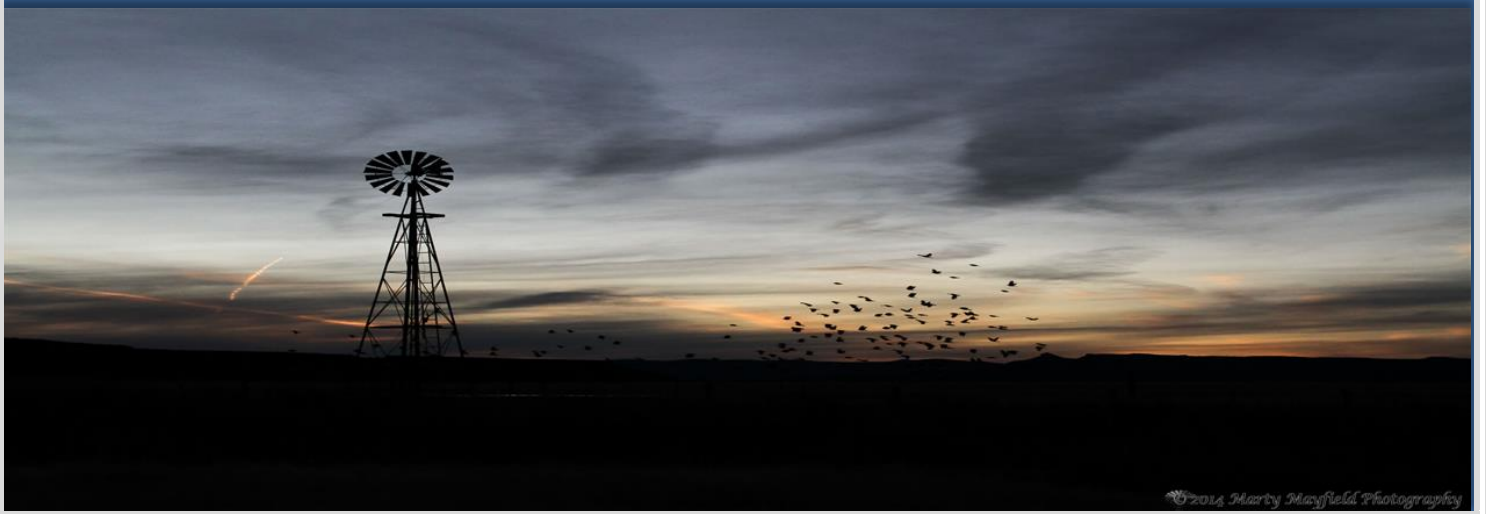




*State of New Mexico  
City of Raton*

*Annual Financial Report*

*For the Year Ended June 30, 2015*



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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**

City of Raton  
Annual Financial Report  
June 30, 2015  
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City of Raton  
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**STATE OF NEW MEXICO**

City of Raton

Official Roster

June 30, 2015

<u>Name</u>	<u>City Commission</u>	<u>Title</u>
Sandra Mantz		Mayor
James Neil Segotta, Jr		Mayor Pro-Tem
Donald Giacomo		Commissioner
Ronald Chavez		Commissioner
Linde' Schuster		Commissioner

Administrative Officials

Scott Berry	City Manager
Michael Anne Antonucci	City Treasurer
Tricia Garcia	City Clerk

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**FINANCIAL SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Timothy Keller  
New Mexico State Auditor  
City Commission  
City of Raton  
Raton, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of City of Raton (the City), as of and for the year ended June 30, 2015, 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 funds, and the budgetary comparisons for the major enterprise funds, the 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, 2015, 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.

### Auditor's 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 City'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 City'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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Raton, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the 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 fund, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the major enterprise funds, the internal service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1 A to the financial statements, the Housing Authority of the City of Raton (the Authority) is no longer considered to be a component unit of the City. Therefore, the Authority's financial statements are no longer included the City of Raton's financial statements. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Management has omitted the *Management Discussion and Analysis* that accounting principles, generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require Schedules I and II and notes to the required supplementary information 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 and individual fund financial statements, and the budgetary comparisons. Schedules III through VI required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

Schedules III through V required by 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules III through V required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and Schedule VI have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 16, 2015

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

City of Raton  
Statement of Net Position  
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 3,456,908	\$ 4,444,469	\$ 7,901,377	\$ 4,525,958
Receivables:				
Taxes	730,451	197,060	927,511	-
Due from other governments	27,506	-	27,506	-
Accounts receivable	-	432,525	432,525	799,889
Prepaid insurance	-	-	-	38,716
Inventory	-	205,096	205,096	717,339
Total current assets	<u>4,214,865</u>	<u>5,279,150</u>	<u>9,494,015</u>	<u>6,081,902</u>
Noncurrent assets				
Restricted cash and cash equivalents:				
Debt service and other reserve requirements	1,310,819	148,087	1,458,906	4,270,922
Unspent loan proceeds	-	785,082	785,082	-
Meter deposits	-	101,873	101,873	156,480
Closure and postclosure care	-	151,204	151,204	-
Capital assets	37,446,246	34,783,603	72,229,849	17,882,670
Less: accumulated depreciation	<u>(15,834,652)</u>	<u>(16,105,189)</u>	<u>(31,939,841)</u>	<u>(9,448,138)</u>
Total noncurrent assets	<u>22,922,413</u>	<u>19,864,660</u>	<u>42,787,073</u>	<u>12,861,934</u>
<b>Deferred outflows</b>				
Employer contributions subsequent to the measurement date	311,292	102,662	413,954	75,487
Change in assumptions	<u>44,632</u>	<u>14,719</u>	<u>59,351</u>	<u>-</u>
Total deferred outflows	<u>355,924</u>	<u>117,381</u>	<u>473,305</u>	<u>75,487</u>
Total assets and deferred outflows	<u>\$ 27,493,202</u>	<u>\$ 25,261,191</u>	<u>\$ 52,754,393</u>	<u>\$19,019,323</u>

The accompanying notes are an integral part of these financial statements

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 169,486	\$ 88,875	\$ 258,361	\$ 365,569
Accrued payroll	67,693	173,487	241,180	145,956
Unearned revenue	205,308	-	205,308	-
Accrued interest	6,725	43,775	50,500	53,938
Accrued compensated absences	88,426	63,969	152,395	11,981
Meter deposits	-	101,873	101,873	156,480
Bonds and loans payable	313,143	487,753	800,896	350,817
Total current liabilities	850,781	959,732	1,810,513	1,084,741
Noncurrent liabilities				
Accrued compensated absences	374,562	169,472	544,034	74,968
Bonds and loans payable	4,927,466	4,373,910	9,301,376	5,233,615
Estimated landfill liability for closure and postclosure care costs	-	1,284,877	1,284,877	-
Net pension liability	3,330,888	1,098,505	4,429,393	709,898
Total noncurrent liabilities	8,632,916	6,926,764	15,559,680	6,018,481
Total liabilities	9,483,697	7,886,496	17,370,193	7,103,222
<b>Deferred inflows</b>				
Net difference between actual and projected investment earnings on pension plan investments				
	963,774	317,846	1,281,620	277,731
Change in assumptions	61,420	20,256	81,676	481
Total deferred inflows	1,025,194	338,102	1,363,296	278,212
<b>Net position</b>				
Net investment in capital assets	16,370,985	14,601,833	30,972,818	2,850,100
Restricted for:				
Debt service and other reserve requirements	1,310,819	148,087	1,458,906	4,270,922
Capital projects	811,741	-	811,741	-
Special revenue	1,019,630	-	1,019,630	-
Unrestricted	(2,528,864)	2,286,673	(242,191)	4,516,867
Total net position	16,984,311	17,036,593	34,020,904	11,637,889
Total liabilities, deferred inflows, and net position	\$ 27,493,202	\$ 25,261,191	\$ 52,754,393	\$19,019,323

**STATE OF NEW MEXICO**  
City of Raton  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 1,280,126	\$ 90,619	\$ 728,072	\$ -
Public safety	3,798,432	410,505	821,332	-
Public works	662,740	-	286,003	152,029
Culture and recreation	1,009,342	88,709	18,292	-
Health and welfare	152,932	-	-	-
Interest and other charges	368,863	-	-	-
<i>Total governmental activities</i>	7,272,435	589,833	1,853,699	152,029
<b>Business-type Activities:</b>				
Water and sewer	2,842,837	1,827,440	-	115,894
Sanitation	1,281,161	1,722,345	-	-
<i>Total business-type activities</i>	4,123,998	3,549,785	-	115,894
<i>Total primary government</i>	\$ 11,396,433	\$ 4,139,618	\$ 1,853,699	\$ 267,923
<b>Component Unit:</b>				
Raton Public Service	\$ 6,455,759	\$ 6,602,249	\$ -	\$ -

**General Revenues:**

Taxes
Investment income
Miscellaneous income
Insurance proceeds
Proceeds from the sale of inventorable assets
Transfers
Transfer of bonds and loans payable
Loss on disposition of capital assets
Donated building
<b>Total general revenues</b>
Change in net position
Net position, beginning
Reclassification of NMFA Loan Sanitation Fund (see note 17)
Net position - restatements (note 17)
Net position - as restated
Net position, ending

The accompanying notes are an integral part of these financial statements



**Net (Expense) Revenue and Changes  
in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Raton Public Service</b>
\$ (461,435)	\$ -	\$ (461,435)	\$ -
(2,566,595)	-	(2,566,595)	-
(224,708)	-	(224,708)	-
(902,341)	-	(902,341)	-
(152,932)	-	(152,932)	-
(368,863)	-	(368,863)	-
<u>(4,676,874)</u>	<u>-</u>	<u>(4,676,874)</u>	<u>-</u>
-	(899,503)	(899,503)	-
-	441,184	441,184	-
-	(458,319)	(458,319)	-
(4,676,874)	(458,319)	(5,135,193)	-
-	-	-	146,490
4,650,457	1,141,847	5,792,304	-
15,121	12,927	28,048	5,680
58,464	-	58,464	17,052
-	-	-	3,666,000
16,799	-	16,799	-
452,165	(452,165)	-	-
3,113,348	(3,113,348)	-	-
(24,560)	-	(24,560)	-
881,064	-	881,064	-
<u>9,162,858</u>	<u>(2,410,739)</u>	<u>6,752,119</u>	<u>3,688,732</u>
<u>4,485,984</u>	<u>(2,869,058)</u>	<u>1,616,926</u>	<u>3,835,222</u>
18,801,014	18,519,577	37,320,591	7,608,002
(123,184)	123,184	-	-
<u>(6,179,503)</u>	<u>1,262,890</u>	<u>(4,916,613)</u>	<u>194,665</u>
<u>12,498,327</u>	<u>19,905,651</u>	<u>32,403,978</u>	<u>7,802,667</u>
<u>\$ 16,984,311</u>	<u>\$ 17,036,593</u>	<u>\$ 34,020,904</u>	<u>\$ 11,637,889</u>

**STATE OF NEW MEXICO**  
City of Raton  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 1,566,546	\$ 3,195,715	\$ 4,762,261
Receivables:			
Taxes	520,248	210,203	730,451
Due from other governments	8,203	19,303	27,506
<i>Total assets</i>	<u>\$ 2,094,997</u>	<u>\$ 3,425,221</u>	<u>\$ 5,520,218</u>
 <i>Liabilities</i>			
Accounts payable	\$ 22,772	\$ 73,866	\$ 96,638
Accrued payroll	63,836	3,857	67,693
Unearned revenue	-	205,308	205,308
<i>Total liabilities</i>	<u>86,608</u>	<u>283,031</u>	<u>369,639</u>
 <i>Fund balances</i>			
Spendable:			
Restricted for:			
Public safety	-	581,603	581,603
Culture and recreation	-	184,697	184,697
Health and welfare	-	253,330	253,330
Capital acquisitions and improvements	-	811,741	811,741
Debt service	-	1,310,819	1,310,819
Committed for:			
Subsequent year's expenditures	2,008,389	-	2,008,389
<i>Total fund balances</i>	<u>2,008,389</u>	<u>3,142,190</u>	<u>5,150,579</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,094,997</u>	<u>\$ 3,425,221</u>	<u>\$ 5,520,218</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Raton

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2015

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	5,150,579
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		21,611,594
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds		
Deferred outflows of resources related to employer contributions subsequent to the measurement date		311,292
Deferred outflows of resources related to changes in assumptions		44,632
Deferred inflows of resources related to the net difference between actual and projected investment earnings on pension plan investments		(963,774)
Deferred inflows of resources related to changes in assumptions		(61,420)
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 funds are included in governmental activities in the Statement of Net Position.		(67,382)
Some liabilities, including bonds payable, the net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued compensated absences		(462,988)
Accrued interest payable		(6,725)
Bonds and loans payable		(5,240,609)
Net pension liability		(3,330,888)
Total net position - governmental activities	\$	<u>16,984,311</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Raton  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	General Fund	Other Governmental Funds	Total
<i>Revenues</i>			
Taxes	\$ 3,623,326	\$ 1,140,645	\$ 4,763,971
Intergovernmental revenue			
Federal operating grants	2,288	249,206	251,494
State operating grants	725,784	876,421	1,602,205
State capital grants	-	152,029	152,029
Charges for services	442,410	88,709	531,119
License and fees	24,464	9,687	34,151
Fines and Forfeits	24,563	-	24,563
Investment income	961	14,160	15,121
Miscellaneous	33,215	25,249	58,464
<i>Total revenues</i>	<u>4,877,011</u>	<u>2,556,106</u>	<u>7,433,117</u>
<i>Expenditures</i>			
Current			
General government	763,947	-	763,947
Public safety	2,779,084	384,185	3,163,269
Public works	9,458	645,314	654,772
Culture and recreation	198,821	540,824	739,645
Health and welfare	200	152,732	152,932
Capital outlay	593,891	172,483	766,374
Debt service			
Principal	-	467,362	467,362
Interest	-	362,138	362,138
<i>Total expenditures</i>	<u>4,345,401</u>	<u>2,725,038</u>	<u>7,070,439</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>531,610</u>	<u>(168,932)</u>	<u>362,678</u>
<i>Other financing sources (uses)</i>			
Proceeds from the sale of inventorable assets	-	16,799	16,799
Transfers in	173,673	1,473,444	1,647,117
Transfers (out)	(213,634)	(981,318)	(1,194,952)
<i>Total other financing sources (uses)</i>	<u>(39,961)</u>	<u>508,925</u>	<u>468,964</u>
<i>Net change in fund balances</i>	<u>491,649</u>	<u>339,993</u>	<u>831,642</u>
<i>Fund balances - beginning, as previously stated</i>	1,570,939	3,221,313	4,792,252
<i>Reclassification of NMFA Loan Sanitation Fund (see note 16)</i>	-	(123,184)	(123,184)
<i>Restatements (note 16)</i>	<u>(54,199)</u>	<u>(295,932)</u>	<u>(350,131)</u>
<i>Fund balances - beginning, as restated</i>	<u>1,516,740</u>	<u>2,802,197</u>	<u>4,318,937</u>
<i>Fund balances - end of year</i>	<u>\$ 2,008,389</u>	<u>\$ 3,142,190</u>	<u>\$ 5,150,579</u>

The accompanying notes are an integral part of these 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, 2015

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	831,642
--	----	---------

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 outlay		766,374
Donated building		881,064
Depreciation expense		(1,442,241)
Loss on disposal of capital assets		(24,560)

Revenues in the Statement of Activities that do not provide current financial  
resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable		(113,514)
--	--	-----------

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial  
resources to governmental funds, while the repayment of the principal of long-term  
debt consumes the current financial resources of governmental funds. Neither  
transaction, however, has any effect on net position.

Increase in accrued compensated absences		(85,720)
Increase in accrued interest		(6,725)
Principal payments on bonds and loans payable		467,362
Transfer of bonds and loans payable		3,113,348

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.

5,507

Governmental funds report City pension contributions as expenditures. However  
in the Statement of Activities, the cost of pension benefits earned net of employee  
contributions is reported as pension expense

City pension contributions		311,292
Pension expense		(217,845)

Change in net position of governmental activities	\$	<u>4,485,984</u>
---	----	------------------

The accompanying notes are an integral part of these financial statements

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## STATE OF NEW MEXICO

Exhibit C-1

City of Raton

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	653,272	653,272	637,160	\$ (16,112)
Gross receipts	2,793,659	2,793,659	2,683,919	(109,740)
Gasoline and motor vehicle	14,000	14,000	13,522	(478)
Franchise tax	202,519	202,519	203,614	1,095
Intergovernmental income:				
Federal operating grants	-	-	2,288	2,288
State operating grants	264,750	275,519	737,115	461,596
Charges for services	628,600	628,600	550,609	(77,991)
Licenses and fees	24,350	24,350	24,464	114
Fines and forfeitures	37,000	37,000	24,563	(12,437)
Investment income	1,600	1,600	960	(640)
Miscellaneous	16,150	32,450	33,215	765
<i>Total revenues</i>	<u>4,635,900</u>	<u>4,662,969</u>	<u>4,911,429</u>	<u>248,460</u>
<i>Expenditures</i>				
Current:				
General government	898,897	905,812	891,303	14,509
Public safety	3,422,433	3,575,969	3,277,776	298,193
Public works	14,074	14,074	6,206	7,868
Culture and recreation	203,003	203,003	197,551	5,452
Health and welfare	-	-	200	(200)
Capital outlay	25,000	25,000	16,431	8,569
<i>Total expenditures</i>	<u>4,563,407</u>	<u>4,723,858</u>	<u>4,389,467</u>	<u>334,391</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>72,493</u>	<u>(60,889)</u>	<u>521,962</u>	<u>582,851</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(100)	197,784	-	(197,784)
Transfers in	173,673	173,673	173,673	-
Transfers (out)	(246,066)	(310,568)	(213,634)	96,934
<i>Total other financing sources (uses)</i>	<u>(72,493)</u>	<u>60,889</u>	<u>(39,961)</u>	<u>(100,850)</u>
<i>Net change in fund balance</i>	-	-	482,001	482,001
<i>Fund balances - beginning of year</i> <i>(restated, Note 17)</i>	-	-	1,084,545	1,084,545
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,566,546</u>	<u>\$ 1,566,546</u>
Net change in fund balance (non-GAAP budgetary basis)				482,001
Adjustments to revenues for taxes and state operating grants.				(34,418)
Adjustments to expenditures for salaries, professional services and supplies.				44,066
Net change in fund balance (GAAP basis)				<u>\$ 491,649</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Raton  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	<u>Water and Sewer</u>	<u>Sanitation</u>
<i>Assets</i>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 3,837,512	\$ 606,957
Accounts receivable	187,207	245,318
Taxes receivable	197,060	-
Inventory	205,096	-
<i>Total current assets</i>	<u>4,426,875</u>	<u>852,275</u>
<i>Noncurrent assets</i>		
Restricted cash and cash equivalents		
Debt service	43,646	104,441
Unspent loan proceeds	-	785,082
Meter deposits	101,873	-
Closure and postclosure care	-	151,204
Capital assets	33,051,020	1,732,583
Accumulated depreciation	(14,748,630)	(1,356,559)
<i>Total noncurrent assets</i>	<u>18,447,909</u>	<u>1,416,751</u>
<i>Deferred outflows of resources</i>		
Employer contributions subsequent to the measurement date	68,667	33,995
Change in assumptions	9,845	4,874
<i>Total deferred outflows of resources</i>	<u>78,512</u>	<u>38,869</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 22,953,296</u>	<u>\$ 2,307,895</u>
<i>Liabilities and Net Position</i>		
<i>Liabilities</i>		
<i>Current liabilities</i>		
Accounts payable	\$ 52,959	\$ 35,916
Accrued payroll expenses	162,331	11,156
Accrued compensated absences	48,934	15,035
Meter deposits	101,873	-
Accrued interest	40,564	3,211
Bonds and loans payable	388,453	99,300
<i>Total current liabilities</i>	<u>795,114</u>	<u>164,618</u>
<i>Noncurrent liabilities</i>		
Accrued compensated absences	111,956	57,516
Net pension liability	734,751	363,754
Estimated landfill liability for closure and postclosure care costs	-	1,284,877
Bonds and loans payable	3,632,310	741,600
<i>Total noncurrent liabilities</i>	<u>4,479,017</u>	<u>2,447,747</u>
<i>Total liabilities</i>	<u>5,274,131</u>	<u>2,612,365</u>
<i>Deferred inflows of resources</i>		
Net difference between projected and actual investment earnings on pension plan investments	212,596	105,250
Change in assumptions	13,549	6,707
<i>Total deferred inflows of resources</i>	<u>226,145</u>	<u>111,957</u>
<i>Net Position</i>		
Net investment in capital assets	14,281,627	320,206
Restricted for debt service	43,646	104,441
Unrestricted	3,127,747	(841,074)
<i>Total net position</i>	<u>17,453,020</u>	<u>(416,427)</u>
<i>Total liabilities, deferred inflows, and net position</i>	<u>\$ 22,953,296</u>	<u>\$ 2,307,895</u>

The accompanying notes are an integral part of these financial statements



Sanitation Project	Total	Insurance Reserve
\$ -	\$ 4,444,469	\$ 5,466
-	432,525	-
-	197,060	-
-	205,096	-
-	<u>5,279,150</u>	<u>5,466</u>
-	148,087	-
-	785,082	-
-	101,873	-
-	151,204	-
-	34,783,603	-
-	(16,105,189)	-
-	<u>19,864,660</u>	<u>-</u>
-	102,662	-
-	14,719	-
-	<u>117,381</u>	<u>-</u>
\$ -	\$ 25,261,191	\$ 5,466
\$ -	\$ 88,875	\$ 72,848
-	173,487	-
-	63,969	-
-	101,873	-
-	43,775	-
-	487,753	-
-	<u>959,732</u>	<u>72,848</u>
-	169,472	-
-	1,098,505	-
-	1,284,877	-
-	4,373,910	-
-	<u>6,926,764</u>	<u>-</u>
-	<u>7,886,496</u>	<u>72,848</u>
-	317,846	-
-	20,256	-
-	<u>338,102</u>	<u>-</u>
-	14,601,833	-
-	148,087	-
-	2,286,673	(67,382)
-	17,036,593	(67,382)
\$ -	\$ 25,261,191	\$ 5,466

**STATE OF NEW MEXICO**  
City of Raton  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015

	Water and Sewer	Sanitation
<i>Operating revenues:</i>		
Charges for services	\$ 1,827,440	\$ 1,722,345
<i>Total operating revenues</i>	1,827,440	1,722,345
<i>Operating expenses:</i>		
Depreciation	937,348	46,081
Personnel services	1,286,903	682,961
Supplies	171,298	64,327
Repairs and maintenance	13,071	116,849
Utilities	341,354	354,011
Health insurance premiums	-	-
<i>Total operating expenses</i>	2,749,974	1,264,229
<i>Operating income (loss)</i>	(922,534)	458,116
<i>Non-operating revenues (expenses):</i>		
Interest expense	(92,863)	(16,932)
Gross receipts taxes	1,141,847	-
Investment income	11,013	1,914
<i>Total non-operating revenues (expenses)</i>	1,059,997	(15,018)
<i>Income (loss) before contributions and transfers</i>	137,463	443,098
Capital grants	115,894	-
Transfer of bonds and loans payable	(3,113,348)	-
Transfers in	-	52,093
Transfers out	(362,585)	(141,673)
<i>Change in net position</i>	(3,222,576)	353,518
<i>Total net position, beginning, as previously stated</i>	18,735,048	(200,951)
<i>Elimination of sanitation project fund (see note 17)</i>	-	(14,520)
<i>Reclassification of NMFA Loan Sanitation Fund (see note 17)</i>	-	123,184
<i>Restatements (note 17)</i>	1,940,548	(677,658)
<i>Total net position, beginning, as restated</i>	20,675,596	(769,945)
<i>Total net position, end of year</i>	\$ 17,453,020	\$ (416,427)

The accompanying notes are an integral part of these financial statements

Sanitation Project	Total	Insurance Reserve
\$ -	\$ 3,549,785	908,240
-	3,549,785	908,240
-	983,429	-
-	1,969,864	-
-	235,625	-
-	129,920	-
-	695,365	-
-	-	902,736
-	4,014,203	902,736
-	(464,418)	5,504
-	(109,795)	-
-	1,141,847	-
-	12,927	3
-	1,044,979	3
-	580,561	5,507
-	115,894	-
-	(3,113,348)	-
-	52,093	-
-	(504,258)	-
-	(2,869,058)	5,507
(14,520)	18,519,577	(72,889)
14,520	-	-
-	123,184	-
-	1,262,890	-
-	19,905,651	(72,889)
\$ -	\$ 17,036,593	\$ (67,382)

**STATE OF NEW MEXICO**  
City of Raton  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2015

	Water and Sewer	Sanitation
<i>Cash flows from operating activities:</i>		
Cash received from user charges	\$ 2,126,678	\$ 1,477,027
Cash payments to employees for services	(1,159,187)	(663,586)
Cash payments to suppliers for goods and services	(803,630)	(505,322)
<i>Net cash provided by operating activities</i>	163,861	308,119
<i>Cash flows from noncapital financing activities:</i>		
Gross receipts taxes	1,135,226	-
Transfer of cash from Sanitation Project fund	-	924,580
Transfers	(362,585)	(69,786)
<i>Net cash provided (used) by noncapital financing activities</i>	772,641	854,794
<i>Cash flows from investing activities:</i>		
Net sale of investments	2,561,493	-
Investment income	11,013	1,914
<i>Net cash provided by investing activities</i>	2,572,506	1,914
<i>Cash flows from capital and related financing activities:</i>		
Interest paid	(52,299)	(13,721)
Capital grants	115,894	-
Acquisition and construction of capital assets	(914,649)	(15,000)
Cash payments for landfill closure and postclosure care costs	-	(52,093)
Principal payments on bonds and loans payable	(256,107)	(98,200)
<i>Net cash (used) by capital and related financing activities</i>	(1,107,161)	(179,014)
<i>Net increase (decrease) in cash and cash equivalents</i>	2,401,847	985,813
<i>Cash and cash equivalents - beginning of year</i>	1,581,184	661,871
<i>Cash and cash equivalents - end of year</i>	\$ 3,983,031	\$ 1,647,684
<i>Cash per Exhibit D-1</i>		
Cash and cash equivalents	\$ 3,837,512	\$ 606,957
Debt service	43,646	104,441
Unspent loan proceeds	-	785,082
Meter deposits	101,873	-
Closure and postclosure care	-	151,204
<i>Total cash per Exhibit D-1</i>	\$ 3,983,031	\$ 1,647,684

The accompanying notes are an integral part of these financial statements

Sanitation Project	Total	Insurance Reserve
\$ -	\$ 3,603,705	\$ 908,240
-	(1,822,773)	-
-	(1,308,952)	(902,777)
-	471,980	5,463
-	1,135,226	-
(924,580)	-	-
-	(432,371)	-
(924,580)	702,855	-
-	2,561,493	-
-	12,927	3
-	2,574,420	3
-	(66,020)	-
-	115,894	-
-	(929,649)	-
-	(52,093)	-
-	(354,307)	-
-	(1,286,175)	-
(924,580)	2,463,080	5,466
924,580	3,167,635	-
<u>\$ -</u>	<u>\$ 5,630,715</u>	<u>\$ 5,466</u>
\$ -	\$ 4,444,469	\$ 5,466
-	148,087	-
-	785,082	-
-	101,873	-
-	151,204	-
<u>\$ -</u>	<u>\$ 5,630,715</u>	<u>\$ 5,466</u>

**STATE OF NEW MEXICO**  
City of Raton  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2015

	Water and Sewer	Sanitation
<i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>		
Operating income (loss)	\$ (922,534)	\$ 458,116
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	937,348	46,081
Employer pension contributions	(68,667)	(33,995)
Pension expense	48,055	23,790
Non-cash increases to estimated landfill liability for closure and postclosure care costs	-	17,172
Changes in assets and liabilities		
Receivables	299,238	(245,318)
Inventory	5,847	-
Accounts payable	(229,540)	12,693
Accrued payroll expenses	129,115	2,237
Accrued compensated absences	19,213	27,343
Meter deposits	(54,214)	-
	<u>\$ 163,861</u>	<u>\$ 308,119</u>
<i>Net cash provided by operating activities</i>	<u>\$ 163,861</u>	<u>\$ 308,119</u>

**Supplemental non-cash disclosure**

In fiscal year 2015, the City was required to implement GASBS statement 68 which required the City to recognize its proportionate share of the net pension liability and related pension amounts detailed below:

	Water and Sewer	Sanitation
Net pension liability	\$ 734,751	\$ 363,754
Deferred outflows-Employer contributions subsequent to the measurement date	\$ 68,667	\$ 33,995
Deferred outflows-Changes in assumptions	\$ 9,845	\$ 4,874
Deferred inflows-Net difference between projected and actual investment earnings on pension plan investments	\$ 212,596	\$ 105,250
Deferred inflows-Changes in assumptions	\$ 13,549	\$ 6,707

Sanitation Project	Total	Risk Management Internal Service Fund
\$ -	\$ (464,418)	\$ 5,504
-	983,429	-
-	(102,662)	-
-	71,845	-
-	17,172	-
-	53,920	-
-	5,847	-
-	(216,847)	(41)
-	131,352	-
-	46,556	-
-	(54,214)	-
<u>\$ -</u>	<u>\$ 471,980</u>	<u>\$ 5,463</u>

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**STATE OF NEW MEXICO**  
City of Raton  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2015

Exhibit E-1

<i>Current Assets</i>	
Cash and cash equivalents	<u>\$ 16,549</u>
<i>Total assets</i>	<u><u>\$ 16,549</u></u>
<i>Current Liabilities</i>	
Due to others	<u>\$ 16,549</u>
<i>Total liabilities</i>	<u><u>\$ 16,549</u></u>

The accompanying notes are an integral part of these financial statements

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**CITY OF RATON  
PRIMARY GOVERNMENT  
NOTES TO THE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies**

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

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

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

This summary of significant accounting policies of the City is presented to assist in the understanding of City’s financial statements. The financial statements and notes are the representation of the City’s management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2015, the City adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (“GASB 68”), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

*A. Financial Reporting Entity*

In evaluating how to define the City for financial reporting purposes management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has one component unit required to be reported under GASB Statements No. 14, No. 39, and No. 61.

*Discretely Presented Component Unit*

*Raton Public Service Company (Company):* The physical assets of the Raton Public Service Company's 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. Under the terms of ordinance 942, the City Commission sets, fixes and determines the rate schedules, charges and rate classifications pertaining to all services to be rendered by the Company. All of the Company's financing is provided by the City through the issuance of municipal revenue bonds. For this reason the Company is considered a component unit. 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 a full set of financial statements, note disclosures, required supplementary information, and additional supplementary information. That report may be obtained by writing to Raton Public Service Company, 334 North Second Street, Raton, NM 87740.

*Housing Authority of City of Raton ("The Authority"):* The Housing Authority of the City of Raton is governed by a five member Commission, which is appointed by the City Commissioners. In prior year, the Authority was determined to be a discretely presented component unit because the City Commissioners sign the annual contribution contracts which authorize agreements for funding between the City's Housing Authority and the U.S. Department of Housing and Urban Development (HUD). The City Commission no longer signs the annual contribution contract between the City's Housing Authority and HUD.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*A. Financial Reporting Entity (continued)*

Furthermore, the City cannot significantly influence the Authority's programs, projects, activities, or level of services performed by the Authority. Also, the City has no financial benefit or burden relationship with the Authority. For these reasons, the Authority is no longer considered to be a component unit of the City of Raton and is no longer presented in the City's financial statements. The Housing Authority of the City of Raton issues a separate, publicly available financial report that includes financial statement and required supplementary information that is audited separately. That report may be obtained by writing to the Housing Authority of the City of Raton, PO Box 297, Raton, NM 87740.

*B. Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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 Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The City's net position is reported in three parts – Net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

*C. Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies** (continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

The Water and Sewer Sanitation 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 Water and Sewer and Sanitation funds are charges to the customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses with the capital grants that reported below nonoperating revenues and expenses in the statement of revenues, expenses and changes in net position.

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

Under the requirements of GASB Statement No. 34, the City is required to present certain governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following.

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City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies (continued)**

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the Revolving Loan Fund that is maintained as a separate fund for accounting and budgetary purposes but does not meet the criteria for separate reporting in the financial statement. All other funds including the Fire Grants and Library Grants fund previously reported within the General Fund now meet the criteria for separate reporting in the financial statements as defined by the Government Accounting Standards Board Statement 54 and thus are reported as special revenue funds.

The City also reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for the provision of water and sewer services to the residents of the City of Raton. All activities necessary to provide such series are accounted for in this fund.

The *Sanitation Fund* is used to account for garbage and refuse removal services to the residents of City of Raton. All activities necessary to provide such services including capital projects and debt service are accounted for in this fund. Previously the Sanitation Project fund was reported as a separate enterprise fund but was eliminated at the beginning of the fiscal year, and the accounts were consolidated into the Sanitation Fund. Also during the year the NMA Loan Sanitation fund used to account for debt service related to Sanitation loan was closed and the accounts were consolidated into the Sanitation Fund.

The City also reports the following internal service fund:

The *Insurance Reserve Fund* is used to account for monies spent on health, vision, dental, life/disability and COBRA insurance for the City's departments and enterprise funds. The share of the premium will be billed individually to each department by the City.

Additionally, the government reports the following fiduciary funds:

*Agency funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds are used to account for resources held by the City on behalf of others. This includes Municipal Court and Fines Fund which accounts for court bonds that are not posted. The Charity Fund is used to account for donations received from the Raton Fire Department Annual Toys for Tots drive. The funds are deposits and held in trust until used to purchase toys for under privileged children for Christmas. Additionally, 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.



**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies** (continued)

*D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity*

**Deposits:** The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of six months or less from the date of acquisition.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables 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 funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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 available financial resources. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied net of estimated refunds and uncollectable amounts.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after May 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st. Accounts receivable based on historical analysis are deemed to be 100% collectible.

**Inventory:** The City's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as an expenditure at the time individual inventory items are consumed.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

**Restricted Assets:** Restricted assets consist of those funds expendable for debt service purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

**Capital Assets:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. It is the policy of the City to not capitalize computer software. Donated assets are recorded at estimated fair market value at the date of donation. On June 9, 2015, the City received a donated building from New Mexico Highlands University valued at \$881,064 based on the Colfax County's assessed value. 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.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies** (continued)

*D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (continued)*

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

Asset Category	Years
Buildings	40
Furniture and equipment	15
Improvements	20
Vehicles	8-10
Infrastructure	20-50

**Accrued Payroll:** Accrued payroll are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2015, along with accruals for applicable PERA, FICA, and Medicare payable.

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City typically has one type of deferred inflow which arises under the modified accrual basis of accounting that qualifies for reporting in this category. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The item, unavailable revenue - property taxes is typically reported only in the governmental funds balance sheet. The receivable from Colfax County could not be confirmed as of June 30, 2015. Consequently the City has not recorded any amount related to property taxes considered "unavailable." Only the available portion of property taxes collected within 60 days is reported as a tax receivable at June 30, 2015. In addition, the City has two types of items present on the Statement of Net Position for both the governmental and business-type activities, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between projected and actual investment earnings on pension plan investments of \$1,281,620 and change in assumptions of \$81,676, are reported on the Statement of Net Position. These amounts are reported as a deferred inflow and amortized into pension expense over the average remaining service life of employees.

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has two types of item that qualifies for reporting in this category in both the governmental and business-type activities. Accordingly, the first item - employer contributions subsequent to measurement date has been reported as a deferred outflow of resources in the amount of \$413,954. This amount is reported in the Statement of Net Position. These amounts will directly reduce the net pension liability in the next fiscal year. The second item relates to changes in assumptions and totals \$59,351 at June 30, 2015. This amount is amortized into pension expense over the average remaining service life of employees.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies** (continued)

*D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (continued)*

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (P.E.R.A) and additions to/deductions from P.E.R.A's fiduciary net position have been determined on the same basis as they are reported by P.E.R.A, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences:** Qualified employees are entitled to earn annual leave according to a graduated leave schedule depending on length of service. A maximum of 2 years' accrual of annual leave may be carried forward into the beginning of the 12-month period following the employees' anniversary date. If an employee has accrued 2 years of leave and earns additional leave, the additional leave earned must be used during the year that it was earned or it will be lost. Any unused leave in excess of 2 years' accrual will be lost on the employees' anniversary date. Upon termination an employee will be compensated accrued annual leave as of the date of termination, up to a maximum of 2-years accrual. The following table shows the graduated accrual amounts per month based on the employee's length of service.

	<u>Leave Accrual Per Month</u>	
	<u>Supervisory and Professional Employees</u>	<u>Non- supervisors</u>
<b>Years of Service:</b>		
Up to 5 years	10 hours	9 hours
5 to 10 years	12 hours	11 hours
10 to 20 years	14 hours	13 hours
20 years and over	15 hours	13 hours

Qualified employees are entitled to earn sick leave. Eight hours of sick leave is accrued for each complete calendarer month of service. The maximum accrual of sick leave is 40 work days. Accrued sick leave is lost upon termination. Sick leave accrued in excess of 40 work days may be cashed in at the ratio of 1 hour's pay for 2 hours of sick leave. Upon retirement, supervisory and unclassified personnel may convert 100% of unused sick leave to early retirement and nonsupervisory personnel may convert 60% of unused sick leave towards early retirement.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or enterprise fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund or enterprise fund depending the employee's job classification. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

**Long-term Obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. For bonds issued after GASB Statement No. 34 was implemented, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. For fund financial reporting, bond premiums, discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as other financing sources during the period issued.

**STATE OF NEW MEXICO**  
City of Raton  
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June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies** (continued)

*D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (continued)*

**Fund Balance Classification Policies and Procedures:** For committed fund balance, the City's highest level of decision-making authority is the City Commission. The formal action that is required to be taken to establish a fund balance commitment is the City Commission action through ordinance or resolution.

For assigned fund balance, the City Commission or an official or body to which the City Commission delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

When expenditures are occurred for purposes for which amounts in any of the spendable fund balance classification could be used, it is the City's policy to use committed amounts first, followed by assigned amounts and then unassigned amounts.

**Nonspendable Fund Balance:** At June 30, 2015, the City had no nonspendable fund balance categorized in the governmental funds balance sheet.

**Restricted and Committed Fund Balance:** At June 30, 2015, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$3,142,190 for various City programs and operations as restricted by enabling legislation. The City has also presented committed fund balance on the governmental funds balance sheet in the amount of \$2,008,389 for subsequent expenditures in the following fiscal year and to meet internal reserve requirements. The details of these fund balance items are located on the governmental funds balance sheet.

**Minimum Fund Balance Policy:** The City does not have a policy for maintaining a minimum amount of fund balance for operations and unforeseen contingencies.

**Net Position:** Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets:** This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted Net Position:** Net position is reported as restricted when constraints placed on net position use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 38 and 78-81.
- c. **Unrestricted Net Position:** Net position that does not meet the definition of "restricted" or "investment in capital assets."

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. Summary of Significant Accounting Policies** (continued)

*D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Fund Equity (continued)*

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the City are management's estimate of depreciation on assets over their estimated useful lives, the current portion of accrued compensated absences, and the estimated landfill liability for closure and postclosure care costs cost recorded in the City's Sanitation fund. Actuarial estimates are included in the calculation of net pension liability and related pension amounts.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

Annual budgets of the City are prepared prior to July 1 and must be approved by resolution of the City Commissioners, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the City Commissioners and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis for governmental funds and a GAAP basis for proprietary funds. Budgetary basis expenditures exclude encumbrances. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by City Commissioners in accordance with the above procedures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual and the Statements of Revenues, Expenses and Changes in Net Position, Budget and Actual, present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2015 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

**STATE OF NEW MEXICO**  
City of Raton  
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June 30, 2015

**NOTE 3. Deposits**

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 investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess 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.

Beginning January 1, 2013, all of the City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2015, \$8,800,609 of the City's bank balance of \$9,300,609 was exposed to custodial credit risk. Although \$8,800,609 was uninsured, \$5,125,162 was collateralized by collateral held by the pledging bank's trust department, not in the City's name. \$3,675,447 of the City's bank balance was not insured or collateralized.

	International Bank	First National Bank of New Mexico	Total
Deposits	\$ 7,957,880	\$ 1,342,729	\$ 9,300,609
FDIC Coverage	(250,000)	(250,000)	(500,000)
Total uninsured public funds	<u>7,707,880</u>	<u>1,092,729</u>	<u>8,800,609</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	4,121,337	1,003,825	5,125,162
Uninsured and uncollateralized	<u>\$ 3,586,543</u>	<u>\$ 88,904</u>	<u>\$ 3,675,447</u>
Collateral requirement - deposits (50% of uninsured funds)	\$ 3,853,940	\$ 546,365	\$ 4,400,305
Pledged Collateral	4,121,337	1,003,825	5,125,162
Over (Under) collateralized	<u>\$ 267,397</u>	<u>\$ 457,460</u>	<u>\$ 724,857</u>

The collateral pledged is listed on Schedule IV of this report. The types of collateral are limited to direct obligations of the United States Government and bonds issued by any agency, district, or political subdivision of the State of New Mexico.

**STATE OF NEW MEXICO**  
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**NOTE 3. Deposits (continued)**

The New Mexico Finance Authority (NMFA) holds and invests cash related to debt service and reserve requirements on behalf of the City and in the City's name pursuant to the loan agreements. NMFA invest the amounts in U.S. Treasuries and U.S. Agency Securities which have a AAA rating at June 30, 2015 and a weighted average maturity of less than 365 days.

**Reconciliation of Cash and Cash Equivalents**

Cash and cash equivalents per Exhibit A-1	\$ 7,901,377
Restricted cash and cash equivalents	
Debt service per Exhibit A-1	1,458,906
Unspent loan proceeds per Exhibit A-1	785,082
Meter deposits per Exhibit A-1	101,873
Closure and postclosure care per Exhibit A-1	151,204
Agency funds cash per Exhibit E-1	<u>16,549</u>
 Total cash and cash equivalents	 <u>10,414,991</u>
 Add: outstanding checks	 1,211,823
Less: deposits in transit	(655,065)
Less: U.S. agencies and treasury notes held with NMFA	(1,670,488)
Less: petty cash	<u>(652)</u>
 Bank balance of deposits	 <u><u>\$ 9,300,609</u></u>

**NOTE 4. Receivables**

Receivables as of June 30, 2015, are as follows:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 16,977	\$ -	\$ 16,977
Other taxes:			
Gross receipts taxes	482,432	138,559	620,991
Franchise taxes	19,530	-	19,530
Gasoline and oil taxes	1,309	26,655	27,964
Lodgers taxes	-	44,989	44,989
Due from other governments			
State	8,203	15,888	24,091
Federal	-	3,415	3,415
 Totals	 <u><u>\$ 528,451</u></u>	 <u><u>\$ 229,506</u></u>	 <u><u>\$ 757,957</u></u>

**STATE OF NEW MEXICO**  
City of Raton  
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June 30, 2015

**NOTE 4. Receivables (continued)**

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Utility fees	\$ 187,207	\$ 245,318	\$ 432,525
Taxes			
Gross receipts taxes	<u>197,060</u>	<u>-</u>	<u>197,060</u>
Totals	<u>\$ 384,267</u>	<u>\$ 245,318</u>	<u>\$ 629,585</u>

All of the above receivables are deemed to be fully collectible.

**NOTE 5. Interfund Receivables, Payables, and Transfers**

At June 30, 2015, the City did not report any interfund receivables or payables. Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Recreation	\$ 71,484
General Fund	Library Grant	149
General Fund	Juvenile Justice Grant	3,415
General Fund	NMDOT	48,346
General Fund	Historic Buildings	15,240
General Fund	1/4% Capital Improvements	75,000
Fire Grants	Emergency Medical Services	453
Fire Protection Fund	NMFA Loan Fire	82,031
Lodgers Tax	Lodgers Tax 2% capital	202,681
Lodgers Tax 2% capital	General Fund	32,000
Lodgers Tax 2% capital	NMFA Welcome Center	50,454
Law Enforcement Fund	NMFA Police Vehicles	20,664
Environmental GRT	Sanitation	52,093
Street Improvement Fund	NMDOT	37,501
ARRA CWSRF-Special Revenue	ARRA CWSRF-Debt Service	7,048
1/4% Capital Improvements	Recreation Center	208,992
1/4% Capital Improvements	Aquatic Center	179,129
Water Capital Projects	Water Trust Board	7,351
Water Capital Projects	NMFA WTB Fire	100,921
Sanitation	General Fund	141,673
Water and Sewer	Waste Water Treatment	177,433
Water and Sewer	Waste Water Treatment	11,824
Water and Sewer	Water Capital Project	100,921
Water and Sewer	Waste Water Treatment	59,144
Water and Sewer	Waste Water Treatment	5,912
Water and Sewer	Water Capital Project	<u>7,351</u>
	Total	<u>\$ 1,699,210</u>



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**NOTE 5. Interfund Receivables, Payables, and Transfers (continued)**

During fiscal year 2015 bonds and loans payable in the amount of \$3,113,348 were transferred from Governmental activities to the Water and Sewer enterprise fund in order to conform with GASB codification 1500 paragraph 102 which requires long-term liabilities directly related to and expected to be paid from proprietary funds to be reported in the accounts of such funds.

<b>Bonds and loans payable transfers out from</b>	<b>Bonds and loans payable transfers in to</b>	<b>Amount</b>
Governmental Activities	Water and Sewer	<u>\$ 3,113,348</u>

The table below details the individual bonds and loans transferred to enterprise funds during fiscal year 2015.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2015	Pledged Revenues
Bonds 2006a	4/18/2006	4/18/2046	4.38%	2,627,154	2,347,154	Water and Wastewater System Revenues
Bonds 2006B	4/18/2006	4/18/2046	4.38%	510,440	457,440	Water and Wastewater System Revenues
NMFA- Water Trust Board Loan	11/21/2008	6/1/2018	0.25%	70,000	21,944	Water and Wastewater System Revenues
NMFA- Water Project Loan	12/28/2012	6/1/2032	0.25%	400,000	191,112	Water and Wastewater System Revenues
NMED Wastewater Facility Construction Loan	5/2/2011	10/18/2030	2.00%	115,247	95,698	Water and Wastewater System Revenues

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**NOTE 6. Capital Assets**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2015. Land, Artwork and Construction in Progress are not subject to depreciation.

**Governmental Activities:**

	Balance June 30, 2014	Adjustments	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 703,300	\$ (87,675)	\$ 70,154	\$ -	\$ 685,779
Artwork	713,750	-	-	-	713,750
Construction in progress	884,185	(474,613)	172,483	-	582,055
	<u>2,301,235</u>	<u>(562,288)</u>	<u>242,637</u>	<u>-</u>	<u>1,981,584</u>
Capital assets being depreciated:					
Buildings	12,125,652	2,092,068	900,909	-	15,118,629
Furniture and equipment	980,258	380,319	210,507	-	1,571,084
Improvements	16,698,491	(2,092,068)	293,385	-	14,899,808
Vehicles	4,355,185	(380,319)	-	99,725	3,875,141
	<u>34,159,586</u>	<u>-</u>	<u>1,404,801</u>	<u>99,725</u>	<u>35,464,662</u>
Total capital assets	<u>36,460,821</u>	<u>(562,288)</u>	<u>1,647,438</u>	<u>99,725</u>	<u>37,446,246</u>
Accumulated depreciation:					
Buildings	(2,613,691)	(1,158,895)	(381,313)	-	(4,153,899)
Furniture and equipment	(856,958)	(400,929)	(69,649)	-	(1,327,536)
Improvements	(6,642,965)	201,131	(715,151)	-	(7,156,985)
Vehicles	(3,180,483)	185,214	(276,128)	(75,165)	(3,196,232)
Total accumulated depreciation	<u>(13,294,097)</u>	<u>(1,173,479)</u>	<u>(1,442,241)</u>	<u>(75,165)</u>	<u>(15,834,652)</u>
Total capital assets, net	<u>\$ 23,166,724</u>	<u>\$ (1,735,767)</u>	<u>\$ 205,197</u>	<u>\$ (24,560)</u>	<u>\$ 21,611,594</u>

Depreciation expense for the year ended June 30, 2015 was charged to the functions of the governmental activities as follows:

General Government	\$ 533,103
Public Safety	627,263
Culture and Recreation	273,907
Public Works	7,968
	<u>7,968</u>
	<u>\$ 1,442,241</u>

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**NOTE 6. Capital Assets (continued)**

**Business-type Activities**

	Balance June 30, 2014	Adjustments	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 1,344,298	\$ (125,932)	\$ -	\$ -	\$ 1,218,366
Construction in progress	799,408	-	703,790	(97,796)	1,405,402
	<u>2,143,706</u>	<u>(125,932)</u>	<u>703,790</u>	<u>(97,796)</u>	<u>2,623,768</u>
Capital assets being depreciated:					
Buildings	187,632	(2,632)	-	-	185,000
Equipment	1,117,449	283,222	43,185	(143,105)	1,300,751
Land improvements	483,413	1,388,628	-	-	1,872,041
Vehicles	3,061,975	(1,525,168)	-	-	1,536,807
Infrastructure	26,929,267	153,295	182,674	-	27,265,236
	<u>31,779,736</u>	<u>297,345</u>	<u>225,859</u>	<u>(143,105)</u>	<u>32,159,835</u>
Total capital assets	<u>33,923,442</u>	<u>171,413</u>	<u>929,649</u>	<u>(240,901)</u>	<u>34,783,603</u>
Accumulated depreciation:					
Buildings	(87,447)	1,499	(4,625)	-	(90,573)
Equipment	(836,199)	(296,905)	(32,446)	140,597	(1,024,953)
Land improvements	(85,083)	(108,724)	(93,036)	-	(286,843)
Vehicles	(2,594,805)	1,274,403	(51,957)	-	(1,372,359)
Infrastructure	(12,505,398)	(23,698)	(801,365)	-	(13,330,461)
Total accumulated depreciation	<u>(16,108,932)</u>	<u>846,575</u>	<u>(983,429)</u>	<u>140,597</u>	<u>(16,105,189)</u>
Total capital assets, net	<u>\$ 17,814,510</u>	<u>\$ 1,017,988</u>	<u>\$ (53,780)</u>	<u>\$ (100,304)</u>	<u>\$ 18,678,414</u>

Depreciation expense for business-type activities is reported in the following funds on the statement of revenues, expenses, and changes in net position (Exhibit D-2)

Water and Sewer	\$ 937,348
Sanitation	<u>46,081</u>
	<u>\$ 983,429</u>

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**NOTE 7. Long-term Debt**

During the year ended June 30, 2015, the following changes occurred in long-term liabilities as follows.

**Governmental Activities**

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015	Due Within One Year
Bonds	\$ 2,851,594	\$ -	\$ 47,000	\$ (2,804,594)	\$ -	\$ -
Loans	5,969,725	-	420,362	(308,754)	5,240,609	313,143
Compensated absences	377,268	224,539	138,819	-	462,988	88,426
<b>Total long-term debt</b>	<b>\$ 9,198,587</b>	<b>\$ 224,539</b>	<b>\$ 606,181</b>	<b>\$ (3,113,348)</b>	<b>\$ 5,703,597</b>	<b>\$ 401,569</b>

Loans outstanding for governmental activities at June 30, 2015 consisted of the following loans.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2015	Pledged Revenues
NMFA-Welcome Center Loan	03/17/98	05/01/18	5.03%	\$ 663,909	\$ 136,857	Lodgers taxes
NMFA-Recreation Center Loan	04/20/07	05/01/32	3.68%	3,248,772	2,535,360	Gross receipts taxes
NMFA-Aquatics Center Loan	01/16/09	05/01/33	3.32%	2,410,000	2,075,000	Gross receipts taxes
NMFA-Fire Equipment Loan	11/01/10	05/01/21	2.43%	643,750	452,613	Fire protection revenues Law enforcement protection revenues
NMFA-Police Vehicles Loan	01/18/13	05/01/18	0.49%	80,889	40,779	

The annual requirements to amortize the loans payable for governmental activities as of June 30, 2015, including interest payments are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Debt Service
2016	\$ 313,143	\$ 119,987	\$ 433,130
2017	320,745	113,492	434,237
2018	313,221	106,497	419,718
2019	271,427	99,135	370,562
2020	282,889	92,493	375,382
2021-2025	1,238,868	377,920	1,616,788
2026-2030	1,466,914	233,636	1,700,550
2031-2033	1,033,402	52,977	1,086,379
	<b>\$ 5,240,609</b>	<b>\$ 1,196,137</b>	<b>\$ 6,436,746</b>

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**NOTE 7. Long-term Debt** (continued)

**Business-type Activities**

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015	Due Within One Year
Bonds	\$ 1,163,522	\$ -	\$ 256,107	\$ 2,804,594	\$ 3,712,009	\$ 316,215
Loans	939,100	-	98,200	308,754	1,149,654	171,538
Estimated landfill liability for closure and postclosure care costs	1,319,798	17,172	52,093	-	1,284,877	-
Compensated absences	192,373	141,246	100,178	-	233,441	63,969
<b>Total long-term debt</b>	<b>\$ 3,614,793</b>	<b>\$ 158,418</b>	<b>\$ 506,578</b>	<b>\$ 3,113,348</b>	<b>\$ 6,379,981</b>	<b>\$ 551,722</b>

Bonds and loans outstanding for business-type activities at June 30, 2015 consisted of the following bonds and loans.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2015	Pledged Revenues
Bonds 2006A	4/18/2006	4/18/2046	4.38%	\$ 2,627,154	\$ 2,347,154	Water and wastewater system revenues
Bonds 2006B	4/18/2006	4/18/2046	4.38%	510,440	457,440	Water and wastewater system revenues
Bonds GRT Bonds Series 1982	3/16/1982	1/1/2022	5.00%	4,550,000	825,415	Water and wastewater system revenues
Water and Sewer Bond Series 1976	6/14/1977	7/1/2016	5.00%	750,000	82,000	Water and wastewater system revenues
NMFA-Water Trust Bond Loan	11/21/2008	6/1/2018	0.25%	70,000	21,944	Water and wastewater system revenues
NMFA-Water Project Loan	12/28/2012	6/1/2032	0.25%	400,000	191,112	Water and wastewater system revenues
NMFA-Solid Waste Equipment Loan	5/31/2013	5/1/2024	1.15%	1,036,400	840,900	Sanitation revenues
NMED Wastewater Facility Construction Loan	5/2/2011	10/18/2030	2.00%	115,247	95,698	Water and wastewater system revenues

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**NOTE 7. Long-term Debt** (continued)

The annual requirements to amortize the bonds payable for business-type activities as of June 30, 2015, including interest payments are as follows:

Fiscal Year Ending June 30,	Business-type activities		
	Principal	Interest	Total Debt Service
2016	\$ 316,215	\$ 164,941	\$ 481,156
2017	330,032	145,624	475,656
2018	301,325	130,731	432,056
2019	149,842	117,828	267,670
2020	48,000	114,500	162,500
2021-2025	309,000	538,100	847,100
2026-2030	379,000	462,800	841,800
2031-2035	454,000	372,400	826,400
2036-2040	572,000	263,700	835,700
2041-2045	705,000	128,000	833,000
2046	147,595	6,600	154,195
	<u>\$ 3,712,009</u>	<u>\$ 2,445,224</u>	<u>\$ 6,157,233</u>

The annual requirements to amortize the loans payable for business-type activities as of June 30, 2015, including interest payments are as follows:

Fiscal Year Ending June 30,	Business-type activities		
	Principal	Interest	Total Debt Service
2016	\$ 171,538	\$ 12,478	\$ 184,016
2017	193,052	11,611	204,663
2018	165,680	10,639	176,319
2019	109,048	8,728	117,776
2020	88,657	7,550	96,207
2021-2025	382,199	18,824	401,023
2026-2030	32,570	2,020	34,590
2031-2033	6,910	138	7,048
	<u>\$ 1,149,654</u>	<u>\$ 71,988</u>	<u>\$ 1,221,642</u>

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**NOTE 8. Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

The City is a member and is insured through the New Mexico Self-insurer's fund. The pools are authorized by 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 has not filed any claims for which the settlement amount exceeds 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-Insurances Fund assesses and estimates the potential for loss. At June 30, 2015 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 insurances.

**NOTE 9. Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. There were no funds that had deficit fund balances as of June 30, 2015.
- B. There were no funds that had excess expenditures over appropriations at June 30, 2015.
- C. There were no funds that had designated cash appropriations in excess of available balances at June 30, 2015.

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**NOTE 10. Pension Plan - Public Employees Retirement Association**

**General Information about the Pension Plan**

**Plan description.** The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org> using the Audit Report Search function for agency 366.

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the City of Raton are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2014.pdf](http://osanm.org/media/audits/366%20Public%20Employees%20Retirement%20Association%202014.pdf). The PERA coverage options that apply to City of Raton are: Municipal General Division, Municipal Police Division and Municipal Fire Division. Statutorily required contributions to the pension plan from the City of Raton were \$413,954 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.



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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. City of Raton's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**For PERA Fund Municipal General Division**, at June 30, 2015, City of Raton reported a liability of \$1,728,718 for its proportionate share of the net pension liability. At June 30, 2014, City of Raton's proportion was .2216% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, City of Raton recognized PERA Fund Municipal General Division pension expense of \$72,122. At June 30, 2015, City of Raton reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 1,172
Net difference between projected and actual earnings on pension plan investments	-	676,320
City of Raton's contributions subsequent to the measurement date	<u>187,690</u>	<u>-</u>
Total	<u>\$ 187,690</u>	<u>\$ 677,492</u>

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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

\$187,690 reported as deferred outflows of resources related to pensions resulting from City of Raton's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (169,371)
2017	(169,371)
2018	(169,371)
2019	(169,371)
2020	(8)
Thereafter	-

**For PERA Fund Municipal Police Division**, at June 30, 2015, City of Raton reported a liability of \$991,007 for its proportionate share of the net pension liability. At June 30, 2014, City of Raton's proportion was 0.3040 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, City of Raton recognized PERA Fund Municipal Police Division pension expense of \$66,551. At June 30, 2015, City of Raton reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 80,504
Net difference between projected and actual earnings on pension plan investments	-	368,500
City of Raton's contributions subsequent to the measurement date	116,873	-
Total	\$ 116,873	\$ 449,004

\$116,873 reported as deferred outflows of resources related to pensions resulting from City of Raton's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (112,151)
2017	(112,151)
2018	(112,151)
2019	(112,151)
2020	(400)
Thereafter	-

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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

**For PERA Fund Municipal Fire Division**, at June 30, 2015, City of Raton reported a liability of \$1,709,668 for its proportionate share of the net pension liability. At June 30, 2014, City of Raton's proportion was 0.4096 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, City of Raton recognized PERA Fund Municipal Fire Division pension expense of \$151,017. At June 30, 2015, City of Raton reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 59,351	
Net difference between projected and actual earnings on pension plan investments	-	236,800
City of Raton's contributions subsequent to the measurement date	<u>109,391</u>	<u>-</u>
Total	<u><u>\$ 109,391</u></u>	<u><u>\$ 236,800</u></u>

\$109,391 reported as deferred outflows of resources related to pensions resulting from City of Raton's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(44,436)
2017		(44,436)
2018		(44,436)
2019		(44,436)
2020		295
Thereafter		-

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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

*Actuarial assumptions.* As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

*Discount rate:* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

*Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.* The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present City of Raton's net pension liability in each PERA Fund Division that City of Raton participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<b>PERA Fund Municipal General Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City of Raton's proportionate share of the net pension liability	\$ 3,259,022	\$ 1,728,718	\$ 546,485

<b>PERA Fund Municipal Police Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City of Raton's proportionate share of the net pension liability	\$ 1,889,852	\$ 991,007	\$ 319,852

<b>PERA Fund Municipal Fire Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City of Raton's proportionate share of the net pension liability	\$ 2,415,632	\$ 1,709,668	\$ 1,188,992

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan.** There were no unpaid contractually required employer contributions outstanding to PERA at June 30, 2015. Contractually required contributions are remitted to PERA monthly for the previous month's withholdings. Accrued payroll includes the employer's portion of retirement contributions related to employee services as of June 30, 2015 but paid in July 2015.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan**

*Plan Description.* The City 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 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 (Section 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](http://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, 2015, 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, 2015, 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, 2013, 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, 2015, 2014, and 2013 were \$69,542, \$66,527, and \$64,087, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 12. Contingent Liabilities**

The City is exposed to various claims and lawsuits in the normal course of business. Management are unaware of any material pending or threatened litigation, claims, or assessments against the City which are not covered by the City's insurance.

In the normal course of operations the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes any liability resulting from these audits would be immaterial.

**NOTE 13. Landfill Closure and Post –Closure Costs**

State and federal laws and regulations (i.e., 20.9.2 – 20.9.10 NMAC, New Mexico Solid Waste Act and 40 CFR Part 258 - Subtitle D of RCRA) require the City to install an approved final cover system on its regional landfill site after it receives the final receipt of waste to minimize infiltration of liquid into the closed landfill, to minimize wind and water erosion to the cover system, and to control storm water run-off from the closed landfill. The laws and regulations also require the City to perform certain post-closure inspection and maintenance as well as monitoring functions at the closed landfill site for 30 years after closure. The City's landfill accepted its last load of construction and demolition waste on May 17, 2014. As of June 30, 2015, the percentage of the landfill consumed is 100% which is unchanged from the prior year. The final estimated cost estimate for closure and postclosure care is \$1,336,970, an inflationary increase of \$17,172, from the prior year estimate of approximately 1.3%. This represents management's estimate based on contracting with a qualified third-party expert to complete and certify closure of the landfill. The actual costs of closure and post closure care may be higher due to inflation, technology, or changes in landfill laws and regulations. Since closure the landfill has closed the City has incurred \$52,093 in closure costs reducing the liability to \$1,284,877 at June 30, 2015.

The City, as an operator of a solid waste facility, is required to establish an allowable financial assurance mechanism for closure and post-closure care of a solid waste facility as per 20.9.10.9-20.9.10.10 NMAC. Under 20.9.10.20 NMAC, as an allowable mechanism the City has established a trust fund to accumulate reserves to pay future expected costs related to landfill closure and post-closure care costs via monthly transfer of \$4,200 into a separate restricted cash account within the Sanitation fund, which is funded through user charges and environmental gross receipts tax. Total funds accumulated as of June 30, 2015 is \$151,204.

**NOTE 14. Restricted Components of Net Position**

The government-wide statement of net position reports \$3,290,277 of restricted net position, all of which is restricted by enabling legislation or other methods. For descriptions of the related enabling legislation for special revenue, debt service and capital projects funds, see pages 38 and 78-81.

**NOTE 15. Subsequent Events**

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 16, 2015, which is the date on which the financial statements were issued.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 16. Subsequent Pronouncements**

In February 2015, GASB Statement No. 72 *Fair Value Measurement and Application*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2016. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the City.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the City's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The City expects this pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2016. The City is still evaluating how this pronouncement will affect the City.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City will implement this standard during the fiscal year ended June 30, 2017. The City is still evaluating how this pronouncement will effect the financial statements.



**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 17. Net Position / Fund Balance Restatement**

The City has a prior period adjustment in order to implement GASB Statement No. 68. The adjustments reflect an adjustment to beginning net pension liability and to beginning of deferred outflow of resources - employer contributions subsequent to the measurement date. In addition, prior period adjustments were recorded to correct beginning balances previously reported in error. The table below details prior period adjustments by fund and account.

	Governmental Funds					Total
	General Fund	Fire Grants	Environmental GRT	Water Capital Projects Fund	NMFA Loan Sanitation	
Cash	\$ (54,199)	\$ 54,199	\$ 49,869	\$ (678,798)	\$ (123,184)	\$ (752,113)
Unearned revenue	-	-	-	278,798	-	278,798
<b>Total restatements and reclassifications</b>	<b>\$ (54,199)</b>	<b>\$ 54,199</b>	<b>\$ 49,869</b>	<b>\$ (400,000)</b>	<b>\$ (123,184)</b>	<b>\$ (473,315)</b>
Beginning Fund Balance June 30, 2014 as previously stated	1,570,939	-	281,544	400,000	123,184	2,375,667
Beginning Fund Balance June 30, 2014 as restated	<u>\$ 1,516,740</u>	<u>\$ 54,199</u>	<u>\$ 331,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,902,352</u>

	Total Governmental Activities
Cash	\$ (752,113)
Capital assets	(562,288)
Accumulated depreciation	(1,173,479)
Unearned revenue	278,798
Deferred outflows	278,132
Net pension liability	<u>(4,371,737)</u>
<b>Total restatements and reclassifications</b>	<b><u>\$ (6,302,687)</u></b>
Beginning Net Position June 30, 2014 as previously stated	<u>18,801,014</u>
Beginning Net Position June 30, 2014 as restated	<u><u>\$ 12,498,327</u></u>

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2015

**NOTE 17. Net Position Restatement / Fund Balance Restatement -(continued)**

	Enterprise Funds			
	Water and Sewer	Sanitation	Sanitation Project	Total
Cash-reclass	\$ -	\$ 924,580	\$ (924,580)	\$ -
Cash	-	19,794	-	19,794
Capital assets	3,866,916	(3,793,298)	-	73,618
Accumulated depreciation	(2,819,502)	3,666,077	-	846,575
Deferred outflows	61,353	30,374	-	91,727
Accounts receivable	(18,692)	-	-	(18,692)
Accounts payable	1,814,822	-	-	1,814,822
Net pension liability	(964,349)	(477,421)	-	(1,441,770)
Bonds and loans payable	-	(939,100)	939,100	-
<b>Total restatements and reclassifications</b>	<b>1,940,548</b>	<b>(568,994)</b>	<b>14,520</b>	<b>1,386,074</b>
<b>Beginning Net Position June 30, 2014 as previously stated</b>	<b>18,735,048</b>	<b>(200,951)</b>	<b>(14,520)</b>	<b>18,519,577</b>
<b>Beginning Net Position June 30, 2014 as restated</b>	<b>\$ 20,675,596</b>	<b>\$ (769,945)</b>	<b>\$ -</b>	<b>\$ 19,905,651</b>

	Fiduciary Funds		
	Municipal Court	Trust Funds	Total
Due to other funds	\$ (5,623)	\$ 6,168	\$ 545
<b>Total restatements and reclassifications</b>	<b>5,623</b>	<b>(6,168)</b>	<b>(545)</b>
<b>Beginning Net Position June 30, 2014 as previously stated</b>	<b>(5,623)</b>	<b>6,168</b>	<b>545</b>
<b>Beginning Net Position June 30, 2014 as restated</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF RATON  
PRIMARY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of City of Raton's Proportionate Share of the Net Pension Liability of PERA Municipal General Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	2015 Measurement Date As of and for the Year Ended <u>June 30, 2014</u>
City of Raton's proportion of the net pension liability	0.2216%
City of Raton's proportionate share of the net pension liability	\$ 1,728,718
City of Raton's covered-employee payroll	\$ 1,798,896
City of Raton's proportionate share of the net pension liability as a percentage of its covered-employee payroll	96.10%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Raton will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of City of Raton's Proportionate Share of the Net Pension Liability of PERA Municipal Police Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	2015 Measurement Date As of and for the Year Ended <u>June 30, 2014</u>
City of Raton's proportion of the net pension liability	0.3040%
City of Raton's proportionate share of the net pension liability	\$ 991,007
City of Raton's covered-employee payroll	\$ 585,530
City of Raton's proportionate share of the net pension liability as a percentage of its covered-employee payroll	169.25%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Raton will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of City of Raton's Proportionate Share of the Net Pension Liability of PERA Municipal Fire Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	2015 Measurement Date As of and for the Year Ended <u>June 30, 2014</u>
City of Raton's proportion of the net pension liability	0.4096%
City of Raton's proportionate share of the net pension liability	\$ 1,709,668
City of Raton's covered-employee payroll	\$ 456,169
City of Raton's proportionate share of the net pension liability as a percentage of its covered-employee payroll	374.79%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Raton will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Employer Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Municipal General Division  
Last 10 Fiscal Years\*

	As of and for the Year Ended <u>June 30, 2015</u>
Contractually required contributions	\$ 187,690
Contributions in relation to the contractually required contribution	(187,690)
Contribution deficiency (excess)	<u>\$ -</u>
City of Raton's covered-employee payroll	\$ 2,073,010
Contributions as a percentage of covered-employee payroll	9%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Raton will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Employer Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Municipal Police Division  
Last 10 Fiscal Years\*

	As of and for the Year Ended <u>June 30, 2015</u>
Contractually required contributions	\$ 116,873
Contributions in relation to the contractually required contribution	(116,873)
Contribution deficiency (excess)	<u>\$ -</u>
City of Raton's covered-employee payroll	\$ 618,895
Contributions as a percentage of covered-employee payroll	19%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Raton will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information



**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Employer Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Municipal Fire Division  
Last 10 Fiscal Years\*

	As of and for the Year Ended <u>June 30, 2015</u>
Contractually required contributions	\$ 109,391
Contributions in relation to the contractually required contribution	(109,391)
Contribution deficiency (excess)	<u>\$ -</u>
City of Raton's covered-employee payroll	\$ 505,619
Contributions as a percentage of covered-employee payroll	22%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Raton will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information

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**STATE OF NEW MEXICO**  
City of Raton  
Notes to Required Supplementary Information  
June 30, 2015

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

***Changes of assumptions.*** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf).

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

See independent auditors’ report

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**RATON PUBLIC SERVICE COMPANY  
A COMPONENT UNIT OF CITY OF RATON  
NOTES TO THE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Reporting Entity.*

Raton Public Service Company (Company) is a New Mexico Corporation acting under franchise from the City of Raton, New Mexico (City) for the purpose of providing utility services to the rate paying customers within a service area allowed by law. The physical assets of the Company's Utility System are the property of the City of Raton. The management of the utility system rests with the Company pursuant to a franchise contract, Ordinance No. 731, amended by Ordinance No. 942, of the City of Raton. Under the terms of Ordinance 942, The City Commission sets, fixes and determines the rate schedules, charges, and rate classifications pertaining to all services to be rendered by the Company. All of the Company's financing is provided by the City through the issuance of municipal revenue bonds. The Company is considered to be a component unit of the City of Raton. The Company has no component units as defined by GASB Statement No. 14 and amended by GASB Statements No. 39 and 61. The Company is managed by the board of five directors, three of whom are elected by the trustees and two of whom are members of the City Commission.

The Company is responsible for the fair presentation in the financial statements consisting of the statement of net position and the related statements of revenues, expenses, and changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Company are described below.

*Budgetary Comparison Statements.* The budgetary comparison statements listed in the table of contents as supplemental information was prepared on an accrual basis of accounting as approved by the Board of Directors and the New Mexico Department of Finance and Administration.

*Measurement Focus, Basis of Accounting, and Basis of Presentation.* The accounts of the Company are organized on the basis of a proprietary or enterprise fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise 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 principal ongoing operations. The principal operating revenues of the Company's enterprise fund are charges to customers for user fees which primarily include residential, commercial and power sales. Investment income is reported as a non-operating item, as this activity is not considered the result of the Company's principal ongoing operations of providing electric power services.

Operating expenses for enterprise funds include the cost of sales and services which primarily include production costs, distribution costs and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. As a general rule, the effect of internal activity has been eliminated from the statement of revenues, expense and changes in net position.

*Government-Wide and Fund Financial Statements.* The Company is a single purpose government entity and has only business-type activities. In the government-wide statement of net position, activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**STATE OF NEW MEXICO**  
**Raton Public Service Company**  
**Notes to the Financial Statements**  
**June 30, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

*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. Significant estimates in these financial statements include the useful lives of depreciable assets, the current portion of compensated absences, and the allowance for doubtful accounts.

*Policy on Use of Restricted and Unrestricted Resources.* When both restricted and unrestricted resources are available for use, it is the Company’s policy to use restricted resources first, then unrestricted resources as they are needed.

*Cash and Cash Equivalents.* For purposes of the statement of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Certain resources for operation reserves, customer deposits, and loan reserves are classified as restricted assets in the statement of net position because their use is limited by the franchise agreement, debt covenants, or ordinance.

*Accounts Receivable.* It is the Company’s policy to allow for trade receivables when the customer is no longer a participant in the City’s services, including power, water, or trash services. Accounts receivable are stated at the unpaid balance, less an allowance for doubtful accounts. The Company provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience, third-party contracts, and other circumstances, which may affect the ability of obligations to be met.

*Inventory.* All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption.

*Prepaid expense.* Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

*Capital Assets.* Capital assets are defined by the Company as assets with an initial, individual cost in excess of \$5,000 in accordance with Section 12-6-10 NMSA 1978 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. The City of Raton owns the physical assets of the Company; however, since the Company has responsibility for the operation and maintenance of the utility system and since separate management of the utility is vested in the RPS by franchise granted under Ordinance No. 942, the assets have been included in this report. Purchased software is capitalized with the related computers in the equipment category. Depreciation has been provided over the estimated useful lives using the straight-line method.

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

Assets	Years
Buildings and Improvements	10-50 years
Vehicles and equipment	3-10 years

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to the Financial Statements  
June 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*New Accounting Standards Adopted.* During the year ended June 30, 2015, the Company adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* ("GASB 68"), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* ("GASB 71"). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability ("NPL") measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

*Deferred Outflows of Resources.* In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Company has only one type of item that qualifies for reporting in this category. Accordingly, the item, contributions subsequent to the measurement date, is reported in the Statement of Net Position. This amount is deferred and recognized as a direct reduction of the net pension liability during the next reporting period. The Company has recorded \$75,487 related to contributions subsequent to the measurement date.



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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

*Deferred Inflows of Resources.* In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources. The Company has two types of items considered to be deferred inflows of resources, both of which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual investment earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and amortized into pension expense in future reporting periods. The Company has recorded \$481 related to change in assumptions and \$277,731 related to the net difference between expected and actual investment earnings.

*Compensated Absences.* The Company's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts based on the numbers years of service to the Company. Only benefits considered vested are recognized in the financial statements.

*Net Position.* The Statement of Net Position utilize a net position presentation. Net position is categorized as investment in capital assets, restricted and unrestricted. The Company applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

Net Investment in Capital Assets – is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt.

Restricted Net Position – net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, or donors or (2) imposed by law through constitutional provisions or enabling legislation. The Company's restricted net position consists of amounts restricted for debt service and reserve requirements and amounts restricted per the City of Raton's Ordinance 942 for required reserve requirements detailed in Note 12.

Unrestricted Net Position – represents the excess of total assets over total liabilities and net position invested in capital assets at June 30, 2015. These are amounts not restricted for any purpose.

**NOTE 2. CASH AND INVESTMENTS**

State statutes authorize the investment of Company 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 Company properly followed State investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City of Raton. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess 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.

Beginning January 1, 2013, all of the Company's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

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**NOTE 2. CASH AND INVESTMENTS-CONTINUED**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Company’s deposits may not be returned to it. The Company does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2015, \$7,680,793 of the Company’s bank balance of \$7,930,793 was exposed to custodial credit risk. Although \$7,680,793 was uninsured, \$5,804,619 was collateralized by collateral held by the pledging bank’s trust department, not in the Company’s name. \$1,876,174 of the Company’s cash balance was uninsured and uncollateralized as of June 30, 2015.

	International Bank
Deposits	\$ 7,930,793
FDIC Coverage	(250,000)
Total uninsured public funds	7,680,793
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Company's name	
	5,804,619
Uninsured and uncollateralized	\$ 1,876,174
Collateral requirement - deposits (50% of uninsured funds)	
	\$ 3,840,397
Pledged Collateral	5,804,619
Over (Under) collateralized	\$ 1,964,223

The collateral pledged is listed on Schedule V of this report. The types of collateral are limited to direct obligations of the United States Government and bonds issued by an agency district, or political subdivision of the State of New Mexico. The New Mexico Finance Authority (NMFA) holds and invests cash related to debt service and reserve requirements on behalf of the Company and in the Company’s name pursuant to the loan agreements. NMFA invest the amounts in U.S. Treasuries and U.S. Agency Securities which have a AAA rating at June 30, 2015 and a weighted average maturity of less than 365 days.

**Reconciliation of Cash and Cash Equivalents**

Cash and cash equivalents per Exhibit A-1	\$ 4,525,958
Restricted cash and cash equivalents:	
Sixty day operation reserve fund-per Exhibit A-1	399,720
Annual overhaul reserve fund-per Exhibit A-1	275,426
Capital improvement and replacement fund-per Exhibit A-1	2,431,881
Customer deposits-per Exhibit A-1	156,480
Debt service and reserve requirements-per Exhibit A-1	1,163,895
Total cash and cash equivalents	8,953,360
Add: outstanding checks	314,510
Less: deposits in transit	(172,582)
Less: U.S. agencies and treasury notes held with NMFA	(1,163,895)
Less: petty cash	(600)
Bank balance of deposits	\$ 7,930,793

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**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable represent billings for user fees to third-party users net of an allowance for uncollectible accounts as detailed below:

User fees	\$ 922,098
Raton Water Works	18,967
Allowance for doubtful accounts	<u>(141,176)</u>
Accounts receivable	<u><u>\$ 799,889</u></u>

**NOTE 4. CAPITAL ASSETS**

A summary of changes in capital assets for fiscal year ending June 30, 2015 is as follows.

	Beginning Balance <u>June 30, 2014</u>	Additions	Deletions	Ending Balance <u>June 30, 2015</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 16,892,770	\$ -	\$ -	\$ 16,892,770
Vehicles and equipment	<u>896,878</u>	<u>93,022</u>	<u>-</u>	<u>989,900</u>
Total capital assets being depreciated	<u>17,789,649</u>	<u>93,022</u>	<u>-</u>	<u>17,882,670</u>
Less accumulated depreciation:				
Buildings and improvements	(8,173,497)	(479,172)	-	(8,652,669)
Vehicles and equipment	<u>(765,639)</u>	<u>(29,830)</u>	<u>-</u>	<u>(795,469)</u>
Total accumulated depreciation	<u>(8,939,136)</u>	<u>(509,002)</u>	<u>-</u>	<u>(9,448,138)</u>
Total capital assets being depreciated, net	<u><u>\$ 8,850,513</u></u>	<u><u>\$ (415,980)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,434,532</u></u>

Depreciation expense for capital assets for the fiscal year ended June 30, 2015 was \$509,002.

**NOTE 5. LONG-TERM DEBT**

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the Statement of Net Position:

	Balance <u>June 30, 2014</u>	Additions	Deletions	Balance <u>June 30, 2015</u>	Due Within One Year
Loans payable	\$ 5,924,299	\$ -	\$ (339,867)	\$ 5,584,432	\$ 350,817
Compensated absences	<u>73,794</u>	<u>65,549</u>	<u>(52,394)</u>	<u>86,949</u>	<u>11,981</u>
Total	<u><u>\$ 5,998,093</u></u>	<u><u>\$ 65,549</u></u>	<u><u>\$ (392,261)</u></u>	<u><u>\$ 5,671,381</u></u>	<u><u>\$ 362,798</u></u>

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**NOTE 5. LONG-TERM DEBT-CONTINUED**

Loans outstanding for the Company at June 30, 2015 consisted of the following loans which are secured by the net revenues of electric utility.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2015
NMFA-Backup generator	04/05/02	05/01/22	4.08%-4.86%	\$ 2,693,610	\$ 905,712
NMFA-Electric utility substation	10/16/09	05/01/29	1.65%-4.95%	1,122,725	912,828
NMFA-Electric Utility Wartsila and Burro Canon Lines	10/16/09	05/01/29	1.65%-4.95%	4,619,684	3,765,892

The annual requirements to amortize loans payable for the Company as of June 30, 2015 including interest payments are as follows:

Fiscal Year Ending June 30,	Business-type activities		
	Principal	Interest	Total Debt Service
2016	\$ 350,817	\$ 251,450	\$ 602,267
2017	368,802	239,839	608,641
2018	379,693	226,912	606,605
2019	398,501	212,963	611,464
2020	411,358	197,807	609,165
2021-2025	2,081,020	725,085	2,806,105
2026-2029	1,594,241	233,618	1,827,859
	<u>\$ 5,584,432</u>	<u>\$ 2,087,674</u>	<u>\$ 7,672,106</u>

**NOTE 6. RISK MANAGEMENT AND LITIGATION**

The Company is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Therefore, the Company joined the New Mexico Self-Insurers' Fund Risk Pool (Pool), together with other cities and towns in the State for its property and liability insurance. The Pool is a public entity risk pool currently operating as a common risk management and insurance program for member cities and towns.

The Company pays an annual premium to the Pool for its general insurance coverage. The agreement provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the annual aggregate per policy for general liability and property claims.

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

On June 3, 2015 the Company executed a Release and Settlement Agreement with their former insurance carrier for claims made under the policy in effect during the time in which the Company suffered damage to a spark-ignited reciprocating engine manufactured at the Company's facility. \$3,666,000 in insurance proceeds were received by the Company as a result of the settlement agreement during fiscal year 2015.

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**NOTE 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN**

**General Information about the Pension Plan**

**Plan description.** The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org> using the Audit Report Search function for agency 366.

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the Company are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage option that applies to the Company is: Municipal General Division. Statutorily required contributions to the pension plan from the Company were \$75,487 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Company’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**For PERA Fund Municipal General Division,** at June 30, 2015, the Company reported a liability of \$709,898 for its proportionate share of the net pension liability. At June 30, 2014, the Company’s proportion was 0.0910 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

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**NOTE 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN-CONTINUED**

For the year ended June 30, 2015, the Company recognized PERA Fund Municipal General Division pension expense of \$29,617. At June 30, 2015, the Company reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 481
Net difference between projected and actual earnings on pension plan investments	-	277,731
Raton Public Service Company's contributions subsequent to the measurement date	<u>75,487</u>	<u>-</u>
Total	<u><u>\$ 75,487</u></u>	<u><u>\$ 278,212</u></u>

\$75,487 reported as deferred outflows of resources related to pensions resulting from the Company's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(69,552)
2017		(69,552)
2018		(69,552)
2019		(69,552)
2020		(4)
Thereafter		-

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the PERA for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate

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**NOTE 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN-CONTINUED**

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.** The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Company's net pension liability in each PERA Fund Division that the Company participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Raton Public Service Company's proportionate share of the net pension liability	\$ 1,338,317	\$ 709,898	\$ 224,414

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan.** There were no amounts owed to PERA at June 30, 2015. Contractually required contributions are remitted to PERA monthly for the previous month's withholdings. Accrued payroll includes the employer's portion of retirement contributions related to employee services rendered as of June 30, 2015 but paid in July 2015.

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**NOTE 8. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

*Plan Description.* The Company 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 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 (Section 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](http://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 not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, 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, 2013, 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 Company's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$15,809, \$22,257, and \$23,750, respectively, which equal the required contributions for each year.

**NOTE 9. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 16, 2015, which is the date on which the financial statements were available to be issued. No events were noted for disclosure.



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**NOTE 10. NET POSITION RESTATEMENT**

The Company has recorded a prior period adjustment in the amount of \$(1,026,075) to record the beginning balance of the net pension liability and a prior period adjustment of \$67,582 to record a beginning deferred outflow for employer contributions after the beginning measurement date of June 30, 2013 but before July 1, 2014. These adjustments were required for implementation of GASBS 68 and GASBS 71.

In addition, the Company has recorded a prior period adjustment in the amount of \$1,153,158 to record cash held at the New Mexico Finance Authority in the name of the Company as of June 30, 2014 that was previously unrecorded.

The effect of the prior period adjustments above total \$194,665 which equals the total prior period adjustments reported in the Statement of Activities.

**NOTE 11. SUBSEQUENT PRONOUNCEMENTS**

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Company will implement this standard during the fiscal year ended June 30, 2016. The Company is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Company is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the Company's financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Company expects the pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Company will implement this standard during the fiscal year ended June 30, 2016. The Company expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Company will implement this standard during the fiscal year ended June 30, 2017. The Company is still evaluating how this pronouncement will effect the financial statements.

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to the Financial Statements  
June 30, 2015

**NOTE 12. RESTRICTED NET POSITION**

On October 11, 2005 the Company entered into an agreement through Ordinance No. 942 with the City of Raton relating to the Company's operation of the electric utility pursuant to an existing franchise agreement with the City of Raton. The agreement is considered to be a binding contract between the City and the Company per section 24 of Ordinance No. 942. Encompassed in that agreement are certain reserve fund requirements that restrict the Company's use of income derived from its operation of the electric utility. The amounts detailed below are considered restricted by enabling legislation for financial reporting purposes.

The calculation of the restricted funds in comparison with actual amounts as of June 30, 2015 are described and detailed below. The calculation of restricted funds is based on the cash basis revenues and expenses which are also shown below.

**60-Day Operation Reserve Fund.** Monies are restricted through Ordinance for payment of the average cash expenses (exclusive of fuel, purchased power, and energy capacity) required for a 60-day period.

**Annual Overhaul Reserve Fund.** Monies are restricted to pay, in whole or in part, periodic repairs, inspection, and overhaul costs of the boilers and generation equipment.

**Capital Improvements and Replacement Fund.** Monies restricted to pay in whole or in part, periodic inspection, overhaul and repair, and the costs of additions, extensions, and improvements to the energy utility system.

<b>Calculation of cash expenses for reserve balances:</b>	
2014 operating expense on an accrual basis	\$ 6,293,225
Add	
Nonoperating expenses	265,922
Beginning accounts payable	371,889
Beginning insurance payable	126,685
Beginning payroll taxes payable	2,283
Beginning compensated absences payable	88,079
Beginning interest payable	53,938
Ending prepaid expense	49,666
Ending inventory	668,195
Less	
Fuel, purchased power, and energy capacity	(4,611,260)
Ending accounts payable	(331,424)
Ending insurance payable	(106,941)
Ending payroll taxes payable	(2,439)
Ending compensated absences payable	(73,794)
Ending interest payable	(53,938)
Beginning prepaid expenses	(46,932)
Beginning inventory	(648,044)
	<hr/>
Total 2014 gross annual expenses adjusted to cash basis	<u><u>\$ 2,045,110</u></u>

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to the Financial Statements  
June 30, 2015

**NOTE 12. RESTRICTED NET POSITION -CONTINUED**

**60- Day Operation Reserve Fund**

60-day average of the preceding year's cash expenses (exclusive of fuel, purchase power, and energy capacity)	\$ 2,045,110
Divided by days per year	<u>360</u>
Average per day	5,681
 Times 60 days	 <u>60</u>
 60-Day operating maximum required reserve	 <u>\$ 340,852</u>
 Beginning reserve balance	 \$ 356,676
Allowable deposits and interest income	43,199
2015 cash outlay	<u>(155)</u>
 Ending reserve balance	 <u>\$ 399,720</u>

**Calculation of cash revenues for reserve balances:**

2014 operating revenue on an accrual basis	\$ 6,337,384
Add	
Beginning gross receivables	1,547,561
Less	
Ending gross receivables	(1,000,812)
Add	
Ending allowance for doubtful accounts	122,138
Less	
Beginning allowance for doubtful accounts	<u>(152,969)</u>
Total 2014 gross annual revenue adjusted to cash basis	<u>\$ 6,853,302</u>

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to the Financial Statements  
June 30, 2015

**NOTE 12. RESTRICTED NET POSITION -CONTINUED**

**Annual Overhaul Reserve Fund**

Monthly deposit of 1/12 of 2.5% of preceding year's gross annual revenues not to exceed 4.5% of the preceding year's gross revenues

Beginning reserve balance	\$ 328,682
Interest income	246
2015 cash outlay	<u>(53,502)</u>
Ending reserve balance	<u><u>\$ 275,426</u></u>
Maximum balance	
2014 annual gross revenues	6,853,302
Maximum reserve balance	
(4.5% of 2014 annual gross revenue)	<u><u>\$ 308,399</u></u>
Allowable deposits	
(2.5% of annual gross revenues)	<u><u>\$ 171,333</u></u>

**Capital Improvement and Replacement Reserve Fund**

Monthly deposit of 1/12 of 10% of the preceding year's gross annual revenues not to exceed 200% of the preceding year's gross revenues

Beginning reserve balance	\$ 2,126,687
Actual deposits	510,541
2015 cash outlay	<u>(205,347)</u>
Ending reserve balance	<u><u>\$ 2,431,881</u></u>
Maximum balance	
2014 gross annual revenues	\$ 6,853,302
Multiplied times 2	<u>2</u>
Maximum reserve balance	<u><u>\$ 13,706,604</u></u>

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to the Financial Statements  
June 30, 2015

**NOTE 12. RESTRICTED NET POSITION -CONTINUED**

	Reserve Analysis		
	Actual Cash Balance at June 30, 2015	Maximum Required Balance at June 30, 2015	Over (Under) Maximum
60-day operating reserve fund	\$ 399,720	\$ 340,852	\$ 58,868
Annual overhaul reserve fund	275,426	308,399	(32,973)
Capital improvements and replacement fund	2,431,881	13,706,604	(11,274,723)
Total	\$ 3,107,027	\$ 14,355,854	\$ (11,248,827)

In addition, the Company has amounts restricted for debt service and reserve requirements pursuant to loan agreements with the New Mexico Finance Authority, which total \$1,163,895 at June 30, 2015.

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**RATON PUBLIC SERVICE COMPANY  
COMPONENT UNIT OF CITY OF RATON  
REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**

Schedule Ia

Raton Public Service Company

Schedule of Employer's Proportionate Share of the Net Pension Liability of PERA Municipal General Division

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years\*

	2015 Measurement Date As of and for the Year Ended <u>June 30, 2014</u>
Raton Public Service Company's proportion of the net pension liability	0.0910%
Raton Pubic Service Company's proportionate share of the net pension liability	\$ 709,898
Raton Public Service Company's covered-employee payroll	\$ 738,601
Raton Public Service Company's proportionate share of the net pension liability as a percentage of its covered-employee payroll	96.11%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Raton Public Service Company will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information



**STATE OF NEW MEXICO**  
Raton Public Service Company  
Schedule of Employer Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Municipal General Division  
Last 10 Fiscal Years\*

Schedule IIa

	As of and for the Year Ended <u>June 30, 2015</u>
Contractually required contributions	\$ 75,487
Contributions in relation to the contractually required contribution	(75,487)
Contribution deficiency (excess)	<u>\$ -</u>
Raton Public Service Company's covered-employee payroll	\$ 790,438
Contributions as a percentage of covered-employee payroll	10%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Raton Public Service Company will present information for those years for which information is available.

See independent auditors' report  
See notes to required supplementary information

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to Required Supplementary Information  
June 30, 2015

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

***Changes of assumptions.*** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf).

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

See independent auditors’ report

**CITY OF RATON  
PRIMARY GOVERNMENT  
SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

**State of New Mexico**  
City of Raton  
Nonmajor Fund Descriptions  
June 30, 2015

**Special Revenue Funds**

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

**Fire Protection 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.

**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** - 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. Current year tax revenues collected totaled \$337,800 and expenditures totaled \$126,225 for fiscal year ending June 3, 2015.

**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** - 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.

**Police Grants** - to account for state operating grants received from the State of New Mexico to supplement operations of a local emergency 911 dispatch center. The fund was authorized by City resolution.

**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 Fund** - to account for funds designated for library uses. This fund was created administratively by ordinance.

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

**Police Money Seizures** - 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.

**State of New Mexico**  
City of Raton  
Nonmajor Fund Descriptions  
June 30, 2015

**Special Revenue Funds-Continued**

**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. This fund was created administratively by ordinance.

**ARRA OJP Fund** - to account for funds received from American Recovery and Reinvestment Act grants for the OJP Project. This fund was created administratively by ordinance.

**ARRA CWSRF Project** - to account for funds received from American Recovery and Reinvestment Act grants for the CWSRF Project. This fund was created administratively by ordinance.

**Capital Projects Funds**

**Lodgers Tax 2% Capital** - 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 Improvement** - to account for costs associated with the improvements to city streets. Funding is provided by Gasoline Taxes, State Co-op agreements and other reimbursements.

**Swim /Pool Recreation Center Fund** - 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.

**1/4 % Capital Improvements** - to account for 1/4% Municipal Gross Receipts Tax adopted by Ordinance No. 937 on January 25, 2005, pursuant to authority granted by 7-19D-11. Tax increase effective July 2005 and use is restricted to Aquatic/Recreation Center design and construction and municipal infrastructure improvements.

**Water Capital Project** - to account for costs associated with water and wastewater related projects. Funding is provided from NMFA loans and grant funding

**Depot Improvement Project** - 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** - 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**

**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, are 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 authorized pursuant to Section 7-19D-9 NMSA 1978 are pledged for the repayment of this loan.

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**State of New Mexico**  
City of Raton  
Nonmajor Fund Descriptions  
June 30, 2015

**Debt Service Funds-Continued**

**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 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 is pledged for repayment of this loan.

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

**NMFA-WTB Fire** - 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 - Sanitation** - 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. This fund was eliminated during fiscal year 2015 and the related accounts were consolidated into the Sanitation Fund.

**NMFA Loan - Fire** - to account for transfers from the Fire Fund of State Fire Protection Funds to repay the New Mexico Finance Authority loan payable.

**Wastewater Treatment** - to accumulate monies for the repayment of the revenue bond. The City has pledged future waste water revenues to repay the bond.

**STATE OF NEW MEXICO**  
City of Raton  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue			
	Fire Grants	Fire Protection Fund	Recreation Fund	Lodgers Tax
<i>Assets</i>				
Cash and cash equivalents	\$ 70,564	\$ 460,360	\$ 22,301	\$ 87,421
Receivables:				
Taxes receivable	-	-	25,459	44,989
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ 70,564</u>	<u>\$ 460,360</u>	<u>\$ 47,760</u>	<u>\$ 132,410</u>
<i>Liabilities</i>				
Accounts payable	\$ 314	\$ 33,225	\$ 4,770	\$ 3,554
Accrued payroll	-	-	3,857	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>314</u>	<u>33,225</u>	<u>8,627</u>	<u>3,554</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Public safety	70,250	427,135	-	-
Culture and recreation	-	-	39,133	128,856
Health and welfare	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
<i>Total fund balances</i>	<u>70,250</u>	<u>427,135</u>	<u>39,133</u>	<u>128,856</u>
<i>Total liabilities, and fund balances</i>	<u>\$ 70,564</u>	<u>\$ 460,360</u>	<u>\$ 47,760</u>	<u>\$ 132,410</u>

The accompanying notes are an integral part of these financial statements

Special Revenue				
Law Enforcement Fund	Emergency Medical Services	Police Grants	Local Government Corrections	Library Building
\$ -	\$ -	\$ -	\$ 53,832	\$ 340,447
-	-	-	-	-
-	1,026	-	-	-
<u>\$ -</u>	<u>\$ 1,026</u>	<u>\$ -</u>	<u>\$ 53,832</u>	<u>\$ 340,447</u>
\$ -	1,026	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	1,026	-	-	-
-	-	-	53,832	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	340,447
-	-	-	-	-
-	-	-	53,832	340,447
<u>\$ -</u>	<u>\$ 1,026</u>	<u>\$ -</u>	<u>\$ 53,832</u>	<u>\$ 340,447</u>

**STATE OF NEW MEXICO**  
City of Raton  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue			
	Library Grant Fund	Environmental GRT	Police Money Seizures	LLEBG
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 218,761	\$ 28,706	\$ 1,680
Receivables:				
Taxes	-	12,723	-	-
Due from other governments	149	-	-	-
	149	-	-	-
<i>Total assets</i>	\$ 149	\$ 231,484	\$ 28,706	\$ 1,680
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Unearned revenue	-	-	-	-
	-	-	-	-
<i>Total liabilities</i>	-	-	-	-
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Public safety	-	-	28,706	1,680
Culture and recreation	149	-	-	-
Health and welfare	-	231,484	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
	149	231,484	28,706	1,680
<i>Total fund balances</i>	149	231,484	28,706	1,680
<i>Total liabilities and fund balances</i>	\$ 149	\$ 231,484	\$ 28,706	\$ 1,680

The accompanying notes are an integral part of these financial statements

Special Revenue			Capital Projects	
Juvenile Justice Grant	ARRA OJP	ARRA CWSRF	Lodgers Tax 2% Capital	Street Improvement
\$ -	\$ -	\$ -	\$ 57,705	\$ 260,034
-	-	-	-	26,655
<u>3,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,705</u>	<u>\$ 286,689</u>
\$ -	\$ -	\$ -	\$ 6,376	\$ 24,601
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,376</u>	<u>24,601</u>
-	-	-	-	-
-	-	-	-	-
3,415	-	-	-	-
-	-	-	51,329	262,088
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,415</u>	<u>-</u>	<u>-</u>	<u>51,329</u>	<u>262,088</u>
<u>\$ 3,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,705</u>	<u>\$ 286,689</u>

**STATE OF NEW MEXICO**  
City of Raton  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

Capital Projects

	Swim/Pool Recreation Cennter Fund	NMDOT	Historic Building	1/4% Capital Improvements
<i>Assets</i>				
Cash and cash equivalents	\$ 16,559	\$ -	\$ 3,718	\$ 57,431
Receivables:				
Taxes	-	-	-	100,377
Due from other governments	-	-	14,713	-
<i>Total assets</i>	<u>\$ 16,559</u>	<u>\$ -</u>	<u>\$ 18,431</u>	<u>\$ 157,808</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Public safety	-	-	-	-
Culture and recreation	16,559	-	-	-
Health and welfare	-	-	18,431	-
Capital acquisitions and improvements	-	-	-	157,808
Debt service	-	-	-	-
<i>Total fund balances</i>	<u>16,559</u>	<u>-</u>	<u>18,431</u>	<u>157,808</u>
<i>Total liabilities and fund balances</i>	<u>\$ 16,559</u>	<u>\$ -</u>	<u>\$ 18,431</u>	<u>\$ 157,808</u>

The accompanying notes are an integral part of these financial statements

Capital Projects			Debt Service	
Water Capital Project	Depot Improvement Project	Airport Capital	NMFA Loan Welcome Center	Recreation Center
\$ 205,308	\$ -	\$ 69	\$ 57,956	\$ 262,914
-	-	-	-	-
-	-	-	-	-
<u>\$ 205,308</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 57,956</u>	<u>\$ 262,914</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
205,308	-	-	-	-
<u>205,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	69	-	-
-	-	-	57,956	262,914
-	-	69	57,956	262,914
<u>\$ 205,308</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 57,956</u>	<u>\$ 262,914</u>

**STATE OF NEW MEXICO**  
City of Raton  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

Debt Service

	Aquatic Center	Water Trust Board	ARRA CWSRF	NMFA WTB Fire
<i>Assets</i>				
Cash and cash equivalents	\$ 231,783	\$ -	\$ -	\$ -
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ 231,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	231,783	-	-	-
<i>Total fund balances</i>	<u>231,783</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 231,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



Debt Service					Total Nonmajor Governmental Funds
NMFA Loan Police Vehicles	NMFA Loan Sanitation	NMFA Loan Fire	Waste Water Treatment		
\$ 6	\$ -	\$ 3,302	\$ 754,858	\$ 3,195,715	
-	-	-	-	210,203	
-	-	-	-	19,303	
<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 3,302</u>	<u>\$ 754,858</u>	<u>\$ 3,425,221</u>	
\$ -	\$ -	\$ -	\$ -	\$ 73,866	
-	-	-	-	3,857	
-	-	-	-	205,308	
-	-	-	-	283,031	
-	-	-	-	581,603	
-	-	-	-	184,697	
-	-	-	-	253,330	
-	-	-	-	811,741	
6	-	3,302	754,858	1,310,819	
6	-	3,302	754,858	3,142,190	
<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 3,302</u>	<u>\$ 754,858</u>	<u>\$ 3,425,221</u>	

**STATE OF NEW MEXICO**  
City of Raton  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

Special Revenue

	Fire Grants	Fire Protection Fund	Recreation Fund	Lodgers Tax
<i>Revenues</i>				
Taxes	\$ -	\$ -	\$ 143,203	\$ 344,460
Intergovernmental revenue:				
Federal operating grants	-	-	-	-
State operating grants	26,627	460,734	-	-
State capital grants	-	-	-	-
Charges for services	-	-	88,709	-
License and fees	-	-	-	-
Investment income	-	475	11	86
Miscellaneous income	2,249	1,285	-	160
<i>Total revenues</i>	<u>28,876</u>	<u>462,494</u>	<u>231,923</u>	<u>344,706</u>
<i>Expenditures</i>				
Current				
Public safety	29,171	15,337	-	-
Public works	-	-	-	-
Culture and recreation	-	-	294,032	124,615
Health and welfare	-	-	-	-
Capital outlay	-	172,483	-	-
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
<i>Total expenditures</i>	<u>29,171</u>	<u>187,820</u>	<u>294,032</u>	<u>124,615</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(295)</u>	<u>274,674</u>	<u>(62,109)</u>	<u>220,091</u>
<i>Other financing sources (uses)</i>				
Proceeds from the sale of inventorable assets	16,799	-	-	-
Transfers in	-	-	71,484	-
Transfers (out)	(453)	(82,031)	-	(202,681)
<i>Total other financing sources (uses)</i>	<u>16,346</u>	<u>(82,031)</u>	<u>71,484</u>	<u>(202,681)</u>
<i>Net change in fund balances</i>	<u>16,051</u>	<u>192,643</u>	<u>9,375</u>	<u>17,410</u>
<i>Fund balances - beginning, as previously stated</i>	-	234,492	29,758	111,446
<i>Reclassification of NMFA Loan Sanitation Fund (see note 17)</i>	-	-	-	-
<i>Restatements (note 17)</i>	54,199	-	-	-
<i>Fund balances - as restated</i>	<u>54,199</u>	<u>234,492</u>	<u>29,758</u>	<u>111,446</u>
<i>Fund balances - end of year</i>	<u>\$ 70,250</u>	<u>\$ 427,135</u>	<u>\$ 39,133</u>	<u>\$ 128,856</u>

The accompanying notes are an integral part of these financial statements

Special Revenue				
Law Enforcement Fund	Emergency Medical Services	Police Grants	Local Government Corrections	Library Building
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
26,000	28,970	122,908	-	-
-	-	-	-	-
-	-	-	9,687	-
9	246	-	44	1,076
-	17,020	-	-	817
<u>26,009</u>	<u>46,236</u>	<u>122,908</u>	<u>9,731</u>	<u>1,893</u>
23,949	48,116	122,908	13,578	-
-	-	-	-	-
-	-	-	-	28,352
-	-	-	-	-
-	-	-	-	-
<u>23,949</u>	<u>48,116</u>	<u>122,908</u>	<u>13,578</u>	<u>28,352</u>
<u>2,060</u>	<u>(1,880)</u>	<u>-</u>	<u>(3,847)</u>	<u>(26,459)</u>
-	-	-	-	-
-	453	-	-	-
<u>(20,664)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(20,664)</u>	<u>453</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(18,604)</u>	<u>(1,427)</u>	<u>-</u>	<u>(3,847)</u>	<u>(26,459)</u>
18,604	1,427	-	57,679	366,906
-	-	-	-	-
-	-	-	-	-
<u>18,604</u>	<u>1,427</u>	<u>-</u>	<u>57,679</u>	<u>366,906</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,832</u>	<u>\$ 340,447</u>

**STATE OF NEW MEXICO**  
City of Raton  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Special Revenue			
	Library Grant Fund	Environmental GRT	Police Money Seizures	LLEBG
<i>Revenues</i>				
Taxes	\$ -	\$ 71,570	\$ -	\$ -
Intergovernmental revenue:				
Federal operating grants	-	-	-	-
State operating grants	18,292	33,139	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	187	24	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>18,292</u>	<u>104,896</u>	<u>24</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Public safety	-	-	6,846	1,326
Public works	-	-	-	-
Culture and recreation	18,292	-	-	-
Health and welfare	-	152,732	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
<i>Total expenditures</i>	<u>18,292</u>	<u>152,732</u>	<u>6,846</u>	<u>1,326</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(47,836)</u>	<u>(6,822)</u>	<u>(1,326)</u>
<i>Other financing sources (uses)</i>				
Proceeds from the sale of inventorable assets	-	-	-	-
Transfers in	149	-	-	-
Transfers (out)	-	(52,093)	-	-
<i>Total other financing sources (uses)</i>	<u>149</u>	<u>(52,093)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>149</u>	<u>(99,929)</u>	<u>(6,822)</u>	<u>(1,326)</u>
<i>Fund balances - beginning, as previously stated</i>	-	281,544	35,528	3,006
<i>Reclassification of NMFA Loan Sanitation Fund (see note 17)</i>	-	-	-	-
<i>Restatements (note 17)</i>	-	49,869	-	-
<i>Fund balances - as restated</i>	<u>-</u>	<u>331,413</u>	<u>35,528</u>	<u>3,006</u>
<i>Fund balances - end of year</i>	<u>\$ 149</u>	<u>\$ 231,484</u>	<u>\$ 28,706</u>	<u>\$ 1,680</u>

The accompanying notes are an integral part of these financial statements

Special Revenue			Capital Projects	
Juvenile Justice Grant	ARRA OJP	ARRA CWSRF	Lodgers Tax 2% Capital	Street Improvement
\$ -	\$ -	\$ -	\$ -	\$ 160,444
71,997	50,957	-	-	-
-	-	-	-	-
-	-	-	-	36,135
-	-	-	-	-
-	-	7,048	43	222
-	-	-	-	-
<u>71,997</u>	<u>50,957</u>	<u>7,048</u>	<u>43</u>	<u>196,801</u>
71,997	50,957	-	-	-
-	-	-	-	146,835
-	-	-	75,533	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>71,997</u>	<u>50,957</u>	<u>-</u>	<u>75,533</u>	<u>146,835</u>
-	-	7,048	(75,490)	49,966
-	-	-	-	-
3,415	-	-	202,681	-
-	-	(7,048)	(82,454)	(37,501)
<u>3,415</u>	<u>-</u>	<u>(7,048)</u>	<u>120,227</u>	<u>(37,501)</u>
<u>3,415</u>	<u>-</u>	<u>-</u>	<u>44,737</u>	<u>12,465</u>
-	-	-	6,592	249,623
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,592</u>	<u>249,623</u>
<u>\$ 3,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,329</u>	<u>\$ 262,088</u>

**STATE OF NEW MEXICO**  
City of Raton  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Capital Projects			
	Swim/Pool Recreation Center	NMDOT	Historic Building	1/4% Capital Improvements
	Fund			
<i>Revenues</i>				
Taxes	\$ -	\$ -	\$ -	\$ 420,968
Intergovernmental revenue:				
Federal operating grants	-	-	-	-
State operating grants	-	145,038	14,713	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	-	-	-	46
Miscellaneous income	-	-	3,718	-
<i>Total revenues</i>	<u>-</u>	<u>145,038</u>	<u>18,431</u>	<u>421,014</u>
<i>Expenditures</i>				
Current				
Public safety	-	-	-	-
Public works	-	230,885	15,240	7,623
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>230,885</u>	<u>15,240</u>	<u>7,623</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(85,847)</u>	<u>3,191</u>	<u>413,391</u>
<i>Other financing sources (uses)</i>				
Proceeds from the sale of inventorable assets	-	-	-	-
Transfers in	-	85,847	15,240	75,000
Transfers (out)	-	-	-	(388,121)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>85,847</u>	<u>15,240</u>	<u>(313,121)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>18,431</u>	<u>100,270</u>
<i>Fund balances - beginning, as previously stated</i>	16,559	-	-	57,538
<i>Reclassification of NMFA Loan Sanitation Fund (see note 17)</i>	-	-	-	-
<i>Restatements (note 17)</i>	-	-	-	-
<i>Fund balances - as restated</i>	<u>16,559</u>	<u>-</u>	<u>-</u>	<u>57,538</u>
<i>Fund balances - end of year</i>	<u>\$ 16,559</u>	<u>\$ -</u>	<u>\$ 18,431</u>	<u>\$ 157,808</u>

The accompanying notes are an integral part of these financial statements

Capital Projects			Debt Service	
Water Capital Project	Depot Improvement Project	Airport Capital	NMFA Loan	
			Welcome Center	Recreation Center
\$ -	\$ -	\$ -	\$ -	\$ -
-	126,252	-	-	-
-	-	-	-	-
115,894	-	-	-	-
-	-	-	-	-
-	-	-	401	1,716
-	-	-	-	-
<u>115,894</u>	<u>126,252</u>	<u>-</u>	<u>401</u>	<u>1,716</u>
-	-	-	-	-
115,894	126,252	2,585	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	43,121	103,883
-	-	-	7,508	105,052
<u>115,894</u>	<u>126,252</u>	<u>2,585</u>	<u>50,629</u>	<u>208,935</u>
-	-	(2,585)	(50,228)	(207,219)
-	-	-	-	-
108,272	-	-	50,454	208,992
(108,272)	-	-	-	-
-	-	-	50,454	208,992
-	-	(2,585)	226	1,773
400,000	-	2,654	57,730	261,141
-	-	-	-	-
(400,000)	-	-	-	-
<u>-</u>	<u>-</u>	<u>2,654</u>	<u>57,730</u>	<u>261,141</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 57,956</u>	<u>\$ 262,914</u>

**STATE OF NEW MEXICO**  
City of Raton  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Debt Service			
	Aquatic Center	Water Trust Board	ARRA CWSRF	NMFA WTB Fire
<i>Revenues</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
License and fees	-	-	-	-
Investment income	1,881	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>1,881</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	70,000	7,278	5,034	100,193
Interest and fees	110,164	73	2,014	728
<i>Total expenditures</i>	<u>180,164</u>	<u>7,351</u>	<u>7,048</u>	<u>100,921</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(178,283)</u>	<u>(7,351)</u>	<u>(7,048)</u>	<u>(100,921)</u>
<i>Other financing sources (uses)</i>				
Proceeds from the sale of inventoriable assets	-	-	-	-
Transfers in	179,129	7,351	7,048	100,921
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>179,129</u>	<u>7,351</u>	<u>7,048</u>	<u>100,921</u>
<i>Net change in fund balances</i>	<u>846</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning, as previously stated</i>	230,937	-	-	-
<i>Reclassification of NMFA Loan Sanitation Fund (see note 17)</i>	-	-	-	-
<i>Restatements (note 17)</i>	-	-	-	-
<i>Fund balances - as restated</i>	<u>230,937</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 231,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



Debt Service					Total Nonmajor Governmental Funds
NMFA Loan Police Vehicles	NMFA Loan Sanitation	NMFA Loan Fire	Waste Water Treatment		
\$ -	\$ -	\$ -	\$ -	\$ -	1,140,645
-	-	-	-	-	249,206
-	-	-	-	-	876,421
-	-	-	-	-	152,029
-	-	-	-	-	88,709
-	-	-	-	-	9,687
2	-	7	636	-	14,160
-	-	-	-	-	25,249
<u>2</u>	<u>-</u>	<u>7</u>	<u>636</u>	<u>-</u>	<u>2,556,106</u>
-	-	-	-	-	384,185
-	-	-	-	-	645,314
-	-	-	-	-	540,824
-	-	-	-	-	152,732
-	-	-	-	-	172,483
20,186	-	70,667	47,000	-	467,362
478	-	11,364	124,757	-	362,138
<u>20,664</u>	<u>-</u>	<u>82,031</u>	<u>171,757</u>	<u>-</u>	<u>2,725,038</u>
<u>(20,662)</u>	<u>-</u>	<u>(82,024)</u>	<u>(171,121)</u>	<u>-</u>	<u>(168,932)</u>
-	-	-	-	-	16,799
20,664	-	82,031	254,313	-	1,473,444
-	-	-	-	-	(981,318)
<u>20,664</u>	<u>-</u>	<u>82,031</u>	<u>254,313</u>	<u>-</u>	<u>508,925</u>
<u>2</u>	<u>-</u>	<u>7</u>	<u>83,192</u>	<u>-</u>	<u>339,993</u>
4	123,184	3,295	671,666	-	3,221,313
-	(123,184)	-	-	-	(123,184)
-	-	-	-	-	(295,932)
<u>4</u>	<u>-</u>	<u>3,295</u>	<u>671,666</u>	<u>-</u>	<u>2,802,197</u>
<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 3,302</u>	<u>\$ 754,858</u>	<u>\$ -</u>	<u>\$ 3,142,190</u>

## STATE OF NEW MEXICO

Statement B-1

City of Raton

Fire Grants

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Franchise taxes	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	82,000	65,000	26,627	(38,373)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Proceeds from sale of inventorable assets	-	17,000	16,799	(201)
Miscellaneous	5,400	5,400	2,249	(3,151)
<i>Total revenues</i>	<u>87,400</u>	<u>87,400</u>	<u>45,675</u>	<u>(41,725)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	87,400	87,400	28,857	58,543
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>87,400</u>	<u>87,400</u>	<u>28,857</u>	<u>58,543</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	16,818	16,818
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	453	-	(453)
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	(453)	(453)	-
<i>Total other financing sources (uses)</i>	-	-	(453)	(453)
<i>Net change in fund balance</i>	-	-	16,365	16,365
<i>Fund balance - beginning of year (restated, Note 17)</i>	-	-	54,199	54,199
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,564</u>	<u>\$ 70,564</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 16,365
No adjustments to revenues				-
Adjustments to expenditures for repairs and maintenance				(314)
Net change in fund balance (GAAP basis)				<u>\$ 16,051</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-2

City of Raton

Fire Protection Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	349,000	460,734	460,734	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	500	500	475	(25)
Miscellaneous	-	-	1,285	1,285
<i>Total revenues</i>	<u>349,500</u>	<u>461,234</u>	<u>462,494</u>	<u>1,260</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	128,628	178,628	108,435	70,193
Public works	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	138,841	561,112	172,205	388,907
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>267,469</u>	<u>739,740</u>	<u>280,640</u>	<u>459,100</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>82,031</u>	<u>(278,506)</u>	<u>181,854</u>	<u>460,360</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	360,537	-	(360,537)
Transfers in	-	-	-	-
Transfers (out)	(82,031)	(82,031)	(82,031)	-
<i>Total other financing sources (uses)</i>	<u>(82,031)</u>	<u>278,506</u>	<u>(82,031)</u>	<u>(360,537)</u>
<i>Net change in fund balance</i>	-	-	99,823	99,823
<i>Fund balance - beginning of year</i>	-	-	360,537	360,537
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,360</u>	<u>\$ 460,360</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 99,823
No adjustments to revenues				-
Adjustments for expenditures for capital outlay				92,820
Net change in fund balance (GAAP basis)				<u>\$ 192,643</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-3

City of Raton

Recreation Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	147,159	147,159	141,548	(5,611)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	3,200	3,200	-	(3,200)
State capital grants	-	-	-	-
Charges for services	72,750	79,410	88,709	9,299
Licenses and fees	-	-	-	-
Investment income	500	500	11	(489)
<i>Total revenues</i>	<u>223,609</u>	<u>230,269</u>	<u>230,268</u>	<u>(1)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	293,836	301,836	301,810	26
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>293,836</u>	<u>301,836</u>	<u>301,810</u>	<u>26</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(70,227)</u>	<u>(71,567)</u>	<u>(71,542)</u>	<u>25</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(1,257)	83	-	(83)
Transfers in	71,484	71,484	71,484	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>70,227</u>	<u>71,567</u>	<u>71,484</u>	<u>(83)</u>
<i>Net change in fund balance</i>	-	-	(58)	(58)
<i>Fund balance - beginning of year</i>	-	-	22,359	22,359
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,301</u>	<u>\$ 22,301</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (58)
Adjustments to revenues for taxes				1,655
Adjustments to expenditures for salaries				7,778
Net change in fund balance (GAAP basis)				<u>\$ 9,375</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-4

City of Raton

Lodgers Tax

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	330,000	330,000	337,800	7,800
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	250	250	86	(164)
Miscellaneous	500	500	160	(340)
<i>Total revenues</i>	<u>330,750</u>	<u>330,750</u>	<u>338,046</u>	<u>7,296</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	180,000	183,767	126,225	57,542
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>180,000</u>	<u>183,767</u>	<u>126,225</u>	<u>57,542</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>150,750</u>	<u>146,983</u>	<u>211,821</u>	<u>64,838</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	47,250	55,698	-	(55,698)
Transfers in	-	-	-	-
Transfers (out)	(198,000)	(202,681)	(202,681)	-
<i>Total other financing sources (uses)</i>	<u>(150,750)</u>	<u>(146,983)</u>	<u>(202,681)</u>	<u>(55,698)</u>
<i>Net change in fund balance</i>	-	-	9,140	9,140
<i>Fund balance - beginning of year</i>	-	-	78,281	78,281
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,421</u>	<u>\$ 87,421</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 9,140
Adjustments to revenues for taxes				6,660
Adjustments to expenditures for advertising				1,610
Net change in fund balance (GAAP basis)				<u>\$ 17,410</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-5

City of Raton

Law Enforcement Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	26,600	26,600	26,000	(600)
State capital grants	-	-	-	-
Local sources				
Licenses and fees	-	-	-	-
Investment income	50	50	9	(41)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>26,650</u>	<u>26,650</u>	<u>26,009</u>	<u>(641)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	24,589	24,589	23,949	640
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>24,589</u>	<u>24,589</u>	<u>23,949</u>	<u>640</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,061</u>	<u>2,061</u>	<u>2,060</u>	<u>(1)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	18,604	18,604	-	(18,604)
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(20,665)	(20,665)	(20,664)	1
<i>Total other financing sources (uses)</i>	<u>(2,061)</u>	<u>(2,061)</u>	<u>(20,664)</u>	<u>(18,603)</u>
<i>Net change in fund balance</i>	-	-	(18,604)	(18,604)
<i>Fund balance - beginning of year</i>	-	-	18,604	18,604
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (18,604)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (18,604)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-6

City of Raton

Emergency Medical Services

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	20,000	29,320	27,944	(1,376)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	20	20	246	226
Miscellaneous	14,000	15,871	17,020	1,149
<i>Total revenues</i>	<u>34,020</u>	<u>45,211</u>	<u>45,210</u>	<u>(1)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	36,789	48,433	48,432	1
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Interest	-	-	-	-
<i>Total expenditures</i>	<u>36,789</u>	<u>48,433</u>	<u>48,432</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,769)</u>	<u>(3,222)</u>	<u>(3,222)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,316	2,769	-	(2,769)
Transfers in	453	453	453	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,769</u>	<u>3,222</u>	<u>453</u>	<u>(2,769)</u>
<i>Net change in fund balance</i>	-	-	(2,769)	(2,769)
<i>Fund balance - beginning of year</i>	-	-	2,769	2,769
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (2,769)
Adjustments to revenues for state operating grants				1,026
Adjustments to expenditures for grant expenditures				316
Net change in fund balance (GAAP basis)				<u>\$ (1,427)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-7

City of Raton

Police Grants

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	209,600	122,908	(86,692)
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>209,600</u>	<u>122,908</u>	<u>(86,692)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	209,600	122,908	86,692
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>209,600</u>	<u>122,908</u>	<u>86,692</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-8

City of Raton

Local Government Corrections

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	10,000	10,000	9,687	(313)
Investment income	100	100	44	(56)
<i>Total revenues</i>	<u>10,100</u>	<u>10,100</u>	<u>9,731</u>	<u>(369)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	10,000	14,750	14,748	2
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,000</u>	<u>14,750</u>	<u>14,748</u>	<u>2</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>100</u>	<u>(4,650)</u>	<u>(5,017)</u>	<u>(367)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(100)	4,650	-	(4,650)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(100)</u>	<u>4,650</u>	<u>-</u>	<u>(4,650)</u>
<i>Net change in fund balance</i>	-	-	(5,017)	(5,017)
<i>Fund balance - beginning of year</i>	-	-	58,849	58,849
<i>Fund balance - end of year</i>	<u>-</u>	<u>-</u>	<u>53,832</u>	<u>53,832</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (5,017)
No adjustments to revenues				-
Adjustments to expenditures for care of prisoners				1,170
Net change in fund balance (GAAP basis)				<u>\$ (3,847)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-9

City of Raton

Library Building

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	1,500	1,500	1,076	(424)
Miscellaneous	2,000	2,000	817	(1,183)
<i>Total revenues</i>	<u>3,500</u>	<u>3,500</u>	<u>1,893</u>	<u>(1,607)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public works	-	-	-	-
Culture and recreation	21,000	34,000	28,352	5,648
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,000</u>	<u>34,000</u>	<u>28,352</u>	<u>5,648</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(17,500)</u>	<u>(30,500)</u>	<u>(26,459)</u>	<u>4,041</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	17,500	30,500	-	(30,500)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>17,500</u>	<u>30,500</u>	<u>-</u>	<u>(30,500)</u>
<i>Net change in fund balance</i>	-	-	(26,459)	(26,459)
<i>Fund balance - beginning of year</i>	-	-	366,906	366,906
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,447</u>	<u>\$ 340,447</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (26,459)
No adjustments to revenues				-
No adjustments for expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (26,459)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-10

City of Raton

Library Grant Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	26,362	27,642	18,733	(8,909)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>26,362</u>	<u>27,642</u>	<u>18,733</u>	<u>(8,909)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	25,772	27,052	18,292	8,760
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>25,772</u>	<u>27,052</u>	<u>18,292</u>	<u>8,760</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>590</u>	<u>590</u>	<u>441</u>	<u>(149)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(590)	(740)	-	740
Transfers in	-	150	149	(1)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(590)</u>	<u>(590)</u>	<u>149</u>	<u>739</u>
<i>Net change in fund balance</i>	-	-	590	590
<i>Fund balance - beginning of year</i>	-	-	(590)	(590)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 590
Adjustments for revenues for state operating grants				(441)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 149</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-11

City of Raton

Environmental GRT

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	73,580	73,580	70,747	(2,833)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	35,568	35,568	33,139	(2,429)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	550	550	187	(363)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>109,698</u>	<u>109,698</u>	<u>104,073</u>	<u>(5,625)</u>
<i>Expenditures</i>				
Current:				
General government	129,924	206,924	154,956	51,968
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>129,924</u>	<u>206,924</u>	<u>154,956</u>	<u>51,968</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(20,226)</u>	<u>(97,226)</u>	<u>(50,883)</u>	<u>46,343</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	20,226	97,226	-	(97,226)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>20,226</u>	<u>97,226</u>	<u>-</u>	<u>(97,226)</u>
<i>Net change in fund balance</i>	-	-	(50,883)	(50,883)
<i>Fund balance - beginning of year</i>	-	-	269,644	269,644
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,761</u>	<u>\$ 218,761</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (50,883)
Adjustments to revenues for state operating grants				823
Adjustments to expenditures for transfers and supplies				(49,869)
Net change in fund balance (GAAP basis)				<u>\$ (99,929)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-12

City of Raton

Police Money Seizures

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	100	100	24	(76)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>100</u>	<u>100</u>	<u>24</u>	<u>(76)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	35,628	35,628	6,846	28,782
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>35,628</u>	<u>35,628</u>	<u>6,846</u>	<u>28,782</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(35,528)</u>	<u>(35,528)</u>	<u>(6,822)</u>	<u>28,706</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	35,528	35,528	-	(35,528)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>35,528</u>	<u>35,528</u>	<u>-</u>	<u>(35,528)</u>
<i>Net change in fund balance</i>	-	-	(6,822)	(6,822)
<i>Fund balance - beginning of year</i>	-	-	35,528	35,528
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,706</u>	<u>\$ 28,706</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (6,822)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (6,822)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-13

City of Raton

LLEBG

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Public safety	-	1,327	1,326	1
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,327</u>	<u>1,326</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,327)</u>	<u>(1,326)</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	1,327	-	(1,327)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,327</u>	<u>-</u>	<u>(1,327)</u>
<i>Net change in fund balance</i>	-	-	(1,326)	(1,326)
<i>Fund balance - beginning of year</i>	-	-	3,006	3,006
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,680</u>	<u>\$ 1,680</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,326)
No adjustments for revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (1,326)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-14

City of Raton

Juvenile Justice Grant

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	114,988	114,988	111,570	-
Federal capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>114,988</u>	<u>114,988</u>	<u>111,570</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	72,000	72,001	71,997	4
Public works	-	-	-	-
Health and welfare	-	-	-	-
Debt service:				
Interest	-	-	-	-
<i>Total expenditures</i>	<u>72,000</u>	<u>72,001</u>	<u>71,997</u>	<u>4</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>42,988</u>	<u>42,987</u>	<u>39,573</u>	<u>(3,414)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(42,988)	(46,403)	-	46,403
Transfers in	-	3,416	3,415	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(42,988)</u>	<u>(42,987)</u>	<u>3,415</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	42,988	42,988
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(42,988)</u>	<u>(42,988)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 42,988
Adjustments to revenues for federal operating grants				(39,573)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 3,415</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-15

City of Raton

ARRA OJP

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	107,066	64,673	64,023	(650)
State operating grants	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>107,066</u>	<u>64,673</u>	<u>64,023</u>	<u>(650)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	94,000	51,607	50,957	650
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>94,000</u>	<u>51,607</u>	<u>50,957</u>	<u>650</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>13,066</u>	<u>13,066</u>	<u>13,066</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(13,066)	(13,066)	-	13,066
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(13,066)</u>	<u>(13,066)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	13,066	13,066
<i>Fund balances - beginning of year</i>	-	-	(13,066)	(13,066)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 13,066
Adjustments to revenues for federal operating grants				(13,066)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-16

City of Raton  
ARRA CWSRFStatement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	7,050	7,050	7,048	(2)
<i>Total revenues</i>	<u>7,050</u>	<u>7,050</u>	<u>7,048</u>	<u>(2)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>7,050</u>	<u>7,050</u>	<u>7,048</u>	<u>(2)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(7,050)	(7,050)	(7,048)	2
<i>Total other financing sources (uses)</i>	<u>(7,050)</u>	<u>(7,050)</u>	<u>(7,048)</u>	<u>2</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-17

City of Raton

Lodgers Tax 2% Capital

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	100	100	43	(57)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>100</u>	<u>100</u>	<u>43</u>	<u>(57)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	116,571	118,571	70,442	48,129
Public works	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>116,571</u>	<u>118,571</u>	<u>70,442</u>	<u>48,129</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(116,471)</u>	<u>(118,471)</u>	<u>(70,399)</u>	<u>48,072</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,101	(1,580)	-	1,580
Transfers in	198,000	202,681	202,681	-
Transfers (out)	(82,630)	(82,630)	(82,454)	176
<i>Total other financing sources (uses)</i>	<u>116,471</u>	<u>118,471</u>	<u>120,227</u>	<u>1,756</u>
<i>Net change in fund balance</i>	-	-	49,828	49,828
<i>Fund balance - beginning of year</i>	-	-	7,877	7,877
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,705</u>	<u>\$ 57,705</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 49,828
No adjustments to revenues				-
Adjustments for expenditures for supplies				(5,091)
Net change in fund balance (GAAP basis)				<u>\$ 44,737</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-18

City of Raton

Street Improvement

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	175,000	175,000	145,527	(29,473)
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	33,735	314,600	36,135	(278,465)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	300	300	222	(78)
<i>Total revenues</i>	<u>209,035</u>	<u>489,900</u>	<u>181,884</u>	<u>(308,016)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	44,980	451,501	122,234	329,267
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>44,980</u>	<u>451,501</u>	<u>122,234</u>	<u>329,267</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>164,055</u>	<u>38,399</u>	<u>59,650</u>	<u>21,251</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(164,055)	(17,054)	-	17,054
Transfers in	-	16,156	-	(16,156)
Transfers (out)	-	(37,501)	(37,501)	-
<i>Total other financing sources (uses)</i>	<u>(164,055)</u>	<u>(38,399)</u>	<u>(37,501)</u>	<u>898</u>
<i>Net change in fund balance</i>	-	-	22,149	22,149
<i>Fund balance - beginning of year</i>	-	-	237,885	237,885
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,034</u>	<u>\$ 260,034</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 22,149
Adjustments to revenues for state capital grants				14,917
Adjustments for expenditures care of prisoners				(24,601)
Net change in fund balance (GAAP basis)				<u>\$ 12,465</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-19

City of Raton

Swim/Pool Recreation Center Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	21,544	21,544	4,985	16,559
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,544</u>	<u>21,544</u>	<u>4,985</u>	<u>16,559</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(21,544)</u>	<u>(21,544)</u>	<u>(4,985)</u>	<u>16,559</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	21,544	21,544	-	(21,544)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>21,544</u>	<u>21,544</u>	<u>-</u>	<u>(21,544)</u>
<i>Net change in fund balance</i>	-	-	(4,985)	(4,985)
<i>Fund balance - beginning of year</i>	-	-	21,544	21,544
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,559</u>	<u>\$ 16,559</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (4,985)
No adjustments to revenues				-
Adjustments to expenditures for utilities				4,985
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-20

City of Raton

NMDOT

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	281,697	426,735	145,038	(281,697)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
<i>Total revenues</i>	<u>281,697</u>	<u>426,735</u>	<u>145,038</u>	<u>(281,697)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	281,697	512,582	230,885	281,697
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>281,697</u>	<u>512,582</u>	<u>230,885</u>	<u>281,697</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(85,847)</u>	<u>(85,847)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	-	85,847	85,847	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>85,847</u>	<u>85,847</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-21

City of Raton

Historic Building

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	155,000	204,500	-	(204,500)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Miscellaneous	-	-	3,718	3,718
Investment income	-	-	-	-
<i>Total revenues</i>	<u>155,000</u>	<u>204,500</u>	<u>3,718</u>	<u>(200,782)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	155,000	204,500	15,240	189,260
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>155,000</u>	<u>204,500</u>	<u>15,240</u>	<u>189,260</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(11,522)</u>	<u>(11,522)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	(15,240)	-	15,240
Transfers in	-	15,240	15,240	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>15,240</u>	<u>15,240</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>3,718</u>	<u>3,718</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,718</u>	<u>\$ 3,718</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 3,718
Adjustments to revenues for state operating grants				14,713
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 18,431</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-22

City of Raton

1/4% Capital Improvements

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	294,318	294,318	368,773	74,455
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	200	200	46	(154)
<i>Total revenues</i>	<u>294,518</u>	<u>294,518</u>	<u>368,819</u>	<u>74,301</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	5,000	7,623	7,623	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,000</u>	<u>7,623</u>	<u>7,623</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>289,518</u>	<u>286,895</u>	<u>361,196</u>	<u>74,301</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	21,485	-	(21,485)
Transfers in	99,582	80,776	75,000	(5,776)
Transfers (out)	(389,100)	(389,156)	(388,121)	1,035
<i>Total other financing sources (uses)</i>	<u>(289,518)</u>	<u>(286,895)</u>	<u>(313,121)</u>	<u>(26,226)</u>
<i>Net change in fund balance</i>	-	-	48,075	48,075
<i>Fund balance - beginning of year</i>	-	-	9,356	9,356
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,431</u>	<u>\$ 57,431</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 48,075
Adjustments to revenues for state capital grants				52,195
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 100,270</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-23

City of Raton

Water Capital Project

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	321,202	321,202	-	(321,202)
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>321,202</u>	<u>321,202</u>	<u>-</u>	<u>(321,202)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	321,202	321,202	115,894	205,308
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>321,202</u>	<u>321,202</u>	<u>115,894</u>	<u>205,308</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(115,894)</u>	<u>(115,894)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	108,474	108,474	108,272	(202)
Transfers (out)	(108,474)	(108,474)	(108,272)	202
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(115,894)</u>	<u>(115,894)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>321,202</u>	<u>321,202</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,308</u>	<u>\$ 205,308</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (115,894)
Adjustments to revenues for state capital grants				115,894
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-24

City of Raton

Depot Improvement Project

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	1,186,463	1,186,463	139,777	(1,046,686)
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,186,463</u>	<u>1,186,463</u>	<u>139,777</u>	<u>(1,046,686)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,172,938	1,172,938	126,252	1,046,686
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,172,938</u>	<u>1,172,938</u>	<u>126,252</u>	<u>1,046,686</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>13,525</u>	<u>13,525</u>	<u>13,525</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(13,525)	(13,525)	-	13,525
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(13,525)</u>	<u>(13,525)</u>	<u>-</u>	<u>13,525</u>
<i>Net change in fund balance</i>	-	-	13,525	13,525
<i>Fund balance - beginning of year</i>	-	-	(13,525)	(13,525)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 13,525
Adjustments to revenues for federal operating grants				(13,525)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-25

City of Raton

Airport Capital

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	687,975	687,975	12,975	(675,000)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>687,975</u>	<u>687,975</u>	<u>12,975</u>	<u>(675,000)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	750,000	752,585	2,585	750,000
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>750,000</u>	<u>752,585</u>	<u>2,585</u>	<u>750,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(62,025)</u>	<u>(64,610)</u>	<u>10,390</u>	<u>75,000</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(12,975)	(10,390)	-	10,390
Transfers in	75,000	75,000	-	(75,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>62,025</u>	<u>64,610</u>	<u>-</u>	<u>(64,610)</u>
<i>Net change in fund balance</i>	-	-	10,390	10,390
<i>Fund balance - beginning of year</i>	-	-	(10,321)	(10,321)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 69</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 10,390
Adjustments for revenues for state operating grants				(12,975)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (2,585)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-26

City of Raton

NMFA Loan Welcome Center

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	150	150	401	251
<i>Total revenues</i>	<u>150</u>	<u>150</u>	<u>401</u>	<u>251</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	43,121	43,121	43,121	-
Interest	7,509	7,509	7,508	1
Issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>50,630</u>	<u>50,630</u>	<u>50,629</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(50,480)</u>	<u>(50,480)</u>	<u>(50,228)</u>	<u>252</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(150)	(150)	-	150
Transfers in	50,630	50,630	50,454	(176)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>50,480</u>	<u>50,480</u>	<u>50,454</u>	<u>(26)</u>
<i>Net change in fund balance</i>	-	-	226	226
<i>Fund balance - beginning of year</i>	-	-	57,730	57,730
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,956</u>	<u>\$ 57,956</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 226
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 226</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-27

City of Raton

Recreation Center

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	750	750	1,716	966
<i>Total revenues</i>	<u>750</u>	<u>750</u>	<u>1,716</u>	<u>966</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	103,883	103,883	103,883	-
Interest	105,053	105,053	105,052	1
<i>Total expenditures</i>	<u>208,936</u>	<u>208,936</u>	<u>208,935</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(208,186)</u>	<u>(208,186)</u>	<u>(207,219)</u>	<u>967</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(750)	(806)	-	806
Transfers in	208,936	208,992	208,992	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>208,186</u>	<u>208,186</u>	<u>208,992</u>	<u>806</u>
<i>Net change in fund balance</i>	-	-	1,773	1,773
<i>Fund balance - beginning of year</i>	-	-	261,141	261,141
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,914</u>	<u>\$ 262,914</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 1,773
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 1,773</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-28

City of Raton

Aquatic Center

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	750	750	1,881	1,131
<i>Total revenues</i>	<u>750</u>	<u>750</u>	<u>1,881</u>	<u>1,131</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	70,000	70,000	70,000	-
Interest	110,164	110,164	110,164	-
<i>Total expenditures</i>	<u>180,164</u>	<u>180,164</u>	<u>180,164</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(179,414)</u>	<u>(179,414)</u>	<u>(178,283)</u>	<u>1,131</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(750)	(750)	-	750
Transfers in	180,164	180,164	179,129	(1,035)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>179,414</u>	<u>179,414</u>	<u>179,129</u>	<u>(285)</u>
<i>Net change in fund balance</i>	-	-	846	846
<i>Fund balance - beginning of year</i>	-	-	230,937	230,937
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,783</u>	<u>\$ 231,783</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 846
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 846</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-29

City of Raton

Water Trust Board

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	7,278	7,278	7,278	-
Interest	74	74	73	1
<i>Total expenditures</i>	<u>7,352</u>	<u>7,352</u>	<u>7,351</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,352)</u>	<u>(7,352)</u>	<u>(7,351)</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	7,352	7,352	7,351	(1)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>7,352</u>	<u>7,352</u>	<u>7,351</u>	<u>(1)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-30

City of Raton  
ARRA CWSRFStatement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	4,935	4,935	5,034	(99)
Interest	2,115	2,115	2,014	101
<i>Total expenditures</i>	<u>7,050</u>	<u>7,050</u>	<u>7,048</u>	<u>2</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,050)</u>	<u>(7,050)</u>	<u>(7,048)</u>	<u>2</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	7,050	7,050	7,048	(2)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>7,050</u>	<u>7,050</u>	<u>7,048</u>	<u>(2)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				\$ -
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-31

City of Raton

NMFA WTb Fire

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	100,193	100,193	100,193	-
Interest	929	929	728	201
<i>Total expenditures</i>	<u>101,122</u>	<u>101,122</u>	<u>100,921</u>	<u>201</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(101,122)</u>	<u>(101,122)</u>	<u>(100,921)</u>	<u>201</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Transfers in	101,122	101,122	100,921	(201)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>101,122</u>	<u>101,122</u>	<u>100,921</u>	<u>(201)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-32

City of Raton

NMFA Loan Police Vehicles

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	2	2
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	20,186	20,186	20,186	-
Interest	479	479	478	1
<i>Total expenditures</i>	<u>20,665</u>	<u>20,665</u>	<u>20,664</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(20,665)</u>	<u>(20,665)</u>	<u>(20,662)</u>	<u>3</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	20,665	20,665	20,664	(1)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>20,665</u>	<u>20,665</u>	<u>20,664</u>	<u>(1)</u>
<i>Net change in fund balance</i>	-	-	2	2
<i>Fund balance - beginning of year</i>	-	-	4	4
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 2
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 2</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-33

City of Raton

NMFA Loan Sanitation

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-34

City of Raton

NMFA Loan Fire

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	7	7
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	70,667	70,667	70,667	-
Interest	11,364	11,364	11,364	-
<i>Total expenditures</i>	<u>82,031</u>	<u>82,031</u>	<u>82,031</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(82,031)</u>	<u>(82,031)</u>	<u>(82,024)</u>	<u>7</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	82,031	82,031	82,031	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>82,031</u>	<u>82,031</u>	<u>82,031</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	7	7
<i>Fund balance - beginning of year</i>	-	-	3,295	3,295
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,302</u>	<u>\$ 3,302</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 7
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 7</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-35

City of Raton

Waste Water Treatment

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Investment income	1,100	1,100	636	(464)
<i>Total revenues</i>	<u>1,100</u>	<u>1,100</u>	<u>636</u>	<u>(464)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	47,000	47,000	47,000	-
Interest	124,900	124,900	124,757	143
<i>Total expenditures</i>	<u>171,900</u>	<u>171,900</u>	<u>171,757</u>	<u>143</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(170,800)</u>	<u>(170,800)</u>	<u>(171,121)</u>	<u>(321)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(83,514)	(83,514)	-	83,514
Proceeds from sale of equipment	-	-	-	-
Transfers in	254,314	254,314	254,313	(1)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>170,800</u>	<u>170,800</u>	<u>254,313</u>	<u>83,513</u>
<i>Net change in fund balance</i>	-	-	83,192	83,192
<i>Fund balance - beginning of year</i>	-	-	671,666	671,666
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 754,858</u>	<u>\$ 754,858</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 83,192
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 83,192</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-36

City of Raton

Water and Sewer

Statement of Revenues, Expenses and Changes in Net Position  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP basis)	Favorable (Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ 2,072,000	\$ 2,072,000	\$ 1,827,440	\$ (244,560)
<i>Total operating revenues</i>	<u>2,072,000</u>	<u>2,072,000</u>	<u>1,827,440</u>	<u>(244,560)</u>
<i>Operating expenses</i>				
Depreciation	1,000,000	1,000,000	937,348	62,652
Personnel services	1,223,005	1,223,005	1,286,903	(63,898)
Supplies	2,806,685	2,806,685	171,298	2,635,387
Repairs and maintenance	10,671	10,671	13,071	(2,400)
Utilities	339,923	416,129	341,354	74,775
<i>Total operating expenses</i>	<u>5,380,284</u>	<u>5,456,490</u>	<u>2,749,974</u>	<u>2,706,516</u>
<i>Operating income (loss)</i>	<u>(3,308,284)</u>	<u>(3,384,490)</u>	<u>(922,534)</u>	<u>2,461,956</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	10,200	10,200	11,013	813
Interest expense	(43,050)	(43,050)	(92,863)	(49,813)
<i>Total non-operating revenues (expenses)</i>	<u>(32,850)</u>	<u>(32,850)</u>	<u>(81,850)</u>	<u>(49,000)</u>
<i>Income (loss) before contributions and transfer</i>	<u>(3,341,134)</u>	<u>(3,417,340)</u>	<u>(1,004,384)</u>	<u>2,412,956</u>
Capital grants	561,200	561,200	115,894	(445,306)
Gross receipts tax revenue	1,000,000	1,000,000	1,141,847	141,847
Transfers (out)	(64,503)	(64,503)	(362,585)	(298,082)
<i>Change in net position</i>	<u>\$ (1,844,437)</u>	<u>\$ (1,920,643)</u>	<u>(109,228)</u>	<u>\$ 1,811,415</u>
Less non-budgeted transfer of bonds and loans payable			<u>(3,113,348)</u>	
<i>Change in net position per exhibit D-2</i>			<u>(3,222,576)</u>	
<i>Net position - beginning of year, as previously stated</i>			18,735,048	
<i>Restatements (note 17)</i>			1,940,548	
<i>Net position - beginning of year, restated</i>			<u>20,675,596</u>	
<i>Net position - end of year</i>			<u>\$ 17,453,020</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-37

City of Raton

Sanitation

Statement of Revenues, Expenses and Changes in Net Position  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variances Favorable
	Original	Final	(GAAP basis)	(Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ 2,240,000	\$ 2,290,000	\$ 1,722,345	\$ (567,655)
<i>Total operating revenues</i>	<u>2,240,000</u>	<u>2,290,000</u>	<u>1,722,345</u>	<u>(567,655)</u>
<i>Operating expenses</i>				
Depreciation	100,000	100,000	46,081	53,919
Personnel services	660,260	689,740	682,961	6,779
Supplies	779,788	820,788	64,327	756,461
Repairs and maintenance	162,000	163,500	116,849	46,651
Utilities	332,000	328,900	354,011	(25,111)
<i>Total operating expenses</i>	<u>2,034,048</u>	<u>2,102,928</u>	<u>1,264,229</u>	<u>838,699</u>
<i>Operating income (loss)</i>	<u>205,952</u>	<u>187,072</u>	<u>458,116</u>	<u>271,044</u>
<i>Non-operating revenues (expenses)</i>				
Interest expense	(13,724)	(13,724)	(16,932)	(3,208)
Investment income	800	800	1,914	1,114
<i>Total non-operating revenues (expenses)</i>	<u>(12,924)</u>	<u>(12,924)</u>	<u>(15,018)</u>	<u>(2,094)</u>
<i>Income (loss) before contributions and transfer</i>	<u>193,028</u>	<u>174,148</u>	<u>443,098</u>	<u>268,950</u>
Transfers in	-	-	52,093	52,093
Transfers (out)	(141,673)	(141,673)	(141,673)	-
<i>Change in net position</i>	<u>\$ 51,355</u>	<u>\$ 32,475</u>	<u>353,518</u>	<u>\$ 321,043</u>
<i>Total net position, beginning, as previously stated</i>			(200,951)	
<i>Elimination of sanitation project fund (see note 17)</i>			(14,520)	
<i>Reclassification of NMFA Loan Sanitation Fund (see note 17)</i>			123,184	
<i>Restatements (note 17)</i>			<u>(677,658)</u>	
<i>Net position - end of year</i>			<u>\$ (416,427)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-38

City of Raton

Sanitation Project

Statement of Revenues, Expenses and Changes in Net Position  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variances Favorable
	Original	Final	(GAAP basis)	(Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
<i>Total operating revenues</i>	-	-	-	-
<i>Operating expenses</i>				
Depreciation	-	-	-	-
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Supplies	-	-	-	-
Repairs and maintenance	-	-	-	-
Utilities	-	-	-	-
<i>Total operating expenses</i>	-	-	-	-
<i>Operating income (loss)</i>	-	-	-	-
<i>Non-operating revenues (expenses)</i>				
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	-	-	-	-
<i>Income (loss) before contributions and transfer</i>	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Change in net position</i>	\$ -	\$ -	\$ -	\$ -
<i>Net position - beginning of year</i>			-	
<i>Net position - end of year</i>			\$ -	

The accompanying notes are an integral part of these financial statements

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## STATE OF NEW MEXICO

Statement B-39

City of Raton

Insurance Reserve

Statement of Revenues, Expenses and Changes in Net Position  
 Budget (GAAP Basis) and Actual  
 For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variances Favorable
	Original	Final	(GAAP basis)	(Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ 852,238	\$ 906,016	\$ 908,240	\$ 2,224
<i>Total operating revenues</i>	<u>852,238</u>	<u>906,016</u>	<u>908,240</u>	<u>2,224</u>
<i>Operating expenses</i>				
Depreciation	-	-	-	-
Personnel services	-	-	-	-
Health insurance premiums	851,579	904,584	902,736	1,848
Supplies	-	-	-	-
Repairs and maintenance	-	-	-	-
Utilities	-	-	-	-
<i>Total operating expenses</i>	<u>851,579</u>	<u>904,584</u>	<u>902,736</u>	<u>1,848</u>
<i>Operating income (loss)</i>	<u>659</u>	<u>1,432</u>	<u>5,504</u>	<u>4,072</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	-	-	3	3
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
<i>Income (loss) before contributions and transfer</i>	<u>851,579</u>	<u>904,584</u>	<u>902,733</u>	<u>1,845</u>
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Change in net position</i>	<u>\$ 659</u>	<u>\$ 1,432</u>	<u>\$ 5,507</u>	<u>\$ 4,075</u>
<i>Net position - beginning of year</i>			<u>(72,889)</u>	
<i>Net position - end of year</i>			<u>\$ (67,382)</u>	

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Deposits and Investment Accounts  
June 30, 2015

Schedule III  
Page 1 of 2

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
<b>International Bank</b>					
General Fund	Checking	\$ 85,000	\$ -	\$ -	\$ 85,000
General Fund-Special Investment	Checking	1,729,942	121,246	(435,961)	1,415,227
Raton Municipal Court Court Fund	Checking	5,640	962	(1,364)	5,238
Raton Municipal Court Bond Fund	Checking	2,701	2,435	(5)	5,131
Pooled Special Revenue	Checking	25,000	-	-	25,000
Special Revenue Funds	Checking	1,352,770	166,053	(100,580)	1,418,243
Pooled Capital Projects	Checking	79,471	237,533	(255,785)	61,219
GRT Swimming Pool/ Recreation Center Fund	Checking	16,559	-	-	16,559
2005 WWTP P&L	Checking	572,400	19,715	-	592,115
2005 WWTP reserve	Checking	161,265	1,478	-	162,743
Enterprise Fund/Solid Waste	Checking	10,000	-	-	10,000
Solid Waste Fund	Checking	581,780	73,967	(78,485)	577,262
Payroll Clearing	Checking	10,580	-	(10,580)	-
Pooled Trust & Agency	Checking	6,180	-	-	6,180
Landfill Trust & Agency	Checking	151,204	-	-	151,204
Operating Fund - Enterprise	Checking	357,295	26,823	(282,669)	101,449
Meter Deposit Fund	Checking	67,775	-	(2,696)	65,079
Capital Improvement Fund	Checking	70,777	4,853	(2,526)	73,104
Interest in Bond Retirement Fund	Checking	42,666	-	-	42,666
SGRT Operating Fund	Checking	1,147,834	-	(19,059)	1,128,775
SGRT Supplemental Gross & Receipts Tax 1982	Checking	22,805	-	(22,113)	692
SGRT B&L Reserve	Checking	980	-	-	980
GO Bond Interest & Sinking	Checking	397	-	-	397
Certificate of Deposit	CD	152,245	-	-	152,245
Certificate of Deposit	CD	835,375	-	-	835,375
Certificate of Deposit	CD	370,819	-	-	370,819
Certificate of Deposit	CD	98,420	-	-	98,420
Total International Bank		7,957,880	655,065	(1,211,823)	7,401,122
<b>First National Bank of New Mexico</b>					
CD-Library Building Fund	CD	80,000	-	-	80,000
CD-Library Building Fund	CD	149,700	-	-	149,700
CD-Raton Water Dept Capital Improvement	CD	493,101	-	-	493,101
CD-Raton Water Dept Capital Improvement	CD	619,928	-	-	619,928
Total First National Bank of New Mexico		1,342,729	-	-	1,342,729

See independent auditors' report

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Deposits and Investment Accounts  
June 30, 2015

Schedule III  
Page 2 of 2

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
<b>New Mexcio Finance Authority</b>					
NMFA Fire Equipment	Trust	3,302	-	-	3,302
NMFA Welcome Center	Trust	8,607	-	-	8,607
NMFA Welcome Center - Reserve	Trust	49,349	-	-	49,349
NMFA Recreation Center	Trust	52,529	-	-	52,529
NMFA Recreation Center	Trust	210,385	-	-	210,385
NMFA Recreation Center - Reserve	Trust	231,783	-	-	231,783
NMFA Water Trust Board					
Fire Restoration -Program Funds	Trust	205,308	-	-	205,308
NMFA Police Vehicles	Trust	6	-	-	6
NMFA Sanitation /Transfer					
Station - Debt Service	Trust	19,695	-	-	19,695
NMFA Sanitation /Transfer					
Station - Program Cash	Trust	785,083	-	-	785,083
NMFA Sanitation /Transfer					
Station - Reserve Funds	Trust	104,441	-	-	104,441
Total New Mexico Finance Authority		<u>1,670,488</u>	<u>-</u>	<u>-</u>	<u>1,670,488</u>
Total deposits*		<u>\$ 10,971,097</u>	<u>\$ 655,065</u>	<u>\$ (1,211,823)</u>	10,414,339
Add petty cash					<u>652</u>
Total deposits					<u>\$ 10,414,991</u>
Deposits per financial statements:					
Cash and cash equivalents - Exhibit A-1					\$ 7,901,377
Restricted cash and cash equivalents:					
Debt service-Exhibit A-1					1,458,906
Unspent loan proceeds-Exhibit A-1					785,082
Meter deposits-Exhibit A-1					101,873
Closure and postclosure care-Exhibit A-1					151,204
Statement of Fiduciary Assets and Liabilities Agency Funds - Exhibit E-1					<u>16,549</u>
Total deposits					<u>\$ 10,414,991</u>

\*All deposit accounts are interest bearing

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Collateral Pledged by Depository for Public Funds  
June 30, 2015

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2015	Name and Location of Safekeeper
<b>International Bank</b>					
	FNMA CBL 1X2/11 W/10 STR NT S/U	8/25/2015	3136FPBB2	\$ 225,813	Bankers Bank of the West, Denver, CO
	FNMA 1.250	1/30/2017	3135G0GY3	605,900	Bankers Bank of the West, Denver, CO
	FHLB 1.125	12/8/2017	3130A3HF4	351,395	Bankers Bank of the West, Denver, CO
	FHLB 1.125	12/8/2017	3130A3HF4	200,797	Bankers Bank of the West, Denver, CO
	FNMA 1.200	12/20/2018	3136G12K4	2,441,493	Bankers Bank of the West, Denver, CO
	FNMA 1.200	12/20/2018	3136G12K4	197,292	Bankers Bank of the West, Denver, CO
	FNMA 1.200	12/20/2018	3136G12K4	98,646	Bankers Bank of the West, Denver, CO
	Total International Bank			<u>4,121,337</u>	
<b>First National Bank</b>					
	FHLB: QUESTA N MEX INDPT SCD 009	9/1/2020	748352CT6	107,971	Federal Home Bank, Irving, Texas
	FHLB: ROSWELL NM INDEP SCH DIST	8/1/2021	77855OJE4	612,064	Federal Home Bank, Irving, Texas
	FHLB: FNMA - POOL#: MA0493	8/1/1930	31417YRP4	283,790	Federal Home Bank, Irving, Texas
	Total First National Bank			<u>1,003,825</u>	
	<b>Total Pledged Collateral</b>			<u><u>\$ 5,125,162</u></u>	

See independent auditors' report

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Changes in Fiduciary Assets and Liabilities-Agency Funds  
For the Year Ended June 30, 2015

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
<i>Assets</i>				
Cash and cash equivalents:				
Municipal Court	\$ 5,700	\$ 8,753	\$ 9,215	\$ 5,238
Municipal Fines	3,789	39,159	37,817	5,131
Fireworks	-	3,535	2,359	1,176
Charity Fund	5,176	2,942	3,312	4,806
Coke Fund	<u>1,109</u>	<u>72</u>	<u>983</u>	<u>198</u>
Totals	<u>\$ 15,774</u>	<u>\$ 54,461</u>	<u>\$ 53,686</u>	<u>\$ 16,549</u>
<i>Liabilities</i>				
Due to others:				
Municipal Court	\$ 5,700	\$ 8,753	\$ 9,215	\$ 5,238
Municipal Fines	3,789	39,159	37,817	5,131
Fireworks	-	3,535	2,359	1,176
Charity Fund	5,176	2,942	3,312	4,806
Coke Fund	<u>1,109</u>	<u>72</u>	<u>983</u>	<u>198</u>
Totals	<u>\$ 15,774</u>	<u>\$ 54,461</u>	<u>\$ 53,686</u>	<u>\$ 16,549</u>

See independent auditors' report

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)  
For the Year Ended June 30, 2015

Prepared by: City of Raton  
Title: City Treasurer  
Date: August 11, 2015

<u>Bid/ RFP #</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>\$ Amount of Amended Contract</u>	<u>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</u>
2015-01	Bid	Yes	\$ 125,313		Coronado Wrecking & Salvage, 4200 Broadway Blvd SE, Albuquerque NM 87105
				N/A	
2015-01	Bid	No	N/A		W.M. Serazio, 138 E. Troy Ave, Raton NM 87740
				N/A	
2015-02	Bid	Yes	46,190		W.M. Serazio, 138 E. Troy Ave, Raton NM 87740
				N/A	
2015-03	Bid	Yes	3 cy\$507/1.5 cy \$441		Roll-offs USA, P.O. Box 727, Durant OK 74702
				N/A	
2015-04	Bid	Yes	116,700		W.M. Serazio, 138 E. Troy Ave, Raton NM 87740
				N/A	
2015-05	Bid	Yes	\$55 per ton		Geocycle, 6211 Ann Arbor Rd., Dundee MI 48131
				N/A	
2015-05	Bid	No	N/A		Oklahoma Tire Recyclers, LLC, 100 Old Trail Rd., Bristow OK 74010
				N/A	
2015-05	Bid	No	N/A		State Rubber & Environmental Solutions, 1390 CR 344, Denver City, TX 79323
				N/A	
2015-06	Bid	Yes	200,876		W.M. Serazio, 138 E. Troy Ave, Raton NM 87740
				N/A	

See independent auditors' report



<b>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</b>	<b>Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A</b>	<b>Brief Description of the Scope of Work</b>
In-State	N/A	Concrete Crushing
In-State	N/A	Concrete Crushing
In-State	N/A	Park Avenue Drainage Project
Out-of-state	N/A	Solid Waste Containers
In-State	N/A	Annual Street & Drainage Contract
Out-of-state	N/A	Scrap Tire Tipping
Out-of-state	N/A	Scrap Tire Tipping
Out-of-state	N/A	Scrap Tire Tipping
In-State	N/A	Tiger Drive Paving Project

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**COMPLIANCE SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

**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***

**INDEPENDENT AUDITORS' REPORT**

Timothy Keller  
New Mexico State Auditor  
City Commission  
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, business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparison for the general fund of City of Raton (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual fund statements and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated November 16, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items FS CU 2015-001, and FS CU 2015-002.

## **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 responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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 an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 16, 2015

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Findings and Responses  
June 30, 2015

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors' report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | None noted |

**B. CURRENT YEAR AUDIT FINDINGS**

**CITY OF RATON**

**NO CURRENT YEAR AUDIT FINDINGS NOTED**

**RATON PUBLIC SERVICE (COMPONENT UNIT)**

FS CU 2015-001 Missing Purchase Order Requisition Form (RPS)-(finding that does not rise to the level of significant deficiency)

*Condition:* During our test of controls surrounding the cash disbursement process at Raton Public Service we noted 1 out of 40 disbursements tested in the amount of \$977.93 for legal services did not have a signed purchase order requisition form attached to the invoice (check #29724).

*Criteria:* Raton Public Service internal processes required the disbursement to be preceded by an approved purchase order requisition form that is signed by the general manager.

*Effect:* The potential outcome is that fraud or unauthorized purchase could occur if purchase requests are not approved.

*Cause:* It could not be determined if the purchase order requisition form was lost or misplaced or was even there to begin with.

*Auditor's Recommendation:* We recommend management be more vigilant in ensuring all purchases are preceded by an approved purchase order requisition form and ensure the form is attached to each invoice packet to preserve a clear audit trail that evidences the approval.

*View of responsible officials and proposed corrective action:* We concur with the finding. The General Manager is responsible for approving all purchase requests. We estimate corrective action will occur by June 30, 2016.

**RATON PUBLIC SERVICE (COMPONENT UNIT)**

FS CU 2015-002 No Verifications of Inventory Counts (RPS) (finding that does not rise to the level of significant deficiency)

*Condition:* During our process of gaining an understanding of internal controls surrounding Raton Public Service's warehouse inventory we noted no one is independently verifying the Warehouse Supervisor's inventory counts. Also the Warehouse Supervisor can delete obsolete items from the Orders Plus inventory system without any independent verification. Warehouse inventory totaled \$717,339 at June 30, 2015.

*Criteria:* Good internal control practices require separate verification of inventory counts and deletions from the inventory system to ensure inventory count are accurate and reflect the items on-hand on the date of the count.

*Effect:* The potential outcome is that the Warehouse Supervisor could steal inventory and conceal the theft through manipulation of the inventory counts. Without verification the theft would go undetected.

*Cause:* Raton Public Service's normal procedures and policies do not require an independent verification of inventory counts or verification of deleted obsolete items.

*Auditor's Recommendation:* We recommend Raton Public Service draft and approve a policy that requires independent verification of inventory accounts and independent approval of inventory item deletions.

*View of responsible officials and proposed corrective action:* We concur with the finding. Raton Public Service will draft a policy that requires independent verification of inventory counts and independent review of inventory item deletions. The General Manager will ensure this is completed no later than June 30, 2016.



**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Findings and Responses  
June 30, 2015

**C. PRIOR YEAR AUDIT FINDINGS**

FS 2002-001- Capital Assets -Resolved

FS 2009-002 – Stale Dated Checks– Resolved

FS 2013-001 – Late Audit Report –Resolved

FS 2004-005 – Capital Asset Inventory (RPS) – Resolved

FS 2014-001 –Cash and Cash Equivalentents (RPS)– Resolved

**STATE OF NEW MEXICO**

City of Raton  
Other Disclosures  
June 30, 2015

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on November 23, 2015. In attendance were the following:

**Representing City of Raton:**

Sandy Mantz, Mayor  
Scott Berry, City Manager  
Michael Anne Antonucci, Treasurer  
Dan Campbell, Raton Water Works, Manager  
Geneva Trujillo, Raton Water Works, Office Manager  
Allen Litchfield, Raton Water Works, Board Chairman

**Representing Accounting & Consulting Group, LLP:**

Morgan Browning, CPA, CGFM, Audit Manager

**Auditor Prepared Financial Statements**

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of City of Raton from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.