

State of New Mexico
City of Raton
Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2014
and Independent Auditors' Report

**STATE OF NEW MEXICO
CITY OF RATON**

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**STATE OF NEW MEXICO
CITY OF RATON**

**OFFICIAL ROSTER
JUNE 30, 2014**

ELECTED OFFICIALS

Sandy Mantz	Mayor
James Neil Segotta, Jr.	Mayor Pro Tem
Jimmy Fanelli	Commissioner
Donald Giacomo	Commissioner
Ronald Chavez	Commissioner

ADMINISTRATIVE OFFICIALS

Butch McGowen	Interim City Manager
Scott Berry	Incoming City Manager
Michael Anne Antonucci	Treasurer
Tricia Garcia	City Clerk

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor
and the Mayor and City Council of the
City of Raton, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Raton, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental, internal service, fiduciary funds and the budgetary comparisons for major capital, nonmajor capital project funds, internal service fund and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Raton, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance 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, internal service fund, and fiduciary fund of the City of Raton as of June 30, 2014 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, internal service and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 and pages 23, 72 through 84, 90 through 98, 114 through 116, and 118 through 119 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Local governments, and other schedules required by Section 2.2.2.NMAC* are presented for the for the purposes of additional analysis and are not a required part of the basic financial statements.

The *Schedule of Expenditures of federal awards and other schedules required by Section 2.2.2 NMAC* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures and other schedules required by Section 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2015, on our consideration of the City of Raton internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Raton, internal control over financial reporting and compliance.

White & Samaniego & Campbell, LLP

El Paso, Texas

February 10, 2015

STATE OF NEW MEXICO
CITY OF RATON

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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

Financial Highlights

- The assets of the City of Raton exceeded its liabilities at the close of the most recent fiscal year end by \$37,320,591 (net position). Of this amount, \$4,727,924 (unrestricted net position) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net position decreased by \$9,279,285 during the fiscal year. The majority of this is due to the City's restatement to capital assets in the amount of \$(6,390,437).
- As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$4,792,252. Of this total, \$2,821,313 is restricted for special revenue, capital projects and debt service.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$1,570,939.

Overview of the Financial Statements

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

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

Government-Wide Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Raton that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Raton include general government, public safety, highways and streets and culture and recreation. The business-type activities of the City include water, sewer, solid waste, an airport and a convention center.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains twenty-six individual governmental funds organized according to their type (general, special revenue, capital projects and debt service). Information is presented separately in governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be the only major fund. Data from the other twenty-five 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* elsewhere in this report.

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

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers -either outside customers or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains four proprietary funds, the Sanitation Fund and Water and Sewer Fund. The proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 35 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$37,320,591 at the close of the current fiscal year.

The largest portion of the City of Raton's net position represent the City's investment of \$29,371,354 in capital assets (e.g., land, construction in progress, improvements, buildings, and machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$4,727,924 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, for the government as a whole as well as for the business-type activities.

Analysis of Changes in Net Position

During the current fiscal year, the City's net position in governmental and business-type activities decreased by \$2,888,848. These decreases are explained in the governmental and business-type activities discussion that follows.

Governmental Activities

Governmental activities decreased the City's net position by \$596,435. Revenues including transfers decreased from \$10,608,184 for the year ended June 30, 2013 to \$9,414,970 for the year ended June 30, 2014. The decrease in revenues is primarily because the decrease in capital grants. Governmental expenses increased from \$7,348,577 for the year ended June 30, 2013 to \$10,011,405 for the year ended June 30, 2014. Total revenues and expenses from governmental activities are summarized below.

Business-Type Activities

Business-type activities decreased the City's net position by \$2,292,413 after transfers of \$230,271 out to governmental activities, compared to the prior year's increase of \$688,506 after transfers of \$571,028 out to the general fund. Elements of this decrease compared to the prior year increase include decrease in tax revenues throughout the year.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and other assets	\$ 5,362,281	\$ 7,747,991	\$ 6,407,884	\$ 5,394,059	\$11,770,165	\$13,142,050
Non current assets	738,656	-	227,763	-	966,419	-
Capital assets, net of accumulated depreciation	23,166,724	30,181,501	17,814,510	18,792,344	40,981,234	48,973,845
Total assets	\$29,267,661	\$37,929,492	\$24,450,157	\$24,186,403	\$53,717,818	\$62,115,895
LIABILITIES						
Current and other liabilities	\$ 1,843,802	\$ 1,618,544	\$ 2,619,722	\$ 283,387	\$ 4,463,524	\$ 1,901,931
Long-term liabilities	8,622,845	10,709,432	3,310,858	2,904,656	11,933,703	13,614,088
Total liabilities	10,466,647	12,327,976	5,930,580	3,188,043	16,397,227	15,516,019
Deferred Inflow						
Unearned revenue	-	-	-	-	-	-
Property revenue	-	-	-	-	-	-
Total liabilities and deferred inflows	10,466,647	12,327,976	5,930,580	3,188,043	16,397,227	15,516,019
NET POSITION						
Net invested in capital assets	12,091,170	21,202,778	17,280,184	17,385,330	29,371,354	38,588,108
Restricted	3,221,313	3,112,192	-	2,271,345	3,221,313	5,383,537
Unrestricted	3,488,531	1,286,546	1,239,393	1,341,685	4,727,924	2,628,231
Total net position	18,801,014	25,601,516	18,519,577	20,998,360	37,320,591	46,599,876
Total liabilities and net position	\$29,267,661	\$37,929,492	\$24,450,157	\$24,186,403	\$53,717,818	\$62,115,895

A summary of the statement of activities is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenue:						
Charges for services	\$ 1,485,790	\$ 919,661	\$ 3,747,710	\$ 3,697,391	\$ 5,233,500	\$ 4,617,052
Operating grant and contributions	1,116,686	783,419	204,292	-	1,320,978	783,419
Capital grants and contributions	1,394,570	3,856,337	-	-	1,394,570	3,856,337
General revenues:						
Taxes	4,442,385	4,466,457	1,110,033	1,057,535	5,552,418	5,523,992
Other income	745,268	11,282	34,194	18,830	779,462	30,112
Total revenues	<u>9,184,699</u>	<u>10,037,156</u>	<u>5,096,229</u>	<u>4,773,756</u>	<u>14,280,928</u>	<u>14,810,912</u>
EXPENSES						
General government	4,708,550	1,718,779	-	-	4,708,550	1,718,779
Public Safety	2,936,590	3,817,266	-	-	2,936,590	3,817,266
Culture and recreation	736,035	841,474	-	-	736,035	841,474
Highway and streets	480,438	571,985	-	-	480,438	571,985
Interest on long term debt	376,001	399,073	-	-	376,001	399,073
Sanitation	-	-	1,301,343	858,928	1,301,343	858,928
Water and Sewer	-	-	5,669,236	2,655,294	2,550,118	2,655,294
Sanitation Project	-	-	187,792	-	-	-
Insurance Reserve	773,791	-	-	-	-	-
Total expenses	<u>10,011,405</u>	<u>7,348,577</u>	<u>7,158,371</u>	<u>3,514,222</u>	<u>13,089,075</u>	<u>10,011,405</u>
Changes in net position before transfers	(826,706)	2,688,579	(2,062,142)	1,259,534	(2,888,848)	3,948,113
Transfers	230,271	571,028	(230,271)	(571,028)	-	-
Changes in net position	<u>(596,435)</u>	<u>3,259,607</u>	<u>(2,292,413)</u>	<u>688,506</u>	<u>(2,888,848)</u>	<u>3,948,113</u>
Net position - beginning of year before restatement	25,601,516	22,341,909	20,998,360	20,309,854	46,599,876	42,651,763
Restatement	(6,204,067)	-	(186,370)	-	(6,390,437)	-
Net Position after restatement	<u>19,397,449</u>	<u>22,341,909</u>	<u>20,811,990</u>	<u>20,309,854</u>	<u>40,209,439</u>	<u>42,651,763</u>
Net position - ending	<u>\$ 18,801,014</u>	<u>\$25,601,516</u>	<u>\$18,519,577</u>	<u>\$20,998,360</u>	<u>\$37,320,591</u>	<u>\$46,599,876</u>

Financial Analysis of the City of Raton as a Whole

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,792,252, a decrease of \$44,058 in comparison with the prior year. Approximately 33% of this total amount, or \$1,570,939, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$3,221,313, is restricted to indicate that it is not available for new spending because it has already been restricted to pay special revenue, capital projects and debt service.

Revenues for governmental functions overall totaled \$8,384,568 in the year ended June 30, 2014, which represents a decrease of \$852,457 from the year ended June 30, 2013. Expenditures for governmental functions totaled \$8,644,612 in the year ended June 30, 2014. This was a decrease of \$1,911,239 from the fiscal year-ended June 30, 2013. The decrease in expenditures is primarily caused by the decrease in revenue. In the fiscal year-ended June 30, 2014, expenditures for governmental functions exceeded revenues by approximately \$260,044.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was \$1,570,939. General Fund revenues totaled \$4,724,190 for the fiscal year, while expenditures totaled \$4,491,549. Revenues exceeded expenditures by \$232,641 before transfers in and out of the general fund.

During 2014, the General Fund received transfers of \$149,702 from other City funds and made transfers of \$193,572 to other funds. The net transfers of \$43,870 decrease the fund balance, which increased \$188,771 during the current fiscal year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. An analysis of the major proprietary funds is as follows:

Proprietary funds increased total assets from \$21,152,832 in 2013 to \$24,450,157 in 2014. This is a 15.6% increase. The Water and Sewer Fund makes up the largest portion of total assets with \$22,329,380 and had the largest decrease in assets of the proprietary funds which was \$2,054,738. The Sanitation Fund had an decrease in assets of \$237,675.

Proprietary fund liabilities decreased 46% or \$2,742,537 during 2014. Water and Sewer fund liabilities decreased \$1,572,939 primarily due to the paying down of long-term debt. The Sanitation liabilities increased \$6,186.

General Fund Budgetary Highlights

The discussion that follows presents financial data based upon the budgetary basis of accounting. Please refer to the notes of the financial statements for an explanation of the differences of accounting regarding the budget. During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The budget for General Fund revenues was increased by \$292,538 for the year ended June 30, 2014. Local gross receipts collections for the year ended June 30, 2014 were less than what was collected in previous years due to the construction in downtown Raton.

Actual General Fund expenditures were \$4,466,362, which on target with the final budget amount for the year ended June 30, 2014. All categories were below budget except for debt service. The City's policy is to budget based upon expected expenditures, but City employees are encouraged to spend only what is needed to provide services, which accounts for the expenditure savings.

Fund balance was budgeted to be \$1,529,613 in the final budget. The actual fund balance for the General Fund for the year ended June 30, 2014 was \$1,746,803. This was a favorable variance of \$217,190, or 14%.

Capital Asset and Debt Administration

Capital Assets

The City of Raton's capital assets for its governmental and business-type activities as of June 30, 2014 amount to \$40,981,234 (net of accumulated depreciation). Capital assets include land, construction in progress, improvements, buildings, furniture and equipment, and vehicles. The total increase in the City's capital assets (excluding accumulated depreciation) for the current fiscal year was \$1,208,598 for governmental activities. Improvements costing \$67,023, machinery and equipment \$1,039,634, and vehicles costing \$56,152 were purchased for the City. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$301,683.

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

**Capital Assets, Net of Depreciation
June 30, 2014 and 2013**

	Governmental Activities		Business - Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and Construction in Progress	\$ 2,301,235	\$ 6,171,815	\$ 2,143,706	\$ 4,687,510	\$ 4,444,941	\$10,859,325
Buildings, Improvements, Equipment, Furniture and Vehicles	<u>20,865,489</u>	<u>24,009,686</u>	<u>15,670,804</u>	<u>7,546,743</u>	<u>36,536,293</u>	<u>31,556,429</u>
Capital Assets, Net of A/D	<u>\$23,166,724</u>	<u>\$30,181,501</u>	<u>\$17,814,510</u>	<u>\$12,234,253</u>	<u>\$40,981,234</u>	<u>\$42,415,754</u>

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

Long-term Debt

At the end of fiscal year 2014, the City had total long-term debt outstanding of \$11,744,404, which consists of notes payable, bonds payable, landfill post closure obligations and compensated absences payable. Governmental activity and business-type long-term debt as of June 30, 2014 was \$9,074,199 and \$2,670,205, respectively, and were decreased \$1,635,233 and \$133,496, respectively, during the fiscal year.

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

**Long Term Debt
June 30, 2014 and 2013**

	Governmental Activities		Business - Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Notes Payable	\$ 5,969,725	\$ 7,414,709	\$ -	\$ -	\$ 5,969,725	\$ 7,414,709
Bonds Payable	2,851,594	2,888,594	1,163,522	1,407,014	4,015,116	4,295,608
Landfill post closure	-	-	1,319,798	1,296,460	1,319,798	1,296,460
Compensated Absences	<u>252,880</u>	<u>406,129</u>	<u>186,885</u>	<u>100,227</u>	<u>439,765</u>	<u>506,356</u>
Total Long Term Debt	<u>\$ 9,074,199</u>	<u>\$10,709,432</u>	<u>\$ 2,670,205</u>	<u>\$ 2,803,701</u>	<u>\$11,744,404</u>	<u>\$13,513,133</u>

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Raton's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, 224 Savage Avenue, Raton, NM 87740.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Raton Public Service	Raton Housing Authority
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 3,814,665	\$ 2,983,231	\$ 6,797,896	\$ 577,848	\$ 88,614
Investments	333,375	2,561,493	2,894,868	-	578,977
Accounts receivable	388,465	443,086	831,551	878,674	2,647
Taxes receivable	682,604	190,439	873,043	-	-
Interest receivable	-	-	-	-	418
Notes receivable, current portion	-	18,692	18,692	-	-
Intergovernmental state receivable	87,118	-	87,118	-	-
Intergovernmental federal receivable	56,054	-	56,054	-	-
Inventory	-	210,943	210,943	668,195	19,601
Prepaid expenses	-	-	-	49,666	4,150
Total current assets	<u>5,362,281</u>	<u>6,407,884</u>	<u>11,770,165</u>	<u>2,174,383</u>	<u>694,407</u>
NON-CURRENT ASSETS:					
Restricted cash and cash equivalents	738,656	184,404	923,060	3,277,766	-
Restricted investments	-	-	-	-	30,100
Notes Receivable	-	43,359	43,359	-	-
Capital asset not being depreciated, net	2,301,235	2,143,706	4,444,941	-	291,050
Capital assets, net	34,159,586	31,779,736	65,939,322	17,789,647	10,079,201
Accumulated depreciation	<u>(13,294,097)</u>	<u>(16,108,932)</u>	<u>(29,403,029)</u>	<u>(8,939,135)</u>	<u>(7,684,830)</u>
Total non-current assets	<u>23,905,380</u>	<u>18,042,273</u>	<u>41,947,653</u>	<u>12,128,278</u>	<u>2,715,521</u>
Total assets	<u>\$ 29,267,661</u>	<u>\$ 24,450,157</u>	<u>\$ 53,717,818</u>	<u>\$ 14,302,661</u>	<u>\$ 3,409,928</u>
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES:					
Accounts payable	\$ 344,571	\$ 2,088,779	\$ 2,433,350	\$ 331,424	\$ 1,385
Accrued expenses	-	-	-	-	10,171
Accrued salaries	43,223	42,135	85,358	-	-
Unapplied credit	-	34,274	34,274	-	-
Current portion of compensated absences	124,388	100,227	224,615	52,394	-
Current bonds payable	47,000	256,107	303,107	-	-
Unearned revenue	880,266	-	880,266	6,804	1,741
Insurance payable	-	-	-	106,941	-
Taxes payable	-	-	-	35,537	-
Interest payable	-	-	-	53,938	-
Long term debt current portion	<u>404,354</u>	<u>98,200</u>	<u>502,554</u>	<u>350,046</u>	<u>-</u>
Total current liabilities	<u>1,843,802</u>	<u>2,619,722</u>	<u>4,463,524</u>	<u>937,084</u>	<u>13,297</u>
NON-CURRENT LIABILITIES:					
Customer deposits	-	156,087	156,087	161,922	28,592
Landfill closure	-	1,319,798	1,319,798	-	-
Compensated absences	252,880	86,658	339,538	21,400	-
Bonds payable	2,804,594	907,415	3,712,009	-	-
Long term debt, less current maturities	<u>5,565,371</u>	<u>840,900</u>	<u>6,406,271</u>	<u>5,574,253</u>	<u>-</u>
Total non-current liabilities	<u>8,622,845</u>	<u>3,310,858</u>	<u>11,933,703</u>	<u>5,757,575</u>	<u>28,592</u>
Total liabilities	<u>10,466,647</u>	<u>5,930,580</u>	<u>16,397,227</u>	<u>6,694,659</u>	<u>41,889</u>
NET POSITION					
Net investment in capital assets	12,091,170	17,280,184	29,371,354	2,926,213	-
Restricted for:					
Debt services	1,347,957	-	1,347,957	-	-
Capital projects	732,966	-	732,966	-	-
Special revenue	1,140,390	-	1,140,390	3,277,766	-
Unrestricted	<u>3,488,531</u>	<u>1,239,393</u>	<u>4,727,924</u>	<u>1,404,023</u>	<u>-</u>
Total net position	<u>18,801,014</u>	<u>18,519,577</u>	<u>37,320,591</u>	<u>7,608,002</u>	<u>3,368,039</u>
Total net position and liabilities	<u>\$ 29,267,661</u>	<u>\$ 24,450,157</u>	<u>\$ 53,717,818</u>	<u>\$ 14,302,661</u>	<u>\$ 3,409,928</u>

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

STATE OF NEW MEXICO
CITY OF RATON

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONAL/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Raton Public Service Company	Raton Housing Authority	
Governmental activities:										
Administration	\$ 5,084,551	\$ 702,780	\$ 584,643	\$ -	\$ (3,797,128)	\$ -	\$ (3,797,128)	\$ -	\$ -	
Water capital	610,821	-	-	319,294	(291,527)	-	(291,527)	-	-	
Fire	598,359	-	366,937	-	(231,422)	-	(231,422)	-	-	
Recreation	291,844	86,076	3,202	-	(202,566)	-	(202,566)	-	-	
Lodgers tax	174,690	-	-	-	(174,690)	-	(174,690)	-	-	
Law enforcement	10,576	-	26,599	-	16,023	-	16,023	-	-	
Emergency medical service	32,842	-	20,000	-	(12,842)	-	(12,842)	-	-	
Local government corrections	8,307	8,420	-	-	113	-	113	-	-	
Library building	355	1,897	-	-	1,542	-	1,542	-	-	
Environmental GRT	98,506	-	-	-	(98,506)	-	(98,506)	-	-	
Police narcotics	62,394	-	-	-	(62,394)	-	(62,394)	-	-	
Juvenile justice	68,759	-	68,759	-	-	-	-	-	-	
ARRA OJP	46,546	-	46,546	-	-	-	-	-	-	
Lodgers tax 2%	111,675	-	-	-	(111,675)	-	(111,675)	-	-	
Street improvement	81,474	-	-	49,596	(31,878)	-	(31,878)	-	-	
GRT swim/pool recreation center	4,985	-	-	20,000	15,015	-	15,015	-	-	
NMDOT	316,932	-	-	250,000	(66,932)	-	(66,932)	-	-	
Historic building	1,863	-	-	1,863	-	-	-	-	-	
Capital imperilments	5,733	-	-	-	(5,733)	-	(5,733)	-	-	
Depot improvements	19,545	-	-	32,672	13,127	-	13,127	-	-	
Airport capital	677,982	-	-	721,145	43,163	-	43,163	-	-	
NMFA loan welcome center	50,722	-	-	-	(50,722)	-	(50,722)	-	-	
Recreation center	208,944	-	-	-	(208,944)	-	(208,944)	-	-	
Aquatic center	177,322	-	-	-	(177,322)	-	(177,322)	-	-	
Water trust board	7,351	-	-	-	(7,351)	-	(7,351)	-	-	
ARRA CWSRF	7,048	-	-	-	(7,048)	-	(7,048)	-	-	
NMFA WTB fire	101,122	-	-	-	(101,122)	-	(101,122)	-	-	
NMFA loan police vehicles	20,665	-	-	-	(20,665)	-	(20,665)	-	-	
NMFA loan solid waste	110,293	-	-	-	(110,293)	-	(110,293)	-	-	
NMFA loan fire	82,032	-	-	-	(82,032)	-	(82,032)	-	-	
Waste water treatment	163,376	-	-	-	(163,376)	-	(163,376)	-	-	
Insurance reserve	773,791	686,617	-	-	(87,174)	-	(87,174)	-	-	
Total governmental activities	10,011,405	1,485,790	1,116,686	1,394,570	(6,014,359)	-	(6,014,359)	-	-	

Continued

STATE OF NEW MEXICO
CITY OF RATON

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Raton Public Service Company	Raton Housing Authority
Business-type activities:									
Sanitation	1,301,343	1,276,342	-	-	-	25,001	25,001	-	-
Water and sewer	5,669,236	2,471,368	-	-	-	3,197,868	3,197,868	-	-
Sanitation Project	187,792	-	-	204,292	-	16,500	16,500	-	-
Total business-type activities	<u>7,158,371</u>	<u>3,747,710</u>	<u>-</u>	<u>204,292</u>	<u>-</u>	<u>(3,206,369)</u>	<u>(3,206,369)</u>	<u>-</u>	<u>-</u>
Total primary government	17,169,776	5,233,500	1,116,686	1,598,862	(6,014,359)	(3,206,369)	(9,220,728)	-	-
Component unit									
Housing Authority	895,477	16,072	763,588	-	-	-	-	-	(115,817)
Raton Public Service	<u>6,293,225</u>	<u>6,337,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,159</u>	<u>-</u>
Total component units	7,188,702	6,353,456	763,588	-	-	-	-	44,159	(115,817)
General Revenues:									
Gross receipts taxes					3,004,614	1,110,033	4,114,647	-	-
Franchise taxes					166,932	-	166,932	-	-
Property taxes					712,560	-	712,560	-	-
Gasoline taxes					-	-	-	-	-
Lodger's taxes					-	-	-	-	-
Other					558,279	-	558,279	-	-
Water conservation fees					-	-	-	-	-
Investment earnings					300,790	6,160	306,950	(263,372)	2,349
Rentals, reimbursements and other					444,478	28,034	472,512	-	233,906
Transfers					<u>230,271</u>	<u>(230,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>5,417,924</u>	<u>913,956</u>	<u>6,331,880</u>	<u>(263,372)</u>	<u>236,255</u>
Changes in net position					(596,435)	(2,292,413)	(2,888,848)	(219,213)	120,438
Net position, beginning of year before restatement					25,601,516	20,998,360	46,599,876	9,070,976	3,247,601
Restatement					<u>(6,204,067)</u>	<u>(186,370)</u>	<u>(6,390,437)</u>	<u>(1,243,761)</u>	<u>-</u>
Net position, after restatement					<u>19,397,449</u>	<u>20,811,990</u>	<u>40,209,439</u>	<u>7,827,215</u>	<u>3,247,601</u>
Net position, end of year					<u>\$ 18,801,014</u>	<u>\$ 18,519,577</u>	<u>\$ 37,320,591</u>	<u>\$ 7,608,002</u>	<u>\$ 3,368,039</u>

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

.

GOVERNMENTAL FUND STATEMENTS

**STATE OF NEW MEXICO
CITY OF RATON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General Fund</u>	<u>Water Capital</u>	<u>Sanitation Project</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,045,594	\$ 1,000,000	\$ -	\$ 1,769,071	\$ 3,814,665
Restricted cash and cash equivalents	-	-	-	738,656	738,656
Investments	-	-	-	333,375	333,375
Accounts receivable	388,465	-	-	-	388,465
Taxes receivable	548,651	-	-	133,953	682,604
Intergovernmental state receivable	20,123	40,495	-	26,500	87,118
Intergovernmental federal receivable	-	-	-	56,054	56,054
Due from other funds	92,559	-	-	-	92,559
	<u>2,095,392</u>	<u>1,040,495</u>	<u>-</u>	<u>3,057,609</u>	<u>6,193,496</u>
Total assets	<u>\$ 2,095,392</u>	<u>\$ 1,040,495</u>	<u>\$ -</u>	<u>\$ 3,057,609</u>	<u>\$ 6,193,496</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 90,479	\$ 40,495	\$ -	\$ 153,367	\$ 284,341
Accrued salaries	40,194	-	-	3,029	43,223
Unearned revenue	280,266	600,000	-	-	880,266
Due to other funds	-	-	-	79,900	79,900
	<u>410,939</u>	<u>640,495</u>	<u>-</u>	<u>236,296</u>	<u>1,287,730</u>
Total liabilities	410,939	640,495	-	236,296	1,287,730
Deferred inflows:					
Property tax revenue	113,514	-	-	-	113,514
	<u>113,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,514</u>
Total liabilities and deferred inflows	524,453	640,495	-	236,296	1,401,244
Fund balances:					
Restricted, reported in:					
Special revenue funds	-	-	-	1,140,390	1,140,390
Capital projects funds	-	400,000	-	332,966	732,966
Debt service funds	-	-	-	1,347,957	1,347,957
Unassigned, reported in:					
General fund	1,570,939	-	-	-	1,570,939
Special Revenue Fund	-	-	-	-	-
	<u>1,570,939</u>	<u>400,000</u>	<u>-</u>	<u>2,821,313</u>	<u>4,792,252</u>
Total fund balances	1,570,939	400,000	-	2,821,313	4,792,252
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,095,392</u>	<u>\$ 1,040,495</u>	<u>\$ -</u>	<u>\$ 3,057,609</u>	<u>\$ 6,193,496</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

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

Total fund balances - governmental funds \$ 4,792,252

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

The cost of capital assets	36,460,821	
Accumulated depreciation	<u>(13,294,097)</u>	23,166,724

Long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:

Property taxes	113,514
----------------	---------

The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.

(72,889)

Other long-term liabilities and certain other liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Bonds payable	2,851,594	
Long-term debt	5,969,725	
Compensated absences	<u>377,268</u>	<u>(9,198,587)</u>

Total net position - governmental activities **\$ 18,801,014**

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

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Water Capital</u>	<u>Sanitation Project</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Gross receipts	\$ 2,590,293	\$ -	\$ -	\$ 414,321	\$ 3,004,614
Franchise	166,932	-	-	-	166,932
Property	599,046	-	-	-	599,046
Other	15,401	-	-	542,878	558,279
Sale of property	19,152	-	-	-	19,152
Charges for services	654,121	-	-	87,973	742,094
Licenses, fees and permits	23,410	-	-	-	23,410
Fees, fines and forfeitures	25,249	-	-	8,420	33,669
Rentals	34,334	-	-	10,144	44,478
Federal operating grants	-	-	-	147,977	147,977
Other grants and contributions	584,643	319,294	-	1,459,342	2,363,279
Loan proceeds	-	400,000	-	-	400,000
Interest and other	11,609	-	-	270,029	281,638
Total revenues	<u>4,724,190</u>	<u>719,294</u>	<u>-</u>	<u>2,941,084</u>	<u>8,384,568</u>
EXPENDITURES					
General government	1,157,703	610,821	-	341,176	2,109,700
Public safety	3,114,365	-	-	731,160	3,845,525
Public works	-	-	-	49,563	49,563
Culture and recreation	208,049	-	-	292,860	500,909
Highway and streets	11,432	-	-	-	11,432
Capital outlay	-	-	-	1,208,598	1,208,598
Debt service:					
Principal	-	-	-	542,884	542,884
Interest	-	-	-	376,001	376,001
Total expenditures	<u>4,491,549</u>	<u>610,821</u>	<u>-</u>	<u>3,542,242</u>	<u>8,644,612</u>
Excess (deficiency) of revenues over expenditures	232,641	108,473	-	(601,158)	(260,044)
OTHER FINANCING SOURCES (USES):					
Transfers in	149,702	-	-	1,284,745	1,434,447
Transfers out	<u>(193,572)</u>	<u>(108,473)</u>	<u>-</u>	<u>(916,416)</u>	<u>(1,218,461)</u>
Total other financing source (uses)	<u>(43,870)</u>	<u>(108,473)</u>	<u>-</u>	<u>368,329</u>	<u>215,986</u>

Continued

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

Net change in fund balance	188,771	-	-	(232,829)	(44,058)
Fund balance at beginning of year, before restatement	1,382,168	400,000	924,580	3,054,142	5,760,890
Restatement	-	-	(924,580)	-	(924,580)
Fund balance at beginning of year, after restatement	<u>1,382,168</u>	<u>400,000</u>	<u>-</u>	<u>3,054,142</u>	<u>4,836,310</u>
Fund balance at end of year	<u>\$ 1,570,939</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 2,821,313</u>	<u>\$ 4,792,252</u>
					Concluded

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

**STATE OF NEW MEXICO
CITY OF RATON**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds \$ (44,058)

The changes in net position 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 and reported as depreciation expense:

Capital assets reported as capital outlay expenditures	1,208,598	
Depreciation expense	(1,486,035)	
Retirement or disposal of capital assets	<u>(914,398)</u>	(1,191,835)

Governmental funds report loan payments as debt service expenditures. However, in the statement of activities, these payments are not recognized as expenditures. 445,584

Property taxes that do not provide current financial resources, made available to pay for the current period's expenditures, reported as deferred inflows in the funds. 113,514

The internal service fund is used by management to charge the costs of certain activities, such as insurance to the individual funds. The net expense of the internal service fund is reported with governmental activities. (72,889)

In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid). 153,249

Change in net position of governmental activities \$ (596,435)

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

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Gross receipts	\$ 2,712,640	\$ 2,712,640	\$ 2,622,617	\$ (90,023)
Franchise	153,562	153,562	164,507	10,945
Property	686,463	696,463	599,046	(97,417)
Other	-	-	158,813	158,813
Charges for services	642,300	642,300	654,121	11,821
Licenses, fees and permits	23,800	23,800	23,410	(390)
Fines	37,000	37,000	25,249	(11,751)
Rentals	-	-	34,334	34,334
Other grant and contributions	198,500	403,888	584,643	180,755
Interest	1,500	1,500	-	(1,500)
Other	63,307	140,457	(11,025)	(151,482)
Sale of property	-	-	19,152	19,152
Total revenues	4,519,072	4,811,610	4,874,867	63,257
EXPENDITURES:				
General government	-	-	1,132,516	(1,132,516)
Public safety	2,695,254	2,733,074	3,114,365	(381,291)
Executive-legislative	26,320	26,320	-	26,320
Judicial	86,868	92,373	-	92,373
Finance & administration	619,723	690,617	-	690,617
Elections	12,000	12,000	-	12,000
Airport	40,450	42,450	-	42,450
Highways & Streets	484,370	472,382	11,432	460,950
Culture and recreation	204,651	206,056	208,049	(1,993)
Economic development and housing	93,338	78,768	-	78,768
Other - miscellaneous	155,659	236,714	-	236,714
Total expenditures	4,418,633	4,590,754	4,466,362	124,392
Excess (deficiency) of revenues over expenditures	100,439	220,856	408,505	187,649
OTHER FINANCING SOURCES (USES)				
Transfers in	146,998	151,563	149,702	(1,861)
Transfers out	(232,439)	(224,974)	(193,572)	31,402
Total other financing sources (uses)	(85,441)	(73,411)	(43,870)	29,541

Continued

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

Net changes in fund balance	14,998	147,445	364,635	217,190
Fund balance - beginning of the year	<u>1,382,168</u>	<u>1,382,168</u>	<u>1,382,168</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 1,397,166</u>	<u>\$ 1,529,613</u>	<u>\$ 1,746,803</u>	<u>\$ 217,190</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 364,635	
Net revenue accruals			(150,677)	
Net expenditure accruals			<u>(25,187)</u>	
Net change in fund balance GAAP basis			<u>\$ 188,771</u>	

Concluded

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

PROPRIETARY FUNDS

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014**

	<u>Sanitation</u>	<u>Water and Sewer</u>	<u>Sanitation Project</u>	<u>Total Proprietary Funds</u>	<u>Insurance Reserve</u>
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 661,871	\$ 1,396,780	\$ 924,580	\$ 2,983,231	\$ -
Investment	-	2,561,493	-	2,561,493	-
Accounts receivable	-	443,086	-	443,086	-
Taxes receivable	-	190,439	-	190,439	-
Notes receivable, current portion	-	18,692	-	18,692	-
Inventory	-	210,943	-	210,943	-
Total current assets	<u>661,871</u>	<u>4,821,433</u>	<u>924,580</u>	<u>6,407,884</u>	<u>-</u>
NON-CURRENT ASSETS:					
Restricted assets:					
Cash and cash equivalents	-	184,404	-	184,404	-
Notes receivable	-	43,359	-	43,359	-
Capital assets, net	<u>534,326</u>	<u>17,280,184</u>	<u>-</u>	<u>17,814,510</u>	<u>-</u>
Total non-current assets	<u>534,326</u>	<u>17,507,947</u>	<u>-</u>	<u>18,042,273</u>	<u>-</u>
Total assets	<u>\$ 1,196,197</u>	<u>\$ 22,329,380</u>	<u>\$ 924,580</u>	<u>\$ 24,450,157</u>	<u>\$ -</u>
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES:					
Accounts payable	\$ 23,223	\$ 2,065,556	\$ -	\$ 2,088,779	\$ 60,230
Accrued salaries	8,919	33,216	-	42,135	-
Unapplied credit	-	34,274	-	34,274	-
Long term debt - current portion	-	-	98,200	98,200	-
Compensated absences - current portion	35,593	64,634	-	100,227	-
Bonds payable - current portion	-	256,107	-	256,107	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,659</u>
Total current liabilities	67,735	2,453,787	98,200	2,619,722	72,889
NON-CURRENT LIABILITIES:					
Customer deposits	-	156,087	-	156,087	-
Landfill closure	1,319,798	-	-	1,319,798	-
Compensated absences	9,615	77,043	-	86,658	-
Bonds payable	-	907,415	-	907,415	-
Long term debt - long term portion	<u>-</u>	<u>-</u>	<u>840,900</u>	<u>840,900</u>	<u>-</u>
Total non-current liabilities	<u>1,329,413</u>	<u>1,140,545</u>	<u>840,900</u>	<u>3,310,858</u>	<u>-</u>
Total liabilities	1,397,148	3,594,332	939,100	5,930,580	72,889
NET POSITION					
Net investment in capital assets	-	17,280,184	-	17,280,184	-
Unrestricted	<u>(200,951)</u>	<u>1,454,864</u>	<u>(14,520)</u>	<u>1,239,393</u>	<u>(72,889)</u>
Total net position	<u>(200,951)</u>	<u>18,735,048</u>	<u>(14,520)</u>	<u>18,519,577</u>	<u>(72,889)</u>
Total liabilities and net position	<u>\$ 1,196,197</u>	<u>\$ 22,329,380</u>	<u>\$ 924,580</u>	<u>\$ 24,450,157</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Sanitation</u>	<u>Water and Sewer Fund</u>	<u>Sanitation Project</u>	<u>Total Proprietary Funds</u>	<u>Insurance Reserve</u>
OPERATING REVENUES					
Charges for services	\$ 1,260,581	\$ 2,471,368	\$ -	\$ 3,731,949	\$ 682,764
GRT tax revenue	-	1,110,033	-	1,110,033	-
Other grants and contributions	-	-	204,292	204,292	-
Recycling charges	15,761	-	-	15,761	-
Other and miscellaneous	1,097	26,937	-	28,034	3,853
	<u>1,277,439</u>	<u>3,608,338</u>	<u>204,292</u>	<u>5,090,069</u>	<u>686,617</u>
Total operating revenues					
OPERATING EXPENSES					
Salaries and wages	-	292,848	-	292,848	-
Sewer plant expense	-	299,978	-	299,978	-
Construction and maintenance	-	3,388,548	-	3,388,548	-
Supplies	-	750,976	-	750,976	-
Operating costs	1,221,346	53,499	-	1,274,845	773,791
Depreciation	26,997	876,487	-	903,484	-
Capital outlay	53,000	-	187,792	240,792	-
	<u>1,301,343</u>	<u>5,662,336</u>	<u>187,792</u>	<u>7,151,471</u>	<u>773,791</u>
Total operating expenses					
Operating income (loss)	(23,904)	(2,053,998)	16,500	(2,061,402)	(87,174)
NON OPERATING REVENUES (EXPENSES):					
Investment income	-	6,160	-	6,160	-
Interest expense	-	(6,900)	-	(6,900)	-
	<u>-</u>	<u>(740)</u>	<u>-</u>	<u>(740)</u>	<u>-</u>
Total non operating revenues (expenses)					
Transfers:					
Transfers in	66,900	452,029	-	518,929	14,285
Transfers out	(280,671)	(452,029)	(16,500)	(749,200)	-
	<u>(213,771)</u>	<u>-</u>	<u>(16,500)</u>	<u>(230,271)</u>	<u>14,285</u>
Total transfers					
Change in net position	(237,675)	(2,054,738)	-	(2,292,413)	(72,889)
Net position, beginning of year, as previously reported					
Restatement	(238,335)	21,236,695	-	20,998,360	-
	<u>275,059</u>	<u>(446,909)</u>	<u>(14,520)</u>	<u>(186,370)</u>	<u>-</u>
Net position, beginning of year as restated					
	<u>36,724</u>	<u>20,789,786</u>	<u>(14,520)</u>	<u>20,811,990</u>	<u>-</u>
Net position, end of year	<u>\$ (200,951)</u>	<u>\$ 18,735,048</u>	<u>\$ (14,520)</u>	<u>\$ 18,519,577</u>	<u>\$ (72,889)</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Sanitation Fund</u>	<u>Water and Sewer</u>	<u>Sanitation Project</u>	<u>Total Proprietary Funds</u>	<u>Insurance Reserve</u>
Cash flows from operating activities:					
Cash received from customers	\$ 1,552,498	\$ 1,735,059	\$ 204,292	\$ 3,491,849	\$ 686,617
Payments to employees for services	(39,673)	(3,117,605)	(187,792)	(3,345,070)	-
Payments to suppliers and contractors	68,675	1,971,373	-	2,040,048	(713,561)
Due to other funds	<u>236,684</u>	<u>102,144</u>	<u>-</u>	<u>338,828</u>	<u>12,659</u>
Net cash provided by (used in) operating activities	1,818,184	690,971	16,500	2,525,655	(14,285)
Cash flows from non-capital activities and related financing activities:					
State shared capital tax	-	(111,517)	-	(111,517)	-
Net transfers in (out)	<u>(213,771)</u>	<u>-</u>	<u>(16,500)</u>	<u>(230,271)</u>	<u>14,285</u>
Net cash provided by (used in) non-capital activities and related financing activities:	(213,771)	(111,517)	(16,500)	(341,788)	14,285
Cash flows from capital activities and related financing activities:					
Interest expense	-	(6,900)	-	(6,900)	-
Change in capital assets	(275,059)	408,437	-	133,378	-
Principal payments on debt	<u>(1,309,534)</u>	<u>(535,357)</u>	<u>-</u>	<u>(1,844,891)</u>	<u>-</u>
Net cash used in capital activities and related financing activities:	(1,584,593)	(133,820)	-	(1,718,413)	-
Cash flows from investing activities:					
Investment income (loss)	-	6,160	-	6,160	-
Purchase of investments	<u>-</u>	<u>(2,561,493)</u>	<u>-</u>	<u>(2,561,493)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>(2,555,333)</u>	<u>-</u>	<u>(2,555,333)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	19,820	(2,109,699)	-	(2,089,879)	-
Cash and cash equivalents - beginning	<u>642,051</u>	<u>3,690,883</u>	<u>924,580</u>	<u>5,257,514</u>	<u>-</u>
Cash and cash equivalents - ending	<u>\$ 661,871</u>	<u>\$ 1,581,184</u>	<u>\$ 924,580</u>	<u>\$ 3,167,635</u>	<u>\$ -</u>
SUPPLEMENTARY INFORMATION:					
Cash and cash equivalents	\$ 661,871	\$ 1,396,780	\$ 924,580	\$ 2,983,231	\$ -
Restricted cash	-	184,404	-	184,404	-
Total cash and cash equivalents	<u>\$ 661,871</u>	<u>\$ 1,581,184</u>	<u>\$ 924,580</u>	<u>\$ 3,167,635</u>	<u>\$ -</u>

Continued

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

Reconciliation of operating income to net cash provided by (used in) operating activities:										
Operating income (loss)	\$	(23,904)	\$	(2,053,998)	\$	16,500	\$	(2,061,402)	\$	(87,174)
Adjustments to operating income to net cash used in operating activities:										
Depreciation		26,997		876,487		-		903,484		-
Restatement		275,059		(2,063,947)		-		(1,788,888)		-
Changes in net position and liabilities:										
Accounts receivables		-		166,143		-		166,143		-
Inventory		-		(16,849)		-		(16,849)		-
Accounts payable		23,223		2,024,872		-		2,048,095		60,230
Accrued salaries		(49,288)		19,830		-		(29,458)		-
Unapplied credits		-		12,816		-		12,816		-
Customer deposits		-		6,435		-		6,435		-
Compensated absences		9,615		-		-		9,615		-
Landfill liability		1,319,798		-		-		1,319,798		-
Due from other funds		<u>236,684</u>		<u>102,144</u>		<u>-</u>		<u>338,828</u>		<u>12,659</u>
Net cash provided by (used in) operating activities	\$	<u>1,818,184</u>	\$	<u>(926,067)</u>	\$	<u>16,500</u>	\$	<u>908,617</u>	\$	<u>(14,285)</u>

Concluded

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

FIDUCIARY FUNDS

**STATE OF NEW MEXICO
CITY OF RATON**

**FIDUCIARY FUNDS LISTING
JUNE 30, 2014**

AGENCY FUNDS:

These funds are used to account for monies held by the City in a custodial capacity.

MUNICIPAL COURT FUNDS:

To account for court bonds held related to the municipal court system.

TRUST FUNDS:

FIREWORKS FUND - To account for monies the community gives the City donations for the Raton Fire Department Fireworks display and this money is held in trust and used to assist with the purchase of the fire works.

CHARITY FUND - Is used to account for donations for the Raton Fire Department Annual Toys for Tots Drive. the Funds are deposited and held in trust until used to purchase Toys that are distributed to under privileged children for Christmas.

EMPLOYEE COKE FUND - The City receives 10% of the revenues generated from the Coca Cola Machine in the City Hall building. These funds are held in trust and used for employee recognition.

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

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

	<u>Municipal Court</u>	<u>Trust Funds</u>	<u>Total Agency</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 9,490	\$ 6,284	\$ 15,774
Total assets	<u>\$ 9,490</u>	<u>\$ 6,284</u>	<u>\$ 15,774</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	\$ 7,843	\$ 116	\$ 7,959
Due to other funds	<u>7,270</u>	<u>-</u>	<u>7,270</u>
Total liabilities	<u>15,113</u>	<u>116</u>	<u>15,229</u>
NET POSITION			
Held in trust for private purpose	<u>(5,623)</u>	<u>6,168</u>	<u>545</u>
Total net position	<u>\$ (5,623)</u>	<u>\$ 6,168</u>	<u>\$ 545</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Municipal Court</u>	<u>Trust Fund</u>	<u>Total Agency</u>
ADDITIONS			
Miscellaneous	\$ 2	\$ 9,106	\$ 9,108
Total additions	<u>2</u>	<u>9,106</u>	<u>9,108</u>
DEDUCTIONS			
Administrative expenses	<u>-</u>	<u>7,797</u>	<u>7,797</u>
Total deductions	<u>-</u>	<u>7,797</u>	<u>7,797</u>
Change in net position	2	1,309	1,311
Net position beginning of year	<u>(5,625)</u>	<u>4,859</u>	<u>(766)</u>
Net position end of year	<u>\$ (5,623)</u>	<u>\$ 6,168</u>	<u>\$ 545</u>

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

NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
CITY OF RATON**

**NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Raton, New Mexico (City) was incorporated in April 28, 1891. The City operates under a Commission Manager for of Government and provides the following services as authorized by its charter: public safety (fire, emergency service, and ambulance), police, highways and street, 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 administration service.

In fiscal year 2014 the City adopted new accounting standard GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (“GASB 65”), which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB 65 impacted the City’s fiscal year 2014 financial statements through reclassifying the unavailable portion of property taxes receivable not collected within 60 days as a deferred inflow whereas in the previous year it was classified as a liability.

The more significant of the City's accounting policies are described below.

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 and are presented as discretely presented component units. 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. 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. Basis of Presentation

Government-Wide and Fund Financial Statements - The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function of governmental-type activity) is normally covered by general revenues (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.) The City does not allocate indirect costs.

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

The sanitation and water and sewer fund are the major proprietary funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category), and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Derived tax revenues (i.e., sales taxes) are recognized in the period when the exchange transaction on the tax is imposed or when the resources are received, whichever occurs first.

Governmental Fund Financial Statements - The governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Property taxes, gross receipts taxes, state shared taxes, franchise fees, charges for services and investment income with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues.

Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned 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 uncollectable amounts. Delinquent property taxes have been recorded as unavailable revenue. Receivables that will not be collected within the available period have also been reported as unavailable 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.

In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus and the full accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's water, sewer, and sanitary landfill funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental fund:

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.

Water Capital Fund - This capital projects fund accounts for costs associated with water and wastewater related projects. Funding is provided from NMFA loans and grant funding.

The City reports the following major business-type 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.

Sanitation Project - Is a government fund used for the construction of the facility and expenditures related to the NMFA loan for the project and any legislative capital outlay funds that the City receives. Once the project is built then the operations of the Transfer Station would be in our Sanitation Enterprise Fund which is a business fund.

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.

The City reports the following internal service fund:

Insurance reserve fund - to account for monies spent on health, vision, dental, life/disability and COBRA insurance for the City Housing, RWW and RPS. The share of the premium will be billed individually to each unit by the City.

Additionally, the City reports the following fund type:

Fiduciary Fund - The Fiduciary Fund is an Agency Fund which accounts for resources held by the City on behalf of others. This fund type includes the Municipal Court Fund, which accounts for court bonds that are posted.

The Agency Fund is custodial in nature, does not have a measurement focus and is reported on the accrual basis of accounting. The Agency Fund is reported by fund type.

D. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents - For purposes of the statement of cash flows, the City considers all highly liquid investments, including restricted assets, with a maturity when purchased of three months or less to be cash equivalents.

Deposits 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.

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.

Receivables and Payables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund balance. Long term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable from available financial resources.

Property taxes - Attach as an enforceable lien on property as of January 1. Taxes are payable in equal semiannual installments by November 10th and April 10th of the subsequent year with levies becoming delinquent 30 days thereafter unless a timely protest has been made. Taxes are collected on behalf of the City by the Colfax County Treasurer, and are distributed in the month of tile collection.

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. During the year ended June 30, 2014, the City earned \$334,861 in lodgers' tax and spent \$174,690 in promotional activities.

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

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.

Inventory - Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as an expense when consumed rather than when purchased.

Restricted Assets - Certain long-term assets in the proprietary funds and the component unit are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes such as "deposits held in trust for others."

Interfund Activity - Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund balance as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets - Capital assets include: property, plant, utility systems, equipment, and infrastructure assets. Infrastructure includes streets, sidewalks, bridges, drainage systems, lighting systems and similar items. Such assets are reported in the applicable governmental or business-type activities columns the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$5,000, and an estimated useful life in excess of two years. Assets are capitalized at historical cost or estimated historical cost if purchased or constructed. It is

the policy of the City not to capitalize computer software. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value of the asset or materially extend the asset's lives are not capitalized.

As allowed by GASB Statement No. 34, the City had retroactively reported all infrastructure assets owned by the municipality.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of businesslike activities is included as part of the capitalized value of the assets under construction.

Property, plant, and equipment, and infrastructure of the primary government is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building and building improvements	10-40
Land improvements	20
Furniture, fixtures, and equipment	10
Vehicles	8-10
Mapping	20
Airport improvements	15

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

	Housing Authority of the City of Raton	Raton Public Service Co.
Building and structures, hard costs	33	25 - 50
Site and building improvements	15	10 - 20
Equipment and vehicles	3 - 7	3 - 10

Compensated Absences - It is the City's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. All sick pay and vacation pay is accrued when incurred in the government-wide or proprietary fund financial statements.

Deferred Inflows - Within the governmental funds, revenues must be available in order to be recognized. Revenues such as real estate taxes that are not available are recorded as deferred inflows and reflected within the balance sheet.

Long-Term Debt - In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is 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.

Customer Deposits - Cash held in the proprietary funds for customer deposits is restricted.

Net Position - The government-wide financial statements utilize a net position presentation. Net position are categorized as follows:

Net investment in capital assets - This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

Restricted net position - Restricted net position result from the constraints placed on the use of net position when externally imposed by creditors, grantors, laws and regulations of other governments and imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category reflects net position of the City, not restricted for any project or other purpose. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

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

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

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

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

purposes specified by the legislation.

At June 30, 2014 the restricted fund balance on the governmental funds balance sheet is made up of \$3,221,313 for the restricted purposes as each fund as described on pages 60 and 61.

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

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Standards - In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In January 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 69 Government Combinations and Disposals of government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, 40 and should be applied on a prospective basis. Earlier application is encouraged. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In April 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2013, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 71 Pension Transition for Contributions made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

Analysis for Impairment - Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there are no impairment of such assets at June 30, 2014 for the City of Raton.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data - The City Council adopts an annual budget for the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and the Enterprise Funds by following the budgetary procedures outlined below. The City is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The City compares the final amended budget to actual revenues and expenditures based on the City's modified accrual basis of accounting.

The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

1. The City prepares a proposed interim operating budget based upon input from public hearings conducted to obtain taxpayer comments and management assessment of City needs and resources available. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for the General, Special Revenue, Capital Projects, Debt Service and Proprietary Funds.
2. The interim operating budget for the fiscal year commencing July 1 is submitted to the Department of Finance and Administration-Local Government Division by June 1. The Department of Finance reviews the interim budget, makes any needed adjustments and grants interim approval by July 1.
3. The final operating budget for the fiscal year is submitted to the Department of Finance on or before July 31. The Department of Finance reviews the budget and grants approval by September 1.
4. The interim and final budgets are legally enacted through passage of resolutions and the council is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Department of Finance and Administration-Local Government Division.
5. Budgets for funds are adopted on the modified accrual basis of accounting. Budgetary comparisons have been presented in this report on the basis of the legally adopted budget.
6. Appropriations lapse at year end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.
7. The level of classification detail in which expenditures may not legally exceed appropriations for each budget is in fund total.

3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State deposit and investment requirements as of June 30, 2014.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more financial institution. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

In accordance with FDIC, public unit deposits are funds owned by the City. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the unlimited coverage for public unit demand deposits at the same institution.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The rate of interest in non-demand interest-bearing accounts is set by the State Board of Finance, but the rate of interest will not be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits and investments may not be returned to it. The City does not have a formal deposit policy for custodial credit risk other than following state statutes. The City has not suffered any previous losses and management believes any risk of loss of funds is minimal.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least 50% of the amount on deposit with the institution, and 103% for amounts invested in repurchase agreements with the institution.

The types of collateral an institution is permitted to use as pledged securities are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico.

The schedules listed below disclose requirements on reporting the insured and uninsured portions of the City's deposits regarding custodial credit risk.

Deposits	\$ 8,707,020
Less: FDIC	<u>(1,176,291)</u>
Total uninsured public funds	7,530,729
50% collateral requirement	3,765,364
Pledged collateral held by pledging banks trust department or agent but not in agency's name	<u>4,234,606</u>
Total over collateralized	<u>\$ 469,241</u>

Interest Rate Risk - Interest rate risk is the risk that the change in interest rates will adversely affect the fair value of the investments. The City does not have a formal policy to manage its exposure to interest rate risk.

New Mexico State Treasurer Local Government Investment Pool - The City maintains accounts with the New Mexico State Treasurer Local Government Investment Pool (LGIP), an external investment pool. The LGIP is not SEC registered, and as a government investment pool, exempt from disclosing concentration risk. The LGIP is rated AAA by Standard and Poor's and has a weighted average maturity of 52 days.

Section 6-10-10. I , 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 funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government.

The LGIP 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 and earnings are distributed monthly by the State Treasurer to the participants in proportion to the amount and length of time the participants have funds on deposit. Participation in the LGIP is voluntary and can be liquidated by the City at the City council's discretion. The City's balance in the LGIP account as of June 30, 2014 is \$1,861,548.

New Mexico Finance Authority Investment - The City maintains investment funds on account with the New Mexico Finance Authority (NMFA), which in turn invests the funds in the State Treasurer. NMFA's cash on deposit with the State Treasurer is invested by the State Treasurer in "overnight" repurchase programs. State statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50%. Repurchase agreements are collateralized at 103% by the NMFA's internal policies. Funds held by the NMFA acting as trustee for the City are invested in money market accounts that invest in United States Treasury obligations and/or repurchase agreements secured by U.S. Treasury obligations. Separate financial statements of the NMFA and State Treasurer collateral, categories of risk, and market value of purchased investments which may differ from the cash deposited with the NMFA by the City.

Other Investments - The City also maintains \$9,955,309 in investments outside of the internal investment pool in the LGIP. The funds are invested in money market funds investing in federal government-backed securities. The investments are in compliance with state statutes regarding investments of governmental funds. These investments have not been rated.

All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the City carrying value of the deposits (demand and certificates of deposit).

Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

A summary of the cash deposits at June 30, 2014 is as follows:

	<u>International Bank</u>	<u>First National Bank of New Mexico</u>	<u>New Mexico State Treasurer's Investment Pool</u>	<u>Petty Cash</u>	<u>Total</u>	<u>Cash Held by Trust</u>
Total cash deposits	\$ 7,120,289	\$ 909,800	\$ 676,291	\$ 640	\$ 8,707,020	\$ 1,924,580
FDIC/SPIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(676,291)</u>	<u>-</u>	<u>(1,176,291)</u>	<u>-</u>
Total uninsured public funds	<u>6,870,289</u>	<u>659,800</u>	<u>-</u>	<u>640</u>	<u>7,530,729</u>	<u>1,924,580</u>
50% of uninsured funds	\$ 3,435,145	\$ 329,900	\$ -	\$ 320	\$ 3,765,364	\$ -
Pledged collateral	<u>3,530,951</u>	<u>703,655</u>	<u>-</u>	<u>-</u>	<u>4,234,606</u>	<u>-</u>
Over (under) collateralized	<u>\$ 95,807</u>	<u>\$ 373,755</u>	<u>\$ -</u>	<u>\$ (320)</u>	<u>\$ 469,241</u>	<u>\$ 1,924,580</u>

4. ACCOUNTS RECEIVABLE

Due from governmental entities, net of allowance for uncollectables, as of year end for the City's individual major funds, non-major funds, non-major governmental funds in the aggregate, and component units, were as follows.

	<u>General Fund</u>	<u>Water Capital</u>	<u>Non-Major Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Due from other governmental entities:					
Due from Federal government	\$ -	\$ -	\$ 56,054	\$ -	\$ 56,054
Due from State government	-	-	12,975	-	12,975
Due from County government	<u>20,123</u>	<u>40,495</u>	<u>13,525</u>	<u>-</u>	<u>74,143</u>
Total	<u>\$ 20,123</u>	<u>\$ 40,495</u>	<u>\$ 82,554</u>	<u>\$ -</u>	<u>\$ 143,172</u>

Accounts and interest receivable balances, net of allowance for uncollectables, as of year end for the City's individual major funds, non-major governmental funds in the aggregate, and component units, were as follows.

	Major Governmental Funds	Non-Major Governmental Funds	Proprietary Funds	Total	<u>Component Units</u>	
					Raton Public Service	Raton Housing Authority
Accounts receivable	\$ 747,983	\$ -	\$ 460,943	\$ 1,208,926	\$ 1,000,812	\$ 2,972
Allowance for doubtful accounts	(359,518)	-	(17,857)	(377,375)	(122,138)	(325)
Interest receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>418</u>
Receivables, net	<u>\$ 388,465</u>	<u>\$ -</u>	<u>\$ 443,086</u>	<u>\$ 831,551</u>	<u>\$ 878,674</u>	<u>\$ 3,065</u>

Taxes receivable for the general fund are considered fully collectible and consist of the following:

Taxes Receivables	
Gross receipts taxes	\$ 509,394
Franchise	27,511
Property taxes	94,417
Other	<u>51,282</u>
	<u>\$ 682,604</u>

Governmental funds report deferred inflows 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 inflows which related to delinquent property taxes was \$113,514.

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

	Original Amount	Interest Rates	Term	Outstanding Receivable June 30, 2014	Due Within One Year
Business-type activities:					
National Rifle Association	\$ 368,925	5.00%	7/1/2013-7/1/2016	<u>\$ 62,051</u>	<u>\$ 18,692</u>
				<u>\$ 62,051</u>	<u>\$ 18,692</u>

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

Year ending June 30:	
2015	\$ 18,692
2016	19,676
2017	<u>23,683</u>
Total	<u>\$ 62,051</u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers reflect a transfer of cash due to needs within the fund. The composition of interfund transfers during the year ended June 30, 2014 is as follows:

TRANSFERS:

Transfers in	Amount	Transfers out	Amount
General	\$ 149,701	General	\$ 193,572
Airport Capital	32,066	Lodgers Tax	201,740
Lodgers Tax	3,110	Lodgers Tax 2%	79,905
Lodgers Tax 2%	201,740	Street Improvement	96,562
Recreation	50,000	NMDOT	29,683
Insurance Reserve	14,285	ARRA CWSRF	7,048
Street Improvement	29,683	Depot Improvements	13,136
NMDOT	96,562	Fire	82,032
Capital	81,264	Law Enforcement	20,665
NMFA Loan Fire	82,032	Capital	385,645
NMFA Loan Welcome Center	50,463	Sanitation Project	16,500
Recreation Center	208,992	Water Capital	108,473
Aquatic Center	176,653	Solid Waste	280,671
Water Trust Boards	7,351	Water Sewer	<u>452,029</u>
ARRA CWSRF	14,097		
NMFA WTB Fire	101,122		
NMFA Loan Police Vehicles	20,665		
NMFA Loan Sanitation	128,946		
Landfill Trust	50,400		
Solid Waste	16,500		
Water and Sewer	<u>452,029</u>		
	<u>\$ 1,967,661</u>		<u>\$ 1,967,661</u>

BALANCES:

The City records temporary interfund receivables and payable to enable the funds to operate until grant monies or other funds are received. All interfund balances are to be repaid within one year.

From Fund	To Fund	Amount
Juvenile Justice	General Fund	\$ 42,988
ARRA OJP	General Fund	13,066
Insurance Reserve	General Fund	12,659
Depot Improvements	General Fund	13,525
Airport Capital	General Fund	<u>10,321</u>
	Total	\$ <u>92,559</u>

6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2014, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and Construction in Progress is not subject to depreciation.

	Balance June 30, 2013	Additions	Retirements and Transfers	Restatements	Balance June 30, 2014
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 588,725	\$ -	\$ -	\$ 114,575	\$ 703,300
Artwork	127,250	-	(81,500)	668,000	713,750
Construction in progress	<u>5,455,840</u>	<u>-</u>	<u>(5,330,000)</u>	<u>758,345</u>	<u>884,185</u>
Total non-depreciable assets	<u>6,171,815</u>	<u>-</u>	<u>(5,411,500)</u>	<u>758,345</u>	<u>2,301,235</u>
Other capital assets being depreciated:					
Buildings	9,415,447	45,789	-	2,664,416	12,125,652
Furniture and Equipment	3,433,219	67,023	-	(2,519,984)	980,258
Improvements	20,906,265	1,039,634	5,330,000	(10,577,408)	16,698,491
Vehicles	<u>3,644,287</u>	<u>56,152</u>	<u>(832,898)</u>	<u>1,487,644</u>	<u>4,355,185</u>
Total	<u>37,399,218</u>	<u>1,208,598</u>	<u>4,497,102</u>	<u>(8,945,332)</u>	<u>34,159,586</u>
Less accumulated depreciation for:					
Buildings	2,891,596	319,116	-	(597,021)	2,613,691
Furniture and Equipment	2,120,487	39,677	-	(1,303,206)	856,958
Improvements	5,321,584	791,337	-	530,044	6,642,965
Vehicles	<u>3,055,865</u>	<u>335,905</u>	<u>-</u>	<u>(211,287)</u>	<u>3,180,483</u>
Total accumulated depreciation	<u>13,389,532</u>	<u>1,486,035</u>	<u>-</u>	<u>(1,581,470)</u>	<u>13,294,097</u>
Governmental capital assets, net	<u>\$ 30,181,501</u>	<u>\$ (277,437)</u>	<u>\$ (914,398)</u>	<u>\$ (6,605,517)</u>	<u>\$ 23,166,724</u>

	Balance June 30, 2013	Additions	Retirements and Transfers	Restatements	Balance June 30, 2014
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$ 1,344,298	\$ -	\$ -	\$ -	\$ 1,344,298
Construction in progress	<u>-</u>	<u>-</u>	<u>(123,772)</u>	<u>923,180</u>	<u>799,408</u>
Total non-depreciable assets	1,344,298	-	(123,772)	923,180	2,143,706
Capital assets being depreciated:					
Buildings	193,205	-	-	(5,575)	187,632
Furniture and Equipment	2,781,922	-	-	(1,664,473)	1,117,449
Improvements	1,429,937	22,119	123,772	(1,092,415)	483,413
Vehicles	639,963	240,792	-	2,181,220	3,061,975
Infrastructure	<u>27,435,852</u>	<u>38,772</u>	<u>-</u>	<u>(545,357)</u>	<u>26,929,267</u>
Total	<u>32,480,879</u>	<u>301,683</u>	<u>123,772</u>	<u>(1,126,600)</u>	<u>31,779,736</u>
Less accumulated depreciation:					
Buildings	88,292	4,730	-	(5,575)	87,447
Furniture and Equipment	2,684,836	15,204	-	(1,863,841)	836,199
Improvements	97,336	22,775	-	(35,028)	85,083
Vehicles	425,897	62,184	-	2,106,724	2,594,805
Infrastructure	<u>11,736,472</u>	<u>798,590</u>	<u>-</u>	<u>(29,664)</u>	<u>12,505,398</u>
Total accumulated depreciation	<u>15,032,833</u>	<u>903,483</u>	<u>-</u>	<u>172,616</u>	<u>16,108,932</u>
Business-type capital assets, net	<u>\$ 18,792,344</u>	<u>\$ (601,800)</u>	<u>\$ -</u>	<u>\$ (376,036)</u>	<u>\$ 17,814,510</u>

	Balance June 30, 2013	Additions	Retirements and Transfers	Restatements	Balance June 30, 2014
<i>Housing Authority Component</i>					
<i>Unit activities:</i>					
Capital assets not being depreciated:					
Land	\$ 253,436	\$ -	\$ -	\$ -	\$ 253,436
Fees and Costs	<u>24,274</u>	<u>37,614</u>	<u>(24,274)</u>	<u>-</u>	<u>37,614</u>
Total non-depreciable assets	277,710	37,614	(24,274)	-	291,050
Capital assets being depreciated:					
Architect	254,946	24,274	-	-	279,220
Site Improvements	1,423,618	-	-	-	1,423,618
Dwelling Structures	7,165,923	356,175	-	-	7,522,098
Dwelling Equipment	140,048	-	-	-	140,048
Nondwelling Structures	486,449	-	-	-	486,449
Nondwelling Equipment	<u>242,036</u>	<u>2,557</u>	<u>(16,825)</u>	<u>-</u>	<u>227,768</u>
Total	<u>9,713,020</u>	<u>383,006</u>	<u>(16,825)</u>	<u>-</u>	<u>10,079,201</u>
Less accumulated depreciation:					
Architect	127,803	21,122	-	-	148,925
Site Improvements	1,026,137	38,082	-	-	1,064,219
Dwelling Structures	5,588,756	204,073	-	-	5,792,829
Dwelling Equipment	121,563	7,487	-	-	129,050
Nondwelling Structures	345,500	21,039	-	-	366,539
Nondwelling Equipment	<u>179,526</u>	<u>20,567</u>	<u>(16,825)</u>	<u>-</u>	<u>183,268</u>
Total accumulated depreciation	<u>7,389,285</u>	<u>312,370</u>	<u>(16,825)</u>	<u>-</u>	<u>7,684,830</u>
Housing authority capital assets, net	<u>\$ 2,601,445</u>	<u>\$ 108,250</u>	<u>\$ (24,274)</u>	<u>\$ -</u>	<u>\$ 2,685,421</u>

	Balance June 30, 2013	Additions	Retirements and Transfers	Restatements	Balance June 30, 2014
<i>Raton Public Service Component</i>					
<i>Unit activities:</i>					
Capital assets being depreciated:					
Buildings and improvements	16,980,780	-	-	(88,010)	16,892,770
Vehicles and equipment	<u>767,644</u>	<u>-</u>	<u>-</u>	<u>129,233</u>	<u>896,877</u>
Total	<u>17,748,424</u>	<u>-</u>	<u>-</u>	<u>41,223</u>	<u>17,789,647</u>
Less accumulated depreciation:					
Buildings and improvements	7,653,024	479,170	-	41,303	8,173,497
Vehicles and equipment	<u>697,945</u>	<u>38,064</u>	<u>-</u>	<u>29,629</u>	<u>765,638</u>
Total accumulated depreciation	<u>8,350,969</u>	<u>517,234</u>	<u>-</u>	<u>70,932</u>	<u>8,939,135</u>
<i>Raton Public Service capital assets, net</i>	<u>\$ 9,397,455</u>	<u>\$ 12,776,863</u>	<u>\$ -</u>	<u>\$ (29,709)</u>	<u>\$ 8,850,512</u>

The City reported \$13,294,097 of accumulated depreciation in general fixed assets in use by governmental funds on the Government-Wide Statement of Activities. The City did not allocate the depreciation to the various governmental functions, instead presenting the amount separately from the departmental functions on the statement.

7. LONG TERM DEBT

A summary of changes in long-term debt, including capital lease obligations for the year ended June 30, 2014, was as follows:

	Balance 06/30/13	Additions	Reductions	Balance 06/30/14
Governmental Activities:				
Bonds 2006A	\$ 2,417,154	\$ -	\$ 30,000	\$ 2,387,154
Bonds 2006B	471,440	-	7,000	464,440
Welcome Center - NMFA	221,108	-	41,130	179,978
Recreation - NMFA	2,739,446	-	100,203	2,639,243
Water Trust Board - NMFA	36,482	-	7,260	29,222
Aquatics Center - NMFA	2,210,000	-	65,000	2,145,000
NMED Wastewater Facility Construction	105,667	-	4,935	100,732
Fire Equipment - NMFA	593,269	-	69,989	523,280
Water Projects	391,448	-	100,143	291,305
Police Vehicles- NMFA	<u>80,889</u>	<u>-</u>	<u>19,924</u>	<u>60,965</u>
Total Governmental Debt	<u>\$ 9,266,903</u>	<u>\$ -</u>	<u>\$ 445,584</u>	<u>\$ 8,821,319</u>

	Balance 6/30/13	Additions	Reductions	Balance 06/30/14
Business -Type Activities:				
Water & Sewer Bond Series 1976	\$ 156,000	\$ -	\$ 36,000	\$ 120,000
GRT Bond Series 1982	1,251,014	-	207,492	1,043,522
Solid Waste Equipment, Transfer Station, Landfill Closure Cost - NM	<u>1,036,400</u>	<u>-</u>	<u>97,300</u>	<u>939,100</u>
Total	<u>\$ 2,443,414</u>	<u>\$ -</u>	<u>\$ 340,792</u>	<u>\$ 2,102,622</u>

Scheduled principal and interest payments on the City's long term debt are as follows:

Year Ended June 30,	Governmental			Business -Type		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 451,354	\$ 246,343	\$ 697,697	\$ 354,307	\$ 63,504	\$ 417,811
2016	450,600	245,633	696,233	368,515	51,772	420,287
2017	458,813	236,967	695,780	383,532	33,760	417,292
2018	424,226	227,698	651,924	355,025	205,442	560,467
2019	324,476	217,226	541,702	205,442	8,465	213,907
2020-2024	1,585,352	961,605	2,546,957	435,801	19,843	455,644
2025-2029	1,797,559	747,154	2,544,713	-	-	-
2030-2046	<u>3,328,938</u>	<u>943,055</u>	<u>4,271,993</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,821,318</u>	<u>\$ 3,825,681</u>	<u>\$12,646,999</u>	<u>\$ 2,102,622</u>	<u>\$ 382,786</u>	<u>\$ 2,485,408</u>

Below are the terms, amounts due within one year, and maturity dates of the City's outstanding long term debt:

Description	Interest Rate	Payment Frequency	Outstanding Principal	Maturity Date	Due Within One Year
Governmental Activities:					
Bonds 2006A	4.38%	Monthly	\$2,387,154	2046	\$ 40,000
Bonds 2006B	4.38%	Monthly	\$464,440	2046	7,000
Welcome Center - NMFA	5.03%	Monthly	\$179,978	2018	43,121
Recreation Center - NMFA	3.68%	Monthly	\$2,639,243	2032	103,883
Water Trust Board - NMFA	0.25%	Monthly	\$29,222	2018	7,278
Aquatics Center - NMFA	3.32%	Monthly	\$2,145,000	2033	70,000
NMED Wastewater Facility Construction	2.00%	Monthly	\$100,732	2031	5,034
Fire Equipment - NMFA	2.43%	Monthly	\$523,280	2021	74,852
Water Project	0.25%	Monthly	\$291,305	2018	80,000
Police Vehicles - NMFA	0.49%	Monthly	\$60,965	2017	<u>20,186</u>
					<u>\$ 549,554</u>

Description	Interest Rate	Payment Frequency	Outstanding Principal	Maturity Date	Due Within One Year
Business-Type Activities:					
Water & Sewer bond Series 1976	5.00%	Annual	\$120,000	May 2016	38,000
GRT Bond Series 1982	5.00%	Monthly	\$1,043,522	2022	218,107
Solid Waste Equipment, Transfer Station, Landfill Closure Costs - NM	1.15%	Monthly	\$939,100	2024	<u>98,200</u>
					<u>\$ 354,307</u>

8. ACCRUED COMPENSATED ABSENCES

The City pays any accumulated accrued vacation leave in a lump cash payment to employees upon retirement or to the employee's estate in the event of death. Compensation for sick leave is limited to time-off and is not monetarily compensated. The Water and Sewer, Sanitation, General Fund, or special revenue funds, as appropriate, are used to liquidate the liability. The City does not pay accrued sick leave upon termination. The liability also includes the City's portion of employment taxes related to the hours and time accrued by the employee.

	Balance 06/30/13	Additions	Reductions	Balance 06/30/14	Due Within One Year
Governmental Activities	\$ 406,129	\$ 138,287	\$ 167,148	\$ 377,268	\$ 124,388
Business-Type Activities	<u>100,227</u>	<u>115,202</u>	<u>28,544</u>	<u>186,885</u>	<u>100,227</u>
	<u>\$ 506,356</u>	<u>\$ 253,489</u>	<u>\$ 195,692</u>	<u>\$ 564,153</u>	<u>\$ 224,615</u>

9. REVENUE BONDS

The City has the capacity and has issued both Sales Tax and Revenue Bonds whereby the City has pledged income derived from the Gross Receipts Tax and billings on water to pay the required debt service on the bonds. Moody's Investors Service affirmed the A3 underlying rating for both the Sales Tax and Revenue Bonds in July, 2010. No new bonds were issued in the current year.

10. LANDFILL CLOSURE AND POST-CLOSURE 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 \$1,319,798 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 2014. The actual cost of closure and post closure care may be higher due to inflation, technology, or changes in landfill laws and regulations. As of fiscal year end, no post closure costs have been incurred. The City anticipates funding these costs with increased user charges and use of Environmental Gross Receipts Tax and loan proceeds.

11. RISK MANAGEMENT

The City is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The City participates in the New Mexico Self-Insurer's Fund risk pool. The New Mexico Self-Insurer's Fund risk pool operates as a common risk management and insurance program for workers compensation and property and casualty coverage.

These funds are funded entirely by member contributions and are administered by the New Mexico Self-Insurer's Fund. The pools are authorized by joint powers agreements entered into by each participating entity as a separate and independent government and legal entity pursuant to the provisions of Section 11-1-1 et. Seq. NMSA 1978. The City's contributions for the year ended June 30, 2014 were \$169,267.

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

At June 30, 2014 no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the City.

12. PERA PENSION PLAN

Plan Description: Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, 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, PO 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 3.83% 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% (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, 2014, 2013, and 2012 were \$773,289, \$357,734 and \$336,157, respectively, which were equal to the amount of the required contributions for each year.

13. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE 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.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$66,527, \$64,087, and \$59,481 respectively, which equal the required contributions for each year.

14. COMMITMENTS AND CONTINGENCIES

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

The City has several capital projects in progress at various states of completion. The majority of these capital projects are being funded by reimbursement type grants, which require the City to incur the expenditure then submit a request for reimbursement to the grantor. These requests must be made before the respective grants expire.

15. RESTRICTED NET POSITION

The government-wide statement of net position reports \$3,221,313 of restricted net position, all of which is restricted by enabling legislation referred to in the special revenue fund descriptions on page 60-61.

16. SUBSEQUENT EVENTS

The date to which events occurring after after June 30, 2014, the date of the most recent, have been evaluated for possible adjustment to the financial statements or disclosures is February 10, 2015 which is the date on which the financial statements were available to be issued.

17. RESTATEMENT

The City has recorded restatements to net position to correct errors in the presentation of the prior year financial statements. A summary of restatements are as follows:

<u>Fund Name</u>	<u>Net Assets/Fund Balance June 30, 2013</u>	<u>Cash</u>	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Long-Term Debt</u>	<u>Current Long Term Debt</u>	<u>Restated Net Position/Fund Balance</u>
Governmental Activities	\$ 25,601,516	\$ (924,580)	\$ (5,279,487)	\$ -	\$ -	\$ -	\$ 19,397,449
Business-type Activities	<u>20,998,360</u>	<u>924,580</u>	<u>155,148</u>	<u>(326,998)</u>	<u>(928,845)</u>	<u>(10,255)</u>	<u>20,811,990</u>
Total	<u>46,599,876</u>	<u>-</u>	<u>(5,124,339)</u>	<u>(326,998)</u>	<u>(928,845)</u>	<u>(10,255)</u>	<u>40,209,439</u>
Governmental Funds:							
Sanitation Project	-	(924,580)	-	-	-	-	(924,580)
Total Governmental	-	(924,580)	-	-	-	-	(924,580)
Proprietary Funds:							
Sanitation	(238,335)	-	273,835	1,224	-	-	36,724
Water	21,236,695	-	(118,687)	(328,222)	-	-	20,789,786
Sanitation Project	-	924,580	-	-	(928,845)	(10,255)	(14,520)
Total Proprietary	<u>20,998,360</u>	<u>924,580</u>	<u>155,148</u>	<u>(326,998)</u>	<u>(928,845)</u>	<u>(10,255)</u>	<u>20,811,990</u>
Total	<u>\$ 46,599,876</u>	<u>\$ -</u>	<u>\$ (5,124,339)</u>	<u>\$ (326,998)</u>	<u>\$ (928,845)</u>	<u>\$ (10,255)</u>	<u>\$ 40,209,439</u>

18. DEFICIT FUND BALANCE

The Village has a deficit fund balance of \$20,951 in the Sanitation Fund. Money will be transferred to the fund to increase the fund balance and eliminate the deficit.

The Village also has a deficit fund balance of \$12,659 in the Insurance Reserve Fund. Money will be transferred to the fund to increase the fund balance and eliminate the deficit.

19. In June 2012, GASB Statement No. 68 Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The City will implement this standard during the fiscal year June 30, 2015 and will significantly impact the City. The 2015 fiscal year financial statements will report a material liability for pension participation.

In January 2013, GASB Statement No. 69 Government Combinations and Disposals of Government Operations, Effective Date: The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The City is still evaluating how this standard will affect the City.

In November 2013, GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The standard will be implemented during fiscal year June 30, 2015.

SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

FIRE FUND - 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.

FIRE GRANT - to account for funds designated for fire expenditures relating to training and equipping fire fighters. The fund was created administratively by ordinance.

RECREATION FUND - 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 FUND - 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 FUND - 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.

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

LOCAL GOVERNMENT CORRECTIONS - to account for the correction fees (\$10) imposed pursuant to 35-14-11 B.(1) NMSA 1978. The correction fees shall be used for municipal jailer or juvenile detention officer training, for the construction planning, construction, operation and maintenance of a municipal jailer juvenile detention facility, for paying the cost of housing municipal prisoners in a City jailer 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 GRANT - to account for funds designated for library uses. This fund was created administratively by ordinance.

ENVIRONMENTAL GRT FUND - 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.

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.

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 FUND - 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.

CAPITAL PROJECTS FUNDS LISTING

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.

GRT SWIM/POOL RECREATION CENTER - to account for funds spent to build the new aquatic recreation center.

NMDOT - to account for funds received from the state for costs associated with the Raton MAP (Municipal Arterial Program) Project. Funding is provided by the New Mexico State Highway and Transportation Department.

HISTORIC BUILDINGS - to account for funds related to improving and restoring the City's historic buildings.

CAPITAL IMPROVEMENTS FUND - 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.

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.

AIRPORT CAPITAL FUND - This capital projects fund accounts for costs associated with the improvements to airport runways. Funding is provided by FAA federal grants and state funding.

DEBT SERVICE FUNDS LISTING

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.

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 - 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.

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

NMFA-WTB FIRE RESTORATION - to accumulate monies for the repayment of the loan received from NMFA. The City has pledged net revenues of the Water and Sewer Fund. The City authorized the issuance pursuant to City Resolution No. 2012-47 adopted on November 27, 2012.

NMFA LOAN - POLICE VEHICLES - to accumulate monies for the repayment of the loan received from NMFA. The City has pledged Law Enforcement Protection Fund revenues received from the State pursuant to Section 29-13-6, NMSA 1978. The City authorized the issuance pursuant to Resolution No. 2012-48, adopted on December 11, 2012.

NMFA LOAN - SOLID WASTE - to accumulate monies for the repayment of the loan received from NMFA. The City has pledged net revenues of the Sanitation Fund. The City authorized the issuance pursuant to City Ordinance No. 982 adopted on April 23, 2013.

NMFA LOAN - FIRE EQUIPMENT - to account for transfers from the Fire Fund of State Fire Protection Funds to repay New Mexico Finance Authority.

NMFA LOAN - WASTEWATER TREATMENT - to accumulate monies for the repayment of the revenue bond. The City has pledged future waste water revenues to repay the bond.

NMFA LOAN - STREET IMPROVEMENTS - to account for monies used for the City's street improvements.

**STATE OF NEW MEXICO
CITY OF RATON**

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Non Major Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
ASSETS				
Cash and cash equivalents	\$ 883,108	\$ 276,662	\$ 609,301	\$ 1,769,071
Restricted cash and cash equivalents	-	-	738,656	738,656
Investments	333,375	-	-	333,375
Taxes receivable	74,033	59,920	-	133,953
Intergovernmental state receivable	-	26,500	-	26,500
Intergovernmental federal receivable	56,054	-	-	56,054
	<u>1,346,570</u>	<u>363,082</u>	<u>1,347,957</u>	<u>3,057,609</u>
Total assets	<u>\$ 1,346,570</u>	<u>\$ 363,082</u>	<u>\$ 1,347,957</u>	<u>\$ 3,057,609</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 147,097	\$ 6,270	\$ -	\$ 153,367
Accrued salaries	3,029	-	-	3,029
Due to other funds	56,054	23,846	-	79,900
	<u>206,180</u>	<u>30,116</u>	<u>-</u>	<u>236,296</u>
Total liabilities	<u>206,180</u>	<u>30,116</u>	<u>-</u>	<u>236,296</u>
Fund balances:				
Restricted, reported in:				
Special revenue funds	1,140,390	-	-	1,140,390
Capital projects funds	-	332,966	-	332,966
Debt service funds	-	-	1,347,957	1,347,957
	<u>1,140,390</u>	<u>332,966</u>	<u>1,347,957</u>	<u>2,821,313</u>
Total fund balances	<u>1,140,390</u>	<u>332,966</u>	<u>1,347,957</u>	<u>2,821,313</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,346,570</u>	<u>\$ 363,082</u>	<u>\$ 1,347,957</u>	<u>\$ 3,057,609</u>

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Non Major Debt Service Fund	Total Nonmajor Funds
REVENUES				
Taxes:				
Other	\$ 542,878	\$ 414,321	\$ -	\$ 957,199
Charges for services	87,973	-	-	87,973
Fees, fines and forfeitures	8,420	-	-	8,420
Rentals	10,144	-	-	10,144
Federal operating grants	115,305	32,672	-	147,977
Other grants and contributions	416,738	1,042,604	-	1,459,342
Interest	-	(17,725)	260,744	243,019
Interest and other	27,010	-	-	27,010
Total revenues	<u>1,208,468</u>	<u>1,471,872</u>	<u>260,744</u>	<u>2,941,084</u>
EXPENDITURES				
General government	259,113	72,073	9,990	341,176
Public safety	699,282	31,878	-	731,160
Public works	-	49,563	-	49,563
Culture and recreation	286,012	6,848	-	292,860
Capital outlay	148,771	1,059,827	-	1,208,598
Debt service:				
Principal	-	-	542,884	542,884
Interest	-	-	376,001	376,001
Total expenditures	<u>1,393,178</u>	<u>1,220,189</u>	<u>928,875</u>	<u>3,542,242</u>
Excess (deficiency) of revenues over expenditures	(184,710)	251,683	(668,131)	(601,158)
OTHER FINANCING SOURCES (USES):				
Transfers in	60,158	441,315	783,272	1,284,745
Transfers out	<u>(311,485)</u>	<u>(604,931)</u>	<u>-</u>	<u>(916,416)</u>
Total other financing source (uses)	<u>(251,327)</u>	<u>(163,616)</u>	<u>783,272</u>	<u>368,329</u>
Net change in fund balance	(436,037)	88,067	115,141	(232,829)
Fund balance at beginning of year	<u>1,576,427</u>	<u>244,899</u>	<u>1,232,816</u>	<u>3,054,142</u>
Fund balance at end of year	<u>\$ 1,140,390</u>	<u>\$ 332,966</u>	<u>\$ 1,347,957</u>	<u>\$ 2,821,313</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2014**

	Special Revenue Funds				
	Fire	Recreation	Lodgers Tax	Law Enforcement	Emergency Medical Service
ASSETS					
Cash and cash equivalents	\$ 360,537	\$ 22,359	\$ 78,281	\$ 18,604	\$ 2,769
Taxes receivables	<u>-</u>	<u>23,804</u>	<u>38,329</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 360,537</u>	<u>\$ 46,163</u>	<u>\$ 116,610</u>	<u>\$ 18,604</u>	<u>\$ 2,769</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 126,045	\$ 13,376	\$ 5,164	\$ -	\$ 1,342
Accrued salaries	<u>-</u>	<u>3,029</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	126,045	16,405	5,164	-	1,342
Fund balances:					
Restricted, reported in:					
Special revenue funds	<u>234,492</u>	<u>29,758</u>	<u>111,446</u>	<u>18,604</u>	<u>1,427</u>
Total fund balances	<u>234,492</u>	<u>29,758</u>	<u>111,446</u>	<u>18,604</u>	<u>1,427</u>
Total liabilities and fund balances	<u>\$ 360,537</u>	<u>\$ 46,163</u>	<u>\$ 116,610</u>	<u>\$ 18,604</u>	<u>\$ 2,769</u>

Continued

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Special Revenue Funds				
	Local Government Corrections	Library Building	Environmental GRT	Police Narcotics	LLEBG
ASSETS					
Cash and cash equivalents	\$ 58,849	\$ 33,531	\$ 269,644	\$ 35,528	\$ 3,006
Investments	-	333,375	-	-	-
Taxes receivables	-	-	11,900	-	-
Total assets	<u>\$ 58,849</u>	<u>\$ 366,906</u>	<u>\$ 281,544</u>	<u>\$ 35,528</u>	<u>\$ 3,006</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 1,170	\$ -	\$ -	\$ -	\$ -
Total liabilities	1,170	-	-	-	-
Fund balances:					
Restricted, reported in:					
Special revenue funds	<u>57,679</u>	<u>366,906</u>	<u>281,544</u>	<u>35,528</u>	<u>3,006</u>
Total fund balances	<u>57,679</u>	<u>366,906</u>	<u>281,544</u>	<u>35,528</u>	<u>3,006</u>
Total liabilities and fund balances	<u>\$ 58,849</u>	<u>\$ 366,906</u>	<u>\$ 281,544</u>	<u>\$ 35,528</u>	<u>\$ 3,006</u>

Continued

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

**STATE OF NEW MEXICO
CITY OF RATON**

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2014**

	Special Revenue Funds			Total Special Revenue
	Juvenile Justice	ARRA OJP	ARRA CWSRF	
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 883,108
Investments	-	-	-	333,375
Taxes receivables	-	-	-	74,033
Intergovernmental federal receivables	<u>42,988</u>	<u>13,066</u>	<u>-</u>	<u>56,054</u>
Total assets	<u>\$ 42,988</u>	<u>\$ 13,066</u>	<u>\$ -</u>	<u>\$ 1,346,570</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 147,097
Accrued salaries	-	-	-	3,029
Due to other funds	<u>42,988</u>	<u>13,066</u>	<u>-</u>	<u>56,054</u>
Total liabilities	42,988	13,066	-	206,180
Fund balances:				
Restricted, reported in:				
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,390</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,390</u>
Total liabilities and fund balances	<u>\$ 42,988</u>	<u>\$ 13,066</u>	<u>\$ -</u>	<u>\$ 1,346,570</u>

Concluded

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

**STATE OF NEW MEXICO
CITY OF RATON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds				
	Fire	Recreation	Lodgers Tax	Law Enforcement	Emergency Medical Service
Revenues:					
Taxes	\$ -	\$ 138,709	\$ 334,861	\$ -	\$ -
Charges for services	-	86,076	-	-	-
Rentals	-	10,144	-	-	-
Other grants and contributions	366,937	3,202	-	26,599	20,000
Interest and other	3,308	4,871	177	22	2,143
	<u>370,245</u>	<u>243,002</u>	<u>335,038</u>	<u>26,621</u>	<u>22,143</u>
Total revenues					
Expenditures:					
General government	-	-	174,690	-	-
Public safety	536,881	-	-	10,576	26,792
Culture and recreation	-	285,657	-	-	-
Capital outlay	61,478	6,187	-	-	6,050
	<u>598,359</u>	<u>291,844</u>	<u>174,690</u>	<u>10,576</u>	<u>32,842</u>
Total expenditures					
Excess (deficit) of revenues over expenditures	(228,114)	(48,842)	160,348	16,045	(10,699)
Other financing sources:					
Transfers in	-	50,000	3,110	-	-
Transfers out	(82,032)	-	(201,740)	(20,665)	-
	<u>(82,032)</u>	<u>50,000</u>	<u>(198,630)</u>	<u>(20,665)</u>	<u>-</u>
Total other financing sources					
Net Change in fund balances	(310,146)	1,158	(38,282)	(4,620)	(10,699)
Fund balance - beginning of year	544,638	28,600	149,728	23,224	12,126
Fund balance - end of year	<u>\$ 234,492</u>	<u>\$ 29,758</u>	<u>\$ 111,446</u>	<u>\$ 18,604</u>	<u>\$ 1,427</u>

Continued

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds				
	Local Government Corrections	Library Building	Environmental GRT	Police Narcotics	LLEBG
Revenues:					
Taxes	\$ -	\$ -	\$ 69,308	\$ -	\$ -
Charges for services	-	1,897	-	-	-
Fees, fines and forfeitures	8,420	-	-	-	-
Interest and other	50	1,140	249	15,050	-
	<u>8,470</u>	<u>3,037</u>	<u>69,557</u>	<u>15,050</u>	<u>-</u>
Total revenues	8,470	3,037	69,557	15,050	-
Expenditures:					
General government	-	-	84,423	-	-
Public safety	8,307	-	-	1,421	-
Culture and recreation	-	355	-	-	-
Capital outlay	-	-	14,083	60,973	-
	<u>8,307</u>	<u>355</u>	<u>98,506</u>	<u>62,394</u>	<u>-</u>
Total expenditures	8,307	355	98,506	62,394	-
Excess (deficit) of revenues over expenditures	<u>163</u>	<u>2,682</u>	<u>(28,949)</u>	<u>(47,344)</u>	<u>-</u>
Net Change in fund balances	163	2,682	(28,949)	(47,344)	-
Fund balance - beginning of year	<u>57,516</u>	<u>364,224</u>	<u>310,493</u>	<u>82,872</u>	<u>3,006</u>
Fund balance - end of year	<u>\$ 57,679</u>	<u>\$ 366,906</u>	<u>\$ 281,544</u>	<u>\$ 35,528</u>	<u>\$ 3,006</u>

Continued

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

**STATE OF NEW MEXICO
CITY OF RATON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds			Total Special Revenue Funds
	Juvenile Justice	ARRA OJP	ARRA CWSRF	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 542,878
Charges for service	-	-	-	87,973
Rentals	-	-	-	10,144
Fees, fines and forfeitures	-	-	-	8,420
Federal operating grants	68,759	46,546	-	115,305
Other grants and contributions	-	-	-	416,738
Interest and other	-	-	-	27,010
Total revenues	68,759	46,546	-	1,208,468
Expenditures:				
General government	-	-	-	259,113
Public safety	68,759	46,546	-	699,282
Culture and recreation	-	-	-	286,012
Capital outlay	-	-	-	148,771
Total expenditures	68,759	46,546	-	1,393,178
Excess (deficit) of revenues over expenditures	-	-	-	(184,710)
Other financing sources:				
Transfers in	-	-	7,048	60,158
Transfers out	-	-	(7,048)	(311,485)
Total other financing sources	-	-	-	(251,327)
Net Change in fund balances	-	-	-	(436,037)
Fund balance - beginning of year	-	-	-	1,576,427
Fund balance - end of year	\$ -	\$ -	\$ -	\$ 1,140,390

Concluded

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

STATE OF NEW MEXICO
CITY OF RATON

**FIRE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous revenue	\$ 500	\$ 500	\$ -	\$ (500)
Other grants and contributions	-	-	366,937	366,937
State grants	296,100	445,328	-	(445,328)
Interest income	-	-	3,308	3,308
Total revenues	296,600	445,828	370,245	(75,583)
EXPENDITURES:				
Current				
Public safety	685,361	834,589	536,881	297,708
Capital outlay	-	-	123,013	(123,013)
Total expenditures	685,361	834,589	659,894	174,695
Excess (deficiency) of revenues over expenditures	(388,761)	(388,761)	(289,649)	(250,278)
OTHER FINANCING SOURCES				
Transfers out	(82,032)	(82,032)	(82,032)	-
Total other financing sources	(82,032)	(82,032)	(82,032)	-
Net changes in fund balance	(470,793)	(470,793)	(371,681)	(250,278)
Fund balance - beginning of the year	544,638	544,638	544,638	-
Fund balance - end of the year	<u>\$ 73,845</u>	<u>\$ 73,845</u>	<u>\$ 172,957</u>	<u>\$ (250,278)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ (371,681)	
Net revenue accruals			<u>61,535</u>	
Net change in fund balance GAAP basis			<u>\$ (310,146)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**RECREATION SPECIAL REVENUE FUND -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ 138,709	\$ 138,709
Charges for services	-	-	86,076	86,076
Rentals	-	-	10,144	10,144
Other grants and contributions	-	-	3,202	3,202
Miscellaneous	209,373	230,188	-	(230,188)
Interest and other	-	-	4,871	4,871
Total revenues	<u>209,373</u>	<u>230,188</u>	<u>243,002</u>	<u>12,814</u>
EXPENDITURES:				
Culture and recreation	278,237	300,626	284,771	15,855
Capital outlay	-	-	6,187	(6,187)
Total expenditures	<u>278,237</u>	<u>300,626</u>	<u>290,958</u>	<u>9,668</u>
Excess (deficiency) of revenues over expenditures	(68,864)	(70,438)	(47,956)	22,482
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>70,119</u>	<u>71,693</u>	<u>50,000</u>	<u>(21,693)</u>
Total other financing sources (uses)	<u>70,119</u>	<u>71,693</u>	<u>50,000</u>	<u>(21,693)</u>
Net changes in fund balance	1,255	1,255	2,044	789
Fund balance - beginning of the year	<u>28,600</u>	<u>28,600</u>	<u>28,600</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 29,855</u>	<u>\$ 29,855</u>	<u>\$ 30,644</u>	<u>\$ 789</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 2,044	
Net expenditure accruals			<u>(886)</u>	
Net change in fund balance GAAP basis			<u>\$ 1,158</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**LODGERS TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Lodgers' Tax	\$ 320,000	\$ 330,000	\$ -	\$ (330,000)
Taxes	-	-	334,861	334,861
Miscellaneous revenue	750	750	-	(750)
Interest and other	-	-	177	177
Total revenues	320,750	330,750	335,038	4,288
EXPENDITURES:				
General government	195,000	212,952	174,690	38,262
Total expenditures	195,000	212,952	174,690	38,262
Excess (deficiency) of revenues over expenditures	125,750	117,798	160,348	42,550
OTHER FINANCING SOURCES (USES)				
Transfers in	3,110	3,110	3,110	-
Transfers out	(201,740)	(201,740)	(201,740)	-
Total other financing sources (uses)	(198,630)	(198,630)	(198,630)	-
Net changes in fund balance	(72,880)	(80,832)	(38,282)	42,550
Fund balance - beginning of the year	149,728	149,728	149,728	-
Fund balance - end of the year	<u>\$ 76,848</u>	<u>\$ 68,896</u>	<u>\$ 111,446</u>	<u>\$ 42,550</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (38,282)</u>	
Net change in fund balance GAAP basis			<u>\$ (38,282)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**LAW ENFORCEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous revenue	\$ 50	\$ 50	\$ -	\$ (50)
State grants	26,600	26,600	-	(26,600)
Other grants and contributions	-	-	26,599	-
Interest and other	-	-	22	22
Total revenues	26,650	26,650	26,621	(26,628)
EXPENDITURES:				
Public safety	29,795	29,795	10,576	19,219
Total expenditures	29,795	29,795	10,576	19,219
Excess (deficiency) of revenues over expenditures	(3,145)	(3,145)	16,045	(7,409)
OTHER FINANCING SOURCES				
Transfers out	(20,665)	(20,665)	(20,665)	-
Total other financing sources	(20,665)	(20,665)	(20,665)	-
Net changes in fund balance	(23,810)	(23,810)	(4,620)	(7,409)
Fund balance - beginning of the year, as restated	-	-	-	-
Fund balance - end of the year	<u>\$ (23,810)</u>	<u>\$ (23,810)</u>	<u>\$ (4,620)</u>	<u>\$ (7,409)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (4,620)</u>	
Net change in fund balance GAAP basis			<u>\$ (4,620)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**EMERGENCY MEDICAL SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous revenue	\$ 520	\$ 1,279	\$ -	\$ (1,279)
State grants	17,148	20,000	-	(20,000)
Other grants and contributions	-	-	20,000	-
Interest income	-	-	2,143	2,143
Total revenues	17,668	21,279	22,143	(19,136)
EXPENDITURES:				
Public safety	39,668	33,605	26,792	6,813
Capital outlay	-	-	6,050	(6,050)
Total expenditures	39,668	33,605	32,842	763
Excess (deficiency) of revenues over expenditures	(22,000)	(12,326)	(10,699)	(18,373)
OTHER FINANCING SOURCES				
Transfers in	22,000	-	-	-
Total other financing sources	22,000	-	-	-
Net changes in fund balance	-	(12,326)	(10,699)	(18,373)
Fund balance - beginning of the year	12,126	12,126	12,126	-
Fund balance - end of the year	<u>\$ 12,126</u>	<u>\$ (200)</u>	<u>\$ 1,427</u>	<u>\$ (18,373)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (10,699)</u>	
Net change in fund balance GAAP basis			<u>\$ (10,699)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**LOCAL GOVERNMENT CORRECTIONS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Miscellaneous revenue	100	100	8,420	8,320
Interest and other	-	-	50	50
Total revenues	10,100	10,100	8,470	(1,630)
EXPENDITURES:				
Public safety	<u>10,000</u>	<u>10,000</u>	<u>8,307</u>	<u>1,693</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>8,307</u>	<u>1,693</u>
Excess (deficiency) of revenues over expenditures	<u>100</u>	<u>100</u>	<u>163</u>	<u>63</u>
Net changes in fund balance	100	100	163	63
Fund balance - beginning of the year	<u>57,516</u>	<u>57,516</u>	<u>57,516</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 57,616</u>	<u>\$ 57,616</u>	<u>\$ 57,679</u>	<u>\$ 63</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 163</u>	
Net change in fund balance GAAP basis			<u>\$ 163</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**LIBRARY BUILDING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ -	\$ -	\$ 1,897	\$ 1,897
Other grants and contributions	2,000	2,000	-	(2,000)
Interest and other	-	-	1,140	1,140
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>3,037</u>	<u>1,037</u>
EXPENDITURES:				
Culture and recreation	<u>855</u>	<u>855</u>	<u>355</u>	<u>500</u>
Total expenditures	<u>855</u>	<u>855</u>	<u>355</u>	<u>500</u>
Excess (deficiency) of revenues over expenditures	<u>1,145</u>	<u>1,145</u>	<u>2,682</u>	<u>1,537</u>
Net changes in fund balance	1,145	1,145	2,682	1,537
Fund balance - beginning of the year	<u>364,224</u>	<u>364,224</u>	<u>364,224</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 365,369</u>	<u>\$ 365,369</u>	<u>\$ 366,906</u>	<u>\$ 1,537</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 2,682</u>	
Net change in fund balance GAAP basis			<u>\$ 2,682</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**ENVIRONMENTAL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 70,606	\$ 70,606	\$ 69,308	\$ (1,298)
Miscellaneous revenue	550	550	-	(550)
Interest income	-	-	249	249
Total revenues	71,156	71,156	69,557	(1,599)
EXPENDITURES:				
General government	-	-	84,423	(84,423)
Health and welfare	82,500	107,500	-	107,500
Capital outlay	-	-	14,083	(14,083)
Total expenditures	82,500	107,500	98,506	8,994
Excess (deficiency) of revenues over expenditures	(11,344)	(36,344)	(28,949)	7,395
Net changes in fund balance	(11,344)	(36,344)	(28,949)	7,395
Fund balance - beginning of the year	-	-	310,493	310,493
Fund balance - end of the year	<u>\$ (11,344)</u>	<u>\$ (36,344)</u>	<u>\$ 281,544</u>	<u>\$ 317,888</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (28,949)</u>	
Net change in fund balance GAAP basis			<u>\$ (28,949)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**POLICE NARCOTICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 100	\$ 15,100	\$ -	\$ (15,100)
Interest income	-	-	15,050	15,050
Total revenues	100	15,100	15,050	(50)
EXPENDITURES:				
Public safety	88,166	103,166	1,421	101,745
Culture and recreation	-	-	60,973	(60,973)
Total expenditures	88,166	103,166	62,394	40,772
Excess (deficiency) of revenues over expenditures	(88,066)	(88,066)	(47,344)	40,722
Net changes in fund balance	(88,066)	(88,066)	(47,344)	40,722
Fund balance - beginning of the year	82,872	82,872	82,872	-
Fund balance - end of the year	<u>\$ (5,194)</u>	<u>\$ (5,194)</u>	<u>\$ 35,528</u>	<u>\$ 40,722</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (47,344)</u>	
Net change in fund balance GAAP basis			<u>\$ (47,344)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**LLEBG SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Plosive (Negative)
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Total expenditures	-	-	-	-
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year	-	-	3,006	(3,006)
Fund balance - end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,006</u>	<u>\$ (3,006)</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**JUVENILE JUSTICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Federal grants	\$ 75,967	\$ 75,967	\$ 68,759	\$ (7,208)
Total revenues	75,967	75,967	68,759	(7,208)
EXPENDITURES:				
General government	-	-	-	-
Public safety	69,000	69,000	68,759	241
Total expenditures	69,000	69,000	68,759	241
Net changes in fund balance	6,967	6,967	-	(6,967)
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ 6,967	\$ 6,967	\$ -	\$ (6,967)

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

**STATE OF NEW MEXICO
CITY OF RATON**

**ARRA OJP SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Federal grants	\$ 76,024	\$ 76,024	\$ 46,546	\$ (29,478)
Total revenues	76,024	76,024	46,546	(29,478)
EXPENDITURES:				
Public safety	64,695	64,695	46,546	18,149
Total expenditures	64,695	64,695	46,546	18,149
Net changes in fund balance	11,329	11,329	-	(11,329)
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ 11,329	\$ 11,329	\$ -	\$ (11,329)

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

**STATE OF NEW MEXICO
CITY OF RATON**

**ARRA CWSRF SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Total expenditures	-	-	-	-
OTHER FINANCING SOURCES				
Transfers in	7,050	7,050	7,048	(2)
Transfers out	(7,050)	(7,050)	(7,048)	2
Total other financing sources	-	-	-	-
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ -	\$ -	\$ -	\$ -

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

CAPITAL PROJECTS FUNDS

**STATE OF NEW MEXICO
CITY OF RATON**

**COMBINING BALANCE SHEET
CAPITAL PROJECT GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Capital Project Funds				
	Lodgers Tax 2%	Street Improvement	GRT Swim/Pool Recreation Center	NMDOT	Historic Building
ASSETS					
Cash and cash equivalents	\$ 7,877	\$ 237,885	\$ 21,544	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-	-
Taxes receivables	-	11,738	-	-	-
Total assets	<u>\$ 7,877</u>	<u>\$ 249,623</u>	<u>\$ 21,544</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 1,285	\$ -	\$ 4,985	\$ -	\$ -
Total liabilities	1,285	-	4,985	-	-
Fund balances:					
Restricted, reported in:					
Capital project funds	6,592	249,623	16,559	-	-
Total fund balances	<u>6,592</u>	<u>249,623</u>	<u>16,559</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 7,877</u>	<u>\$ 249,623</u>	<u>\$ 21,544</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING BALANCE SHEET
CAPITAL PROJECT GOVERNMENTAL FUNDS
JUNE 30, 2014

	Capital Project Funds			
	Capital Improvement	Depot Improvement	Airport Capital	Total Capital Project Funds
ASSETS				
Cash and cash equivalents	\$ 9,356	\$ -	\$ -	\$ 276,662
Taxes receivables	48,182	-	-	59,920
Intergovernmental state receivables	-	13,525	12,975	26,500
	<u>-</u>	<u>13,525</u>	<u>12,975</u>	<u>26,500</u>
Total assets	<u>\$ 57,538</u>	<u>\$ 13,525</u>	<u>\$ 12,975</u>	<u>\$ 363,082</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 6,270
Due to other funds	-	13,525	10,321	23,846
	<u>-</u>	<u>13,525</u>	<u>10,321</u>	<u>23,846</u>
Total liabilities	-	13,525	10,321	30,116
Fund balances:				
Restricted, reported in:				
Capital project funds	57,538	-	2,654	332,966
	<u>57,538</u>	<u>-</u>	<u>2,654</u>	<u>332,966</u>
Total fund balances	<u>57,538</u>	<u>-</u>	<u>2,654</u>	<u>332,966</u>
Total liabilities and fund balances	<u>\$ 57,538</u>	<u>\$ 13,525</u>	<u>\$ 12,975</u>	<u>\$ 363,082</u>

Concluded

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECT GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Capital Project Funds				
	Lodgers Tax 2%	Street Improvement	GRT Swim/Pool Recreation Center	NM DOT	Historic Building
Revenues:					
Taxes	\$ -	\$ 137,061	\$ -	\$ -	\$ -
Other grants and contributions	-	49,596	20,000	250,000	1,863
Interest and other	29	187	-	53	-
Total revenues	29	186,844	20,000	250,053	1,863
Expenditures:					
General government	72,073	-	-	-	-
Public safety	-	31,878	-	-	-
Public works	-	-	-	24,285	-
Culture and recreation	-	-	4,985	-	1,863
Capital outlay	39,602	49,596	-	292,647	-
Total expenditures	111,675	81,474	4,985	316,932	1,863
Excess (deficit) of revenues over expenditures	(111,646)	105,370	15,015	(66,879)	-
Other financing sources:					
Transfers in	201,740	29,683	-	96,562	-
Transfers out	(79,905)	(96,562)	-	(29,683)	-
Total other financing sources	121,835	(66,879)	-	66,879	-
Net Change in fund balances	10,189	38,491	15,015	-	-
Fund balance - beginning of year	(3,597)	211,132	1,544	-	-
Fund balance - end of year	\$ 6,592	\$ 249,623	\$ 16,559	\$ -	\$ -

Continued

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECT GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Capital Project Funds			
	Capital Improvement	Depot Improvements	Airport Capital	Total Capital Project Fund
Revenues:				
Taxes	\$ 277,260	\$ -	\$ -	\$ 414,321
Federal operating grants	-	32,672	-	32,672
Other grants and contributions	-	-	721,145	1,042,604
Interest and other	119	9	(18,122)	(17,725)
	<u>277,379</u>	<u>32,681</u>	<u>703,023</u>	<u>1,471,872</u>
Total revenues				
Expenditures:				
General government	-	-	-	72,073
Public safety	-	-	-	31,878
Public works	5,733	19,545	-	49,563
Culture and recreation	-	-	-	6,848
Capital outlay	-	-	677,982	1,059,827
	<u>5,733</u>	<u>19,545</u>	<u>677,982</u>	<u>1,220,189</u>
Total expenditures				
Excess (deficit) of revenues over expenditures	271,646	13,136	25,041	251,683
Other financing sources:				
Transfers in	81,264	-	32,066	441,315
Transfers out	(385,645)	(13,136)	-	(604,931)
	<u>(304,381)</u>	<u>(13,136)</u>	<u>32,066</u>	<u>(163,616)</u>
Total other financing sources				
Net Change in fund balances	(32,735)	-	57,107	88,067
Fund balance - beginning of year	90,273	-	(54,453)	244,899
Fund balance - end of year	<u>\$ 57,538</u>	<u>\$ -</u>	<u>\$ 2,654</u>	<u>\$ 332,966</u>

Concluded

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

STATE OF NEW MEXICO
CITY OF RATON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
WATER CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Other grant and contributions	\$ 600,000	\$ 708,474	\$ 319,294	\$ (389,180)
Loan proceeds	<u>428,474</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total revenues	1,028,474	1,108,474	719,294	(389,180)
EXPENDITURES:				
General government	-	-	610,821	(610,821)
Capital outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>610,821</u>	<u>389,179</u>
Excess (deficiency) of revenues over expenditures	28,474	108,474	108,473	(1)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(28,474)</u>	<u>(108,474)</u>	<u>(108,473)</u>	<u>1</u>
Total other financing sources (uses)	<u>(28,474)</u>	<u>(108,474)</u>	<u>(108,473)</u>	<u>1</u>
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year, as restated	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**LODGERS TAX 2% CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest and other	\$ 100	\$ 100	\$ 29	\$ (71)
Total revenues	100	100	29	(71)
EXPENDITURES:				
General government	106,308	117,976	72,073	45,903
Capital outlay	-	-	43,809	(43,809)
Total expenditures	<u>106,308</u>	<u>117,976</u>	<u>115,882</u>	<u>2,094</u>
Excess (deficiency) of revenues over expenditures	(106,208)	(117,876)	(115,853)	2,023
OTHER FINANCING SOURCES				
Transfers in	201,740	201,740	201,740	-
Transfers out	<u>80,165</u>	<u>80,165</u>	<u>(79,905)</u>	<u>(160,070)</u>
Total other financing sources	<u>281,905</u>	<u>281,905</u>	<u>121,835</u>	<u>(160,070)</u>
Net changes in fund balance	175,697	164,029	5,982	(158,047)
Fund balance - beginning of the year	<u>-</u>	<u>-</u>	<u>(3,597)</u>	<u>(3,597)</u>
Fund balance - end of the year	<u>\$ 175,697</u>	<u>\$ 164,029</u>	<u>\$ 2,385</u>	<u>\$ (161,644)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 5,982	
Net expenditure accruals			<u>4,207</u>	
Net change in fund balance GAAP basis			<u>\$ 10,189</u>	

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

STATE OF NEW MEXICO
CITY OF RATON

**STREET IMPROVEMENT CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 175,000	\$ 175,000	\$ 137,061	\$ (37,939)
Other grants and contributions	-	-	49,596	49,596
State grants	49,596	131,058	-	(131,058)
Interest and other	300	15,300	187	(15,113)
Total revenues	224,896	321,358	186,844	(134,514)
EXPENDITURES:				
Public safety	-	-	31,878	(31,878)
Public works	49,596	173,103	-	173,103
Capital outlay	-	-	49,596	(49,596)
Total expenditures	49,596	173,103	81,474	91,629
Excess (deficiency) of revenues over expenditures	175,300	148,255	105,370	(42,885)
OTHER FINANCING SOURCES				
Transfers in	-	29,683	29,683	-
Transfers out	(153,757)	(153,757)	(96,562)	57,195
Total other financing sources	(153,757)	(124,074)	(66,879)	57,195
Net changes in fund balance	21,543	24,181	38,491	14,310
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	<u>\$ 21,543</u>	<u>\$ 24,181</u>	<u>\$ 38,491</u>	<u>\$ 14,310</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 38,491</u>	
Net change in fund balance GAAP basis			<u>\$ 38,491</u>	

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

STATE OF NEW MEXICO
CITY OF RATON

**GRT SWIM/POOL RECREATION CENTER CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Other grants and contributions	\$ -	\$ 20,000	\$ 20,000	\$ -
Total revenues	-	20,000	20,000	-
EXPENDITURES:				
Culture and recreation	-	20,000	4,985	15,015
Total expenditures	-	20,000	4,985	15,015
Excess (deficiency) of revenues over expenditures	-	-	15,015	15,015
Net changes in fund balance	-	-	15,015	15,015
Fund balance - beginning of the year	-	-	1,544	(3,219,769)
Fund balance - end of the year	\$ -	\$ -	\$ 16,559	\$ (3,204,754)
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 15,015	
Net change in fund balance GAAP basis			\$ 15,015	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**NMDOT CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Other grants and contributions	\$ 461,219	\$ 461,219	\$ 250,000	\$ (211,219)
Interest income	<u>53</u>	<u>53</u>	<u>53</u>	<u>-</u>
Total revenues	461,272	461,272	250,053	(211,219)
EXPENDITURES:				
Public works	-	-	24,285	(24,285)
Capital outlay	<u>615,029</u>	<u>585,346</u>	<u>292,647</u>	<u>292,699</u>
Total expenditures	<u>615,029</u>	<u>585,346</u>	<u>316,932</u>	<u>268,414</u>
Excess (deficiency) of revenues over expenditures	(153,757)	(124,074)	(66,879)	57,195
OTHER FINANCING SOURCES				
Transfers in	153,757	153,757	96,562	(57,195)
Transfers out	<u>-</u>	<u>-</u>	<u>(29,683)</u>	<u>(29,683)</u>
Total other financing sources	<u>153,757</u>	<u>153,757</u>	<u>66,879</u>	<u>(86,878)</u>
Net changes in fund balance	-	29,683	-	(29,683)
Fund balance - beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of the year	<u>\$ -</u>	<u>\$ 29,683</u>	<u>\$ -</u>	<u>\$ (29,683)</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**HISTORIC BUILDING CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Other grants and contributions	\$ -	\$ 3,177	\$ 1,863	\$ (1,314)
Total revenues	-	3,177	1,863	(1,314)
EXPENDITURES:				
Culture and recreation	-	-	1,863	(1,863)
Capital outlay	-	3,177	-	3,177
Total expenditures	-	3,177	1,863	1,314
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
CITY OF RATON

**CAPITAL IMPROVEMENT CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 285,827	\$ 285,827	\$ 277,260	\$ (8,567)
Interest income	119	119	119	-
Total revenues	285,946	285,946	277,379	(8,567)
EXPENDITURES:				
Public works	-	-	5,733	(5,733)
Capital outlay	5,000	7,265	-	7,265
Total expenditures	5,000	7,265	5,733	1,532
Excess (deficiency) of revenues over expenditures	280,946	278,681	271,646	(7,035)
Transfers in	105,320	105,320	81,264	(24,056)
Transfers out	(386,266)	(386,314)	(385,645)	669
Total other financing sources	(280,946)	(280,994)	(304,381)	(23,387)
Net changes in fund balance	-	(2,313)	(32,735)	(30,422)
Fund balance - beginning of the year	-	-	90,273	(90,273)
Fund balance - end of the year	<u>\$ -</u>	<u>\$ (2,313)</u>	<u>\$ 57,538</u>	<u>\$ (120,695)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (32,735)</u>	
Net change in fund balance GAAP basis			<u>\$ (32,735)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**DEPOT IMPROVEMENT CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Federal grants	\$ 1,194,047	\$ 1,194,047	\$ 32,672	\$ (1,161,375)
Interest and other	-	-	9	9
Total revenues	1,194,047	1,194,047	32,681	(1,161,366)
EXPENDITURES:				
Public works	-	-	19,545	(19,545)
Capital outlay	1,179,049	1,179,049	-	1,179,049
Total expenditures	1,179,049	1,179,049	19,545	1,159,504
Excess (deficiency) of revenues over expenditures	14,998	14,998	13,136	(1,862)
OTHER FINANCING SOURCES				
Transfers out	-	-	(13,136)	(13,136)
Total other financing sources	-	-	(13,136)	(13,136)
Net changes in fund balance	14,998	14,998	-	(14,998)
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	<u>\$ 14,998</u>	<u>\$ 14,998</u>	<u>\$ -</u>	<u>\$ (14,998)</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**AIRPORT CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Other grants and contributions	\$ 1,659,043	\$ 1,659,043	\$ 721,145	\$ (937,898)
Interest and other	-	-	(18,122)	(18,122)
Total revenues	1,659,043	1,659,043	703,023	(956,020)
EXPENDITURES:				
Capital outlay	1,676,234	1,676,234	677,982	998,252
Total expenditures	1,676,234	1,676,234	677,982	998,252
Excess (deficiency) of revenues over expenditures	(17,191)	(17,191)	25,041	42,232
OTHER FINANCING SOURCES (USES)				
Transfers in	35,000	35,000	32,066	(2,934)
Total other financing sources (uses)	35,000	35,000	32,066	(2,934)
Net changes in fund balance	17,809	17,809	57,107	39,298
Fund balance - beginning of the year	-	-	(54,453)	(54,453)
Fund balance - end of the year	\$ 17,809	\$ 17,809	\$ 2,654	\$ (15,155)
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 57,107	
Net change in fund balance GAAP basis			\$ 57,107	

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

DEBT SERVICE FUND

STATE OF NEW MEXICO
CITY OF RATON

COMBINING BALANCE SHEET
DEBT SERVICE GOVERNMENTAL FUNDS
JUNE 30, 2014

	Debt Service Funds			
	NMFA Loan Welcome Center	Recreation Center	Aquatic Center	Water Trust Board
ASSETS				
Cash and cash equivalents	\$ 8,561	\$ 51,524	\$ -	\$ -
Restricted cash and cash equivalents	<u>49,169</u>	<u>209,617</u>	<u>230,937</u>	<u>-</u>
Total assets	<u>\$ 57,730</u>	<u>\$ 261,141</u>	<u>\$ 230,937</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to other funds	<u>-</u>	<u>(12,659)</u>	<u>-</u>	<u>-</u>
Total liabilities	\$ -	\$ (12,659)	\$ -	\$ -
Fund balances:				
Restricted, reported in:				
Debt service funds	<u>57,730</u>	<u>261,141</u>	<u>230,937</u>	<u>-</u>
Total fund balances	<u>57,730</u>	<u>261,141</u>	<u>230,937</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 57,730</u>	<u>\$ 248,482</u>	<u>\$ 230,937</u>	<u>\$ -</u>

Continued

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING BALANCE SHEET
DEBT SERVICE GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Debt Service Funds</u>			
	ARRA CWSRF	NMFA WTB FIRE	NMFA Loan Police Vehicles	NMFA Loan Solid Waste
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 4	\$ 19,125
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,059</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 123,184</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to other funds	<u>-</u>	<u>-</u>	<u>(12,659)</u>	<u>-</u>
Total liabilities	\$ -	\$ -	\$ (12,659)	\$ -
Fund balances:				
Restricted, reported in:				
Debt service funds	<u>-</u>	<u>-</u>	<u>4</u>	<u>123,184</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>4</u>	<u>123,184</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,655)</u>	<u>\$ 123,184</u>

Continued

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING BALANCE SHEET
DEBT SERVICE GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Debt Service Funds</u>			
	NMFA Loan Fire	Waste Water Treatment	NMFA Loan Street Improvements	Total Debt Service Funds
ASSETS				
Cash and cash equivalents	\$ 3,295	\$ 526,792	\$ -	\$ 609,301
Restricted cash and cash equivalents	<u>-</u>	<u>144,874</u>	<u>-</u>	<u>738,656</u>
Total assets	<u>\$ 3,295</u>	<u>\$ 671,666</u>	<u>\$ -</u>	<u>\$ 1,347,957</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to other funds	<u>-</u>	<u>-</u>	<u>(12,659)</u>	<u>(37,977)</u>
Total liabilities	\$ -	\$ -	\$ (12,659)	\$ (37,977)
Fund balances:				
Restricted, reported in:				
Debt service funds	<u>3,295</u>	<u>671,666</u>	<u>-</u>	<u>1,347,957</u>
Total fund balances	<u>3,295</u>	<u>671,666</u>	<u>-</u>	<u>1,347,957</u>
Total liabilities and fund balances	<u>\$ 3,295</u>	<u>\$ 671,666</u>	<u>\$ (12,659)</u>	<u>\$ 1,309,980</u>

Concluded

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Debt Service Funds			
	NMFA Loan Welcome Center	Recreation Center	Aquatic Center	Water Trust Boards
Revenues:				
Interest and other	\$ 215	\$ 918	\$ 994	\$ -
Total revenues	215	918	994	-
Expenditures:				
General government	553	6,849	-	91
Debt service				
Principal	41,130	100,203	65,000	7,260
Interest	9,039	101,892	112,322	-
Total expenditures	50,722	208,944	177,322	7,351
Excess (deficit) of revenues over expenditures	(50,507)	(208,026)	(176,328)	(7,351)
Other financing sources:				
Transfers in	50,463	208,992	176,653	7,351
Total other financing sources	50,463	208,992	176,653	7,351
Net Change in fund balances	(44)	966	325	-
Fund balance - beginning of year	57,774	260,175	230,612	-
Fund balance - end of year	\$ 57,730	\$ 261,141	\$ 230,937	\$ -

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

Continued

STATE OF NEW MEXICO
CITY OF RATON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Debt Service Funds			
	ARRA CWSRF	NMFA WTB FIRE	NMFA Loan Police Vehicle	NMFA Loan Solid Waste
Revenues:				
Interest and other	\$ -	\$ -	\$ 3	\$ 455
Total revenues	-	-	3	455
Expenditures:				
General government	460	979	105	953
Debt service				
Principal	4,935	100,143	19,924	97,300
Interest	1,653	-	636	12,040
Total expenditures	7,048	101,122	20,665	110,293
Excess (deficit) of revenues over expenditures	(7,048)	(101,122)	(20,662)	(109,838)
Other financing sources:				
Transfers in	7,048	101,122	20,665	128,946
Transfers out	-	-	-	-
Total other financing sources	7,048	101,122	20,665	128,946
Net Change in fund balances	-	-	3	19,108
Fund balance - beginning of year	-	-	1	104,076
Fund balance - end of year	\$ -	\$ -	\$ 4	\$ 123,184

Continued

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

STATE OF NEW MEXICO
CITY OF RATON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Debt Service Funds			
	NMFA Loan Fire	Waste Water Treatment	NMFA Loan Street Improvement	Total Debt Service Funds
Revenues:				
Interest and other	\$ 3,286	\$ 254,873	\$ -	\$ 260,744
Total revenues	3,286	254,873	-	260,744
Expenditures:				
General government	-	-	-	9,990
Debt service				
Principal	69,989	37,000	-	542,884
Interest	12,043	126,376	-	376,001
Total expenditures	82,032	163,376	-	928,875
Excess (deficit) of revenues over expenditures	(78,746)	91,497	-	(668,131)
Other financing sources:				
Transfers in	82,032	-	-	783,272
Transfers out	-	-	-	-
Total other financing sources	82,032	-	-	783,272
Net Change in fund balances	3,286	91,497	-	115,141
Fund balance - beginning of year	9	580,169	-	1,232,816
Fund balance - end of year	\$ 3,295	\$ 671,666	\$ -	\$ 1,347,957

Concluded

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

CITY OF RATON

**NMFA LOAN WELCOME CENTER DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest income (loss)	150	150	215	(65)
Total revenues	150	150	215	(65)
EXPENDITURES:				
General government	-	-	553	(553)
Principal	50,723	50,723	41,130	9,593
Other debt services	-	-	9,039	(9,039)
Total expenditures	50,723	50,723	50,722	1
Excess (deficiency) of revenues over expenditures	(50,573)	(50,573)	(50,507)	(64)
OTHER FINANCING SOURCES				
Transfers in	50,723	50,723	50,463	(260)
Total other financing sources	50,723	50,723	50,463	(260)
Net changes in fund balance	150	150	(44)	(324)
Fund balance - beginning of the year	57,774	57,774	57,774	-
Fund balance - end of the year	<u>\$ 57,924</u>	<u>\$ 57,924</u>	<u>\$ 57,730</u>	<u>\$ (324)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (44)</u>	
Net change in fund balance GAAP basis			<u>\$ (44)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**RECREATION CENTER DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest income	\$ 750	\$ 750	\$ 918	\$ 168
Total revenues	750	750	918	168
EXPENDITURES:				
General government	6,849	6,849	6,849	-
Principal	100,203	100,203	100,203	-
Interest	101,892	101,892	101,892	-
Total expenditures	208,944	208,944	208,944	-
Excess (deficiency) of revenues over expenditures	(208,194)	(208,194)	(208,026)	168
OTHER FINANCING SOURCES				
Transfers in	208,992	208,992	208,992	-
Total other financing sources	208,992	208,992	208,992	-
Net changes in fund balance	798	798	966	168
Fund balance - beginning of the year	260,175	260,175	260,175	-
Fund balance - end of the year	\$ 260,973	\$ 260,973	\$ 261,141	\$ 168
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 966	
Net change in fund balance GAAP basis			\$ 966	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**AQUATIC CENTER DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest and other	\$ 750	\$ 750	\$ 994	\$ 244
Total revenues	750	750	994	244
EXPENDITURES:				
Principal	65,000	65,000	65,000	-
Interest	<u>112,322</u>	<u>112,322</u>	<u>112,322</u>	<u>-</u>
Total expenditures	<u>177,322</u>	<u>177,322</u>	<u>177,322</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(176,572)	(176,572)	(176,328)	244
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>176,653</u>	<u>176,653</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>176,653</u>	<u>176,653</u>
Net changes in fund balance	(176,572)	(176,572)	325	176,897
Fund balance - beginning of the year	<u>230,612</u>	<u>230,612</u>	<u>230,612</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 54,040</u>	<u>\$ 54,040</u>	<u>\$ 230,937</u>	<u>\$ 176,897</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 325</u>	
Net change in fund balance GAAP basis			<u>\$ 325</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**WATER TRUST BOARD DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
General government	92	92	91	1
Principal	<u>7,260</u>	<u>7,260</u>	<u>7,260</u>	<u>-</u>
Total expenditures	<u>7,352</u>	<u>7,352</u>	<u>7,351</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	(7,352)	(7,352)	(7,351)	1
OTHER FINANCING SOURCES				
Transfers in	<u>7,352</u>	<u>7,352</u>	<u>7,351</u>	<u>(1)</u>
Total other financing sources	7,352	7,352	7,351	(1)
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**ARRA CWSRF DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
General government	7,050	7,050	460	6,590
Principal	-	-	4,935	(4,935)
Interest	-	-	1,653	(1,653)
Total expenditures	7,050	7,050	7,048	2
Excess (deficiency) of revenues over expenditures	(7,050)	(7,050)	(7,048)	2
OTHER FINANCING SOURCES				
Transfers in	7,050	7,050	7,048	(2)
Total other financing sources	7,050	7,050	7,048	(2)
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ -	
Net change in fund balance GAAP basis			\$ -	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**NMFA WTB FIRE DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
General government	979	979	979	-
Principal	<u>20,143</u>	<u>100,143</u>	<u>100,143</u>	<u>-</u>
Total expenditures	<u>21,122</u>	<u>101,122</u>	<u>101,122</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(21,122)	(101,122)	(101,122)	-
OTHER FINANCING SOURCES				
Transfers in	<u>21,122</u>	<u>101,122</u>	<u>101,122</u>	<u>-</u>
Total other financing sources	<u>21,122</u>	<u>101,122</u>	<u>101,122</u>	<u>-</u>
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**NMFA LOAN POLICE VEHICLES DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest income	\$ -	\$ -	\$ 3	\$ 3
Total revenues	-	-	3	3
EXPENDITURES:				
General government	106	106	105	1
Principal	19,924	19,924	19,924	-
Interest	636	636	636	-
Total expenditures	20,666	20,666	20,665	1
Excess (deficiency) of revenues over expenditures	(20,666)	(20,666)	(20,662)	4
OTHER FINANCING SOURCES				
Transfers in	20,665	20,665	20,665	-
Total other financing sources	20,665	20,665	20,665	-
Net changes in fund balance	(1)	(1)	3	4
Fund balance - beginning of the year	-	-	1	(1)
Fund balance - end of the year	\$ (1)	\$ (1)	\$ 4	\$ 3

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

**STATE OF NEW MEXICO
CITY OF RATON**

**NMFA SOLID WASTE DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest income	\$ -	\$ -	\$ 455	\$ 455
Total revenues	-	-	455	455
EXPENDITURES:				
General government	953	953	953	-
Principal	97,300	97,300	97,300	-
Interest	<u>12,040</u>	<u>12,040</u>	<u>12,040</u>	<u>-</u>
Total expenditures	<u>110,293</u>	<u>110,293</u>	<u>110,293</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(110,293)	(110,293)	(109,838)	455
OTHER FINANCING SOURCES				
Transfers in	<u>128,947</u>	<u>128,947</u>	<u>128,946</u>	<u>(1)</u>
Total other financing sources	<u>128,947</u>	<u>128,947</u>	<u>128,946</u>	<u>(1)</u>
Net changes in fund balance	18,654	18,654	19,108	454
Fund balance - beginning of the year	<u>-</u>	<u>-</u>	<u>104,076</u>	<u>(104,076)</u>
Fund balance - end of the year	<u>\$ 18,654</u>	<u>\$ 18,654</u>	<u>\$ 123,184</u>	<u>\$ (103,622)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 19,108</u>	
Net change in fund balance GAAP basis			<u>\$ 19,108</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**NMFA LOAN FIRE DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Interest income	\$ -	\$ -	\$ 3,286	\$ 3,286
Total revenues	-	-	3,286	3,286
EXPENDITURES:				
Principal	82,032	82,032	69,989	12,043
Interest	-	-	12,043	(12,043)
Total expenditures	<u>82,032</u>	<u>82,032</u>	<u>82,032</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(82,032)	(82,032)	(78,746)	3,286
OTHER FINANCING SOURCES				
Transfers in	<u>82,032</u>	<u>82,032</u>	<u>82,032</u>	<u>-</u>
Total other financing sources	<u>82,032</u>	<u>82,032</u>	<u>82,032</u>	<u>-</u>
Net changes in fund balance	-	-	3,286	3,286
Fund balance - beginning of the year	<u>57,774</u>	<u>57,774</u>	<u>9</u>	<u>57,765</u>
Fund balance - end of the year	<u>\$ 57,774</u>	<u>\$ 57,774</u>	<u>\$ 3,295</u>	<u>\$ 61,051</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 3,286</u>	
Net change in fund balance GAAP basis			<u>\$ 3,286</u>	

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

**STATE OF NEW MEXICO
STATE OF NEW MEXICO
CITY OF RATON**

**WASTE WATER TREATMENT DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest income	\$ 255,414	\$ 255,414	\$ 254,873	\$ (541)
Total revenues	255,414	255,414	254,873	(541)
EXPENDITURES:				
Principal	37,080	37,080	37,000	80
Interest	126,420	126,420	126,376	44
Total expenditures	163,500	163,500	163,376	124
Excess (deficiency) of revenues over expenditures	91,914	91,914	91,497	(417)
Net changes in fund balance	91,914	91,914	91,497	(417)
Fund balance - beginning of the year	580,169	580,169	580,169	-
Fund balance - end of the year	\$ 672,083	\$ 672,083	\$ 671,666	\$ (417)
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 91,497	
Net change in fund balance GAAP basis			\$ 91,497	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**NMFA LOAN STREET IMPROVEMENT DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current				
Total expenditures	-	-	-	-
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ -	\$ -	\$ -	\$ -

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

PROPRIETARY FUNDS

STATE OF NEW MEXICO
CITY OF RATON

**SANITATION PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 1,566,168	\$ 1,566,168	\$ 1,260,581	\$ (305,587)
Recycling charges	-	-	15,761	15,761
Other and miscellaneous	-	-	1,097	1,097
Interest income	<u>800</u>	<u>800</u>	<u>-</u>	<u>(800)</u>
Total revenues	1,566,968	1,566,968	1,277,439	(289,529)
EXPENDITURES:				
Current				
Public works	1,127,986	1,324,287	1,221,346	102,941
Recycling	27,686	17,564	-	17,564
Depreciation	-	-	26,997	-
Capital outlay	<u>-</u>	<u>-</u>	<u>53,000</u>	<u>(53,000)</u>
Total expenditures	<u>1,155,672</u>	<u>1,341,851</u>	<u>1,301,343</u>	<u>67,505</u>
Excess (deficiency) of revenues over expenditures	411,296	225,117	(23,904)	(222,024)
OTHER FINANCING SOURCES				
Transfers in	-	16,500	66,900	50,400
Transfers out	<u>(260,693)</u>	<u>(468,464)</u>	<u>(280,671)</u>	<u>187,793</u>
Total other financing sources	<u>(260,693)</u>	<u>(451,964)</u>	<u>(213,771)</u>	<u>238,193</u>
Net changes in fund balance	150,603	(226,847)	(237,675)	16,169
Fund balance - beginning of the year	<u>-</u>	<u>-</u>	<u>36,724</u>	<u>(36,724)</u>
Fund balance - end of the year	<u>\$ 150,603</u>	<u>\$ (226,847)</u>	<u>\$ (200,951)</u>	<u>\$ (20,555)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (237,675)</u>	
Net change in fund balance GAAP basis			<u>\$ (237,675)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**WATER AND SEWER PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 3,734,467	\$ 3,734,467	\$ 2,471,368	\$ (1,263,099)
GRT revenue	-	-	1,110,033	1,110,033
Miscellaneous revenue	-	-	26,937	26,937
Interest income	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Total revenues	3,737,467	3,737,467	3,608,338	(129,129)
EXPENDITURES:				
Current				
Salaries and wages	-	-	292,848	(292,848)
Sewer plant expense	3,572,487	3,572,487	299,978	3,272,509
Construction and maintenance	-	-	3,388,548	(3,388,548)
Supplies	-	-	750,976	(750,976)
Operating costs	-	-	53,499	(53,499)
Depreciation	<u>850,000</u>	<u>850,000</u>	<u>876,487</u>	<u>(26,487)</u>
Total expenditures	<u>4,422,487</u>	<u>4,422,487</u>	<u>5,662,336</u>	<u>(1,239,849)</u>
Excess (deficiency) of revenues over expenditures	(685,020)	(685,020)	(2,053,998)	(1,368,978)
OTHER FINANCING SOURCES				
Transfers in	-	-	452,029	452,029
Transfers out	164,980	164,980	(452,029)	(617,009)
Loan proceeds	-	-	6,160	6,160
Interest expense	<u>-</u>	<u>-</u>	<u>(6,900)</u>	<u>-</u>
Total other financing sources	<u>164,980</u>	<u>164,980</u>	<u>(740)</u>	<u>(164,980)</u>
Net changes in fund balance	(520,040)	(520,040)	(2,054,738)	(1,533,958)
Fund balance - beginning of the year	<u>20,789,786</u>	<u>20,789,786</u>	<u>20,789,786</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 20,269,746</u>	<u>\$ 20,269,746</u>	<u>\$ 18,735,048</u>	<u>\$ (1,533,958)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (2,054,738)</u>	
Net change in fund balance GAAP basis			<u>\$ (2,054,738)</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SANITATION PROJECT FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Other grant and contributions	\$ 903,788	\$ 903,788	\$ 204,292	\$ (699,496)
Loan proceeds	<u>104,292</u>	<u>104,292</u>	<u>-</u>	<u>(104,292)</u>
Total revenues	1,008,080	1,008,080	204,292	(803,788)
EXPENDITURES:				
Capital outlay	<u>1,008,080</u>	<u>1,008,080</u>	<u>187,792</u>	<u>820,288</u>
Total expenditures	<u>1,008,080</u>	<u>1,008,080</u>	<u>187,792</u>	<u>820,288</u>
Excess (deficiency) of revenues over expenditures	-	-	16,500	16,500
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>187,792</u>	<u>187,792</u>	<u>(16,500)</u>	<u>(204,292)</u>
Total other financing sources (uses)	<u>187,792</u>	<u>187,792</u>	<u>(16,500)</u>	<u>(204,292)</u>
Net changes in fund balance	187,792	187,792	-	(187,792)
Fund balance - beginning of the year, before restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restatement	<u>1,863,680</u>	<u>1,863,680</u>	<u>(14,520)</u>	<u>(1,878,200)</u>
Fund balance - beginning of the year, after restatement	<u>1,863,680</u>	<u>1,863,680</u>	<u>1,863,680</u>	<u>1,863,680</u>
Fund balance - end of the year	<u>\$ 2,051,472</u>	<u>\$ 2,051,472</u>	<u>\$ 1,863,680</u>	<u>\$ 1,675,888</u>

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

**STATE OF NEW MEXICO
CITY OF RATON**

**INSURANCE RESERVE INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ 844,759	\$ 682,764	\$ (161,995)
Miscellaneous	-	-	3,853	3,853
Total revenues	-	844,759	686,617	(158,142)
EXPENDITURES:				
General government	-	844,759	773,791	70,968
Total expenditures	-	844,759	773,791	70,968
Excess (deficiency) of revenues over expenditures	-	-	(87,174)	(87,174)
OTHER FINANCING SOURCES				
Transfers in	-	14,286	14,285	(1)
Total other financing sources	-	14,286	14,285	(1)
Net changes in fund balance	-	14,286	(72,889)	(87,175)
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	<u>\$ -</u>	<u>\$ 14,286</u>	<u>\$ (72,889)</u>	<u>\$ (87,175)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (72,889)</u>	
Net change in fund balance GAAP basis			<u>\$ (72,889)</u>	

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF RATON

SCHEDULE OF DEPOSITORIES AND TEMPORARY INVESTMENTS BY DEPOSITORY FOR
PUBLIC FUNDS
JUNE 30, 2014

	Account Type	Fund Type	Amount Per Bank	Net Reconciling Items	Balance Per Books
International Bank					
Operating account	Checking	Governmental	\$ 1,100,925	\$ (167,645)	\$ 933,280
Operating account	Checking	Governmental	85,000	-	85,000
Municipal court fund	Checking	Governmental	5,766	(65)	5,701
Municipal court bond fund	Checking	Governmental	1,792	1,997	3,789
Pooled special revenue	Checking	Governmental	1,175,787	-	1,175,787
Pooled special revenue	Checking	Governmental	25,000	(21,394)	3,606
Pooled capital projects revenue	Checking	Governmental	111,863	(126,353)	(14,490)
Swim pool/recreation revenue	Checking	Governmental	21,544	-	21,544
2005 WWTP P&I	Checking	Governmental	507,077	19,715	526,792
2005 WWTP reserve	Checking	Governmental	143,396	1,478	144,874
Enterprise fund/solid waste	Checking	Governmental	482,656	68,410	551,066
Enterprise fund/solid waste	Checking	Governmental	10,000	-	10,000
Payroll clearing	Checking	Governmental	9,144	(9,144)	-
Pooled trust & agency	Checking	Agency	6,284	-	6,284
Landfill trust assurance	Checking	Agency	100,804	-	100,804
Operating fund	Checking	Enterprise	279,596	(177,568)	102,028
Meter deposit fund	Checking	Enterprise	128,619	(7,476)	121,143
Capital improvement fund	Checking	Enterprise	141,305	(10,762)	130,543
Interest in bond	Checking	Enterprise	62,282	-	62,282
SGRT operating fund	Checking	Enterprise	1,173,923	(10,804)	1,163,119
SGRT operating fund 1982	Checking	Enterprise	980	-	980
SGRT B&l reserve	Checking	Enterprise	22,805	(22,113)	692
GO bond interests & shrinking	Checking	Enterprise	397	-	397
			<u>\$ 5,596,945</u>	<u>\$ (461,724)</u>	<u>\$ 5,135,221</u>
Total checking					
Certificate of deposit	Interest bearing	Governmental	\$ 333,375	\$ -	\$ 333,375
Certificate of deposit	Interest bearing	Governmental	147,760	-	147,760
Certificate of deposit	Interest bearing	Governmental	44,000	-	44,000
Certificate of deposit	Interest bearing	Governmental	1,185,834	-	1,185,834
Certificate of deposit	Interest bearing	Governmental	220,548	-	220,548
Certificate of deposit	Interest bearing	Governmental	53,551	-	53,551
			<u>\$ 1,985,068</u>	<u>\$ -</u>	<u>\$ 1,985,068</u>
Total interest bearing					
Total International Bank			<u>\$ 7,582,013</u>	<u>\$ (461,724)</u>	<u>\$ 7,120,289</u>
First National Bank of New Mexico					
Certificate of deposit	Interest bearing	Governmental	\$ 36,671	\$ -	\$ 36,671
Certificate of deposit	Interest bearing	Governmental	873,129	-	873,129
			<u>\$ 909,800</u>	<u>\$ -</u>	<u>\$ 909,800</u>
Total interest bearing					

Continued

**STATE OF NEW MEXICO
CITY OF RATON**

**SCHEDULE OF DEPOSITORIES AND TEMPORARY INVESTMENTS BY
DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2014**

New Mexico State Treasurer - Local Government Investment Pool

	Account Type	Fund Type	Amount Per Bank	Net Reconciling Items	Balance Per Books
Loan fire	Savings	Governmental	\$ 3,295	\$ -	\$ 3,295
Loan welcome center	Savings	Governmental	8,561	-	8,561
Loan welcome center reserve	Savings	Governmental	49,169	-	49,169
Loan recreation center	Savings	Governmental	51,524	-	51,524
Loan recreation center	Savings	Governmental	209,617	-	209,617
Loan aquatic center reserve	Savings	Governmental	230,937	-	230,937
Loan police vehicles	Savings	Governmental	4	-	4
Loan sanitation	Savings	Governmental	19,125	-	19,125
Loan sanitation Reserve	Savings	Governmental	<u>104,059</u>	<u>-</u>	<u>104,059</u>
Total deposits			\$ 676,291	\$ -	\$ 676,291
Cash with Trustee					
Cash with Trustee	Savings	Governmental	<u>\$ 1,924,580</u>	<u>\$ -</u>	<u>\$ 1,924,580</u>
Total deposits			\$ 1,924,580	\$ -	\$ 1,924,580
Petty Cash					
Petty cash	Petty Cash	Governmental	<u>\$ 640</u>	<u>\$ -</u>	<u>\$ 640</u>
Total petty cash			<u>\$ 640</u>	<u>\$ -</u>	<u>\$ 640</u>
Total Cash			<u>\$ 11,093,324</u>	<u>\$ (461,724)</u>	<u>\$ 10,631,600</u>

Concluded

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

**STATE OF NEW MEXICO
CITY OF RATON**

**SCHEDULE OF DEPOSITORIES AND TEMPORARY INVESTMENTS BY DEPOSITORY FOR
PUBLIC FUNDS
JUNE 30, 2014**

Reconciliation of Public Funds to Government-Wide Balance Sheet:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents - Unrestricted	\$ 4,739,246	\$ 2,058,651	\$ 6,797,897
Cash and cash equivalents - Restricted	738,657	184,404	923,061
Investments - Unrestricted	333,375	2,561,493	2,894,868
Cash and Cash Equivalents Agency Fund	<u>15,774</u>	<u>-</u>	<u>15,774</u>
	\$ 5,827,052	\$ 4,804,548	\$ 10,631,600
Cash Source:			
International Bank			\$ 7,120,289
First National Bank of New Mexico			909,800
New Mexico State Treasurer - Local Government Investment Pool			676,291
Cash with Trustee			1,924,580
Petty cash			<u>640</u>
			-
			<u>\$ 10,631,600</u>
			Concluded

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

**STATE OF NEW MEXICO
CITY OF RATON**

**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
AS OF JUNE 30, 2014**

Description of Pledged Collateral	Amount	Name and Location
FNMA POOL CUSIP#3136FPBB2, Maturing 08/25/2015	\$ 230,273	International Bank
FNMA POOL, CUSIP#3135G0G3, Maturing 01/30/2017	606,319	International Bank
FNMA POOL, CUSIP#3136GI2K4, Maturing 12/20/2018	2,403,076	International Bank
FNMA POOL, CUSIP#3136GI2K4, Maturing 12/20/2018	97,094	International Bank
FNMA POOL, CUSIP#3136GI2K4, Maturing 12/20/2018	194,188	International Bank
FHLB POOL, CUSIP#891400JS3, Maturing 07/01/2015	148,317	First National Bank of New Mexico
FHLB POOL, CUSIP#776461AL9, Maturing 06/01/2017	26,167	First National Bank of New Mexico
FHLB POOL, CUSIP#776461AL9, Maturing 06/01/2017	26,167	First National Bank of New Mexico
FHLB POOL, CUSIP#780040BB6, Maturing 10/01/2015	15,666	First National Bank of New Mexico
FHLB POOL, CUSIP#780040BC4, Maturing 10/01/2016	16,096	First National Bank of New Mexico
FHLB POOL, CUSIP#541066BA3, Maturing 04/15/2017	137,480	First National Bank of New Mexico
FHLB POOL, CUSIP#3134G45T1, Maturing 12/10/2021	224,467	First National Bank of New Mexico
FHLB POOL, CUSIP#748352CT6, Maturing 09/01/2020	<u>109,296</u>	First National Bank of New Mexico
Total pledged securities	<u>\$ 4,234,606</u>	

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

**STATE OF NEW MEXICO
CITY OF RATON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014**

Federal Grantor Pass Through Grantor Program Title	CFDA	Program or Grant Number	Award Amount	Expenditures
<i>United States Department of Transportation</i>				
Airport Improvement Program	20.106	3-35-33-14	\$ 18,341	\$ 18,341
Airport Improvement Program	20.106	3-35-33-16 (Runway 2-20 Ext)	565,438	565,438
Highway Planning and Construction	20.205	Q690 0000(002)/0001(004) & 92F0	32,672	32,672
<i>United States Department of Homeland Security Office of Domestic Preparedness</i>				
Public Assistance Disaster Grant	97.036	FEMA-4148-DR-NM	16,827	16,827
<i>United States Department of Justice</i>				
COPS Hiring Program Grant	16.710	2011UMWX0138	46,547	46,547
Juvenile Accountability Block Grant Passed Through CYFD	16.523	14-690-16389	<u>68,759</u>	<u>68,759</u>
Total Expenditures of Federal Awards			<u>\$ 748,584</u>	<u>\$ 748,584</u>

**STATE OF NEW MEXICO
CITY OF RATON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014**

Note 1 - Basis of Presentation

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Raton and is presented on the 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." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

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

COMPLIANCE SECTION

**INDEPENDENT AUDITORS' 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**

Tim Keller, State Auditor
New Mexico State Auditor
The Council Members
City of Raton
Raton, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund, of the City of Raton as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City of Raton basic financial statements and the combining and individual funds and related budgetary comparisons of City of Raton presented as supplemental information, and have issued our report thereon dated February 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2002-001)[02-01]

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2009-002)[09-02], (2004-005)[04-05], (2013-001), (2014-001)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result 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 (2002-001)[02-01],(2009-002)[09-02], and (2013-001).

The City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is considering the City's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

White & Gamoniego & Campbell, LLP

El Paso, Texas
February 10, 2015

**INDEPENDENT AUDITORS' 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**

Tim Keller, State Auditor
New Mexico State Auditor
and the Council-Members
City of Raton
Raton, New Mexico

Report on Compliance for Each Major Federal Program

We have audited, City of Raton, New Mexico's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Raton, New Mexico's major federal programs for the year ended June 30, 2014. City of Raton, New Mexico's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Raton major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Raton, New Mexico's compliance.

Opinion on Each Major Federal Program

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, 2014.

Report on Internal Control over Compliance

Management of City of Raton, New Mexico, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Raton, New Mexico's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

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* 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to described the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

White & Samaniego & Campbell, LLP

El Paso, Texas
February 10, 2015

**STATE OF NEW MEXICO
CITY OF RATON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes No
- Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major programs

- Material weakness (es) identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X No

Type of auditors' report issued on compliance with major programs: Unmodified

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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	US Department of Transportation - Airport Improvement Program

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
JUNE 30, 2014**

Section II - Prior year findings:

2002-001 [02-01]	Capital Assets (City) (Material Weakness, Noncompliance)	Revised and Repeated
2007-001 [07-1]	Internal Controls Over Financial Reporting (City and Raton Water Works) (Material Weakness)	Resolved
2009-002 [09-2]	Stale-dated Checks (City) (Significant Deficiency)	Revised and Repeated
2010-001 [10-01]	Internal Controls over Disbursement Cycle (City) (Material Weakness)	Resolved
2010-004 [10-04]	Procurement Policies and Procedures (City)	Resolved
2012-001 [12-01]	Internal Controls over Bank Accounts (City)	Resolved
2013-001	Late Audit Report (City and Raton Water Works) Material Weakness, Noncompliance)	Revised and Repeated
2013-002	Compensated Absences, Social Security Benefits Entitlement Statement (Significant Deficiency, Noncompliance)	Resolved
2013-003	Contractual Agreements (Other Matter)	Resolved
2004-005 [04-05]	Capital Assets, Inventory (RPS) (Significant Deficiency)	Revised and Repeated
2011-002 [11-02]	Disbursement Cycle	Resolved
2013-001 [2013-1]	Internal Controls (RPS) (Significant Deficiency)	Resolved
2013-001 [2013-1]	IPA recommendation Form and Audit Contract (Raton Housing Authority) (Noncompliance)	Resolved
SA 2009-004 [09-4]	Equipment and Real Property Management (Noncompliance, Significant Deficiency)	Resolved
SA 2012-002 [12-02]	Davis Bacon (Noncompliance, Significant Deficiency)	Resolved

Section III - Current year findings:

2014-001 RPS	Cash and Cash Equivalents (Significant Deficiency)	
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STATE OF NEW MEXICO
CITY OF RATON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Capital Assets (2002-001)[02-01] (City) - Material Weakness, Noncompliance

CONDITION	The City has resolved many of issues presented in the prior year. An outside company was brought in to conduct a physical inventory of the capital assets. During the audit the City was unable to reconcile the beginning numbers to the fixed asset schedule.
CRITERIA	GASB 34 requires governments to report general infrastructure assets in the Statement of Net Position. State law requires an annual inventory of capital assets be performed. Section 12-6-10, NMSA 1978, requires each agency to conduct an annual physical inventory of items on the inventory list at the end of each fiscal year. The results of the physical inventory should be reconciled to the general ledger.
CAUSE	The City brought an outside consultant to help with a physical capital asset inventory, the schedule provided showed different beginning numbers than the prior year's financial statement.
EFFECT	The City's internal controls over capital assets in prior years were inadequate can result in theft, misuse or unauthorized disposal without detection.
RECOMMENDATION	The City should keep updating the fixed asset schedule that was provided by the outsourced entity.
RESPONSE	The City of Raton concurs with the audit recommendation and has implemented a fixed asset database and policy to insure that the fixed asset schedule is kept up to date. The City has also contracted with the same outside consultant to return in March 2015 to perform the annual physical inventory and provide additional training if needed.

**STATE OF NEW MEXICO
CITY OF RATON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Stale-dated Checks (2009-002)[09-2] (City) - Significant Deficiency, Noncompliance

CONDITION	During cash testwork it was discovered that 26 of 57 outstanding checks totaling \$19,263.38 were older than a year are uncollected and have not been canceled.
CRITERIA	New Mexico Statutes, Section 6-10-57, NMSA 1978 compilation requires local public bodies to cancel checks that are unpaid for one year after they become payable.
CAUSE	The City recently implemented policy and procedure in effect to monitor and void stale-dated checks and will make an adjustment accordingly to all stale checks after they finish their conscious effort to locate the owners of the unclaimed property.
EFFECT	The City is not in compliance with state statute regarding stale-dated checks.
RECOMMENDATION	It is recommended the City prepare an adjusting journal entry as soon as they finish their attempt to find the owners of these checks considered unclaimed property.
RESPONSE	The City of Raton concurs with the audit recommendation and has implemented a stale dated check policy and is in the process of locating the owners of all stale dated checks. If unable to locate the City will prepare an adjusting entry for all unclaimed property and escheat to the state.

**STATE OF NEW MEXICO
CITY OF RATON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Late Audit Report (2013-001) (City and Raton Water Works) - Significant Deficiency, Noncompliance

CONDITION	The City submitted the financial statements for FY 2013-14 to the State Auditor in February 2015.
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.
CAUSE	The City had a federal award expense booked incorrectly, thus did not account for it when looking at the requirements to conduct a single audit. When the mistake was discovered it was too late to complete the audit by the original due date.
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.
RECOMMENDATION	The City should allow adequate time to review their files before the the audit begins.
RESPONSE	The City of Raton understands the importance of having a timely audit available for the State Auditor, legislators and other users. The City will insure in the future that all elements necessary to complete the financial and single audit are reviewed and completed in a timely manner to avoid late submission of the audit.

STATE OF NEW MEXICO
CITY OF RATON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Capital Assets Inventory (2004-005) [04-05] (RPS) - Significant Deficiency

CONDITION	<p>1. At year end, the capital asset balances were not properly recorded on the RPS' books, an adjustment of \$304,171 had to be made.</p> <p>2. A vehicle (approximately \$23,778) was not properly removed from the books.</p>
CRITERIA	<p>Management is responsible for establishing and maintaining internal controls that require the reconciliation of subsidiary schedules to the trial balance at year end and the reconciliation of capital expenditures to capital asset additions. All costs of items on the inventory listings should be supported.</p>
CAUSE	<p>Adequate training and resources have not been allocated to the area of capital assets. The findings regarding inventory was due to a clerical oversight.</p>
EFFECT	<p>RPS's controls over capital assets with respect to financial reporting are not adequate to ensure that a misstatement for capital assets would be prevented and/or detected. Audit adjustments were necessary to properly state the financial statements.</p>
RECOMMENDATION	<p>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. Upon recommendation, the company promptly corrected the errors.</p>
RESPONSE	<p>With a proper fixed asset listing created with the help of RCI asset management software and personnel, RPS will have the tools to maintain the fixed asset acquisitions and disposals to ensure proper reconciliation of both the fixed assets and trial balance going forward.</p>

**STATE OF NEW MEXICO
CITY OF RATON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Cash and Cash Equivalents (2014-001) (RPS) - Significant Deficiency

CONDITION	Five investment accounts were not removed from the accounting system after depletion of funds. As result restricted cash accounts were overstated by a net amount of \$1,064,823, resulting in a restatement of prior year fund balance.
CRITERIA	Section 6-6-3 NMSA, 1978 discusses good accounting practices and require that bank reconciliation be performed monthly to ensure that cash receipts and cash disbursements are recorded in a correct and timely manner and that differences or errors be followed up and corrected in a timely manner.
CAUSE	After the audit of 2013 RPS recorded the purchased capital assets in the RCI system. However, the Company was not sure how to expense investment accounts, in the respective year.
EFFECT	Investments and restricted cash were overstated.
RECOMMENDATION	It is recommended that RPS seek proper training for the key accounting staff.
RESPONSE	Due to the depletion of these funds, RPS will properly remove the cash accounts from the accounting system via a prior period adjustment as to not overstate the cash account balances going forward.

**STATE OF NEW MEXICO
CITY OF RATON**

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2014**

An exit conference was held on February 10, 2015 in a closed meeting with the following City officials:

Sandy Mantz	Mayor
Scott Berry	City Manager
Michael Anne Antonucci	City Treasurer
Dan Campbell	Raton Water Works
Geneva Trujillo	Raton Water Works
Linde Schuster	City Commissioner

White + Samaniego + Campbell, LLP

Juan A Garcia	Audit Staff
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The financial statements presented in this report were compiled with the assistance of the auditors, White + Samaniego + Campbell, LLP. However, the contents of the financial statements remain the responsibility of management.