotta, Director

Heinfeld, Meech & Co., P.C.

Melissa Spangler, Partner
Michael Hamilton, Staff Associate II

FINANCIAL STATEMENT PREPARATION

These financial statements were prepared by Heinfeld, Meech & Co., P.C. from the original books and records of the City of Raton, New Mexico.