



State of  
New Mexico  
City of Raton

Annual Financial Report  
For the Year Ended June 30, 2016



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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**

City of Raton

Official Roster

June 30, 2016

| <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**

## 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, 2016, 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, 2016, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 auditors' 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, 2016, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 14 through 23 and *Schedules I, Ia, II, IIa*, and the notes to the required supplementary information on pages 74 through 80 and pages 100 through 102 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*

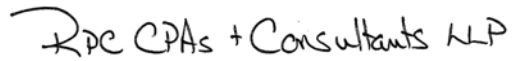
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. Schedules III through VI required by 2.2.2 NMAC are presented 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 December 9, 2016, 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.



RPC CPAs + Consultants, LLP  
Albuquerque, NM  
December 9, 2016

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**STATE OF NEW MEXICO**  
City of Raton  
Management's Discussion and Analysis  
June 30, 2016

We are pleased to present the City of Raton's financial statements for the fiscal year ended June 30, 2016. Management's discussion and analysis of these statements is also provided to help the reader fully understand the City's financial condition.

**FINANCIAL HIGHLIGHTS**

- The City of Raton's total assets exceeded its total liabilities at the close of the fiscal year by \$36,038,328 (*net position*). Of this amount, \$(622,659) (*unrestricted net position*), is now a negative due to the implementation of GASB Statement No. 68 and the increase in net pension liability for the year ended June 30, 2016.
- The City's total net position increased by \$2,017,424 during the fiscal year. The majority of this overall increase was due to increases in charges for services and capital grants.
- As of June 30, 2016, the City's governmental activities reported a combined ending net position balance of \$17,383,286. Of this total, \$559,123 is restricted for debt service and \$1,873,982 is restricted for capital projects.
- At the close of the current fiscal year, the unassigned fund balance for the general fund was \$1,900,337, amounting to 43 percent or of total general fund expenditures.
- The City of Raton's total debt decreased by \$1,059,095 during the year due to scheduled principal payments being paid. The City did not acquire new debt during the year ended June 30, 2016. Compensated absences have increased from the prior year by \$74,770.

**Overview of the Financial Statements**

The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City of Raton's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator regarding whether or not the financial position of the City of Raton is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Raton that are principally supported in a majority by taxes and a minimal amount from other miscellaneous receipts (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Raton include general government, public safety, public works, culture and recreation and health and welfare. The business-type activities of the City include Water and Sewer Services, and Sanitation. In addition, the City reports an Internal Service Fund for Insurance Reserve

The government-wide financial statements can be found in Exhibits A-1 and A-2 of this report.

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

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

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

The City of Raton maintains 33 individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered major funds. Data from the other 32 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Raton adopts an annual appropriated budget for its general fund, capital equipment replacement, special revenue fund, fire, police, GRT, and all other funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the nonmajor governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found in Exhibits B-1 through C-1 of this report.

**Proprietary funds.** Proprietary funds are generally used to account for services for which the City charges customers – either outside customers or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund.

**Enterprise funds.** Are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water and sewer services and sanitation operations for the City. The enterprise funds are considered to be major funds of the City and can be found in Exhibits D-1 through D-3 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Raton's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Raton fiduciary funds account for the collection of court fines, correction fees, fireworks, and deposits for recreation events. The basic fiduciary fund financial statement can be found in Exhibit E-1 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-72 of this report.

**Combining statements.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 105-157 of this report.

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Management's Discussion and Analysis  
June 30, 2016

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

|   | <b>June 30, 2016</b>               |                                     |               |
|---|------------------------------------|-------------------------------------|---------------|
|   | <b>Primary Government</b>          |                                     |               |
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>  |
| <b>ASSETS</b>                                   |                                    |                                     |               |
| Cash and cash equivalents                       | \$ 2,840,701                       | \$ 3,682,160                        | \$ 6,522,861  |
| Receivables                                     | 1,321,269                          | 968,062                             | 2,289,331     |
| Internal balances                               | -                                  | -                                   | -             |
| Inventories                                     | -                                  | 223,543                             | 223,543       |
| Prepaid expenses                                | -                                  | -                                   | -             |
| Restricted cash and investments                 | 559,123                            | 2,460,975                           | 3,020,098     |
| Capital assets, net of depreciation             | 22,343,662                         | 18,773,138                          | 41,116,800    |
| Deferred outflows                               | 639,541                            | 209,171                             | 848,712       |
| Total assets and deferred outflows              | \$ 27,704,296                      | \$ 26,317,049                       | \$ 54,021,345 |
| <b>LIABILITIES AND NET POSITION</b>             |                                    |                                     |               |
| Current liabilities                             | \$ 387,660                         | \$ 244,709                          | \$ 632,369    |
| Customer deposits                               | -                                  | 104,553                             | 104,553       |
| Long-term liabilities due within one year       | 320,745                            | 421,378                             | 742,123       |
| Long-term liabilities due in more than one year | 9,537,375                          | 6,882,782                           | 16,420,157    |
| Deferred inflows                                | 75,229                             | 8,585                               | 83,814        |
| Total liabilities and deferred inflows          | 10,321,009                         | 7,662,007                           | 17,983,016    |
| Net investment in capital assets                | 17,566,196                         | 15,193,535                          | 32,759,731    |
| Restricted for:                                 |                                    |                                     |               |
| Debt service                                    | 559,123                            | 1,468,151                           | 2,027,274     |
| Capital projects                                | 779,828                            | -                                   | 779,828       |
| Special revenue                                 | 1,094,154                          | -                                   | 1,094,154     |
| Unrestricted                                    | (2,616,015)                        | 1,993,356                           | (622,659)     |
| Total net position                              | 17,383,286                         | 18,655,042                          | 36,038,328    |
| Total liabilities and net position              | \$ 27,704,296                      | \$ 26,317,049                       | \$ 54,021,344 |

**Analysis of Net Position**

As noted earlier, the net of assets over liabilities, otherwise known as net position, may serve over time as a useful indicator of a government's financial position. In the case of the City of Raton, assets exceeded liabilities by \$36,038,328 at the close of the current fiscal year. The significant portion of the City of Raton's net position represents the City's investment of \$32,759,731 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment), less any related outstanding debt used to acquire those assets. The City of Raton uses these capital assets to provide services to its citizens, so these assets are *not* available for future spending. Although the City of Raton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City of Raton's governmental restricted net position of \$3,901,256 (11 percent) represents resources that are subject to restrictions related to covenants arising from the City's long-term debt issuance and capital projects. The remaining balance of *unrestricted net position*, (\$622,659) previously stated above, has fallen to a negative due to the implementation of GASB Statement 68.



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Management's Discussion and Analysis  
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| <b>June 30, 2015</b>               |                                     |                      |
|------------------------------------|-------------------------------------|----------------------|
| <b>Primary Government</b>          |                                     |                      |
| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
| \$ 3,456,908                       | \$ 4,444,469                        | \$ 7,901,377         |
| 757,957                            | 629,585                             | 1,387,542            |
| -                                  | -                                   | -                    |
| -                                  | 205,096                             | 205,096              |
| -                                  | -                                   | -                    |
| 1,310,819                          | 1,186,246                           | 2,497,065            |
| 21,611,594                         | 18,678,414                          | 40,290,008           |
| 355,924                            | 117,381                             | 473,305              |
| <u>\$ 27,493,202</u>               | <u>\$ 25,261,191</u>                | <u>\$ 52,754,393</u> |
| \$ 537,638                         | \$ 370,106                          | \$ 907,744           |
| -                                  | 101,873                             | 101,873              |
| 313,143                            | 487,753                             | 800,896              |
| 8,632,916                          | 6,926,764                           | 15,559,680           |
| 1,025,194                          | 338,102                             | 1,363,296            |
| <u>10,508,891</u>                  | <u>8,224,598</u>                    | <u>18,733,489</u>    |
| 16,370,985                         | 14,601,833                          | 30,972,818           |
| 1,310,819                          | 148,087                             | 1,458,906            |
| 811,741                            | -                                   | 811,741              |
| 1,019,630                          | -                                   | 1,019,630            |
| (2,528,864)                        | 2,286,673                           | (242,191)            |
| <u>16,984,311</u>                  | <u>17,036,593</u>                   | <u>34,020,904</u>    |
| <u>\$ 27,493,202</u>               | <u>\$ 25,261,191</u>                | <u>\$ 52,754,393</u> |

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**Analysis of Changes in Net Position**

The City's net position increased by \$2,017,424 during the fiscal year. This increase is primarily the result of increased charges for services and operating and capital grants during the fiscal year.

| <u>Functions/Programs</u>                               | <b>June 30, 2016</b>               |                                     |                       |
|---|------------------------------------|-------------------------------------|-----------------------|
|   | <b>Primary Government</b>          |                                     |                       |
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
| <b>Primary government:</b>                              |                                    |                                     |                       |
| General government                                      | \$ 1,326,823                       | \$ -                                | \$ 1,326,823          |
| Public safety   | 4,344,825                          | -                                   | 4,344,825             |
| Public works  | 435,053                            | -                                   | 435,053               |
| Culture and recreation                                  | 1,003,883                          | -                                   | 1,003,883             |
| Health and welfare                                      | 117,139                            | -                                   | 117,139               |
| Interest and other charges                              | 240,276                            | -                                   | 240,276               |
| Water and Sewer   | -                                  | 3,006,396                           | 3,006,396             |
| Sanitation  | -                                  | 1,446,939                           | 1,446,939             |
| Less charges for services                               | 824,677                            | 3,672,665                           | 4,497,342             |
| Less operating grants and contributions                 | 1,930,601                          | -                                   | 1,930,601             |
| Less capital grants and contributions                   | 1,459,375                          | 480,415                             | 1,939,790             |
|   | <u>\$ (3,253,346)</u>              | <u>\$ (300,255)</u>                 | <u>\$ (3,553,601)</u> |
| <b>General revenues:</b>                                |                                    |                                     |                       |
| Taxes   | \$ 4,296,231                       | \$ 1,149,500                        | \$ 5,445,731          |
| Investment income                                       | 15,286                             | 17,833                              | 33,119                |
| Miscellaneous income                                    | 54,424                             | 37,751                              | 92,175                |
| Proceeds from the sale of inventori-able assets         | -                                  | -                                   | -                     |
| Transfer of bonds and loans payable                     | -                                  | -                                   | -                     |
| Loss on disposition of capital assets                   | -                                  | -                                   | -                     |
| Donated building  | -                                  | -                                   | -                     |
| Total general revenues                                  | <u>4,365,941</u>                   | <u>1,205,084</u>                    | <u>5,571,025</u>      |
| Excess (deficiency) before contribu-tions and transfers | <u>1,112,595</u>                   | <u>904,829</u>                      | <u>2,017,424</u>      |
| Internal transfers                                      | <u>41,238</u>                      | <u>(41,238)</u>                     | <u>-</u>              |
| Change in net position                                  | <u>1,153,833</u>                   | <u>863,591</u>                      | <u>2,017,424</u>      |
| Net position - beginning                                | 16,984,311                         | 17,036,593                          | 34,020,904            |
| Reclassification of net position (see Note 17)          | (754,858)                          | 754,858                             | -                     |
| Restatement of net position (see Note 17)               | -                                  | -                                   | -                     |
| Net position - as reclassified                          | <u>16,229,453</u>                  | <u>17,791,451</u>                   | <u>34,020,904</u>     |
| Net position - ending                                   | <u>\$ 17,383,286</u>               | <u>\$ 18,655,042</u>                | <u>\$ 36,038,328</u>  |

**Governmental activities.** Governmental activities increased the City of Raton's net position by \$1,153,833, primarily as the result of increase in capital grants and charges for services and gross receipts taxes.

**STATE OF NEW MEXICO**  
City of Raton  
Management's Discussion and Analysis  
June 30, 2016

| <b>June 30, 2015</b>               |                                     |                       |
|------------------------------------|-------------------------------------|-----------------------|
| <b>Primary Government</b>          |                                     |                       |
| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
| \$ 1,280,126                       | \$ -                                | \$ 1,280,126          |
| 3,798,432                          | -                                   | 3,798,432             |
| 662,740                            | -                                   | 662,740               |
| 1,009,342                          | -                                   | 1,009,342             |
| 152,932                            | -                                   | 152,932               |
| 368,863                            | -                                   | 368,863               |
| -                                  | 2,842,837                           | 2,842,837             |
| -                                  | 1,281,161                           | 1,281,161             |
| 589,833                            | 3,549,785                           | 4,139,618             |
| 1,853,699                          | -                                   | 1,853,699             |
| 152,029                            | 115,894                             | 267,923               |
| <u>\$ (4,676,874)</u>              | <u>\$ (458,319)</u>                 | <u>\$ (5,135,193)</u> |
| \$ 4,650,457                       | \$ 1,141,847                        | \$ 5,792,304          |
| 15,121                             | 12,927                              | 28,048                |
| 58,464                             | -                                   | 58,464                |
| 16,799                             | -                                   | 16,799                |
| 3,113,348                          | (3,113,348)                         | -                     |
| (24,560)                           | -                                   | (24,560)              |
| 881,064                            | -                                   | 881,064               |
| <u>8,710,693</u>                   | <u>(1,958,574)</u>                  | <u>6,752,119</u>      |
| <u>4,033,819</u>                   | <u>(2,416,893)</u>                  | <u>1,616,926</u>      |
| <u>452,165</u>                     | <u>(452,165)</u>                    | <u>-</u>              |
| <u>4,485,984</u>                   | <u>(2,869,058)</u>                  | <u>1,616,926</u>      |
| 18,801,014                         | 18,519,577                          | 37,320,591            |
| (123,184)                          | 123,184                             | -                     |
| (6,179,503)                        | 1,262,890                           | (4,916,613)           |
| <u>12,498,327</u>                  | <u>19,905,651</u>                   | <u>32,403,978</u>     |
| <u>\$ 16,984,311</u>               | <u>\$ 17,036,593</u>                | <u>\$ 34,020,904</u>  |

Taxes accounted for the majority of the City's governmental revenues accounting for 50 percent of total revenues.

The City's direct charges to users of governmental services made up \$824,677 or 10 percent of total governmental revenues

**STATE OF NEW MEXICO**  
City of Raton  
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**Business-type activities.** Business-type activities increased the City's net position by \$863,591.

The City's direct charges to users of business-type services made up \$3,672,665 or 75 percent of total business-type revenues. These charges are for water and sewer services, and sanitation services. These direct charges for service increased by \$122,880 from the previous year, primarily as the result of a rate increases in the water and sewer services.

**FINANCIAL ANALYSIS OF THE CITY 'S FUNDS**

The City of Raton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Revenues for governmental functions overall totaled approximately \$8,471,947 in the fiscal year ended June 30, 2016, which represents an increase of \$1,038,830 from the fiscal year ended June 30, 2015. This is largely due to the increase in federal and state capital grants and state operating grants. Expenditures for governmental functions, totaling \$8,575,454 increased by approximately \$1,505,015 from the fiscal year ended June 30, 2015. This is largely due to the increase in expenditures public safety and capital outlay. In the fiscal year ended June 30, 2016, revenues for governmental functions exceeded expenditures by approximately \$(103,507).

The General Fund is the chief operating fund of the City of Raton. It is from here that the City pays for the public safety and other basic services it provides to its citizens. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$1,900,337.

Overall, the general fund's performance resulted in expenditures over revenues in the fiscal year ended June 30, 2016 of \$(20,381) a decrease of \$551,991 over the comparable figure from the prior year of \$531,610.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for enterprise funds was \$1,993,356. The total increase in net position for the enterprise funds was \$863,591. Factors concerning the finances of this fund have been addressed previously in the discussion of the City's business-type activities.

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**General Fund Budgetary Highlights**

City budgets reflect the same pattern as seen in the revenue and expenditures of the City. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the City level, Raton utilizes goals and objectives defined by the City Commission, community input meetings, long term plans and input from various staff groups to develop the City budget. City defines its priorities through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The following table examines the summary budget performance of the general fund for the fiscal year ending June 30, 2016. Detailed budget performance is examined through the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General fund found at Exhibit C-1. The City's final budget differs from the original budget due to amendments that were made during the fiscal year to increase expenditures. Actual general fund expenditures were \$4,435,333. The General Fund shows a favorable variance of \$490,490 from final budgeted expenditures to actual expenditures. The difference between actual expenditures and budgeted expenditures is due to various departments not spending their projected costs along with personnel vacancy savings over the course of the fiscal year.

|                           | <u>Budget Amounts</u> |                     | <u>Actual (GAAP<br/>Basis)</u> | <u>Favorable<br/>(Unfavorable)<br/>Variance</u> |
|---------------------------|-----------------------|---------------------|--------------------------------|---|
|                           | <u>Original</u>       | <u>Final</u>        |                                |   |
| <i>Expenditures:</i>      |                       |                     |                                |   |
| General government        | \$ 953,170            | \$ 944,554          | \$ 874,069                     | \$ 70,485                                       |
| Public safety             | 3,464,045             | 3,480,302           | 3,183,801                      | 296,501   |
| Public works              | 64,537                | 58,537              | 12,287                         | 46,250  |
| Culture and recreation    | 206,826               | 206,774             | 202,475                        | 4,299   |
| Capital outlay            | 223,656               | 235,656             | 162,701                        | 72,955  |
| <i>Total Expenditures</i> | <u>\$ 4,912,234</u>   | <u>\$ 4,925,823</u> | <u>\$ 4,435,333</u>            | <u>\$ 490,490</u>                               |

**Capital Asset and Debt Administration**

**Capital assets.** The City of Raton's capital assets for its governmental and business-type activities as of June 30, 2016 amount to \$41,116,800 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, and infrastructure. The City's capital assets for the current fiscal year increased \$732,068 for governmental activities and increased \$94,724 for business-type activities (net of accumulated depreciation).

The significant additions to capital assets during the year were as follows:

- \$823,002 of additions to construction in progress for Depot Multi Modal Project and fire department renovation and upgrades to interior and exterior.
- \$1,017,385 of additions to business-type construction in progress. These projects consist of Watershed improvements, waterline replacements, Lake Maloya Dam outlet conduit project, mechanical and electrical treatment plant and other various projects.

For government-wide financial statement presentation purposes, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

**STATE OF NEW MEXICO**  
City of Raton  
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**Debt Administration.** At the end of the current fiscal year, the City of Raton had total long-term obligations outstanding of \$11,121,115. The City did not acquire new debt for the year ended June 30, 2016.

See Note 7 in the accompanying Notes to the Financial Statements for further information regarding the City of Raton's long-term debt.

The City knows of no currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.

**Current Facts and Future Trends**

Historically, coal mining and freight railroad have been significant to the Raton economy in terms of employment and local currency circulation. These industries provided basic support to secondary service industries, community retail businesses, and local public agencies. Changing market conditions resulted in the decline in these industries in the Raton area, and the loss of employment. Development of coal-bed methane production in the Raton Basin provided supportive economic development to the community for a limited period and to a limited extent following the decline of coal mining in the area.

Impacts in the Raton economy over a ten-year period have included decline in population in the community, decrease in local retail and service businesses, and decrease in municipal tax and utility rate receipts. The City of Raton experienced a 6% decline in tax revenues for the year ended June 30, 2016 and Raton Water Works had a net operating loss in the previous fiscal year and for fiscal year 2016. The decrease has resulted in reduction of budgets and levels of service during the period for various municipal services.

The City of Raton municipal budget has generally stabilized over recent years, based upon community economic factors including extensive local medical services and employment, robust highway servicing business and local manufacturing activities. Taxable construction activities, including public works, highway, and commercial construction, fluctuate in volume from year-to-year and result in variation in municipal gross receipts tax collection. City of Raton efforts to stabilize and diversify the local economy include downtown revitalization, support of postsecondary education facilities, and recruitment of aviation service firms.

The most significant contributor to General Fund revenues is Gross Receipts Taxes collected on local gross revenues levied on the sellers of goods and services. The largest impact on General Fund expenses are direct and indirect personnel costs. A primary factor regarding General Fund budget management is appropriate staffing levels of various municipal services. Additionally, Gross Receipts Tax increments are collected specifically for water system capital improvements, environmental related services, and debt-service and operations of a municipally owned aquatic facility. On January 1, 2015, a new .2500% Municipal Gross Receipts Tax was implemented. The City Commission has dedicated the revenue from this tax to accelerate the aquatic facility NMFA debt payments and for limited maintenance and operation costs of the facility.

Municipal electrical services are provided by Raton Public Service - a component unit of the City of Raton that provides electrical transmission, distribution, scheduling, and generation. Revenues of Raton Public Service consist primarily of utility rate collections. Raton Public Service is currently in construction of a new 4.3 Mw generation unit fueled by natural gas.

Municipal water and wastewater services are provided by Raton Water Works, a utility division of the City of Raton. Raton Water Works applies a designated Gross Receipts tax increment to capital improvements of the municipal water system. Improvement projects currently planned include water treatment plant improvements, distribution system improvements, and improvements to Lake Maloya Dam. Other water and wastewater system operation, maintenance and capital costs are paid through utility rate collections and grant proceeds. Solid waste services are provided by the City of Raton with revenues collected from ratepayers and grant proceeds. Solid waste projects currently proposed consist of construction of a transfer station/ recycling facility, landfill reclamation, and equipment replacement.

Other municipal services generally reflected in the General Fund budget include Police and Dispatch, Fire and Ambulance, Public Works, Library, Recreation and Treasurer/ Administration. The City of Raton has planned several projects to improve and maintain the municipal airport, streets and drainage facilities. These projects are primarily funded through grant funding agreements with state and federal grant funding and cost sharing opportunities. Gasoline tax is the primary funding source for street improvements, which are scoped within projected available funding.

**STATE OF NEW MEXICO**  
City of Raton  
Management's Discussion and Analysis  
June 30, 2016

**Current Facts and Future Trends (contined)**

Evaluation of financial position and comparison of budgeted revenues and expenses is prepared monthly by the City of Raton Treasurer. Financial information is reviewed by administrative staff, a financial oversight committee and the Raton City Commission. Quarterly financial reports are approved by the City Commission and submitted to the State of New Mexico Department of Finance Administration. The City of Raton implemented an electronic purchase order system during 2016 utilizing existing software tools to accurately track budget status.

**City Contact Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact Michael Anne Antonucci, City Treasurer, City of Raton, P.O. Box 910, Raton, New Mexico 87740 or by phone at (575) 445-9551.

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

City of Raton

Statement of Net Position

June 30, 2016

|  | <b>Primary Government</b>          |                                     |                     | <b>Component<br/>Unit</b> |
|--|------------------------------------|-------------------------------------|---------------------|---------------------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>        |                           |
| <b>Assets</b>  |                                    |                                     |                     |                           |
| Current assets   |                                    |                                     |                     |                           |
| Cash and cash equivalents  | \$ 2,840,701                       | 3,682,160                           | \$ 6,522,861        | \$ 7,852,270              |
| Receivables:   |                                    |                                     |                     |                           |
| Property taxes   | 138,200                            | -                                   | 138,200             | -                         |
| Accounts receivable, net   | -                                  | 726,521                             | 726,521             | 858,265                   |
| Other taxes  | 743,084                            | 204,860                             | 947,944             | -                         |
| Due from other governments   | 439,985                            | 36,681                              | 476,666             | -                         |
| Prepaid expense  | -                                  | -                                   | -                   | 52,916                    |
| Inventory  | -                                  | 223,543                             | 223,543             | 769,962                   |
| <b>Total current assets</b>  | <b>4,161,970</b>                   | <b>4,873,765</b>                    | <b>9,035,735</b>    | <b>9,533,413</b>          |
| Noncurrent assets  |                                    |                                     |                     |                           |
| Restricted cash and cash equivalents:  |                                    |                                     |                     |                           |
| Debt service and other reserve requirements  | 559,123                            | 1,468,151                           | 2,027,274           | 2,490,661                 |
| Unspent loan proceeds  | -                                  | 686,543                             | 686,543             | -                         |
| Meter deposits   | -                                  | 104,553                             | 104,553             | 178,262                   |
| Closure and postclosure care   | -                                  | 201,728                             | 201,728             | -                         |
| Capital assets   | 39,438,009                         | 35,957,470                          | 75,395,479          | 19,363,776                |
| Less: accumulated depreciation   | (17,094,347)                       | (17,184,332)                        | (34,278,679)        | (9,963,258)               |
| <b>Total noncurrent assets</b>   | <b>22,902,785</b>                  | <b>21,234,113</b>                   | <b>44,136,898</b>   | <b>12,069,441</b>         |
| <b>Deferred outflows</b>   |                                    |                                     |                     |                           |
| Employer contributions subsequent to the<br>measurement date                                   | 325,275                            | 107,438                             | 432,713             | 77,895                    |
| Change in proportion   | 163,751                            | 55,926                              | 219,677             | 26,806                    |
| Net difference between projected and actual<br>investment earnings on pension plan investments | -                                  | 4,771                               | 4,771               | -                         |
| Difference between expected and actual experience  | 105,883                            | 36,162                              | 142,045             | -                         |
| Change in assumptions  | 44,632                             | 4,874                               | 49,506              | -                         |
| <b>Total deferred outflows</b>   | <b>639,541</b>                     | <b>209,171</b>                      | <b>848,712</b>      | <b>104,701</b>            |
| <b>Total assets and deferred outflows</b>  | <b>\$ 27,704,296</b>               | <b>\$ 26,317,049</b>                | <b>\$54,021,345</b> | <b>\$21,707,555</b>       |

The accompanying notes are an integral part of these financial statements.

|  | <b>Primary Government</b>          |                                     |                     | <b>Component<br/>Unit</b> |
|--|------------------------------------|-------------------------------------|---------------------|---------------------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>        |                           |
| <b>Liabilities</b>   |                                    |                                     |                     |                           |
| Current liabilities  |                                    |                                     |                     |                           |
| Accounts payable   | \$ 178,869                         | 90,995                              | \$ 269,864          | \$ 330,318                |
| Accrued payroll  | 90,911                             | 39,432                              | 130,343             | 9,241                     |
| Unearned revenue   | 2,937                              | -                                   | 2,937               | -                         |
| Accrued interest   | 20,334                             | 41,583                              | 61,917              | 37,929                    |
| Meter deposits   | -                                  | 104,553                             | 104,553             | 178,262                   |
| Bonds and loans payable  | 320,745                            | 421,378                             | 742,123             | 368,802                   |
| Accrued compensated absences   | 94,610                             | 72,699                              | 167,309             | 56,755                    |
|  | <u>708,406</u>                     | <u>770,640</u>                      | <u>1,479,046</u>    | <u>981,307</u>            |
| Noncurrent liabilities   |                                    |                                     |                     |                           |
| Bonds and loans payable  | 4,456,721                          | 3,844,768                           | 8,301,489           | 4,864,811                 |
| Estimated landfill liability for closure and<br>postclosure care costs                         | -                                  | 1,308,453                           | 1,308,453           | -                         |
| Accrued compensated absences   | 425,211                            | 178,679                             | 603,890             | 68,578                    |
| Net pension liability  | 4,655,443                          | 1,550,882                           | 6,206,325           | 973,705                   |
|  | <u>9,537,375</u>                   | <u>6,882,782</u>                    | <u>16,420,157</u>   | <u>5,907,094</u>          |
| <i>Total liabilities</i>   | <u>10,245,781</u>                  | <u>7,653,422</u>                    | <u>17,899,203</u>   | <u>6,888,401</u>          |
| <b>Deferred inflows</b>  |                                    |                                     |                     |                           |
| Net difference between actual and projected<br>investment earnings on pension plan investments |                                    |                                     |                     |                           |
|  | 19,285                             | 44                                  | 19,329              | 3,080                     |
| Difference between expected and actual experience  |                                    |                                     |                     |                           |
|  | -                                  | -                                   | -                   | 21,568                    |
| Change in assumptions  |                                    |                                     |                     |                           |
|  | 55,944                             | 8,541                               | 64,485              | 379                       |
| <i>Total deferred inflows</i>  | <u>75,229</u>                      | <u>8,585</u>                        | <u>83,814</u>       | <u>25,027</u>             |
| <b>Net position</b>  |                                    |                                     |                     |                           |
| Net investment in capital assets   |                                    |                                     |                     |                           |
|  | 17,566,196                         | 15,193,535                          | 32,759,731          | 4,166,905                 |
| Restricted for:  |                                    |                                     |                     |                           |
| Debt service and other reserve requirements  | 559,123                            | 1,468,151                           | 2,027,274           | 2,490,661                 |
| Capital projects   | 779,828                            | -                                   | 779,828             | -                         |
| Special revenue  | 1,094,154                          | -                                   | 1,094,154           | -                         |
| Unrestricted   | (2,616,015)                        | 1,993,356                           | (622,659)           | 8,136,561                 |
| <i>Total net position</i>  | <u>17,383,286</u>                  | <u>18,655,042</u>                   | <u>36,038,328</u>   | <u>14,794,127</u>         |
| <i>Total liabilities, deferred inflows, and net position</i>                                   | <u>\$ 27,704,296</u>               | <u>\$ 26,317,049</u>                | <u>\$54,021,345</u> | <u>\$21,707,555</u>       |

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
City of Raton  
Statement of Activities  
For the Year Ended June 30, 2016

| <u>Functions/Programs</u>             | <u>Expenses</u>      | <u>Program Revenues</u>     |   |   |
|---------------------------------------|----------------------|-----------------------------|---|---|
|                                       |                      | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| <b>Primary government:</b>            |                      |                             |   |   |
| <b>Governmental Activities:</b>       |                      |                             |   |   |
| General government                    | \$ 1,326,823         | \$ 189,679                  | \$ 201,090                                | \$ -                                    |
| Public safety                         | 4,344,825            | 551,147                     | 947,105                                   | -                                       |
| Public works                          | 435,053              | -                           | 661,861                                   | 1,459,375                               |
| Culture and recreation                | 1,003,883            | 83,851                      | 120,545                                   | -                                       |
| Health and welfare                    | 117,139              | -                           | -   | -                                       |
| Interest and other charges            | 240,276              | -                           | -   | -                                       |
| <i>Total governmental activities</i>  | <u>7,467,999</u>     | <u>824,677</u>              | <u>1,930,601</u>                          | <u>1,459,375</u>                        |
| <b>Business-type Activities:</b>      |                      |                             |   |   |
| Water and sewer                       | 3,006,396            | 2,206,096                   | -   | 480,415                                 |
| Sanitation                            | 1,446,939            | 1,466,569                   | -   | -                                       |
| <i>Total business-type activities</i> | <u>4,453,335</u>     | <u>3,672,665</u>            | <u>-</u>                                  | <u>480,415</u>                          |
| <i>Total primary government</i>       | <u>\$ 11,921,334</u> | <u>\$ 4,497,342</u>         | <u>\$ 1,930,601</u>                       | <u>\$ 1,939,790</u>                     |
| <b>Component Unit:</b>                |                      |                             |   |   |
| Raton Public Service                  | <u>\$ 6,147,488</u>  | <u>\$ 6,663,398</u>         | <u>\$ -</u>                               | <u>\$ -</u>                             |

**General Revenues:**

Taxes  
Investment income  
Miscellaneous income  
Insurance proceeds  
Transfers

Total general revenues

Change in net position

Net position - beginning

Reclassification of net position (see note 17)

Net position - as reclassified

*Net position - ending*

The accompanying notes are an integral part of these financial statements.

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

| <b>Primary<br/>Government</b>      |                                     | <b>Component Unit</b> |                                 |
|------------------------------------|-------------------------------------|-----------------------|---------------------------------|
| <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>          | <b>Raton Public<br/>Service</b> |
| \$ (936,054)                       | \$ -                                | \$ (936,054)          | \$ -                            |
| (2,846,573)                        | -                                   | (2,846,573)           | -                               |
| 1,686,183                          | -                                   | 1,686,183             | -                               |
| (799,487)                          | -                                   | (799,487)             | -                               |
| (117,139)                          | -                                   | (117,139)             | -                               |
| (240,276)                          | -                                   | (240,276)             | -                               |
| <u>(3,253,346)</u>                 | <u>-</u>                            | <u>(3,253,346)</u>    | <u>-</u>                        |
| -                                  | (319,885)                           | (319,885)             | -                               |
| -                                  | 19,630                              | 19,630                | -                               |
| <u>-</u>                           | <u>(300,255)</u>                    | <u>(300,255)</u>      | <u>-</u>                        |
| (3,253,346)                        | (300,255)                           | (3,553,601)           | -                               |
| -                                  | -                                   | -                     | 515,910                         |
| 4,296,231                          | 1,149,500                           | 5,445,731             | -                               |
| 15,286                             | 17,833                              | 33,119                | 56,328                          |
| 54,424                             | 37,751                              | 92,175                | -                               |
| -                                  | -                                   | -                     | 2,584,000                       |
| 41,238                             | (41,238)                            | -                     | -                               |
| <u>4,407,179</u>                   | <u>1,163,846</u>                    | <u>5,571,025</u>      | <u>2,640,328</u>                |
| <u>1,153,833</u>                   | <u>863,591</u>                      | <u>2,017,424</u>      | <u>3,156,238</u>                |
| 16,984,311                         | 17,036,593                          | 34,020,904            | 11,637,889                      |
| (754,858)                          | 754,858                             | -                     | -                               |
| <u>16,229,453</u>                  | <u>17,791,451</u>                   | <u>34,020,904</u>     | <u>11,637,889</u>               |
| <u>\$ 17,383,286</u>               | <u>\$ 18,655,042</u>                | <u>\$ 36,038,328</u>  | <u>\$ 14,794,127</u>            |

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
City of Raton  
Balance Sheet  
Governmental Funds  
June 30, 2016

Exhibit B-1  
Page 1 of 2

|  | <b>General Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total</b> |
|--|---------------------|---|--------------|
| <b>Assets</b>  |                     |   |              |
| Cash and cash equivalents  | \$ 1,453,335        | \$ 1,940,212                            | \$ 3,393,547 |
| Receivables:   |                     |   |              |
| Property taxes   | 138,200             | -                                       | 138,200      |
| Other taxes  | 510,317             | 232,767                                 | 743,084      |
| Due from other governments   | 12,692              | 427,293                                 | 439,985      |
| <i>Total assets</i>  | \$ 2,114,544        | \$ 2,600,272                            | \$ 4,714,816 |
| <br><b>Liabilities, deferred inflows of resources, and<br/>fund balances</b>       |                     |   |              |
| <i>Liabilities</i>   |                     |   |              |
| Accounts payable   | \$ 19,145           | \$ 159,724                              | \$ 178,869   |
| Accrued payroll  | 86,415              | 4,496                                   | 90,911       |
| Unearned revenue   | -                   | 2,937                                   | 2,937        |
| <i>Total liabilities</i>   | 105,560             | 167,157                                 | 272,717      |
| <br><i>Deferred inflows of resources</i>   |                     |   |              |
| Unavailable revenue- property taxes  | 108,647             | -                                       | 108,647      |
| <i>Total deferred inflows of resources</i>   | 108,647             | -                                       | 108,647      |
| <br><i>Fund balances</i>   |                     |   |              |
| Spendable:   |                     |   |              |
| Restricted for:  |                     |   |              |
| Public safety  | -                   | 444,158                                 | 444,158      |
| Culture and recreation   | -                   | 469,740                                 | 469,740      |
| Health and welfare   | -                   | 180,256                                 | 180,256      |
| Capital acquisitions and improvements  | -                   | 779,828                                 | 779,828      |
| Debt service   | -                   | 559,133                                 | 559,133      |
| Unassigned   | 1,900,337           | -                                       | 1,900,337    |
| <i>Total fund balances</i>   | 1,900,337           | 2,433,115                               | 4,333,452    |
| <br><i>Total liabilities, deferred inflows of resources,<br/>and fund balances</i> | \$ 2,114,544        | \$ 2,600,272                            | \$ 4,714,816 |

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, 2016

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  | \$        | 4,333,452         |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds  |           | 22,343,662        |
| Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities |           | 108,647           |
| 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   |           | 325,275           |
| Deferred outflows of resources related to changes in proportion   |           | 163,751           |
| Deferred outflows of resources related to changes in assumptions  |           | 44,632            |
| Deferred outflows of resources related to changes in experience   |           | 105,883           |
| Deferred inflows of resources related to the net difference between actual and projected investment earnings on pension plan investments  |           | (19,285)          |
| Deferred inflows of resources related to changes in assumptions   |           | (55,944)          |
| 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.                  |           | 6,277             |
| 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  |           | (519,821)         |
| Accrued interest payable  |           | (20,334)          |
| Bonds and loans payable   |           | (4,777,466)       |
| Net pension liability   |           | (4,655,443)       |
| <i>Total net position - governmental activities</i>   | <u>\$</u> | <u>17,383,286</u> |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Exhibit B-2

City of Raton

Page 1 of 2

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

Governmental Funds

For the Year Ended June 30, 2016

|  | <u>General Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>        |
|--|---------------------|---|---------------------|
| <i>Revenues</i>  |                     |   |                     |
| Taxes  | \$ 3,429,314        | \$ 758,270                              | \$ 4,187,584        |
| Intergovernmental revenue:                               |                     |   |                     |
| Federal operating grants                                 | 1,860               | 113,960                                 | 115,820             |
| State operating grants                                   | 224,448             | 1,590,333                               | 1,814,781           |
| State capital grants                                     | -                   | 1,163,755                               | 1,163,755           |
| Federal capital grants                                   | -                   | 295,620                                 | 295,620             |
| Charges for services                                     | 600,691             | 83,851                                  | 684,542             |
| License and fees   | 98,550              | 11,063                                  | 109,613             |
| Fines and Forfeits                                       | 30,522              | -                                       | 30,522              |
| Investment income  | 4,236               | 11,050                                  | 15,286              |
| Miscellaneous  | 44,283              | 10,141                                  | 54,424              |
| <i>Total revenues</i>                                    | <u>4,433,904</u>    | <u>4,038,043</u>                        | <u>8,471,947</u>    |
| <i>Expenditures</i>                                      |                     |   |                     |
| Current:   |                     |   |                     |
| General government                                       | 872,257             | -                                       | 872,257             |
| Public safety  | 3,216,191           | 493,785                                 | 3,709,976           |
| Public works   | 9,035               | 419,019                                 | 428,054             |
| Culture and recreation                                   | 201,319             | 557,936                                 | 759,255             |
| Health and welfare                                       | -                   | 117,139                                 | 117,139             |
| Capital outlay   | 155,483             | 1,843,480                               | 1,998,963           |
| Debt service:  |                     |   |                     |
| Principal  | -                   | 463,143                                 | 463,143             |
| Interest   | -                   | 226,667                                 | 226,667             |
| <i>Total expenditures</i>                                | <u>4,454,285</u>    | <u>4,121,169</u>                        | <u>8,575,454</u>    |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(20,381)</u>     | <u>(83,126)</u>                         | <u>(103,507)</u>    |
| <i>Other financing sources (uses)</i>                    |                     |   |                     |
| Transfers in   | 322,990             | 1,622,453                               | 1,945,443           |
| Transfers (out)  | (410,661)           | (1,493,544)                             | (1,904,205)         |
| <i>Total other financing sources (uses)</i>              | <u>(87,671)</u>     | <u>128,909</u>                          | <u>41,238</u>       |
| <i>Net change in fund balances</i>                       | <u>(108,052)</u>    | <u>45,783</u>                           | <u>(62,269)</u>     |
| <i>Fund balances - beginning, as previously stated</i>   | 2,008,389           | 3,142,190                               | 5,150,579           |
| <i>Reclassification (see note 17)</i>                    | <u>-</u>            | <u>(754,858)</u>                        | <u>(754,858)</u>    |
| <i>Fund balances - beginning, as restated</i>            | <u>2,008,389</u>    | <u>2,387,332</u>                        | <u>4,395,721</u>    |
| <i>Fund balances - end of year</i>                       | <u>\$ 1,900,337</u> | <u>\$ 2,433,115</u>                     | <u>\$ 4,333,452</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, 2016

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 | \$ | (62,269) |
|--|----|----------|

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       |  | 1,998,963   |
| Depreciation expense |  | (1,266,895) |

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 |  | 108,647 |
|--|--|---------|

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      |  | (56,833) |
| Increase in accrued interest                  |  | (13,609) |
| Principal payments on bonds and loans payable |  | 463,143  |

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.

73,659

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 |  | 325,275   |
| Pension expense            |  | (416,248) |

*Change in net position of governmental activities*

\$ 1,153,833

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, 2016

|   | Budgeted Amounts |                  | Actual              | Variances                                     |
|---|------------------|------------------|---------------------|---|
|   | Original         | Final            |                     | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>   |                  |                  |                     |   |
| Taxes:  |                  |                  |                     |   |
| Property taxes  | \$ 661,459       | \$ 661,459       | \$ 630,229          | \$ (31,230)                                   |
| Gross receipts  | 2,795,659        | 2,795,659        | 2,680,432           | (115,227)                                     |
| Gasoline and motor vehicle  | 14,000           | 14,000           | 13,585              | (415)   |
| Franchise tax   | 203,000          | 203,000          | 185,823             | (17,177)                                      |
| Intergovernmental income:   |                  |                  |                     |   |
| Federal operating grants  | -                | -                | 1,860               | 1,860   |
| State operating grants  | 325,519          | 327,160          | 219,959             | (107,201)                                     |
| Charges for services  | 575,100          | 575,100          | 600,691             | 25,591  |
| Licenses and fees   | 101,505          | 101,505          | 98,550              | (2,955)                                       |
| Fines and forfeitures   | 37,000           | 37,000           | 30,522              | (6,478)                                       |
| Investment income   | 1,050            | 1,050            | 4,236               | 3,186   |
| Miscellaneous   | 45,150           | 45,150           | 44,283              | (867)   |
| <i>Total revenues</i>   | <u>4,759,442</u> | <u>4,761,083</u> | <u>4,510,170</u>    | <u>(250,913)</u>                              |
| <i>Expenditures</i>   |                  |                  |                     |   |
| Current:  |                  |                  |                     |   |
| General government  | 953,170          | 944,554          | 874,069             | 70,485  |
| Public safety   | 3,464,045        | 3,480,302        | 3,183,801           | 296,501                                       |
| Public works  | 64,537           | 58,537           | 12,287              | 46,250  |
| Culture and recreation  | 206,826          | 206,774          | 202,475             | 4,299   |
| Health and welfare  | -                | -                | -                   | -   |
| Capital outlay  | 223,656          | 235,656          | 162,701             | 72,955  |
| <i>Total expenditures</i>   | <u>4,912,234</u> | <u>4,925,823</u> | <u>4,435,333</u>    | <u>490,490</u>                                |
| <i>Excess (deficiency) of revenues over expenditures</i>                      | <u>(152,792)</u> | <u>(164,740)</u> | <u>74,837</u>       | <u>239,577</u>                                |
| <i>Other financing sources (uses)</i>   |                  |                  |                     |   |
| Designated cash (budgeted increase in cash)                                   | 50,469           | 103,933          | -                   | (103,933)                                     |
| Transfers in  | 192,479          | 486,071          | 222,613             | (263,458)                                     |
| Transfers (out)   | (90,156)         | (425,264)        | (410,661)           | 14,603  |
| <i>Total other financing sources (uses)</i>                                   | <u>152,792</u>   | <u>164,740</u>   | <u>(188,048)</u>    | <u>(352,788)</u>                              |
| <i>Net change in fund balance</i>   | -                | -                | (113,211)           | (113,211)                                     |
| <i>Fund balances - beginning of year</i>                                      | -                | -                | 1,566,546           | 1,566,546                                     |
| <i>Fund balance - end of year</i>   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 1,453,335</u> | <u>\$ 1,453,335</u>                           |
| Net change in fund balance (non-GAAP budgetary basis)                         |                  |                  |                     | (113,211)                                     |
| Adjustments to revenues for taxes and state operating grants.                 |                  |                  |                     | 24,111  |
| Adjustments to expenditures for salaries, professional services and supplies. |                  |                  |                     | (18,952)                                      |
| <i>Net change in fund balance (GAAP basis)</i>                                |                  |                  |                     | <u>\$ (108,052)</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, 2016

|   | <b>Water and<br/>Sewer</b> | <b>Sanitation</b>   | <b>Total</b>         | <b>Insurance<br/>Reserve</b> |
|---|----------------------------|---------------------|----------------------|------------------------------|
| <b>Assets</b>   |                            |                     |                      |                              |
| Current assets  |                            |                     |                      |                              |
| Cash and cash equivalents   | \$ 3,372,898               | \$ 309,262          | \$ 3,682,160         | \$ 6,277                     |
| Accounts receivable, net  | 491,428                    | 235,093             | 726,521              | -                            |
| Other taxes   | 204,860                    | -                   | 204,860              | -                            |
| Due from other governments  | 36,681                     | -                   | 36,681               | -                            |
| Inventory   | 223,543                    | -                   | 223,543              | -                            |
| <b>Total current assets</b>   | <b>4,329,410</b>           | <b>544,355</b>      | <b>4,873,765</b>     | <b>6,277</b>                 |
| Noncurrent assets   |                            |                     |                      |                              |
| Restricted cash and cash equivalents  |                            |                     |                      |                              |
| Debt service  | 1,141,037                  | 327,114             | 1,468,151            | -                            |
| Unspent loan proceeds   | -                          | 686,543             | 686,543              | -                            |
| Meter deposits  | 104,553                    | -                   | 104,553              | -                            |
| Closure and postclosure care  | -                          | 201,728             | 201,728              | -                            |
| Capital assets  | 34,132,388                 | 1,825,082           | 35,957,470           | -                            |
| Accumulated depreciation  | (15,764,940)               | (1,419,392)         | (17,184,332)         | -                            |
| <b>Total noncurrent assets</b>  | <b>19,613,038</b>          | <b>1,621,075</b>    | <b>21,234,113</b>    | <b>-</b>                     |
| <b>Deferred outflows of resources</b>   |                            |                     |                      |                              |
| Employer contributions subsequent to the measurement date                                   | 71,814                     | 35,624              | 107,438              | -                            |
| Change in proportion  | 36,851                     | 19,075              | 55,926               | -                            |
| Change in assumptions   | -                          | 4,874               | 4,874                | -                            |
| Net difference between projected and actual investment earnings on pension plan investments | -                          | 4,771               | 4,771                | -                            |
| Difference between expected and actual experience   | 23,828                     | 12,334              | 36,162               | -                            |
| <b>Total deferred outflows of resources</b>   | <b>132,493</b>             | <b>76,678</b>       | <b>209,171</b>       | <b>-</b>                     |
| <b>Total assets and deferred outflows of resources</b>                                      | <b>\$ 24,074,941</b>       | <b>\$ 2,242,108</b> | <b>\$ 26,317,049</b> | <b>\$ 6,277</b>              |

The accompanying notes are an integral part of these financial statements.

|  | <b>Water and<br/>Sewer</b> | <b>Sanitation</b>   | <b>Total</b>         | <b>Insurance<br/>Reserve</b> |
|--|----------------------------|---------------------|----------------------|------------------------------|
| <b>Liabilities</b>   |                            |                     |                      |                              |
| Current liabilities  |                            |                     |                      |                              |
| Accounts payable   | \$ 83,301                  | \$ 7,694            | \$ 90,995            | \$ -                         |
| Accrued payroll expenses   | 25,296                     | 14,136              | 39,432               | -                            |
| Accrued compensated absences   | 49,895                     | 22,804              | 72,699               | -                            |
| Meter deposits   | 104,553                    | -                   | 104,553              | -                            |
| Accrued interest   | 38,604                     | 2,979               | 41,583               | -                            |
| Bonds and loans payable  | 320,878                    | 100,500             | 421,378              | -                            |
| <b>Total current liabilities</b>   | <b>622,527</b>             | <b>148,113</b>      | <b>770,640</b>       | <b>-</b>                     |
| Noncurrent liabilities   |                            |                     |                      |                              |
| Accrued compensated absences   | 126,850                    | 51,829              | 178,679              | -                            |
| Net pension liability  | 1,032,834                  | 518,048             | 1,550,882            | -                            |
| Estimated landfill liability for closure and<br>postclosure care costs                         | -                          | 1,308,453           | 1,308,453            | -                            |
| Bonds and loans payable  | 3,203,668                  | 641,100             | 3,844,768            | -                            |
| <b>Total noncurrent liabilities</b>  | <b>4,363,352</b>           | <b>2,519,430</b>    | <b>6,882,782</b>     | <b>-</b>                     |
| <i>Total liabilities</i>   | <i>4,985,879</i>           | <i>2,667,543</i>    | <i>7,653,422</i>     | <i>-</i>                     |
| <b>Deferred inflows of resources</b>   |                            |                     |                      |                              |
| Net difference between projected and actual<br>investment earnings on pension plan investments | 44                         | -                   | 44                   | -                            |
| Change in assumptions  | 2,472                      | 6,069               | 8,541                | -                            |
| <i>Total deferred inflows of resources</i>   | <i>2,516</i>               | <i>6,069</i>        | <i>8,585</i>         | <i>-</i>                     |
| <b>Net Position</b>  |                            |                     |                      |                              |
| Net investment in capital assets   | 14,842,902                 | 350,633             | 15,193,535           | -                            |
| Restricted for debt service  | 1,141,037                  | 327,114             | 1,468,151            | -                            |
| Unrestricted   | 3,102,607                  | (1,109,251)         | 1,993,356            | 6,277                        |
| <i>Total net position</i>  | <i>19,086,546</i>          | <i>(431,504)</i>    | <i>18,655,042</i>    | <i>6,277</i>                 |
| <i>Total liabilities, deferred inflows, and net position</i>                                   | <i>\$ 24,074,941</i>       | <i>\$ 2,242,108</i> | <i>\$ 26,317,049</i> | <i>\$ 6,277</i>              |

The accompanying notes are an integral part of these financial statements.

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## STATE OF NEW MEXICO

Exhibit D-2

City of Raton

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2016

|  | <b>Water and<br/>Sewer</b> | <b>Sanitation</b>   | <b>Total</b>         | <b>Insurance<br/>Reserve</b> |
|--|----------------------------|---------------------|----------------------|------------------------------|
| <i>Operating revenues</i>                                  |                            |                     |                      |                              |
| Charges for services (net of allowance of \$25,819)        | \$ 2,206,096               | \$ 1,466,569        | \$ 3,672,665         | \$ 933,866                   |
| <i>Total operating revenues</i>                            | <u>2,206,096</u>           | <u>1,466,569</u>    | <u>3,672,665</u>     | <u>933,866</u>               |
| <i>Operating expenses</i>                                  |                            |                     |                      |                              |
| Personnel services   | 1,080,309                  | 773,664             | 1,853,973            | -                            |
| Travel and per diem  | 29,784                     | -                   | 29,784               | -                            |
| Training   | 2,879                      | -                   | 2,879                | -                            |
| Utilities  | 134,299                    | 219,219             | 353,518              | -                            |
| Contractual  | 24,365                     | 133                 | 24,498               | -                            |
| Supplies   | 336,486                    | 251,595             | 588,081              | -                            |
| Repairs and maintenance                                    | 35,865                     | 126,516             | 162,381              | -                            |
| Telephone  | 9,715                      | -                   | 9,715                | -                            |
| Franchise fee  | 79,382                     | -                   | 79,382               | -                            |
| Insurances   | 30,531                     | -                   | 30,531               | 860,212                      |
| Dues and subscriptions                                     | 10,165                     | -                   | 10,165               | -                            |
| Other operating  | 51,544                     | -                   | 51,544               | -                            |
| Depreciation   | 1,016,310                  | 62,833              | 1,079,143            | -                            |
| <i>Total operating expenses</i>                            | <u>2,841,634</u>           | <u>1,433,960</u>    | <u>4,275,594</u>     | <u>860,212</u>               |
| <i>Operating income (loss)</i>                             | <u>(635,538)</u>           | <u>32,609</u>       | <u>(602,929)</u>     | <u>73,654</u>                |
| <i>Non-operating revenues (expenses)</i>                   |                            |                     |                      |                              |
| Interest expense   | (164,762)                  | (12,979)            | (177,741)            | -                            |
| Gross receipts taxes                                       | 1,149,500                  | -                   | 1,149,500            | -                            |
| Investment income  | 11,655                     | 6,178               | 17,833               | 5                            |
| Miscellaneous income                                       | 37,398                     | 353                 | 37,751               | -                            |
| <i>Total non-operating revenues (expenses)</i>             | <u>1,033,791</u>           | <u>(6,448)</u>      | <u>1,027,343</u>     | <u>5</u>                     |
| <i>Income (loss) before contributions and transfers</i>    | <u>398,253</u>             | <u>26,161</u>       | <u>424,414</u>       | <u>73,659</u>                |
| Capital grants   | 480,415                    | -                   | 480,415              | -                            |
| Transfers in   | -                          | 435                 | 435                  | -                            |
| Transfers out  | -                          | (41,673)            | (41,673)             | -                            |
| <i>Change in net position</i>                              | <u>878,668</u>             | <u>(15,077)</u>     | <u>863,591</u>       | <u>73,659</u>                |
| <i>Total net position, beginning, as previously stated</i> | 17,453,020                 | (416,427)           | 17,036,593           | (67,382)                     |
| <i>Reclassification of fund balance (see note 17)</i>      | <u>754,858</u>             | <u>-</u>            | <u>754,858</u>       | <u>-</u>                     |
| <i>Total net position, beginning, as restated</i>          | <u>18,207,878</u>          | <u>(416,427)</u>    | <u>17,791,451</u>    | <u>(67,382)</u>              |
| <i>Total net position, end of year</i>                     | <u>\$ 19,086,546</u>       | <u>\$ (431,504)</u> | <u>\$ 18,655,042</u> | <u>\$ 6,277</u>              |

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
City of Raton  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2016

|  | <b>Water and<br/>Sewer</b> | <b>Sanitation</b>   | <b>Total</b>        | <b>Insurance<br/>Reserve</b> |
|--|----------------------------|---------------------|---------------------|------------------------------|
| <i>Cash flows from operating activities</i>                        |                            |                     |                     |                              |
| Cash received from user charges                                    | \$ 1,901,875               | \$ 1,476,794        | \$ 3,378,669        | \$ 933,866                   |
| Cash payments to employees for services                            | (1,181,016)                | (758,005)           | (1,939,021)         | -                            |
| Cash payments to suppliers for goods and services                  | (730,440)                  | (601,674)           | (1,332,114)         | (933,060)                    |
| <i>Net cash (used) provided by operating activities</i>            | <u>(9,581)</u>             | <u>117,115</u>      | <u>107,534</u>      | <u>806</u>                   |
| <i>Cash flows from noncapital financing activities</i>             |                            |                     |                     |                              |
| Gross receipts taxes   | 1,141,700                  | -                   | 1,141,700           | -                            |
| Transfer of cash from Waste Water Treatment fund                   | 754,858                    | -                   | 754,858             | -                            |
| Transfers  | -                          | (41,238)            | (41,238)            | -                            |
| Miscellaneous income   | 37,398                     | 353                 | 37,751              | -                            |
| <i>Net cash provided (used) by noncapital financing activities</i> | <u>1,933,956</u>           | <u>(40,885)</u>     | <u>1,893,071</u>    | <u>-</u>                     |
| <i>Cash flows from investing activities</i>                        |                            |                     |                     |                              |
| Investment income  | 11,655                     | 6,178               | 17,833              | 5                            |
| <i>Net cash provided by investing activities</i>                   | <u>11,655</u>              | <u>6,178</u>        | <u>17,833</u>       | <u>5</u>                     |
| <i>Cash flows from capital and related financing activities</i>    |                            |                     |                     |                              |
| Interest paid  | (166,722)                  | (13,211)            | (179,933)           | -                            |
| Capital grants   | 443,734                    | -                   | 443,734             | -                            |
| Acquisition and construction of capital assets                     | (1,081,368)                | (92,499)            | (1,173,867)         | -                            |
| Cash payments for landfill closure and postclosure care costs      | -                          | (435)               | (435)               | -                            |
| Principal payments on bonds and loans payable                      | (496,217)                  | (99,300)            | (595,517)           | -                            |
| <i>Net cash (used) by capital and related financing activities</i> | <u>(1,300,573)</u>         | <u>(205,445)</u>    | <u>(1,506,018)</u>  | <u>-</u>                     |
| <i>Net increase (decrease) in cash and cash equivalents</i>        | 635,457                    | (123,037)           | 512,420             | 811                          |
| <i>Cash and cash equivalents - beginning of year</i>               | <u>3,983,031</u>           | <u>1,647,684</u>    | <u>5,630,715</u>    | <u>5,466</u>                 |
| <i>Cash and cash equivalents - end of year</i>                     | <u>\$ 4,618,488</u>        | <u>\$ 1,524,647</u> | <u>\$ 6,143,135</u> | <u>\$ 6,277</u>              |
| <i>Cash per Exhibit D-1</i>  |                            |                     |                     |                              |
| Cash and cash equivalents  | \$ 3,372,898               | \$ 309,262          | \$ 3,682,160        | \$ 6,277                     |
| Debt service   | 1,141,037                  | 327,114             | 1,468,151           | -                            |
| Unspent loan proceeds  | -                          | 686,543             | 686,543             | -                            |
| Meter deposits   | 104,553                    | -                   | 104,553             | -                            |
| Closure and postclosure care                                       | -                          | 201,728             | 201,728             | -                            |
| <i>Total cash per Exhibit D-1</i>                                  | <u>\$ 4,618,488</u>        | <u>\$ 1,524,647</u> | <u>\$ 6,143,135</u> | <u>\$ 6,277</u>              |

The accompanying notes are an integral part of these financial statements.



|  | <b>Water and<br/>Sewer</b> | <b>Sanitation</b> | <b>Total</b>      | <b>Insurance<br/>Reserve</b> |
|--|----------------------------|-------------------|-------------------|------------------------------|
| <i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>               |                            |                   |                   |                              |
| Operating income (loss)  | \$ (635,538)               | \$ 32,609         | \$ (602,929)      | \$ 73,654                    |
| <i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i> |                            |                   |                   |                              |
| Depreciation   | 1,016,310                  | 62,833            | 1,079,143         | -                            |
| Employer pension contributions   | (71,814)                   | (35,624)          | (107,438)         | -                            |
| Pension expense  | 92,287                     | 46,221            | 138,508           | -                            |
| Non-cash increases to estimated landfill liability for closure and postclosure care costs                    | -                          | 24,011            | 24,011            | -                            |
| <i>Changes in assets and liabilities:</i>  |                            |                   |                   |                              |
| Receivables  | (304,221)                  | 10,225            | (293,996)         | -                            |
| Inventory  | (18,447)                   | -                 | (18,447)          | -                            |
| Accounts payable   | 30,342                     | (28,222)          | 2,120             | (72,848)                     |
| Accrued payroll expenses   | (137,035)                  | 2,980             | (134,055)         | -                            |
| Accrued compensated absences   | 15,855                     | 2,082             | 17,937            | -                            |
| Meter deposits   | 2,680                      | -                 | 2,680             | -                            |
| <i>Net cash (used) provided by operating activities</i>  | <u>\$ (9,581)</u>          | <u>\$ 117,115</u> | <u>\$ 107,534</u> | <u>\$ 806</u>                |

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
City of Raton  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2016

Exhibit E-1

|                                |                         |
|--------------------------------|-------------------------|
| <i>Current Assets</i>          |                         |
| Cash and cash equivalents      | <u>\$ 13,892</u>        |
| <i>Total assets</i>            | <u><u>\$ 13,892</u></u> |
| <br><i>Current Liabilities</i> |                         |
| Due to others                  | <u>\$ 13,892</u>        |
| <i>Total liabilities</i>       | <u><u>\$ 13,892</u></u> |

The accompanying notes are an integral part of these financial statements.

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

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

**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, 2016, the City adopted GASB Statements No. 72, *Fair Value Measurement and Application*, a portion of 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*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants* and No. 82 *Pension Issues-an amendment of GASB Statement No. 67, No. 68, and No.73*. These five Statements are required to be implemented as of June 30, 2016, if applicable. None of these new statements significantly impacted the City's financial statements.

**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.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

*A. Financial Reporting Entity (continued)*

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.

*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*.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

*B. Government-wide and fund financial statements (continued)*

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.

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.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

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

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.

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.

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.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

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

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.

*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.



**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

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

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.

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, 2016, along with accruals for applicable PERA, FICA, and Medicare payable.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

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

**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 property tax receivable from Colfax totaled \$138,200 as of June 30, 2016. The uncollected amount 60 days after June 30, 2016 totaled \$108,647 and is considered unavailable revenue. Consequently the City has reported the amount as a deferred inflow at June 30, 2016. 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 \$19,329 and change in assumptions of \$64,485, 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 five 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 \$432,713. 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 other four items related to changes in assumptions at \$49,506, changes in proportion at \$219,677, difference between expected and actual experience at \$142,045, and net difference between projected and actual investment earnings at \$4,771. These amounts are amortized into pension expense over the average remaining service life of employees.

**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.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

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

**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.

| <b>Years of Service:</b> | <b>Leave Accrual Per Month</b>                        |                        |
|--------------------------|---|------------------------|
|                          | <b>Supervisory and<br/>Professional<br/>Employees</b> | <b>Non-supervisors</b> |
|                          | Up to 5 years   | 10 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 calendar 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.

**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.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

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

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, 2016, the City had no nonspendable fund balance categorized in the governmental funds balance sheet.

**Restricted Fund Balance:** At June 30, 2016, the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$2,433,115 for various City programs and operations as restricted by enabling legislation. The details of these fund balance items are located on the governmental funds balance sheet.

**Minimum Fund Balance Policy:** The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 1/12th of the General Fund final budgeted expenditures.

**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 47-48 and 106-109.
- 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  
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June 30, 2016

**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 all 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.

**STATE OF NEW MEXICO**  
City of Raton  
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June 30, 2016

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information (continued)*

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, 2016 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.

**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, 2016.

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.

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, 2016, \$8,267,196 of the City's bank balance of \$8,767,196 was exposed to custodial credit risk. No amounts were uninsured and uncollateralized.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

**NOTE 3. Deposits (continued)**

|   | <u>International<br/>Bank</u> | <u>First National<br/>Bank of<br/>New Mexico</u> | <u>Total</u>        |
|---|-------------------------------|--|---------------------|
| Deposits  | \$ 3,214,795                  | \$ 5,552,401                                     | \$ 8,767,196        |
| FDIC Coverage   | <u>(250,000)</u>              | <u>(250,000)</u>                                 | <u>(500,000)</u>    |
| Total uninsured public funds  | <u>2,964,795</u>              | <u>5,302,401</u>                                 | <u>8,267,196</u>    |
| Collateralized by securities held by<br>pledging institutions or by its<br>trust department or agent in<br>other than the City's name | <u>2,964,795</u>              | <u>5,302,401</u>                                 | <u>8,267,196</u>    |
| Uninsured and uncollateralized  | <u>\$ -</u>                   | <u>\$ -</u>                                      | <u>\$ -</u>         |
| Collateral requirement - deposits<br>(50% of uninsured funds)   | \$ 1,482,398                  | \$ 2,651,201                                     | \$ 4,133,598        |
| Pledged Collateral  | <u>3,934,360</u>              | <u>5,428,567</u>                                 | <u>9,362,927</u>    |
| Over (Under) collateralized   | <u>\$ 2,451,963</u>           | <u>\$ 2,777,367</u>                              | <u>\$ 5,229,329</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.

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, 2016 and a weighted average maturity of less than 365 days.

**Reconciliation of Cash and Cash Equivalents**

|   |                     |
|---|---------------------|
| Cash and cash equivalents per Exhibit A-1             | \$ 6,522,861        |
| Restricted cash and cash equivalents                  |                     |
| Debt service per Exhibit A-1                          | 2,027,274           |
| Unspent loan proceeds per Exhibit A-1                 | 686,543             |
| Meter deposits per Exhibit A-1                        | 104,553             |
| Closure and postclosure care per Exhibit A-1          | 201,728             |
| Agency funds cash per Exhibit E-1                     | <u>13,892</u>       |
| Total cash and cash equivalents                       | <u>9,556,851</u>    |
| Add: outstanding checks                               | 882,792             |
| Less: deposits in transit                             | (297,797)           |
| Less: U.S. agencies and treasury notes held with NMFA | (1,373,998)         |
| Less: petty cash                                      | <u>(652)</u>        |
| Bank balance of deposits                              | <u>\$ 8,767,196</u> |

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

**NOTE 4. Receivables**

Receivables as of June 30, 2016, are as follows:

|                             | <u>General</u>    | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>        |
|-----------------------------|-------------------|---|---------------------|
| Property taxes              | \$ 138,200        | \$ -                                    | \$ 138,200          |
| Other taxes:                |                   |   |                     |
| Gross receipts taxes        | 490,610           | 141,437                                 | 632,047             |
| Franchise taxes             | 18,566            | -                                       | 18,566              |
| Gasoline and oil taxes      | 1,141             | 41,744                                  | 42,885              |
| Lodgers taxes               | -                 | 49,586                                  | 49,586              |
| Due from other governments: |                   |   |                     |
| State                       | 12,692            | 264,831                                 | 277,523             |
| Federal                     | -                 | 162,462                                 | 162,462             |
| Totals                      | <u>\$ 661,209</u> | <u>\$ 660,060</u>                       | <u>\$ 1,321,269</u> |

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

|                                      | <u>Water and<br/>Sewer</u> | <u>Sanitation</u> | <u>Total</u>      |
|--------------------------------------|----------------------------|-------------------|-------------------|
| Utility fees                         | \$ 515,412                 | \$ 235,093        | \$ 750,505        |
| Allowance for uncollectible accounts | (23,984)                   | -                 | (23,984)          |
| Taxes:                               |                            |                   |                   |
| Gross receipts taxes                 | 204,860                    | -                 | 204,860           |
| Due from state governments           | 36,681                     | -                 | 36,681            |
| Totals                               | <u>\$ 732,969</u>          | <u>\$ 235,093</u> | <u>\$ 968,062</u> |



**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

At June 30, 2016, 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:

| <b>Transfers Out</b>                | <b>Transfers In</b>                 | <b>Amount</b>       |
|-------------------------------------|-------------------------------------|---------------------|
| General Fund                        | Depot Improvement Project           | \$ 141,674          |
| General Fund                        | Historic Building                   | 149,887             |
| General Fund                        | Juvenile Justice Grant Fund         | 14,344              |
| General Fund                        | ARRA OJP GRANT                      | 20,160              |
| General Fund                        | Police Grant Fund                   | 8,440               |
| General Fund                        | Recreation Fund                     | 60,000              |
| General Fund                        | Street Improvement Capital Projects | 16,156              |
| 1/4% Capital Improvements           | General Fund                        | 100,377             |
| Fire Grant                          | Emergency Medical Services          | 28,323              |
| Fire Protection Fund                | NMFA Fire Loan                      | 82,031              |
| Lodger's Tax Fund                   | Lodger's Tax 2% Capital Project     | 228,331             |
| Lodger's Tax 2% Capital Project     | General Fund                        | 32,000              |
| Lodger's Tax 2% Capital Project     | NMFA Loan Welcome Center            | 50,252              |
| Law Enforcement Fund                | NMFA Loan Police Vehicles           | 20,664              |
| Police Grant Fund                   | General Fund                        | 8,440               |
| Library Grant Fund                  | General Fund                        | 149                 |
| Environmental GRT Fund              | Solid Waste                         | 435                 |
| Street Improvement Capital Projects | NMDOT                               | 52,529              |
| Juvenile Justice Grant              | General Fund                        | 3,415               |
| ARRA CWSRF                          | ARRA CWSRF                          | 30,000              |
| Swim Pool Rec Capital Projects      | Recreation Center                   | 358,992             |
| Swim Pool Rec Capital Projects      | Aquatic Center                      | 175,705             |
| Swim Pool Rec Capital Projects      | Recreation Fund                     | 16,685              |
| Historic Building                   | General Fund                        | 136,936             |
| 1/4% Capital Improvements           | Swim Pool Rec Capital Projects      | 57,558              |
| Water Capital Fund                  | NMFA WTB Fire                       | 100,722             |
| Water Capital Fund                  | Water Trust Boards                  | 10,000              |
| Solid Waste Fund                    | General Fund                        | 41,673              |
|                                     |                                     | <u>\$ 1,945,878</u> |

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
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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, 2016. Land, Artwork and Construction in Progress are not subject to depreciation.

**Governmental Activities:**

|                                       | <b>Balance<br/>June 30, 2015</b> | <b>Additions</b>   | <b>Deletions</b> | <b>Balance<br/>June 30, 2016</b> |
|---------------------------------------|----------------------------------|--------------------|------------------|----------------------------------|
| Capital assets not being depreciated: |                                  |                    |                  |                                  |
| Land                                  | \$ 685,779                       | \$ -               | \$ -             | \$ 685,779                       |
| Artwork                               | 713,750                          | -                  | -                | 713,750                          |
| Construction in progress              | 582,055                          | 823,002            | -                | 1,405,057                        |
|                                       | <u>1,981,584</u>                 | <u>823,002</u>     | <u>-</u>         | <u>2,804,586</u>                 |
| Capital assets being depreciated:     |                                  |                    |                  |                                  |
| Buildings                             | 15,118,628                       | 1,043,405          | -                | 16,162,033                       |
| Furniture and equipment               | 1,571,084                        | 82,582             | (7,199)          | 1,646,467                        |
| Improvements                          | 14,899,808                       | 49,974             | -                | 14,949,782                       |
| Vehicles                              | 3,875,141                        | -                  | -                | 3,875,141                        |
|                                       | <u>35,464,661</u>                | <u>1,175,961</u>   | <u>(7,199)</u>   | <u>36,633,423</u>                |
| Total capital assets                  | <u>37,446,245</u>                | <u>1,998,963</u>   | <u>(7,199)</u>   | <u>39,438,009</u>                |
| Accumulated depreciation:             |                                  |                    |                  |                                  |
| Buildings                             | (4,153,898)                      | (443,657)          | -                | (4,597,555)                      |
| Furniture and equipment               | (1,327,536)                      | (58,699)           | 7,199            | (1,379,036)                      |
| Improvements                          | (7,156,985)                      | (687,825)          | -                | (7,844,810)                      |
| Vehicles                              | (3,196,232)                      | (76,714)           | -                | (3,272,946)                      |
| Total accumulated depreciation        | <u>(15,834,651)</u>              | <u>(1,266,895)</u> | <u>7,199</u>     | <u>(17,094,347)</u>              |
| Total capital assets, net             | <u>\$ 21,611,594</u>             | <u>\$ 732,068</u>  | <u>\$ -</u>      | <u>\$ 22,343,662</u>             |

Depreciation expense for the year ended June 30, 2016 was charged to the functions of the governmental activities as follows:

|                        |                     |
|------------------------|---------------------|
| General Government     | \$ 468,290          |
| Public Safety          | 551,001             |
| Culture and Recreation | 240,606             |
| Public Works           | 6,999               |
|                        | <u>6,999</u>        |
|                        | <u>\$ 1,266,895</u> |

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

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

**Business-type Activities:**

|                                       | <b>Balance<br/>June 30, 2015</b> | <b>Additions</b>   | <b>Adjustments</b> | <b>Construction<br/>in progress<br/>transfers</b> | <b>Balance<br/>June 30, 2016</b> |
|---------------------------------------|----------------------------------|--------------------|--------------------|---|----------------------------------|
| Capital assets not being depreciated: |                                  |                    |                    |   |                                  |
| Land                                  | \$ 1,213,303                     | \$ -               | \$ -               | \$ -  | \$ 1,213,303                     |
| Construction in progress              | 1,405,402                        | 1,017,385          | -                  | (638,123)   | 1,784,664                        |
|                                       | <u>2,618,705</u>                 | <u>1,017,385</u>   | <u>-</u>           | <u>(638,123)</u>                                  | <u>2,997,967</u>                 |
| Capital assets being depreciated:     |                                  |                    |                    |   |                                  |
| Buildings                             | 185,000                          | -                  | -                  | -   | 185,000                          |
| Equipment                             | 2,441,849                        | 165,736            | -                  | 24,468  | 2,632,053                        |
| Land improvements                     | 2,039,024                        | -                  | -                  | -   | 2,039,024                        |
| Vehicles                              | 557,997                          | -                  | -                  | -   | 557,997                          |
| Infrastructure                        | 26,941,028                       | -                  | (9,254)            | 613,655   | 27,545,429                       |
|                                       | <u>32,164,898</u>                | <u>165,736</u>     | <u>(9,254)</u>     | <u>638,123</u>                                    | <u>32,959,503</u>                |
| Total capital assets                  | <u>34,783,603</u>                | <u>1,183,121</u>   | <u>(9,254)</u>     | <u>-</u>  | <u>35,957,470</u>                |
| Accumulated depreciation:             |                                  |                    |                    |   |                                  |
| Buildings                             | (90,573)                         | (4,625)            | -                  | -   | (95,198)                         |
| Equipment                             | (1,976,172)                      | (100,228)          | -                  | -   | (2,076,400)                      |
| Land improvements                     | (258,235)                        | (102,181)          | -                  | -   | (360,416)                        |
| Vehicles                              | (536,621)                        | (11,766)           | -                  | -   | (548,387)                        |
| Infrastructure                        | (13,243,588)                     | (860,343)          | -                  | -   | (14,103,931)                     |
| Total accumulated depreciation        | <u>(16,105,189)</u>              | <u>(1,079,143)</u> | <u>-</u>           | <u>-</u>  | <u>(17,184,332)</u>              |
| Total capital assets, net             | <u>\$ 18,678,414</u>             | <u>\$ 103,978</u>  | <u>\$ (9,254)</u>  | <u>\$ -</u>                                       | <u>\$ 18,773,138</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 | \$ 1,016,310        |
| Sanitation      | 62,833              |
|                 | <u>\$ 1,079,143</u> |

**STATE OF NEW MEXICO**  
City of Raton  
Notes to the Financial Statements  
June 30, 2016

**NOTE 7. Long-term Debt**

During the year ended June 30, 2016, the following changes occurred in long-term liabilities as follows.

**Governmental Activities**

|                      | <u>Balance</u><br><u>June 30, 2015</u> | <u>Additions</u>  | <u>Retirements</u> | <u>Balance</u><br><u>June 30, 2016</u> | <u>Due Within</u><br><u>One Year</u> |
|----------------------|--|-------------------|--------------------|--|--------------------------------------|
| Loans                | \$ 5,240,609                           | \$ -              | \$ 463,143         | \$ 4,777,466                           | \$ 320,745                           |
| Compensated absences | 462,988                                | 212,120           | 155,287            | 519,821                                | 94,610                               |
| Total long-term debt | <u>\$ 5,703,597</u>                    | <u>\$ 212,120</u> | <u>\$ 618,430</u>  | <u>\$ 5,297,287</u>                    | <u>\$ 415,355</u>                    |

Loans outstanding for governmental activities at June 30, 2016 consisted of the following loans.

| <u>Description</u>          | <u>Date of</u><br><u>Issue</u> | <u>Maturity</u><br><u>Date</u> | <u>Interest</u><br><u>Rate</u> | <u>Original</u><br><u>Amount</u><br><u>of Issue</u> | <u>Balance</u><br><u>June 30, 2016</u> | <u>Pledged</u><br><u>Revenues</u>      |
|-----------------------------|--------------------------------|--------------------------------|--------------------------------|---|--|--|
| NMFA-Welcome Center Loan    | 3/17/1998                      | 5/1/2018                       | 5.03%                          | \$ 663,909  | \$ 93,418                              | Lodgers taxes                          |
| NMFA-Recreation Center Loan | 4/20/2007                      | 5/1/2032                       | 3.68%                          | 3,248,772   | 2,277,622                              | Gross receipts taxes                   |
| NMFA-Aquatics Center Loan   | 1/16/2009                      | 5/1/2033                       | 3.32%                          | 2,410,000   | 2,005,000                              | Gross receipts taxes                   |
| NMFA-Fire Equipment Loan    | 11/1/2010                      | 5/1/2021                       | 2.43%                          | 643,750   | 380,956                                | Fire protection revenues               |
| NMFA-Police Vehicles Loan   | 1/18/2013                      | 5/1/2018                       | 0.49%                          | 80,889  | 20,470                                 | Law enforcement<br>protection revenues |

The annual requirements to amortize the loans payable for governmental activities as of June 30, 2016, including interest payments are as follows:

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total Debt</u><br><u>Service</u> |
|--|---------------------|---------------------|-------------------------------------|
| 2017   | \$ 320,745          | \$ 113,492          | \$ 434,237                          |
| 2018   | 313,221             | 106,497             | 419,718                             |
| 2019   | 271,427             | 99,026              | 370,453                             |
| 2020   | 282,889             | 92,382              | 375,271                             |
| 2021   | 290,055             | 80,607              | 375,271                             |
| 2022-2026                                    | 1,216,894           | 324,324             | 1,616,200                           |
| 2027-2031                                    | 1,198,833           | 248,856             | 1,699,898                           |
| 2032-2033                                    | 883,402             | 9,505               | 936,378                             |
|  | <u>\$ 4,777,466</u> | <u>\$ 1,074,689</u> | <u>\$ 6,227,426</u>                 |

**STATE OF NEW MEXICO**  
City of Raton  
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**NOTE 7. Long-term Debt (continued)**

**Business-type Activities**

|   | <u>Balance</u><br><u>June 30, 2015</u> | <u>Additions</u>  | <u>Retirements</u> | <u>Balance</u><br><u>June 30, 2016</u> | <u>Due Within</u><br><u>One Year</u> |
|---|--|-------------------|--------------------|--|--------------------------------------|
| Bonds   | \$ 3,712,009                           | \$ -              | \$ 357,942         | \$ 3,354,067                           | \$ 288,032                           |
| Loans   | 1,149,654                              | -                 | 237,575            | 912,079                                | 133,346                              |
| Estimated landfill liability for closure and postclosure care costs | 1,284,877                              | 24,011            | 435                | 1,308,453                              | -                                    |
| Compensated absences  | 233,441                                | 141,652           | 123,715            | 251,378                                | 72,699                               |
| Total long-term debt  | <u>\$ 6,379,981</u>                    | <u>\$ 165,663</u> | <u>\$ 719,667</u>  | <u>\$ 5,825,977</u>                    | <u>\$ 494,077</u>                    |

Bonds and loans outstanding for business-type activities at June 30, 2016 consisted of the following bonds and loans.

| <u>Description</u>                           | <u>Date of Issue</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Original Amount of Issue</u> | <u>Balance June 30, 2016</u> | <u>Pledged Revenues</u>              |
|--|----------------------|----------------------|----------------------|---------------------------------|------------------------------|--------------------------------------|
| Bonds 2006A                                  | 4/18/2006            | 4/18/2046            | 4.38%                | \$ 2,627,154                    | \$ 2,307,154                 | Water and wastewater system revenues |
| Bonds 2006B                                  | 4/18/2006            | 4/18/2046            | 4.38%                | 510,440                         | 450,440                      | Water and wastewater system revenues |
| Bonds GRT Bonds Series 1982                  | 3/16/1982            | 1/1/2022             | 5.00%                | 4,550,000                       | 596,473                      | Water and wastewater system revenues |
| Water and Sewer Bond Series 1976             | 6/14/1977            | 7/1/2016             | 5.00%                | 750,000                         | -                            | Water and wastewater system revenues |
| NMFA-Water Trust Bond Loan                   | 11/21/2008           | 6/1/2018             | 0.25%                | 70,000                          | 11,999                       | Water and wastewater system revenues |
| NMFA-Water Project Loan                      | 12/28/2012           | 6/1/2032             | 0.25%                | 400,000                         | 90,868                       | Water and wastewater system revenues |
| NMFA-Solid Waste Equipment Loan              | 5/31/2013            | 5/1/2024             | 1.15%                | 1,036,400                       | 741,600                      | Sanitation revenues                  |
| NMED Waster Water Facility Construction Loan | 5/2/2011             | 10/18/2030           | 2.00%                | 115,247                         | 67,612                       | 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, 2016, including interest payments are as follows:

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total Debt</u><br><u>Service</u> |
|--|---------------------|---------------------|-------------------------------------|
| 2017   | \$ 288,032          | \$ 145,124          | \$ 433,156                          |
| 2018   | 301,325             | 130,731             | 432,056                             |
| 2019   | 150,116             | 117,828             | 267,944                             |
| 2020   | 48,000              | 114,500             | 162,500                             |
| 2021   | 59,000              | 112,400             | 171,400                             |
| 2022-2026                                    | 321,000             | 524,600             | 845,600                             |
| 2027-2031                                    | 392,000             | 446,200             | 838,200                             |
| 2032-2036                                    | 477,000             | 352,500             | 829,500                             |
| 2037-2041                                    | 596,000             | 238,700             | 834,700                             |
| 2042-2046                                    | 721,594             | 144,000             | 865,594                             |
|  | <u>\$ 3,354,067</u> | <u>\$ 2,326,583</u> | <u>\$ 5,680,650</u>                 |

The annual requirements to amortize the loans payable for business-type activities as of June 30, 2016, including interest payments are as follows:

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total Debt</u><br><u>Service</u> |
|--|-------------------|------------------|-------------------------------------|
| 2017   | \$ 133,346        | \$ 11,005        | \$ 144,351                          |
| 2018   | 132,071           | 10,032           | 142,103                             |
| 2019   | 129,444           | 8,963            | 138,407                             |
| 2020   | 109,104           | 17,047           | 126,151                             |
| 2021   | 99,855            | 6,601            | 106,456                             |
| 2022-2026                                    | 297,991           | 13,649           | 311,640                             |
| 2027-2032                                    | 10,268            | 1,201            | 969,108                             |
|  | <u>\$ 912,079</u> | <u>\$ 68,498</u> | <u>\$ 1,938,216</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, 2016 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, 2016.
- B. There were no funds that had excess expenditures over appropriations at June 30, 2016.
- C. There were no funds that had designated cash appropriations in excess of available balances at June 30, 2016.

**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\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

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

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

*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 FY15 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 FY15 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.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 \$432,713 for the year ended June 30, 2016.

*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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

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, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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.

**Reallocation of Deferred Amounts**

Due to Changes in proportion in fiscal year 2015 the beginning deferred inflows and outflows were reclassified due to the employer's change in proportion for fiscal year 2015. The total reallocation of deferred inflows and outflows increased pension expense by \$73,647 for fiscal year ending June 30, 2016. This amount is not included in pension expense in PERA's Schedule of Employer Pension Amounts for the year ended June 30, 2015.



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

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

**For PERA Fund Municipal General Division**, at June 30, 2016, City of Raton reported a liability of \$2,410,303 for its proportionate share of the net pension liability. At June 30, 2015, City of Raton's proportion was 0.2364 percent, which was an increase from its proportion measured as of June 30, 2014 of 0.22616 percent.

For the year ended June 30, 2016, City of Raton recognized PERA Fund Municipal General Division pension expense of \$119,532. At June 30, 2016, 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<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Changes in proportion   | \$ 88,161                                     | \$ -   |
| Differences between expected and actual experience                                  | -   | 53,389                                       |
| Net difference between projected and actual earnings on<br>pension plan investments | -   | 7,625  |
| Changes of assumption   | -   | 939  |
| City of Raton's contributions subsequent to the measurement date                    | <u>197,549</u>                                | <u>-</u>                                     |
| Total   | <u><u>\$ 285,710</u></u>                      | <u><u>\$ 61,953</u></u>                      |

\$197,549 reported as deferred outflows of resources related to pensions resulting from City of Raton's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |    |           |
|----------------------------|----|-----------|
| 2017                       | \$ | 41,799    |
| 2018                       |    | 41,799    |
| 2019                       |    | 41,799    |
| 2020                       |    | (151,605) |
| Thereafter                 |    | -         |

**STATE OF NEW MEXICO**  
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**NOTE 10. Pension Plan - Public Employees Retirement Association (continued)**

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

**For PERA Fund Municipal Police Division**, at June 30, 2016, City of Raton reported a liability of \$1,506,522 for its proportionate share of the net pension liability. At June 30, 2015, City of Raton's proportion was 0.3133 percent, which was increase from its proportion measured as of June 30, 2014 of 0.3040 percent.

For the year ended June 30, 2016, City of Raton recognized PERA Fund Municipal Police Division pension expense of \$106,931. At June 30, 2016, 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<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Changes in proportion   | \$ 23,150                                     | \$ -   |
| Differences between expected and actual experience                                  | 105,270                                       | -  |
| Net difference between projected and actual earnings on<br>pension plan investments | -   | 4,179  |
| Changes of assumption   | -   | 62,328                                       |
| City of Raton's contributions subsequent to the measurement date                    | 118,487                                       | -  |
| Total   | \$ 246,907                                    | \$ 66,507                                    |

\$118,487 reported as deferred outflows of resources related to pensions resulting from City of Raton's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |          |
|----------------------------|----------|
| 2017                       | \$ 7,040 |
| 2018                       | 7,040    |
| 2019                       | 7,040    |
| 2020                       | (83,033) |
| 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, 2016, City of Raton reported a liability of \$2,289,500 for its proportionate share of the net pension liability. At June 30, 2015, City of Raton's proportion was 0.4436 percent, which was an increase from its proportion measured as of June 30, 2014 of 0.4096 percent.

For the year ended June 30, 2016, City of Raton recognized PERA Fund Municipal Fire Division pension expense of \$252,989. At June 30, 2016, 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<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Changes in proportion   | \$ 108,366                                    | \$ -   |
| Differences between expected and actual experience                                  | 90,164  | -  |
| Net difference between projected and actual earnings on<br>pension plan investments | -   | 2,754  |
| Changes of assumption   | 48,288  | -  |
| City of Raton's contributions subsequent to the measurement date                    | 116,677                                       | -  |
| Total   | \$ 363,495                                    | \$ 2,754                                     |

\$116,677 reported as deferred outflows of resources related to pensions resulting from City of Raton's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |    |        |
|----------------------------|----|--------|
| 2017                       | \$ | 54,279 |
| 2018                       |    | 54,279 |
| 2019                       |    | 54,279 |
| 2020                       |    | 81,227 |
| Thereafter                 |    | -      |

**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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

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

|                            |   |
|----------------------------|---|
| Actuarial valuation date   | June 30, 2014   |
| 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  |
| Projected benefit payment  | 100 years   |
| Payroll growth             | 3.50% annual rate   |
| Projected salary increases | 3.50 to 14.25% annual rate  |
| Includes inflation at      | 3.00% annual rate   |
| Mortality assumptions      | RP-200 mortality tables (combined table for healthy post-retirements, Employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using scale AA. |
| Experience study date      | July 1, 2008 to June 30, 2013   |

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<br>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>1% Decrease<br/>(6.75%)</b> | <b>Current<br/>Discount Rate<br/>(7.75%)</b> | <b>1% Increase<br/>(8.75%)</b> |
|--|--------------------------------|--|--------------------------------|
| <b>PERA Fund Municipal General Division</b>                      |                                |  |                                |
| City of Raton's proportionate share of the net pension liability | \$ 4,103,789                   | \$ 2,410,303                                 | \$ 1,002,284                   |
| <b>PERA Fund Municipal Police Division</b>                       |                                |  |                                |
| City of Raton's proportionate share of the net pension liability | \$ 2,487,930                   | \$ 1,506,522                                 | \$ 701,435                     |
| <b>PERA Fund Municipal Fire Division</b>                         |                                |  |                                |
| City of Raton's proportionate share of the net pension liability | \$ 3,105,129                   | \$ 2,289,500                                 | \$ 1,617,311                   |

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at [http://osanm.org/media/audit/366 Public Employees Retirement Association FY 2015.pdf](http://osanm.org/media/audit/366%20Public%20Employees%20Retirement%20Association%20FY%202015.pdf)

**Payables to the pension plan.** There were no amounts owed to PERA at June 30, 2016. 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, 2016 but paid in July 2016.

**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.

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

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, 2016, 2015, and 2014 were \$72,983, \$69,542, and \$66,527, respectively, which equal the required contributions for each year.

**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.

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City of Raton  
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**NOTE 12. Contingent Liabilities (continued)**

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, 2016, 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 \$1,360,981, an inflationary increase of \$24,011, from the prior year estimate of approximately 1.8%. 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 of the landfill the City has incurred \$52,528 in closure costs (including \$435 in current year costs) reducing the liability to \$1,308,453 at June 30, 2016.

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, 2016 is \$201,728.

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

The government-wide statement of net position reports \$3,901,256 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 47-48 and 106-109.

**NOTE 15. Subsequent Events**

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 9, 2016, which is the date on which the financial statements were issued.

**NOTE 16. Subsequent Pronouncements**

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 financial statements.

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**NOTE 16. Subsequent Pronouncements (continued)**

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 affect 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. This pronouncement will have a material affect on the City's 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 City will implement this standard during the fiscal year ended June 30, 2017. The City is still evaluating how this pronouncement will affect the financial statements.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83 *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

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

During fiscal year 2016 the City eliminated the Waste Water Treatment debt service fund for financial reporting purposes and reclassified the beginning fund balance totaling \$754,848 into the Water and Sewer enterprise fund as the debt service activities in Waste Water Treatment fund relate to debt that is required by Governmental Accounting Standards to be reported in the Water and Sewer fund.

**NOTE 18. Construction Commitments**

The City has multiple construction projects outstanding as of June 30, 2016. Cost left to complete a Depot Multi Modal Project and a Fire Station project are estimated at \$310,309 and \$17,639 respectively. Cost left to complete various construction projects related to water and sewer utility infrastructure totaling \$4,376,610 as of June 30, 2016.



**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\*

|  | <b>2016</b>              | <b>2015</b>              |
|--|--------------------------|--------------------------|
|  | <b>Measurement Date</b>  | <b>Measurement Date</b>  |
|  | <b>As of and for the</b> | <b>As of and for the</b> |
|  | <b>Year Ended June</b>   | <b>Year Ended June</b>   |
|  | <b>30, 2015</b>          | <b>30, 2014</b>          |
| City of Raton's proportion of the net pension liability  | 0.2364%                  | 0.2216%                  |
| City of Raton's proportionate share of the net pension liability   | \$ 2,410,303             | \$ 1,728,718             |
| City of Raton's covered-employee payroll   | \$ 2,073,010             | \$ 1,798,896             |
| City of Raton's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 116.27%                  | 96.10%                   |
| Plan fiduciary net position as a percentage of the total pension liability                                       | 76.99%                   | 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\*

|  | <b>2016</b>              | <b>2015</b>              |
|--|--------------------------|--------------------------|
|  | <b>Measurement Date</b>  | <b>Measurement Date</b>  |
|  | <b>As of and for the</b> | <b>As of and for the</b> |
|  | <b>Year Ended June</b>   | <b>Year Ended June</b>   |
|  | <b>30, 2015</b>          | <b>30, 2014</b>          |
| City of Raton's proportion of the net pension liability  | 0.3133%                  | 0.3040%                  |
| City of Raton's proportionate share of the net pension liability   | \$ 1,506,522             | \$ 991,007               |
| City of Raton's covered-employee payroll   | \$ 618,895               | \$ 585,530               |
| City of Raton's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 243.42%                  | 169.25%                  |
| Plan fiduciary net position as a percentage of the total pension liability                                       | 76.99%                   | 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\*

|  | <b>2016</b>              | <b>2015</b>              |
|--|--------------------------|--------------------------|
|  | <b>Measurement Date</b>  | <b>Measurement Date</b>  |
|  | <b>As of and for the</b> | <b>As of and for the</b> |
|  | <b>Year Ended June</b>   | <b>Year Ended June</b>   |
|  | <b>30, 2015</b>          | <b>30, 2014</b>          |
| City of Raton's proportion of the net pension liability  | 0.4436%                  | 0.4096%                  |
| City of Raton's proportionate share of the net pension liability   | \$ 2,289,500             | \$ 1,709,668             |
| City of Raton's covered-employee payroll   | \$ 505,619               | \$ 456,169               |
| City of Raton's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 452.81%                  | 374.79%                  |
| Plan fiduciary net position as a percentage of the total pension liability                                       | 76.99%                   | 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\*

|  | <b>As of and for the<br/>Year Ended<br/>June 30, 2016</b> | <b>As of and for the<br/>Year Ended<br/>June 30, 2015</b> |
|--|---|---|
| Contractually required contributions                                 | \$ 197,549  | \$ 187,690  |
| Contributions in relation to the contractually required contribution | (197,549)   | (187,690)   |
| Contribution deficiency (excess)                                     | \$ -  | \$ -  |
| City of Raton's covered-employee payroll                             | \$ 2,190,052  | \$ 2,073,010  |
| Contributions as a percentage of covered-employee payroll            | 9%  | 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\*

|  | <b>As of and for the<br/>Year Ended<br/>June 30, 2016</b> | <b>As of and for the<br/>Year Ended<br/>June 30, 2015</b> |
|--|---|---|
| Contractually required contributions                                 | \$ 118,487  | \$ 116,873  |
| Contributions in relation to the contractually required contribution | (118,487)   | (116,873)   |
| Contribution deficiency (excess)                                     | \$ -  | \$ -  |
| City of Raton's covered-employee payroll                             | \$ 626,915  | \$ 618,895  |
| Contributions as a percentage of covered-employee payroll            | 19%   | 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\*

|  | <b>As of and for the<br/>Year Ended<br/>June 30, 2016</b> | <b>As of and for the<br/>Year Ended<br/>June 30, 2015</b> |
|--|---|---|
| Contractually required contributions                                 | \$ 116,677  | \$ 109,391  |
| Contributions in relation to the contractually required contribution | (116,677)   | (109,391)   |
| Contribution deficiency (excess)                                     | \$ -  | \$ -  |
| City of Raton's covered-employee payroll                             | \$ 538,923  | \$ 505,619  |
| Contributions as a percentage of covered-employee payroll            | 22%   | 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.

**STATE OF NEW MEXICO**  
City of Raton  
Notes to Required Supplementary Information  
June 30, 2016

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 on pages 40-42 of the PERA FY15 audit available at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf).

***Changes of assumptions.*** The Public Employees Retirement Association (PERA) of the NEW Mexico Annual Actuarial Valuation as of June 30, 2015 is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. See Appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2014 valuation.

Changes in assumptions resulted in a decrease of \$91.8 million to the total pension liability for the PERA Fund and an increase of 0.42% to the funded ratio for the year ended June 30, 2015. See more details of actuarial methods and assumptions on Note 2 on page 34 of PERA's Schedule of Employer Allocations and Pension amounts at [http://osanm.org/media/audits/366-B\\_PERA\\_Schedule\\_of\\_Employer\\_Allocations\\_FY2015.pdf](http://osanm.org/media/audits/366-B_PERA_Schedule_of_Employer_Allocations_FY2015.pdf)

See independent auditors' report.



**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, 2016

**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, 2016

**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. Inventories are tested for impairment annually and reported at lower of cost or market value.

*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 asset inventories are observed annually and reported at the lower of cost or market value to account for any impairment of service capacity.

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, 2016

**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.

During the year ended June 30, 2016, the Company adopted GASB Statements No. 72, *Fair Value Measurement and Application*, a portion of 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*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants* and No. 82 *Pension Issues-an amendment of GASB Statement No. 67, No. 68, and No.73*. These five Statements are required to be implemented as of June 30, 2016, and none of these statements significantly impacted the Company's financial statements.

The objective of GASB Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

*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 two types of items that qualify for reporting in this category. Accordingly, the items, Employer contributions subsequent to the measurement date of \$77,895 is deferred and recognized as a direct reduction of the net pension liability during the next reporting period, and change in proportion in the amount of \$26,806. These are reported in the Statement of Net Position.

*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 three types of items considered to be deferred inflows of resources, all of which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, change in assumption, net difference between projected and actual investment earnings on pension plan investments, 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 \$379 related to change in assumptions, \$3,080 related to the net difference between projected and actual investment earnings on pension plan investments, and \$21,568 related change in experience.

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to the Financial Statements  
June 30, 2016

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

*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 11.

Unrestricted Net Position – represents the excess of total assets over total liabilities and net position invested in capital assets at June 30, 2016. 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, 2016.

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.

All of the Company's accounts at located an insured depository institution, including all noninterest-bearing transaction accounts, which 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.

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to the Financial Statements  
June 30, 2016

**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, 2016, \$7,084,509 of the Company's bank balance of \$7,655,109 was exposed to custodial credit risk. None of the Company's cash balance was uninsured and uncollateralized as of June 30, 2016.

|  | <u>International<br/>Bank</u> | <u>First National<br/>Bank</u> | <u>Total</u>        |
|--|-------------------------------|--------------------------------|---------------------|
| Deposits   | \$ 1,022,216                  | \$ 6,632,893                   | \$ 7,655,109        |
| FDIC Coverage  | <u>(320,600)</u>              | <u>(250,000)</u>               | <u>(570,600)</u>    |
| Total uninsured public funds   | <u>701,616</u>                | <u>6,382,893</u>               | <u>7,084,509</u>    |
| Collateralized by securities held by<br>pledging institutions or by its trust<br>department or agent in other than the<br>Company's name | <u>701,616</u>                | <u>6,382,893</u>               | <u>7,084,509</u>    |
| Uninsured and uncollateralized   | <u>\$ -</u>                   | <u>\$ -</u>                    | <u>\$ -</u>         |
| Collateral requirement - deposits<br>(50% of uninsured funds)  | \$ 350,808                    | \$ 3,191,447                   | \$ 3,542,255        |
| Pledged Collateral   | <u>1,275,000</u>              | <u>7,445,096</u>               | <u>8,720,096</u>    |
| Over (Under) collateralized  | <u>\$ 924,192</u>             | <u>\$ 4,253,650</u>            | <u>\$ 5,177,842</u> |

The collateral pledged is listed on Schedule V of the Company's separately issued 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 an AAA rating at June 30, 2016 and a weighted average maturity of less than 365 days.

**Reconciliation of Cash and Cash Equivalents**

|  |                     |
|--|---------------------|
| Cash and cash equivalents per Exhibit A-1                | \$ 7,852,270        |
| Restricted cash and cash equivalents:                    |                     |
| Sixty day operation reserve fund-per Exhibit A-1         | 340,852             |
| Annual overhaul reserve fund-per Exhibit A-1             | 308,399             |
| Capital improvement and replacement fund-per Exhibit A-1 | 668,497             |
| Customer deposits-per Exhibit A-1                        | 178,262             |
| Debt service and reserve requirements-per Exhibit A-1    | <u>1,172,913</u>    |
| Total cash and cash equivalents                          | <u>10,521,193</u>   |
| Add: outstanding checks                                  | 335,255             |
| Less: deposits in transit                                | (9,791)             |
| Less: check held by International Bank for CD cash out   | (2,018,035)         |
| Less: U.S. agencies and treasury notes held with NMFA    | (1,172,913)         |
| Less: petty cash   | <u>(600)</u>        |
| Bank balance of deposits                                 | <u>\$ 7,655,109</u> |

**STATE OF NEW MEXICO**  
Raton Public Service Company  
Notes to the Financial Statements  
June 30, 2016

**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                       | \$ 1,004,605             |
| Raton Water Works               | 6,474                    |
| Allowance for doubtful accounts | <u>(152,814)</u>         |
| Accounts receivable             | <u><u>\$ 858,265</u></u> |

**NOTE 4. CAPITAL ASSETS**

A summary of changes in capital assets for fiscal year ending June 30, 2016 is as follows.

|   | <b>Beginning<br/>Balance<br/>June 30, 2015</b> | <b>Additions</b>         | <b>Deletions</b>   | <b>Ending<br/>Balance<br/>June 30, 2016</b> |
|---|--|--------------------------|--------------------|---|
| Capital assets, not being depreciated:      |  |                          |                    |   |
| Construction in progress                    | \$ -   | \$ 1,332,993             | \$ -               | \$ 1,332,993                                |
| Total capital assets being depreciated      | <u>-</u>                                       | <u>1,332,993</u>         | <u>-</u>           | <u>1,332,993</u>                            |
| Capital assets, being depreciated:          |  |                          |                    |   |
| Buildings and improvements                  | 16,892,770                                     | -                        | -                  | 16,892,770                                  |
| Vehicles and equipment                      | <u>989,900</u>                                 | <u>148,113</u>           | <u>-</u>           | <u>1,138,013</u>                            |
| Total capital assets being depreciated      | <u>17,882,670</u>                              | <u>148,113</u>           | <u>-</u>           | <u>18,030,783</u>                           |
| Less accumulated depreciation:              |  |                          |                    |   |
| Buildings and improvements                  | (8,652,669)                                    | (479,171)                | -                  | (9,131,840)                                 |
| Vehicles and equipment                      | <u>(795,469)</u>                               | <u>(35,949)</u>          | <u>-</u>           | <u>(831,418)</u>                            |
| Total accumulated depreciation              | <u>(9,448,138)</u>                             | <u>(515,120)</u>         | <u>-</u>           | <u>(9,963,258)</u>                          |
| Total capital assets being depreciated, net | <u><u>\$ 8,434,532</u></u>                     | <u><u>\$ 965,986</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 9,400,518</u></u>                  |

Depreciation expense for capital assets for the fiscal year ended June 30, 2016 was \$515,120.

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**NOTE 5. LONG-TERM DEBT**

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the Statement of Net Position:

|                      | <b>Balance<br/>June 30, 2015</b> | <b>Additions</b> | <b>Deletions</b>    | <b>Balance<br/>June 30, 2016</b> | <b>Due Within<br/>One Year</b> |
|----------------------|----------------------------------|------------------|---------------------|----------------------------------|--------------------------------|
| Loans payable        | \$ 5,584,432                     | \$ -             | \$ (350,819)        | \$ 5,233,613                     | \$ 368,802                     |
| Compensated absences | 86,949                           | 95,139           | (56,755)            | 125,333                          | 56,755                         |
| <b>Total</b>         | <b>\$ 5,671,381</b>              | <b>\$ 95,139</b> | <b>\$ (407,574)</b> | <b>\$ 5,358,946</b>              | <b>\$ 425,557</b>              |

Loans outstanding for the Company at June 30, 2016 consisted of the following loans which are secured by the net revenues of electric utility.

| <b>Description</b>                                      | <b>Date of<br/>Issue</b> | <b>Maturity<br/>Date</b> | <b>Interest<br/>Rate</b> | <b>Original<br/>Amount<br/>of Issue</b> | <b>Balance<br/>June 30, 2016</b> |
|---|--------------------------|--------------------------|--------------------------|---|----------------------------------|
| NMFA-Backup generator                                   | 04/05/02                 | 05/01/21                 | 4.08%-4.86%              | \$ 2,693,610                            | \$ 756,218                       |
| NMFA-Electric utility substation                        | 10/16/09                 | 05/01/29                 | 1.65%-4.95%              | \$ 1,122,725                            | \$ 871,829                       |
| NMFA-Electric Utility Wartsila<br>and Burro Canon Lines | 10/16/09                 | 05/01/29                 | 1.65%-4.95%              | \$ 4,619,684                            | \$ 3,605,566                     |

The annual requirements to amortize loans payable for the Company as of June 30, 2016 including interest payments are as follows:

| <b>Fiscal Year<br/>Ending June 30,</b> | <b>Business-type activities</b> |                     |                               |
|--|---------------------------------|---------------------|-------------------------------|
|  | <b>Principal</b>                | <b>Interest</b>     | <b>Total Debt<br/>Service</b> |
| 2017                                   | \$ 368,802                      | \$ 227,570          | \$ 596,372                    |
| 2018                                   | 379,693                         | 214,253             | 593,946                       |
| 2019                                   | 398,501                         | 199,896             | 598,397                       |
| 2020                                   | 411,358                         | 184,110             | 595,468                       |
| 2021                                   | 322,296                         | 166,916             | 489,212                       |
| 2022-2026                              | 1,899,420                       | 625,534             | 2,524,954                     |
| 2027-2029                              | 1,453,543                       | 142,976             | 1,596,519                     |
|  | <b>\$ 5,233,613</b>             | <b>\$ 1,761,255</b> | <b>\$ 6,994,868</b>           |

**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.



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**NOTE 6. RISK MANAGEMENT AND LITIGATION - CONTINUED**

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, 2016 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. \$2,584,000 in insurance proceeds were received by the Company as a result of the settlement agreement during fiscal year 2016.

**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, 2015 available at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf)

**Contributions.** The contribution requirements of defined benefit plan members and the Agency 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 FY15 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 32 of the PERA FY15 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.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 \$77,895.

**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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

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**NOTE 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN - 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. 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, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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.

**Reallocation of Deferred Amounts**

Due to Changes in proportion in fiscal year 2015 the beginning deferred inflows and outflows were reclassified due to the employer's change in proportion for fiscal year 2015. The total reallocation of deferred inflows and outflows increased pension expense by \$13,743 for fiscal year ending June 30, 2016. This amount is not included in pension expense in PERA's Schedule of Employer Pension Amounts for the year ended June 30, 2015.

**For PERA Fund Municipal General Division**, at June 30, 2015, the Company reported a liability of \$973,705 for its proportionate share of the net pension liability. At June 30, 2015, the Company's proportion was 0.0955 percent, which was increased from its proportion measured as of June 30, 2014 by 0.0910 percent.

For the year ended June 30, 2016, the Company recognized PERA Fund Municipal General Division pension expense of \$45,560. At June 30, 2016, 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<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Changes of assumptions  | \$ -  | \$ 379                                       |
| Net difference between projected and actual earnings<br>on pension plan investments | -   | 3,080  |
| Changes in experience   |   | 21,568                                       |
| Changes in proportion   | 26,806  | -  |
| Raton Public Service Company's contributions subsequent<br>to the measurement date  | 77,895  | -  |
| Total   | \$ 104,701                                    | \$ 25,027                                    |

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

\$77,895 reported as deferred outflows of resources related to pensions resulting from the Company’s contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: |    |          |
|---------------------|----|----------|
| 2016                | \$ | (17,491) |
| 2017                |    | (17,491) |
| 2018                |    | (17,491) |
| 2019                |    | 54,252   |
| 2020                |    | -        |
| 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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

|                            |  |
|----------------------------|--|
| Actuarial valuation date   | June 30, 2014  |
| Actuarial cost method      | Entry age normal   |
| Amortization method        | Level percentage of pay, open  |
| 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   |
| Projected benefit payment  | 100 years  |
| Payroll growth             | 3.50% annual rate  |
| Projected salary increases | 3.50 to 14.25% annual rate   |
| Includes inflation at      | 3.00% annual rate  |
| Mortality assumptions      | RP-2000 mortality tables (combined table for healthy post-retirements, Employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using Scale AA. |
| Experience study date      | July 1, 2008 to June 30, 2013  |

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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<br>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<br>(6.75%) | Current<br>Discount Rate<br>(7.75%) | 1% Increase<br>(8.75%) |
|---|------------------------|-------------------------------------|------------------------|
| Raton Public Service Company's proportionate share of the net pension liability | \$ 1,657,834           | \$ 973,705                          | \$ 224,414             |

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at <http://osanm.org/media/audit/366 Public Employees Retirement Association FY 2015.pdf>

**Payables to the pension plan.** There were no amounts owed to PERA at June 30, 2016. 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, 2016 but paid in July 2016.

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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, 2016, 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, 2016, 2015, and 2014 were \$16,315, \$15,809, and \$22,257, respectively, which equal the required contributions for each year.

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**NOTE 9. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 9, 2016, which is the date on which the financial statements were available to be issued. No events were noted for disclosure.

**NOTE 10. SUBSEQUENT PRONOUNCEMENTS**

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 affect 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. This pronouncement will materially affect the Company's 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 affect the financial statements.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Company is still evaluating how this pronouncement will affect the financial statements.

In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The Company is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The Company is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83 *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Company is still evaluating how this pronouncement will affect the financial statements.

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**NOTE 11. 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, 2016 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>                       |              |
|---|--------------|
| 2015 operating expense on an accrual basis                                      | \$ 6,207,863 |
| Adjustments   |              |
| Noncash expenses  | (538,619)    |
| Nonoperating expenses   | 247,896      |
| Change in accounts payable  | 105,894      |
| Change in prepaid expenses  | (10,950)     |
| Change in inventory   | 49,144       |
| Change in accrued payroll   | (143,517)    |
| Change in compensated absences  | (13,155)     |
| Change in deferred outflows   | 75,487       |
| Total 2015 gross annual expenses adjusted to cash basis                         | \$ 5,980,043 |
| Less fuel, purchased power, and energy capacity                                 | (3,990,268)  |
| Adjusted 2015 gross annual expenses for<br>60-day operation reserve calculation | \$ 1,989,775 |

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**NOTE 11. RESTRICTED NET POSITION – CONTINUED**

**60- Day Operation Reserve Fund**

|  |                   |
|--|-------------------|
| 60-day average of the preceding year's cash expenses<br>(exclusive of fuel, purchase power, and energy capacity) | \$ 1,989,775      |
| Divided by days per year   | <u>360</u>        |
| Average per day  | 5,527             |
| <br>   |                   |
| Times 60 days  | <u>60</u>         |
| <br>   |                   |
| 60-Day operating maximum required reserve  | <u>\$ 331,629</u> |
| <br>   |                   |
| Beginning reserve balance  | \$ 399,720        |
| Allowable deposits and interest income   | -                 |
| 2015 cash transfers out  | <u>(58,868)</u>   |
| <br>   |                   |
| Ending reserve balance   | <u>\$ 340,852</u> |

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

|  |                     |
|--|---------------------|
| 2015 operating revenue on an accrual basis             | \$ 6,602,249        |
| Adjustments  |                     |
| Change in accounts receivable                          | 59,747              |
| Change in allowance for doubtful accounts              | 19,038              |
| Change in meter deposits                               | (5,442)             |
| Change in unearned revenue                             | <u>(6,804)</u>      |
| <br>   |                     |
| Total 2015 gross annual revenue adjusted to cash basis | <u>\$ 6,668,788</u> |



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**NOTE 11. 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           | \$ 275,426        |
| Interest income                     | -                 |
| 2015 cash transfers in              | <u>32,973</u>     |
| Ending reserve balance              | <u>\$ 308,399</u> |
| Maximum balance                     |                   |
| 2015 annual gross revenues          | 6,668,788         |
| Maximum reserve balance             |                   |
| (4.5% of 2015 annual gross revenue) | <u>\$ 300,095</u> |
| Allowable deposits                  |                   |
| (2.5% of annual gross revenues)     | <u>\$ 166,720</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  | \$ 2,431,881         |
| Cash transfers             | (1,664,827)          |
| 2015 cash outlay           | <u>(98,556)</u>      |
| Ending reserve balance     | <u>\$ 668,497</u>    |
| Maximum balance            |                      |
| 2015 gross annual revenues | \$ 6,668,788         |
| Multiplied times 2         | <u>2</u>             |
| Maximum reserve balance    | <u>\$ 13,337,576</u> |

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**NOTE 11. RESTRICTED NET POSITION – CONTINUED**

|  | Reserve Analysis                           |  |                         |
|--|--|--|-------------------------|
|  | Actual Cash<br>Balance at<br>June 30, 2016 | Maximum<br>Required<br>Balance at<br>June 30, 2016 | Over (Under)<br>Maximum |
| 60-day operating reserve fund                | \$ 340,852                                 | \$ 331,629   | \$ 9,223                |
| Annual overhaul reserve fund                 | 308,399                                    | 300,095  | 8,304                   |
| Capital improvements and<br>replacement fund | 668,497                                    | 13,337,576   | (12,669,079)            |
| Total  | \$ 1,317,748                               | \$ 13,969,301                                      | \$ (12,651,552)         |

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 \$1,172,913 at June 30, 2016.

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

**STATE OF NEW MEXICO**  
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\*

Schedule Ia

|   | <b>2016</b><br><b>Measurement Date</b><br><b>As of and for the</b><br><b>Year Ended</b><br><b>June 30, 2015</b> | <b>2015</b><br><b>Measurement Date</b><br><b>As of and for the</b><br><b>Year Ended</b><br><b>June 30, 2014</b> |
|---|---|---|
| Raton Public Service Company's proportion of the net pension liability  | 0.0955%   | 0.0910%   |
| Raton Pubic Service Company's proportionate share of the net pension liability  | \$ 973,705  | \$ 709,898  |
| Raton Public Service Company's covered-employee payroll   | \$ 790,438  | \$ 738,601  |
| Raton Public Service Company's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 123.19%   | 96.11%  |
| Plan fiduciary net position as a percentage of the total pension liability  | 76.99%  | 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

|  | <b>As of and for the<br/>Year Ended<br/>June 30, 2016</b> | <b>As of and for the<br/>Year Ended<br/>June 30, 2015</b> |
|--|---|---|
| Contractually required contributions                                 | \$ 77,895   | \$ 75,487   |
| Contributions in relation to the contractually required contribution | (77,895)  | (75,487)  |
| Contribution deficiency (excess)                                     | <u>\$ -</u>   | <u>\$ -</u>   |
| Raton Public Service Company's covered-employee payroll              | \$ 815,655  | \$ 790,438  |
| Contributions as a percentage of covered-employee payroll            | 10%   | 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, 2016

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 on pages 40-42 of the PERA FY15 audit available at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf).

***Changes of assumptions.*** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at [http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA\\_Valuation-Report-FINAL.pdf](http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA_Valuation-Report-FINAL.pdf). See Appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2014 valuation.

Changes in assumptions resulted in a decrease of \$91.8 million to the total pension liability for the PERA fund and an increase of .42% to the funded ration for the year ended June 30, 2015. See more details of actuarial methods and assumptions on Note 2 on page 34 of PERA's Schedule of Employer Allocations and Pension amounts at <http://osanmorg/media/audits/366-B PERA Schedule of Employer Allocations FY2015.pdf>

See independent auditors' report.

## **SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

**State of New Mexico**  
City of Raton  
Nonmajor Governmental Fund Descriptions  
June 30, 2016

**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 on a budget basis of accounting totaled \$380,687 and expenditures totaled \$167,656 for fiscal year ending June 30, 2016.

**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.

**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.

**State of New Mexico**  
City of Raton  
Nonmajor Governmental Fund Descriptions  
June 30, 2016

**Special Revenue Funds (continued)**

**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.

**Shuler LEDA** – To account for a Local Economic Development grant from the New Mexico Economic Development Department for a digital equipment upgrade for the City’s Shuler theatre. This fund was approved by the City Commission through resolution number 2016-26.

**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 Governmental Fund Descriptions  
June 30, 2016

**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.

**NMFA Loan – Police Vehicles** - 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 - 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, 2016

|   | <b>Special Revenue</b> |                                 |                        |                    |
|---|------------------------|---------------------------------|------------------------|--------------------|
|   | <b>Fire Grants</b>     | <b>Fire Protection<br/>Fund</b> | <b>Recreation Fund</b> | <b>Lodgers Tax</b> |
| <i>Assets</i>                               |                        |                                 |                        |                    |
| Cash and cash equivalents                   | \$ 65,452              | \$ 158,953                      | \$ 29,527              | \$ 72,557          |
| Receivables:                                |                        |                                 |                        |                    |
| Taxes receivable                            | -                      | -                               | 25,951                 | 49,586             |
| Due from other governments                  | 46,966                 | -                               | -                      | -                  |
| <i>Total assets</i>                         | \$ 112,418             | \$ 158,953                      | \$ 55,478              | \$ 122,143         |
| <i>Liabilities</i>                          |                        |                                 |                        |                    |
| Accounts payable                            | \$ 850                 | \$ 5,937                        | \$ 1,360               | \$ 1,749           |
| Accrued payroll                             | -                      | -                               | 4,496                  | -                  |
| Unearned revenue                            | -                      | -                               | -                      | -                  |
| <i>Total liabilities</i>                    | 850                    | 5,937                           | 5,856                  | 1,749              |
| <i>Fund balances</i>                        |                        |                                 |                        |                    |
| Spendable:                                  |                        |                                 |                        |                    |
| Restricted for:                             |                        |                                 |                        |                    |
| Public safety                               | 111,568                | 153,016                         | -                      | -                  |
| Culture and recreation                      | -                      | -                               | 49,622                 | 120,394            |
| Health and welfare                          | -                      | -                               | -                      | -                  |
| Capital acquisitions and<br>improvements    | -                      | -                               | -                      | -                  |
| Debt service                                | -                      | -                               | -                      | -                  |
| <i>Total fund balances</i>                  | 111,568                | 153,016                         | 49,622                 | 120,394            |
| <i>Total liabilities, and fund balances</i> | \$ 112,418             | \$ 158,953                      | \$ 55,478              | \$ 122,143         |

The accompanying notes are an integral part of these financial statements.

| <b>Special Revenue</b>              |                                       |                      |   |                             |
|-------------------------------------|---------------------------------------|----------------------|---|-----------------------------|
| <b>Law<br/>Enforcement<br/>Fund</b> | <b>Emergency<br/>Medical Services</b> | <b>Police Grants</b> | <b>Local<br/>Government<br/>Corrections</b> | <b>Library<br/>Building</b> |
| \$ 4,009                            | \$ -                                  | \$ -                 | \$ 52,498                                   | \$ 271,350                  |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | 190,618              | -   | -                           |
| <u>\$ 4,009</u>                     | <u>\$ -</u>                           | <u>\$ 190,618</u>    | <u>\$ 52,498</u>                            | <u>\$ 271,350</u>           |
| \$ -                                | \$ -                                  | \$ 109,618           | \$ -  | \$ -                        |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | 109,618              | -   | -                           |
| 4,009                               | -                                     | 81,000               | 52,498                                      | -                           |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | -                    | -   | 271,350                     |
| -                                   | -                                     | -                    | -   | -                           |
| <u>4,009</u>                        | <u>-</u>                              | <u>81,000</u>        | <u>52,498</u>                               | <u>271,350</u>              |
| <u>\$ 4,009</u>                     | <u>\$ -</u>                           | <u>\$ 190,618</u>    | <u>\$ 52,498</u>                            | <u>\$ 271,350</u>           |

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
City of Raton  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016

|   | <b>Special Revenue</b>        |                              |                                  |              |
|---|-------------------------------|------------------------------|----------------------------------|--------------|
|   | <b>Library Grant<br/>Fund</b> | <b>Environmental<br/>GRT</b> | <b>Police Money<br/>Seizures</b> | <b>LLEBG</b> |
| <i>Assets</i>                               |                               |                              |                                  |              |
| Cash and cash equivalents                   | \$ -                          | \$ 167,281                   | \$ 27,723                        | \$ -         |
| Receivables:                                |                               |                              |                                  |              |
| Taxes receivable                            | -                             | 12,975                       | -                                | -            |
| Due from other governments                  | -                             | -                            | -                                | -            |
| <i>Total assets</i>                         | \$ -                          | \$ 180,256                   | \$ 27,723                        | \$ -         |
| <i>Liabilities</i>                          |                               |                              |                                  |              |
| Accounts payable                            | \$ -                          | \$ -                         | \$ -                             | \$ -         |
| Accrued payroll                             | -                             | -                            | -                                | -            |
| Unearned revenue                            | -                             | -                            | -                                | -            |
| <i>Total liabilities</i>                    | -                             | -                            | -                                | -            |
| <i>Fund balances</i>                        |                               |                              |                                  |              |
| Spendable:                                  |                               |                              |                                  |              |
| Restricted for:                             |                               |                              |                                  |              |
| Public safety                               | -                             | -                            | 27,723                           | -            |
| Culture and recreation                      | -                             | -                            | -                                | -            |
| Health and welfare                          | -                             | 180,256                      | -                                | -            |
| Capital acquisitions and<br>improvements    | -                             | -                            | -                                | -            |
| Debt service                                | -                             | -                            | -                                | -            |
| <i>Total fund balances</i>                  | -                             | 180,256                      | 27,723                           | -            |
| <i>Total liabilities, and fund balances</i> | \$ -                          | \$ 180,256                   | \$ 27,723                        | \$ -         |

The accompanying notes are an integral part of these financial statements.



| <b>Special Revenue</b>        |                 |                   |                    | <b>Capital Projects</b>       |
|-------------------------------|-----------------|-------------------|--------------------|-------------------------------|
| <b>Juvenile Justice Grant</b> | <b>ARRA OJP</b> | <b>ARRA CWSRF</b> | <b>Shuler LEDA</b> | <b>Lodgers Tax 2% Capital</b> |
| \$ -                          | \$ -            | \$ -              | \$ 100,092         | \$ 101,507                    |
| -                             | -               | -                 | -                  | -                             |
| 20,788                        | -               | -                 | -                  | -                             |
| <u>\$ 20,788</u>              | <u>\$ -</u>     | <u>\$ -</u>       | <u>\$ 100,092</u>  | <u>\$ 101,507</u>             |
| \$ 6,444                      | \$ -            | \$ -              | \$ -               | \$ 2,160                      |
| -                             | -               | -                 | -                  | -                             |
| -                             | -               | -                 | -                  | -                             |
| 6,444                         | -               | -                 | -                  | 2,160                         |
| 14,344                        | -               | -                 | -                  | -                             |
| -                             | -               | -                 | 100,092            | -                             |
| -                             | -               | -                 | -                  | -                             |
| -                             | -               | -                 | -                  | 99,347                        |
| -                             | -               | -                 | -                  | -                             |
| 14,344                        | -               | -                 | 100,092            | 99,347                        |
| <u>\$ 20,788</u>              | <u>\$ -</u>     | <u>\$ -</u>       | <u>\$ 100,092</u>  | <u>\$ 101,507</u>             |

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
City of Raton  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016

|   | <b>Capital Projects</b>       |   |              |                          |
|---|-------------------------------|---|--------------|--------------------------|
|   | <b>Street<br/>Improvement</b> | <b>Swim/Pool<br/>Recreation<br/>Center Fund</b> | <b>NMDOT</b> | <b>Historic Building</b> |
| <i>Assets</i>                               |                               |   |              |                          |
| Cash and cash equivalents                   | \$ 257,250                    | \$ 69,874                                       | \$ -         | \$ -                     |
| Receivables:                                |                               |   |              |                          |
| Taxes receivable                            | 41,744                        | 102,511   | -            | -                        |
| Due from other governments                  | -                             | -   | -            | 27,247                   |
| <i>Total assets</i>                         | \$ 298,994                    | \$ 172,385                                      | \$ -         | \$ 27,247                |
| <i>Liabilities</i>                          |                               |   |              |                          |
| Accounts payable                            | \$ 30,581                     | \$ -  | \$ -         | \$ -                     |
| Accrued payroll                             | -                             | -   | -            | -                        |
| Unearned revenue                            | -                             | -   | -            | -                        |
| <i>Total liabilities</i>                    | 30,581                        | -   | -            | -                        |
| <i>Fund balances</i>                        |                               |   |              |                          |
| Spendable:                                  |                               |   |              |                          |
| Restricted for:                             |                               |   |              |                          |
| Public safety                               | -                             | -   | -            | -                        |
| Culture and recreation                      | -                             | 172,385   | -            | 27,247                   |
| Health and welfare                          | -                             | -   | -            | -                        |
| Capital acquisitions and<br>improvements    | 268,413                       | -   | -            | -                        |
| Debt service                                | -                             | -   | -            | -                        |
| <i>Total fund balances</i>                  | 268,413                       | 172,385   | -            | 27,247                   |
| <i>Total liabilities, and fund balances</i> | \$ 298,994                    | \$ 172,385                                      | \$ -         | \$ 27,247                |

The accompanying notes are an integral part of these financial statements.

| <b>Capital Projects</b>          |                              |                                  |                        | <b>Debt Service</b>             |
|----------------------------------|------------------------------|----------------------------------|------------------------|---------------------------------|
| <b>1/4% Capital Improvements</b> | <b>Water Capital Project</b> | <b>Depot Improvement Project</b> | <b>Airport Capital</b> | <b>NMFA Loan Welcome Center</b> |
| \$ -                             | \$ 2,937                     | \$ -                             | \$ 69                  | \$ 58,222                       |
| -                                | -                            | -                                | -                      | -                               |
| -                                | -                            | 141,674                          | -                      | -                               |
| <u>\$ -</u>                      | <u>\$ 2,937</u>              | <u>\$ 141,674</u>                | <u>\$ 69</u>           | <u>\$ 58,222</u>                |
| \$ -                             | \$ -                         | 1,025                            | \$ -                   | \$ -                            |
| -                                | -                            | -                                | -                      | -                               |
| -                                | 2,937                        | -                                | -                      | -                               |
| -                                | 2,937                        | 1,025                            | -                      | -                               |
| -                                | -                            | -                                | -                      | -                               |
| -                                | -                            | -                                | -                      | -                               |
| -                                | -                            | 140,649                          | 69                     | -                               |
| -                                | -                            | -                                | -                      | 58,222                          |
| -                                | -                            | 140,649                          | 69                     | 58,222                          |
| <u>\$ -</u>                      | <u>\$ 2,937</u>              | <u>\$ 141,674</u>                | <u>\$ 69</u>           | <u>\$ 58,222</u>                |

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
City of Raton  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016

|   | <b>Debt Service</b>          |                       |                                      |                           |
|---|------------------------------|-----------------------|--------------------------------------|---------------------------|
|   | <b>Recreation<br/>Center</b> | <b>Aquatic Center</b> | <b>NMFA Loan<br/>Police Vehicles</b> | <b>NMFA Loan<br/>Fire</b> |
| <i>Assets</i>                               |                              |                       |                                      |                           |
| Cash and cash equivalents                   | \$ 265,292                   | \$ 232,143            | \$ 40                                | \$ 3,436                  |
| Receivables:                                |                              |                       |                                      |                           |
| Taxes receivable                            | -                            | -                     | -                                    | -                         |
| Due from other governments                  | -                            | -                     | -                                    | -                         |
| <i>Total assets</i>                         | <b>\$ 265,292</b>            | <b>\$ 232,143</b>     | <b>\$ 40</b>                         | <b>\$ 3,436</b>           |
| <i>Liabilities</i>                          |                              |                       |                                      |                           |
| Accounts payable                            | \$ -                         | \$ -                  | \$ -                                 | \$ -                      |
| Accrued payroll                             | -                            | -                     | -                                    | -                         |
| Unearned revenue                            | -                            | -                     | -                                    | -                         |
| <i>Total liabilities</i>                    | <b>-</b>                     | <b>-</b>              | <b>-</b>                             | <b>-</b>                  |
| <i>Fund balances</i>                        |                              |                       |                                      |                           |
| Spendable:                                  |                              |                       |                                      |                           |
| Restricted for:                             |                              |                       |                                      |                           |
| Public safety                               | -                            | -                     | -                                    | -                         |
| Culture and recreation                      | -                            | -                     | -                                    | -                         |
| Health and welfare                          | -                            | -                     | -                                    | -                         |
| Capital acquisitions and<br>improvements    | -                            | -                     | -                                    | -                         |
| Debt service                                | 265,292                      | 232,143               | 40                                   | 3,436                     |
| <i>Total fund balances</i>                  | <b>265,292</b>               | <b>232,143</b>        | <b>40</b>                            | <b>3,436</b>              |
| <i>Total liabilities, and fund balances</i> | <b>\$ 265,292</b>            | <b>\$ 232,143</b>     | <b>\$ 40</b>                         | <b>\$ 3,436</b>           |

The accompanying notes are an integral part of these financial statements.

| <u>Debt Service</u>              |          | <u>Total Nonmajor<br/>Governmental<br/>Funds</u> |
|----------------------------------|----------|--|
| <u>Waste Water<br/>Treatment</u> |          |  |
| \$                               | -        | \$ 1,940,212                                     |
|                                  | -        | 232,767  |
|                                  | -        | 427,293  |
|                                  |          | <hr/>  |
| <u>\$</u>                        | <u>-</u> | <u>\$ 2,600,272</u>                              |
|                                  |          | <hr/>  |
| \$                               | -        | \$ 159,724                                       |
|                                  | -        | 4,496  |
|                                  | -        | 2,937  |
|                                  |          | <hr/>  |
|                                  | -        | 167,157  |
|                                  |          | <hr/>  |
|                                  | -        | 444,158  |
|                                  | -        | 469,740  |
|                                  | -        | 180,256  |
|                                  | -        | 779,828  |
|                                  | -        | 559,133  |
|                                  |          | <hr/>  |
|                                  | -        | 2,433,115  |
|                                  |          | <hr/>  |
| <u>\$</u>                        | <u>-</u> | <u>\$ 2,600,272</u>                              |
|                                  |          | <hr/>  |

The accompanying notes are an integral part of these financial statements.

**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, 2016

|  | <b>Special Revenue</b> |                                 |                        |                    |
|--|------------------------|---------------------------------|------------------------|--------------------|
|  | <b>Fire Grants</b>     | <b>Fire Protection<br/>Fund</b> | <b>Recreation Fund</b> | <b>Lodgers Tax</b> |
| <i>Revenues</i>  |                        |                                 |                        |                    |
| Taxes  | \$ -                   | \$ -                            | \$ 147,472             | \$ 385,284         |
| Intergovernmental revenue:                               |                        |                                 |                        |                    |
| Federal operating grants                                 | -                      | -                               | -                      | -                  |
| State operating grants                                   | 141,044                | 364,622                         | -                      | -                  |
| Federal capital grants                                   | -                      | -                               | -                      | -                  |
| State capital grants                                     | -                      | -                               | -                      | -                  |
| Charges for services                                     | -                      | -                               | 83,851                 | -                  |
| License and fees   | -                      | -                               | -                      | -                  |
| Investment income  | -                      | 1,167                           | 85                     | 273                |
| Miscellaneous income                                     | 1,495                  | 3,521                           | -                      | 163                |
| <i>Total revenues</i>                                    | 142,539                | 369,310                         | 231,408                | 385,720            |
| <i>Expenditures</i>                                      |                        |                                 |                        |                    |
| Current:   |                        |                                 |                        |                    |
| Public safety  | 72,898                 | 110,751                         | -                      | -                  |
| Public works   | -                      | -                               | -                      | -                  |
| Culture and recreation                                   | -                      | -                               | 276,033                | 165,851            |
| Health and welfare                                       | -                      | -                               | -                      | -                  |
| Capital outlay   | -                      | 450,647                         | 21,571                 | -                  |
| Debt service:  |                        |                                 |                        |                    |
| Principal  | -                      | -                               | -                      | -                  |
| Interest and fees  | -                      | -                               | -                      | -                  |
| <i>Total expenditures</i>                                | 72,898                 | 561,398                         | 297,604                | 165,851            |
| <i>Excess (deficiency) of revenues over expenditures</i> | 69,641                 | (192,088)                       | (66,196)               | 219,869            |
| <i>Other financing sources (uses)</i>                    |                        |                                 |                        |                    |
| Transfers in   | -                      | -                               | 76,685                 | -                  |
| Transfers (out)  | (28,323)               | (82,031)                        | -                      | (228,331)          |
| <i>Total other financing sources (uses)</i>              | (28,323)               | (82,031)                        | 76,685                 | (228,331)          |
| <i>Net change in fund balances</i>                       | 41,318                 | (274,119)                       | 10,489                 | (8,462)            |
| <i>Fund balances - beginning, as previously stated</i>   | 70,250                 | 427,135                         | 39,133                 | 128,856            |
| <i>Reclassification of fund balance (see note 17)</i>    | -                      | -                               | -                      | -                  |
| <i>Fund balances - as reclassified</i>                   | 70,250                 | 427,135                         | 39,133                 | 128,856            |
| <i>Fund balances - end of year</i>                       | \$ 111,568             | \$ 153,016                      | \$ 49,622              | \$ 120,394         |

The accompanying notes are an integral part of these financial statements.

| <b>Special Revenue</b>              |                                       |                      |   |                             |
|-------------------------------------|---------------------------------------|----------------------|---|-----------------------------|
| <b>Law<br/>Enforcement<br/>Fund</b> | <b>Emergency<br/>Medical Services</b> | <b>Police Grants</b> | <b>Local<br/>Government<br/>Corrections</b> | <b>Library<br/>Building</b> |
| \$ -                                | \$ -                                  | \$ -                 | \$ -  | \$ -                        |
| -                                   | 2,810                                 | -                    | -   | -                           |
| 27,200                              | 23,504                                | 251,557              | -   | -                           |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | -                    | 11,063                                      | -                           |
| 12                                  | 14                                    | -                    | 142   | 1,187                       |
| -                                   | 1,935                                 | -                    | -   | 1,226                       |
| <u>27,212</u>                       | <u>28,263</u>                         | <u>251,557</u>       | <u>11,205</u>                               | <u>2,413</u>                |
| 2,539                               | 42,953                                | 118,057              | 12,539                                      | -                           |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | -                    | -   | 6,669                       |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | 13,633                                | 52,500               | -   | 64,841                      |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | -                    | -   | -                           |
| <u>2,539</u>                        | <u>56,586</u>                         | <u>170,557</u>       | <u>12,539</u>                               | <u>71,510</u>               |
| <u>24,673</u>                       | <u>(28,323)</u>                       | <u>81,000</u>        | <u>(1,334)</u>                              | <u>(69,097)</u>             |
| -                                   | 28,323                                | 8,440                | -   | -                           |
| <u>(20,664)</u>                     | <u>-</u>                              | <u>(8,440)</u>       | <u>-</u>                                    | <u>-</u>                    |
| <u>(20,664)</u>                     | <u>28,323</u>                         | <u>-</u>             | <u>-</u>                                    | <u>-</u>                    |
| <u>4,009</u>                        | <u>-</u>                              | <u>81,000</u>        | <u>(1,334)</u>                              | <u>(69,097)</u>             |
| -                                   | -                                     | -                    | 53,832                                      | 340,447                     |
| -                                   | -                                     | -                    | -   | -                           |
| -                                   | -                                     | -                    | 53,832                                      | 340,447                     |
| <u>\$ 4,009</u>                     | <u>\$ -</u>                           | <u>\$ 81,000</u>     | <u>\$ 52,498</u>                            | <u>\$ 271,350</u>           |

The accompanying notes are an integral part of these financial statements.

**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, 2016

|  | <b>Special Revenue</b>        |                              |                                  |                |
|--|-------------------------------|------------------------------|----------------------------------|----------------|
|  | <b>Library Grant<br/>Fund</b> | <b>Environmental<br/>GRT</b> | <b>Police Money<br/>Seizures</b> | <b>LLEBG</b>   |
| <i>Revenues</i>  |                               |                              |                                  |                |
| Taxes  | \$ -                          | \$ 65,823                    | \$ -                             | \$ -           |
| Intergovernmental revenue:                               |                               |                              |                                  |                |
| Federal operating grants                                 | -                             | -                            | -                                | -              |
| State operating grants                                   | 20,545                        | -                            | -                                | -              |
| Federal capital grants                                   | -                             | -                            | -                                | -              |
| State capital grants                                     | -                             | -                            | -                                | -              |
| Charges for services                                     | -                             | -                            | -                                | -              |
| License and fees   | -                             | -                            | -                                | -              |
| Investment income  | -                             | 523                          | 75                               | -              |
| Miscellaneous income                                     | -                             | -                            | -                                | -              |
| <i>Total revenues</i>                                    | <u>20,545</u>                 | <u>66,346</u>                | <u>75</u>                        | <u>-</u>       |
| <i>Expenditures</i>                                      |                               |                              |                                  |                |
| Current:   |                               |                              |                                  |                |
| Public safety  | -                             | -                            | 1,058                            | 1,680          |
| Public works   | -                             | -                            | -                                | -              |
| Culture and recreation                                   | 20,545                        | -                            | -                                | -              |
| Health and welfare                                       | -                             | 117,139                      | -                                | -              |
| Capital outlay   | -                             | -                            | -                                | -              |
| Debt service:  |                               |                              |                                  |                |
| Principal  | -                             | -                            | -                                | -              |
| Interest and fees  | -                             | -                            | -                                | -              |
| <i>Total expenditures</i>                                | <u>20,545</u>                 | <u>117,139</u>               | <u>1,058</u>                     | <u>1,680</u>   |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u>                      | <u>(50,793)</u>              | <u>(983)</u>                     | <u>(1,680)</u> |
| <i>Other financing sources (uses)</i>                    |                               |                              |                                  |                |
| Transfers in   | -                             | -                            | -                                | -              |
| Transfers (out)  | (149)                         | (435)                        | -                                | -              |
| <i>Total other financing sources (uses)</i>              | <u>(149)</u>                  | <u>(435)</u>                 | <u>-</u>                         | <u>-</u>       |
| <i>Net change in fund balances</i>                       | <u>(149)</u>                  | <u>(51,228)</u>              | <u>(983)</u>                     | <u>(1,680)</u> |
| <i>Fund balances - beginning, as previously stated</i>   | 149                           | 231,484                      | 28,706                           | 1,680          |
| <i>Reclassification of fund balance (see note 17)</i>    | -                             | -                            | -                                | -              |
| <i>Fund balances - as reclassified</i>                   | <u>149</u>                    | <u>231,484</u>               | <u>28,706</u>                    | <u>1,680</u>   |
| <i>Fund balances - end of year</i>                       | <u>\$ -</u>                   | <u>\$ 180,256</u>            | <u>\$ 27,723</u>                 | <u>\$ -</u>    |

The accompanying notes are an integral part of these financial statements.



| <u>Special Revenue</u>        |                 |                   |                    | <u>Capital Projects</u>       |
|-------------------------------|-----------------|-------------------|--------------------|-------------------------------|
| <u>Juvenile Justice Grant</u> | <u>ARRA OJP</u> | <u>ARRA CWSRF</u> | <u>Shuler LEDA</u> | <u>Lodgers Tax 2% Capital</u> |
| \$ -                          | \$ -            | \$ -              | \$ -               | \$ -                          |
| 111,150                       | -               | -                 | -                  | -                             |
| -                             | -               | -                 | 100,000            | -                             |
| -                             | -               | -                 | -                  | -                             |
| -                             | -               | -                 | -                  | -                             |
| -                             | -               | -                 | -                  | -                             |
| -                             | -               | -                 | 92                 | 245                           |
| -                             | -               | -                 | -                  | 100                           |
| <u>111,150</u>                | <u>-</u>        | <u>-</u>          | <u>100,092</u>     | <u>345</u>                    |
| 111,150                       | 20,160          | -                 | -                  | -                             |
| -                             | -               | -                 | -                  | -                             |
| -                             | -               | -                 | -                  | 76,159                        |
| -                             | -               | -                 | -                  | -                             |
| -                             | -               | -                 | -                  | 22,247                        |
| -                             | -               | -                 | -                  | -                             |
| -                             | -               | -                 | -                  | -                             |
| <u>111,150</u>                | <u>20,160</u>   | <u>-</u>          | <u>-</u>           | <u>98,406</u>                 |
| -                             | (20,160)        | -                 | 100,092            | (98,061)                      |
| 14,344                        | 20,160          | 30,000            | -                  | 228,331                       |
| (3,415)                       | -               | (30,000)          | -                  | (82,252)                      |
| <u>10,929</u>                 | <u>20,160</u>   | <u>-</u>          | <u>-</u>           | <u>146,079</u>                |
| <u>10,929</u>                 | <u>-</u>        | <u>-</u>          | <u>100,092</u>     | <u>48,018</u>                 |
| 3,415                         | -               | -                 | -                  | 51,329                        |
| -                             | -               | -                 | -                  | -                             |
| <u>3,415</u>                  | <u>-</u>        | <u>-</u>          | <u>-</u>           | <u>51,329</u>                 |
| <u>\$ 14,344</u>              | <u>\$ -</u>     | <u>\$ -</u>       | <u>\$ 100,092</u>  | <u>\$ 99,347</u>              |

The accompanying notes are an integral part of these financial statements.

**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, 2016

|  | <b>Capital Projects</b>       |  |                 |                          |
|--|-------------------------------|--|-----------------|--------------------------|
|  | <b>Street<br/>Improvement</b> | <b>Swim/Pool<br/>Recreation<br/>Cennter Fund</b> | <b>NMDOT</b>    | <b>Historic Building</b> |
| <i>Revenues</i>  |                               |  |                 |                          |
| Taxes  | \$ 159,691                    | \$ -   | \$ -            | \$ -                     |
| Intergovernmental revenue:                               |                               |  |                 |                          |
| Federal operating grants                                 | -                             | -  | -               | -                        |
| State operating grants                                   | -                             | 661,861  | -               | -                        |
| Federal capital grants                                   | -                             | -  | -               | -                        |
| State capital grants                                     | 282,203                       | -  | 281,696         | 156,122                  |
| Charges for services                                     | -                             | -  | -               | -                        |
| License and fees   | -                             | -  | -               | -                        |
| Investment income  | 651                           | 468  | -               | 651                      |
| Miscellaneous income                                     | -                             | -  | -               | 1,701                    |
| <i>Total revenues</i>                                    | <u>442,545</u>                | <u>662,329</u>                                   | <u>281,696</u>  | <u>158,474</u>           |
| <i>Expenditures</i>                                      |                               |  |                 |                          |
| Current:   |                               |  |                 |                          |
| Public safety  | -                             | -  | -               | -                        |
| Public works   | 59,646                        | -  | 33,124          | 24,190                   |
| Culture and recreation                                   | -                             | 12,679   | -               | -                        |
| Health and welfare                                       | -                             | -  | -               | -                        |
| Capital outlay   | 340,201                       | -  | 301,101         | 138,419                  |
| Debt service:  |                               |  |                 |                          |
| Principal  | -                             | -  | -               | -                        |
| Interest and fees  | -                             | -  | -               | -                        |
| <i>Total expenditures</i>                                | <u>399,847</u>                | <u>12,679</u>                                    | <u>334,225</u>  | <u>162,609</u>           |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>42,698</u>                 | <u>649,650</u>                                   | <u>(52,529)</u> | <u>(4,135)</u>           |
| <i>Other financing sources (uses)</i>                    |                               |  |                 |                          |
| Transfers in   | 16,156                        | 57,558   | 52,529          | 149,887                  |
| Transfers (out)  | (52,529)                      | (551,382)  | -               | (136,936)                |
| <i>Total other financing sources (uses)</i>              | <u>(36,373)</u>               | <u>(493,824)</u>                                 | <u>52,529</u>   | <u>12,951</u>            |
| <i>Net change in fund balances</i>                       | <u>6,325</u>                  | <u>155,826</u>                                   | <u>-</u>        | <u>8,816</u>             |
| <i>Fund balances - beginning, as previously stated</i>   | 262,088                       | 16,559   | -               | 18,431                   |
| <i>Reclassification of fund balance (see note 17)</i>    | -                             | -  | -               | -                        |
| <i>Fund balances - as reclassified</i>                   | <u>262,088</u>                | <u>16,559</u>                                    | <u>-</u>        | <u>18,431</u>            |
| <i>Fund balances - end of year</i>                       | <u>\$ 268,413</u>             | <u>\$ 172,385</u>                                | <u>\$ -</u>     | <u>\$ 27,247</u>         |

The accompanying notes are an integral part of these financial statements.

| <b>Capital Projects</b>          |                              |                                  |                        | <b>Debt Service</b>             |
|----------------------------------|------------------------------|----------------------------------|------------------------|---------------------------------|
| <b>1/4% Capital Improvements</b> | <b>Water Capital Project</b> | <b>Depot Improvement Project</b> | <b>Airport Capital</b> | <b>NMFA Loan Welcome Center</b> |
| \$ -                             | \$ -                         | \$ -                             | \$ -                   | \$ -                            |
| -                                | -                            | -                                | -                      | -                               |
| -                                | -                            | -                                | -                      | -                               |
| -                                | -                            | 295,620                          | -                      | -                               |
| -                                | 443,734                      | -                                | -                      | -                               |
| -                                | -                            | -                                | -                      | -                               |
| -                                | -                            | -                                | -                      | -                               |
| 127                              | -                            | -                                | -                      | 545                             |
| -                                | -                            | -                                | -                      | -                               |
| <u>127</u>                       | <u>443,734</u>               | <u>295,620</u>                   | <u>-</u>               | <u>545</u>                      |
| -                                | -                            | -                                | -                      | -                               |
| -                                | 302,059                      | -                                | -                      | -                               |
| -                                | -                            | -                                | -                      | -                               |
| -                                | -                            | -                                | -                      | -                               |
| -                                | 141,675                      | 296,645                          | -                      | -                               |
| -                                | -                            | -                                | -                      | 43,439                          |
| -                                | -                            | -                                | -                      | 7,092                           |
| -                                | <u>443,734</u>               | <u>296,645</u>                   | <u>-</u>               | <u>50,531</u>                   |
| <u>127</u>                       | <u>-</u>                     | <u>(1,025)</u>                   | <u>-</u>               | <u>(49,986)</u>                 |
| -                                | 110,722                      | 141,674                          | -                      | 50,252                          |
| (157,935)                        | (110,722)                    | -                                | -                      | -                               |
| <u>(157,935)</u>                 | <u>-</u>                     | <u>141,674</u>                   | <u>-</u>               | <u>50,252</u>                   |
| <u>(157,808)</u>                 | <u>-</u>                     | <u>140,649</u>                   | <u>-</u>               | <u>266</u>                      |
| 157,808                          | -                            | -                                | 69                     | 57,956                          |
| -                                | -                            | -                                | -                      | -                               |
| <u>157,808</u>                   | <u>-</u>                     | <u>-</u>                         | <u>69</u>              | <u>57,956</u>                   |
| <u>\$ -</u>                      | <u>\$ -</u>                  | <u>\$ 140,649</u>                | <u>\$ 69</u>           | <u>\$ 58,222</u>                |

The accompanying notes are an integral part of these financial statements.

**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, 2016

|  | <b>Debt Service</b>          |                       |                                      |                           |
|--|------------------------------|-----------------------|--------------------------------------|---------------------------|
|  | <b>Recreation<br/>Center</b> | <b>Aquatic Center</b> | <b>NMFA Loan<br/>Police Vehicles</b> | <b>NMFA Loan<br/>Fire</b> |
| <i>Revenues</i>  |                              |                       |                                      |                           |
| Taxes  | \$ -                         | \$ -                  | \$ -                                 | \$ -                      |
| Intergovernmental revenue:                               |                              |                       |                                      |                           |
| Federal operating grants                                 | -                            | -                     | -                                    | -                         |
| State operating grants                                   | -                            | -                     | -                                    | -                         |
| Federal capital grants                                   | -                            | -                     | -                                    | -                         |
| State capital grants                                     | -                            | -                     | -                                    | -                         |
| Charges for services                                     | -                            | -                     | -                                    | -                         |
| License and fees   | -                            | -                     | -                                    | -                         |
| Investment income  | 2,312                        | 2,313                 | 34                                   | 134                       |
| Miscellaneous income                                     | -                            | -                     | -                                    | -                         |
| <i>Total revenues</i>                                    | 2,312                        | 2,313                 | 34                                   | 134                       |
| <i>Expenditures</i>                                      |                              |                       |                                      |                           |
| Current:   |                              |                       |                                      |                           |
| Public safety  | -                            | -                     | -                                    | -                         |
| Public works   | -                            | -                     | -                                    | -                         |
| Culture and recreation                                   | -                            | -                     | -                                    | -                         |
| Health and welfare                                       | -                            | -                     | -                                    | -                         |
| Capital outlay   | -                            | -                     | -                                    | -                         |
| Debt service:  |                              |                       |                                      |                           |
| Principal  | 257,738                      | 70,000                | 20,309                               | 71,657                    |
| Interest and fees  | 101,188                      | 107,658               | 355                                  | 10,374                    |
| <i>Total expenditures</i>                                | 358,926                      | 177,658               | 20,664                               | 82,031                    |
| <i>Excess (deficiency) of revenues over expenditures</i> | (356,614)                    | (175,345)             | (20,630)                             | (81,897)                  |
| <i>Other financing sources (uses)</i>                    |                              |                       |                                      |                           |
| Transfers in   | 358,992                      | 175,705               | 20,664                               | 82,031                    |
| Transfers (out)  | -                            | -                     | -                                    | -                         |
| <i>Total other financing sources (uses)</i>              | 358,992                      | 175,705               | 20,664                               | 82,031                    |
| <i>Net change in fund balances</i>                       | 2,378                        | 360                   | 34                                   | 134                       |
| <i>Fund balances - beginning, as previously stated</i>   | 262,914                      | 231,783               | 6                                    | 3,302                     |
| <i>Reclassification of fund balance (see note 17)</i>    | -                            | -                     | -                                    | -                         |
| <i>Fund balances - as reclassified</i>                   | 262,914                      | 231,783               | 6                                    | 3,302                     |
| <i>Fund balances - end of year</i>                       | \$ 265,292                   | \$ 232,143            | \$ 40                                | \$ 3,436                  |

The accompanying notes are an integral part of these financial statements.

| <u>Debt Service</u>          |  |
|------------------------------|--|
| <u>Waste Water Treatment</u> | <u>Total Nonmajor Governmental Funds</u> |
| \$ -                         | \$ 758,270                               |
| -                            | 113,960                                  |
| -                            | 1,590,333                                |
| -                            | 295,620                                  |
| -                            | 1,163,755                                |
| -                            | 83,851                                   |
| -                            | 11,063                                   |
| -                            | 11,050                                   |
| -                            | 10,141                                   |
| -                            | <u>4,038,043</u>                         |
| -                            | 493,785                                  |
| -                            | 419,019                                  |
| -                            | 557,936                                  |
| -                            | 117,139                                  |
| -                            | 1,843,480                                |
| -                            | 463,143                                  |
| -                            | 226,667                                  |
| -                            | <u>4,121,169</u>                         |
| -                            | <u>(83,126)</u>                          |
| -                            | 1,622,453                                |
| -                            | <u>(1,493,544)</u>                       |
| -                            | <u>128,909</u>                           |
| -                            | <u>45,783</u>                            |
| 754,858                      | 3,142,190                                |
| <u>(754,858)</u>             | <u>(754,858)</u>                         |
| -                            | <u>2,387,332</u>                         |
| <u>\$ -</u>                  | <u>\$ 2,433,115</u>                      |

The accompanying notes are an integral part of these financial statements.

## 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, 2016

|   | Budgeted Amounts |                 | Actual           | Variances                                     |
|---|------------------|-----------------|------------------|---|
|   | Original         | Final           |                  | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>   |                  |                 |                  |   |
| Taxes:  |                  |                 |                  |   |
| Property taxes  | -                | -               | -                | \$ -  |
| Gross receipts  | -                | -               | -                | -   |
| Franchise taxes   | -                | -               | -                | -   |
| Intergovernmental income:                                   |                  |                 |                  |   |
| Federal operating grants                                    | -                | -               | -                | -   |
| Federal capital grants                                      | -                | -               | -                | -   |
| State operating grants                                      | 22,000           | 102,790         | 94,078           | (8,712)                                       |
| State capital grants  | -                | -               | -                | -   |
| Charges for services  | -                | -               | -                | -   |
| Licenses and fees   | -                | -               | -                | -   |
| Proceeds from sale of inventorable assets                   | 3,000            | 3,000           | -                | (3,000)                                       |
| Miscellaneous   | 1,000            | 1,000           | 1,495            | 495   |
| <i>Total revenues</i>                                       | <u>26,000</u>    | <u>106,790</u>  | <u>95,573</u>    | <u>(11,217)</u>                               |
| <i>Expenditures</i>   |                  |                 |                  |   |
| Current:  |                  |                 |                  |   |
| General government  | -                | -               | -                | -   |
| Public safety   | 78,564           | 150,567         | 72,362           | 78,205  |
| Culture and recreation                                      | -                | -               | -                | -   |
| Capital outlay  | -                | -               | -                | -   |
| Debt service:   |                  |                 |                  |   |
| Principal   | -                | -               | -                | -   |
| Interest  | -                | -               | -                | -   |
| <i>Total expenditures</i>                                   | <u>78,564</u>    | <u>150,567</u>  | <u>72,362</u>    | <u>78,205</u>                                 |
| <i>Excess (deficiency) of revenues over expenditures</i>    | <u>(52,564)</u>  | <u>(43,777)</u> | <u>23,211</u>    | <u>66,988</u>                                 |
| <i>Other financing sources (uses)</i>                       |                  |                 |                  |   |
| Designated cash (budgeted increase in cash)                 | 52,564           | 72,100          | -                | (72,100)                                      |
| Proceeds from sale of equipment                             | -                | -               | -                | -   |
| Transfers in  | -                | -               | -                | -   |
| Transfers (out)   | -                | (28,323)        | (28,323)         | -   |
| <i>Total other financing sources (uses)</i>                 | <u>52,564</u>    | <u>43,777</u>   | <u>(28,323)</u>  | <u>(72,100)</u>                               |
| <i>Net change in fund balance</i>                           | -                | -               | (5,112)          | (5,112)                                       |
| <i>Fund balance - beginning of year (restated, Note 17)</i> | -                | -               | 70,564           | 70,564  |
| <i>Fund balance - end of year</i>                           | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ 65,452</u> | <u>\$ 65,452</u>                              |
| Net change in fund balance (non-GAAP budgetary basis)       |                  |                 |                  | \$ (5,112)                                    |
| Adjustments to revenues for state operating grants          |                  |                 |                  | 46,966  |
| Adjustments to expenditures for repairs and maintenance     |                  |                 |                  | (536)   |
| <i>Net change in fund balance (GAAP basis)</i>              |                  |                 |                  | <u>\$ 41,318</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, 2016

|  | Budgeted Amounts |                  | Actual            | Variances                                     |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>  |                  |                  |                   |   |
| Taxes:   |                  |                  |                   |   |
| Property taxes   | \$ -             | \$ -             | \$ -              | \$ -  |
| Gross receipts   | -                | -                | -                 | -   |
| Gasoline and motor vehicle                               | -                | -                | -                 | -   |
| Other  | -                | -                | -                 | -   |
| Intergovernmental income:                                |                  |                  |                   |   |
| Federal capital grants                                   | -                | -                | -                 | -   |
| State operating grants                                   | 364,622          | 364,622          | 364,622           | -   |
| State capital grants                                     | -                | -                | -                 | -   |
| Charges for services                                     | -                | -                | -                 | -   |
| Investment income  | 500              | 1,008            | 1,167             | 159   |
| Miscellaneous  | -                | 3,522            | 3,521             | (1)   |
| <i>Total revenues</i>                                    | <u>365,122</u>   | <u>369,152</u>   | <u>369,310</u>    | <u>158</u>                                    |
| <i>Expenditures</i>                                      |                  |                  |                   |   |
| Current:   |                  |                  |                   |   |
| General government                                       | -                | -                | -                 | -   |
| Public safety  | 98,294           | 128,582          | 97,974            | 30,608  |
| Public works   | -                | -                | -                 | -   |
| Health and welfare                                       | -                | -                | -                 | -   |
| Capital outlay   | 645,156          | 618,898          | 490,712           | 128,186                                       |
| Debt service:  |                  |                  |                   |   |
| Principal  | -                | -                | -                 | -   |
| Interest   | -                | -                | -                 | -   |
| <i>Total expenditures</i>                                | <u>743,450</u>   | <u>747,480</u>   | <u>588,686</u>    | <u>158,794</u>                                |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(378,328)</u> | <u>(378,328)</u> | <u>(219,376)</u>  | <u>158,952</u>                                |
| <i>Other financing sources (uses)</i>                    |                  |                  |                   |   |
| Designated cash (budgeted increase in cash)              | 460,360          | 460,360          | -                 | (460,360)                                     |
| Transfers in   | -                | -                | -                 | -   |
| Transfers (out)  | (82,032)         | (82,032)         | (82,031)          | 1   |
| <i>Total other financing sources (uses)</i>              | <u>378,328</u>   | <u>378,328</u>   | <u>(82,031)</u>   | <u>(460,359)</u>                              |
| <i>Net change in fund balance</i>                        | -                | -                | (301,407)         | (301,407)                                     |
| <i>Fund balance - beginning of year</i>                  | -                | -                | 460,360           | 460,360                                       |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 158,953</u> | <u>\$ 158,953</u>                             |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                  |                   | \$ (301,407)                                  |
| No adjustments to revenues                               |                  |                  |                   | -   |
| Adjustments for expenditures for capital outlay          |                  |                  |                   | 27,288  |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                  |                   | <u>\$ (274,119)</u>                           |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-3

City of Raton  
Recreation FundStatement 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            |                  | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>  |                  |                  |                  |   |
| Taxes:   |                  |                  |                  |   |
| Property taxes   | \$ -             | \$ -             | \$ -             | \$ -  |
| Gross receipts   | 147,159          | 147,159          | 146,980          | (179)   |
| Gasoline and motor vehicle                               | -                | -                | -                | -   |
| Other  | -                | -                | -                | -   |
| Intergovernmental income:                                |                  |                  |                  |   |
| Federal capital grants                                   | -                | -                | -                | -   |
| State operating grants                                   | -                | -                | -                | -   |
| State capital grants                                     | -                | -                | -                | -   |
| Charges for services                                     | 79,650           | 81,545           | 83,851           | 2,306   |
| Licenses and fees  | -                | -                | -                | -   |
| Investment income  | 50               | 50               | 85               | 35  |
| Miscellaneous  | 500              | 500              | -                | (500)   |
| <i>Total revenues</i>                                    | <u>227,359</u>   | <u>229,254</u>   | <u>230,916</u>   | <u>1,662</u>                                  |
| <i>Expenditures</i>                                      |                  |                  |                  |   |
| Current:   |                  |                  |                  |   |
| General government                                       | -                | -                | -                | -   |
| Public safety  | -                | -                | -                | -   |
| Public works   | -                | -                | -                | -   |
| Culture and recreation                                   | 309,460          | 311,355          | 283,696          | 27,659  |
| Capital outlay   | -                | 18,300           | 16,679           | 1,621   |
| Debt service:  |                  |                  |                  |   |
| Principal  | -                | -                | -                | -   |
| Interest   | -                | -                | -                | -   |
| <i>Total expenditures</i>                                | <u>309,460</u>   | <u>329,655</u>   | <u>300,375</u>   | <u>29,280</u>                                 |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(82,101)</u>  | <u>(100,401)</u> | <u>(69,459)</u>  | <u>30,942</u>                                 |
| <i>Other financing sources (uses)</i>                    |                  |                  |                  |   |
| Designated cash (budgeted increase in cash)              | 22,101           | 22,101           | -                | (22,101)                                      |
| Transfers in   | 60,000           | 78,300           | 76,685           | (1,615)                                       |
| Transfers (out)  | -                | -                | -                | -   |
| <i>Total other financing sources (uses)</i>              | <u>82,101</u>    | <u>100,401</u>   | <u>76,685</u>    | <u>(23,716)</u>                               |
| <i>Net change in fund balance</i>                        | -                | -                | 7,226            | 7,226   |
| <i>Fund balance - beginning of year</i>                  | -                | -                | 22,301           | 22,301  |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 29,527</u> | <u>\$ 29,527</u>                              |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                  |                  | \$ 7,226                                      |
| Adjustments to revenues for taxes                        |                  |                  |                  | 492   |
| Adjustments to expenditures for salaries                 |                  |                  |                  | 2,771   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                  |                  | <u>\$ 10,489</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, 2016

|  | Budgeted Amounts |                  | Actual           | Variances                                     |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>  |                  |                  |                  |   |
| Taxes:   |                  |                  |                  |   |
| Property taxes   | \$ -             | \$ -             | \$ -             | \$ -  |
| Gross receipts   | -                | -                | -                | -   |
| Gasoline and motor vehicle                               | -                | -                | -                | -   |
| Other  | 330,000          | 380,332          | 380,687          | 355   |
| Intergovernmental income:                                |                  |                  |                  |   |
| Federal operating grants                                 | -                | -                | -                | -   |
| State operating grants                                   | -                | -                | -                | -   |
| State capital grants                                     | -                | -                | -                | -   |
| Charges for services                                     | -                | -                | -                | -   |
| Investment income  | 250              | 250              | 273              | 23  |
| Miscellaneous  | 500              | 500              | 163              | (337)   |
| <i>Total revenues</i>                                    | <u>330,750</u>   | <u>381,082</u>   | <u>381,123</u>   | <u>41</u>                                     |
| <i>Expenditures</i>                                      |                  |                  |                  |   |
| Current:   |                  |                  |                  |   |
| General government                                       | -                | -                | -                | -   |
| Public safety  | -                | -                | -                | -   |
| Public works   | -                | -                | -                | -   |
| Culture and recreation                                   | 176,000          | 185,913          | 167,656          | 18,257  |
| Health and welfare                                       | -                | -                | -                | -   |
| Capital outlay   | -                | -                | -                | -   |
| Debt service:  |                  |                  |                  |   |
| Principal  | -                | -                | -                | -   |
| Interest   | -                | -                | -                | -   |
| <i>Total expenditures</i>                                | <u>176,000</u>   | <u>185,913</u>   | <u>167,656</u>   | <u>18,257</u>                                 |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>154,750</u>   | <u>195,169</u>   | <u>213,467</u>   | <u>18,298</u>                                 |
| <i>Other financing sources (uses)</i>                    |                  |                  |                  |   |
| Designated cash (budgeted increase in cash)              | 43,250           | 33,163           | -                | (33,163)                                      |
| Transfers in   | -                | -                | -                | -   |
| Transfers (out)  | (198,000)        | (228,332)        | (228,331)        | 1   |
| <i>Total other financing sources (uses)</i>              | <u>(154,750)</u> | <u>(195,169)</u> | <u>(228,331)</u> | <u>(33,162)</u>                               |
| <i>Net change in fund balance</i>                        | -                | -                | (14,864)         | (14,864)                                      |
| <i>Fund balance - beginning of year</i>                  | -                | -                | 87,421           | 87,421  |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 72,557</u> | <u>\$ 72,557</u>                              |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                  |                  | \$ (14,864)                                   |
| Adjustments to revenues for taxes                        |                  |                  |                  | 4,597   |
| Adjustments to expenditures for advertising              |                  |                  |                  | 1,805   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                  |                  | <u>\$ (8,462)</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, 2016

|  | Budgeted Amounts |                 | Actual          | Variances                                     |
|--|------------------|-----------------|-----------------|---|
|  | Original         | Final           |                 | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>  |                  |                 |                 |   |
| Taxes:   |                  |                 |                 |   |
| Property taxes   | \$ -             | \$ -            | \$ -            | \$ -  |
| Gross receipts   | -                | -               | -               | -   |
| Intergovernmental income:                                |                  |                 |                 |   |
| Federal capital grants                                   | -                | -               | -               | -   |
| State operating grants                                   | 27,200           | 27,200          | 27,200          | -   |
| State capital grants                                     | -                | -               | -               | -   |
| Local sources  |                  |                 |                 |   |
| Licenses and fees  | -                | -               | -               | -   |
| Investment income  | -                | -               | 12              | 12  |
| Miscellaneous  | -                | -               | -               | -   |
| <i>Total revenues</i>                                    | <u>27,200</u>    | <u>27,200</u>   | <u>27,212</u>   | <u>12</u>                                     |
| <i>Expenditures</i>                                      |                  |                 |                 |   |
| Current:   |                  |                 |                 |   |
| General government                                       | -                | -               | -               | -   |
| Public safety  | 6,536            | 6,536           | 2,539           | 3,997   |
| Public works   | -                | -               | -               | -   |
| Culture and recreation                                   | -                | -               | -               | -   |
| Health and welfare                                       | -                | -               | -               | -   |
| Capital outlay   | -                | -               | -               | -   |
| Debt service:  |                  |                 |                 |   |
| Principal  | -                | -               | -               | -   |
| Interest   | -                | -               | -               | -   |
| <i>Total expenditures</i>                                | <u>6,536</u>     | <u>6,536</u>    | <u>2,539</u>    | <u>3,997</u>                                  |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>20,664</u>    | <u>20,664</u>   | <u>24,673</u>   | <u>4,009</u>                                  |
| <i>Other financing sources (uses)</i>                    |                  |                 |                 |   |
| Designated cash (budgeted increase in cash)              | -                | -               | -               | -   |
| Proceeds from sale of equipment                          | -                | -               | -               | -   |
| Transfers in   | -                | -               | -               | -   |
| Transfers (out)  | (20,664)         | (20,664)        | (20,664)        | -   |
| <i>Total other financing sources (uses)</i>              | <u>(20,664)</u>  | <u>(20,664)</u> | <u>(20,664)</u> | <u>-</u>                                      |
| <i>Net change in fund balance</i>                        | -                | -               | 4,009           | 4,009   |
| <i>Fund balance - beginning of year</i>                  | -                | -               | -               | -   |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ 4,009</u> | <u>\$ 4,009</u>                               |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                 |                 | \$ 4,009                                      |
| No adjustments to revenues                               |                  |                 |                 | -   |
| No adjustments to expenditures                           |                  |                 |                 | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                 | <u>\$ 4,009</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, 2016

|  | Budgeted Amounts |                 | Actual          | Variances                                     |
|--|------------------|-----------------|-----------------|---|
|  | Original         | Final           |                 | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>  |                  |                 |                 |   |
| Taxes:   |                  |                 |                 |   |
| Property taxes   | \$ -             | \$ -            | \$ -            | \$ -  |
| Gross receipts   | -                | -               | -               | -   |
| Gasoline and motor vehicle                               | -                | -               | -               | -   |
| Other  | -                | -               | -               | -   |
| Intergovernmental income:                                |                  |                 |                 |   |
| Federal operating grants                                 | -                | 2,810           | 2,810           | -   |
| Federal capital grants                                   | -                | -               | -               | -   |
| State operating grants                                   | 25,260           | 25,260          | 24,530          | (730)   |
| State capital grants                                     | -                | -               | -               | -   |
| Charges for services                                     | -                | -               | -               | -   |
| Licenses and fees  | -                | -               | -               | -   |
| Investment income  | 50               | 50              | 14              | (36)  |
| Miscellaneous  | 5,000            | 5,000           | 1,935           | (3,065)                                       |
| <i>Total revenues</i>                                    | <u>30,310</u>    | <u>33,120</u>   | <u>29,289</u>   | <u>(3,831)</u>                                |
| <i>Expenditures</i>                                      |                  |                 |                 |   |
| Current:   |                  |                 |                 |   |
| General government                                       | -                | -               | -               | -   |
| Public safety  | 33,310           | 46,274          | 43,979          | 2,295   |
| Public works   | -                | -               | -               | -   |
| Culture and recreation                                   | -                | -               | -               | -   |
| Capital outlay   | 15,000           | 13,633          | 13,633          | -   |
| Debt service:  |                  |                 |                 |   |
| Interest   | -                | -               | -               | -   |
| <i>Total expenditures</i>                                | <u>48,310</u>    | <u>59,907</u>   | <u>57,612</u>   | <u>2,295</u>                                  |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(18,000)</u>  | <u>(26,787)</u> | <u>(28,323)</u> | <u>(1,536)</u>                                |
| <i>Other financing sources (uses)</i>                    |                  |                 |                 |   |
| Designated cash (budgeted increase in cash)              | -                | (1,536)         | -               | 1,536   |
| Transfers in   | 18,000           | 28,323          | 28,323          | -   |
| Transfers (out)  | -                | -               | -               | -   |
| <i>Total other financing sources (uses)</i>              | <u>18,000</u>    | <u>26,787</u>   | <u>28,323</u>   | <u>1,536</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)    |                  |                 |                 | \$ -  |
| Adjustments to revenues for state operating grants       |                  |                 |                 | (1,026)                                       |
| Adjustments to expenditures for grant expenditures       |                  |                 |                 | 1,026   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                 | <u>\$ -</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, 2016

|  | Budgeted Amounts |                | Actual        | Variances                                     |
|--|------------------|----------------|---------------|---|
|  | Original         | Final          |               | Favorable<br>(Unfavorable)<br>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                                     | 198,700          | 198,700        | 60,939        | (137,761)                                     |
| Investment income  | -                | -              | -             | -   |
| <i>Total revenues</i>                                    | <u>198,700</u>   | <u>198,700</u> | <u>60,939</u> | <u>(137,761)</u>                              |
| <i>Expenditures</i>                                      |                  |                |               |   |
| Current:   |                  |                |               |   |
| General government                                       | -                | -              | -             | -   |
| Public safety  | -                | -              | -             | -   |
| Public works   | -                | -              | -             | -   |
| Culture and recreation                                   | -                | -              | -             | -   |
| Health and welfare                                       | -                | -              | -             | -   |
| Capital outlay   | 198,700          | 198,700        | 60,939        | 137,761                                       |
| Debt service:  |                  |                |               |   |
| Principal  | -                | -              | -             | -   |
| Interest   | -                | -              | -             | -   |
| <i>Total expenditures</i>                                | <u>198,700</u>   | <u>198,700</u> | <u>60,939</u> | <u>137,761</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   | -                | 8,440          | 8,440         | -   |
| Transfers (out)  | -                | (8,440)        | (8,440)       | -   |
| <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>-</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)    |                  |                |               | \$ -  |
| Adjustments to revenues for charges for services         |                  |                |               | 190,618                                       |
| Adjustments to expenditures for capital outlay           |                  |                |               | (109,618)                                     |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                |               | <u>\$ 81,000</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, 2016

|  | Budgeted Amounts |                | Actual         | Variances                                     |
|--|------------------|----------------|----------------|---|
|  | Original         | Final          |                | Favorable<br>(Unfavorable)<br>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         | 11,063         | 1,063   |
| Investment income  | 100              | 100            | 142            | 42  |
| <i>Total revenues</i>                                    | <u>10,100</u>    | <u>10,100</u>  | <u>11,205</u>  | <u>1,105</u>                                  |
| <i>Expenditures</i>                                      |                  |                |                |   |
| Current:   |                  |                |                |   |
| General government                                       | -                | -              | -              | -   |
| Public safety  | 16,000           | 16,000         | 12,539         | 3,461   |
| Public works   | -                | -              | -              | -   |
| Culture and recreation                                   | -                | -              | -              | -   |
| Health and welfare                                       | -                | -              | -              | -   |
| Capital outlay   | -                | -              | -              | -   |
| Debt service:  |                  |                |                |   |
| Principal  | -                | -              | -              | -   |
| Interest   | -                | -              | -              | -   |
| <i>Total expenditures</i>                                | <u>16,000</u>    | <u>16,000</u>  | <u>12,539</u>  | <u>3,461</u>                                  |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(5,900)</u>   | <u>(5,900)</u> | <u>(1,334)</u> | <u>4,566</u>                                  |
| <i>Other financing sources (uses)</i>                    |                  |                |                |   |
| Designated cash (budgeted increase in cash)              | 5,900            | 5,900          | -              | (5,900)                                       |
| Transfers in   | -                | -              | -              | -   |
| Transfers (out)  | -                | -              | -              | -   |
| <i>Total other financing sources (uses)</i>              | <u>5,900</u>     | <u>5,900</u>   | <u>-</u>       | <u>(5,900)</u>                                |
| <i>Net change in fund balance</i>                        | -                | -              | (1,334)        | (1,334)                                       |
| <i>Fund balance - beginning of year</i>                  | -                | -              | 53,832         | 53,832  |
| <i>Fund balance - end of year</i>                        | <u>-</u>         | <u>-</u>       | <u>52,498</u>  | <u>52,498</u>                                 |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                |                | \$ (1,334)                                    |
| No adjustments to revenues                               |                  |                |                | -   |
| No adjustments to expenditures                           |                  |                |                | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                |                | <u>\$ (1,334)</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, 2016

|  | Budgeted Amounts |                 | Actual            | Variances                                     |
|--|------------------|-----------------|-------------------|---|
|  | Original         | Final           |                   | Favorable<br>(Unfavorable)<br>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  | 1,000            | 1,000           | 1,187             | 187   |
| Miscellaneous  | 1,000            | 1,000           | 1,226             | 226   |
| <i>Total revenues</i>                                    | <u>2,000</u>     | <u>2,000</u>    | <u>2,413</u>      | <u>413</u>                                    |
| <i>Expenditures</i>                                      |                  |                 |                   |   |
| Current:   |                  |                 |                   |   |
| General government                                       | -                | -               | -                 | -   |
| Public works   | -                | -               | -                 | -   |
| Culture and recreation                                   | 2,500            | 2,500           | 890               | 1,610   |
| Health and welfare                                       | -                | -               | -                 | -   |
| Capital outlay   | 65,000           | 72,650          | 70,620            | 2,030   |
| Debt service:  |                  |                 |                   |   |
| Principal  | -                | -               | -                 | -   |
| Interest   | -                | -               | -                 | -   |
| <i>Total expenditures</i>                                | <u>67,500</u>    | <u>75,150</u>   | <u>71,510</u>     | <u>3,640</u>                                  |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(65,500)</u>  | <u>(73,150)</u> | <u>(69,097)</u>   | <u>4,053</u>                                  |
| <i>Other financing sources (uses)</i>                    |                  |                 |                   |   |
| Designated cash (budgeted increase in cash)              | 65,500           | 73,150          | -                 | (73,150)                                      |
| Transfers in   | -                | -               | -                 | -   |
| Transfers (out)  | -                | -               | -                 | -   |
| <i>Total other financing sources (uses)</i>              | <u>65,500</u>    | <u>73,150</u>   | <u>-</u>          | <u>(73,150)</u>                               |
| <i>Net change in fund balance</i>                        | -                | -               | (69,097)          | (69,097)                                      |
| <i>Fund balance - beginning of year</i>                  | -                | -               | 340,447           | 340,447                                       |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ 271,350</u> | <u>\$ 271,350</u>                             |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                 |                   | \$ (69,097)                                   |
| No adjustments to revenues                               |                  |                 |                   | -   |
| No adjustments for expenditures                          |                  |                 |                   | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                   | <u>\$ (69,097)</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, 2016

|  | Budgeted Amounts |               | Actual        | Variances<br>Favorable<br>(Unfavorable)<br>Final to Actual |
|--|------------------|---------------|---------------|--|
|  | Original         | Final         |               |  |
| <i>Revenues</i>  |                  |               |               |  |
| Taxes:   |                  |               |               |  |
| Property taxes   | \$ -             | \$ -          | \$ -          | \$ -   |
| Gross receipts   | -                | -             | -             | -  |
| Gasoline and motor vehicle                               | -                | -             | -             | -  |
| Intergovernmental income:                                |                  |               |               |  |
| Federal operating grants                                 | -                | -             | -             | -  |
| Federal capital grants                                   | -                | -             | -             | -  |
| State operating grants                                   | 33,926           | 34,953        | 20,694        | (14,259)   |
| State capital grants                                     | -                | -             | -             | -  |
| Charges for services                                     | -                | -             | -             | -  |
| Licenses and fees  | -                | -             | -             | -  |
| Fines and forfeitures                                    | -                | -             | -             | -  |
| Investment income  | -                | -             | -             | -  |
| <i>Total revenues</i>                                    | <u>33,926</u>    | <u>34,953</u> | <u>20,694</u> | <u>(14,259)</u>  |
| <i>Expenditures</i>                                      |                  |               |               |  |
| Current:   |                  |               |               |  |
| General government                                       | -                | -             | -             | -  |
| Public safety  | -                | -             | -             | -  |
| Public works   | -                | -             | -             | -  |
| Culture and recreation                                   | 33,776           | 34,803        | 20,545        | 14,258   |
| Debt service:  |                  |               |               |  |
| Principal  | -                | -             | -             | -  |
| Interest   | -                | -             | -             | -  |
| <i>Total expenditures</i>                                | <u>33,776</u>    | <u>34,803</u> | <u>20,545</u> | <u>14,258</u>  |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>150</u>       | <u>150</u>    | <u>149</u>    | <u>(1)</u>   |
| <i>Other financing sources (uses)</i>                    |                  |               |               |  |
| Designated cash (budgeted increase in cash)              | -                | -             | -             | -  |
| Transfers in   | -                | -             | -             | -  |
| Transfers (out)  | (150)            | (150)         | (149)         | 1  |
| <i>Total other financing sources (uses)</i>              | <u>(150)</u>     | <u>(150)</u>  | <u>(149)</u>  | <u>1</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)    |                  |               |               | \$ -   |
| Adjustments for revenues for state operating grants      |                  |               |               | (149)  |
| No adjustments to expenditures                           |                  |               |               | -  |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |               |               | <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, 2016

|  | Budgeted Amounts |                  | Actual            | Variances                                     |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>  |                  |                  |                   |   |
| Taxes:   |                  |                  |                   |   |
| Property taxes   | \$ -             | \$ -             | \$ -              | \$ -  |
| Gross receipts   | 73,580           | 73,580           | 65,571            | (8,009)                                       |
| Gasoline and motor vehicle                               | -                | -                | -                 | -   |
| Other  | -                | -                | -                 | -   |
| Intergovernmental income:                                |                  |                  |                   |   |
| Federal operating grants                                 | -                | -                | -                 | -   |
| Federal capital grants                                   | -                | -                | -                 | -   |
| State operating grants                                   | -                | -                | -                 | -   |
| State capital grants                                     | -                | -                | -                 | -   |
| Charges for services                                     | -                | -                | -                 | -   |
| Fines and forfeitures                                    | -                | -                | -                 | -   |
| Investment income  | 550              | 550              | 523               | (27)  |
| Miscellaneous  | -                | -                | -                 | -   |
| <i>Total revenues</i>                                    | <u>74,130</u>    | <u>74,130</u>    | <u>66,094</u>     | <u>(8,036)</u>                                |
| <i>Expenditures</i>                                      |                  |                  |                   |   |
| Current:   |                  |                  |                   |   |
| General government                                       | 277,500          | 277,500          | 117,139           | 160,361                                       |
| Public safety  | -                | -                | -                 | -   |
| Capital outlay   | -                | -                | -                 | -   |
| Debt service:  |                  |                  |                   |   |
| Principal  | -                | -                | -                 | -   |
| Interest   | -                | -                | -                 | -   |
| Issuance costs   | -                | -                | -                 | -   |
| <i>Total expenditures</i>                                | <u>277,500</u>   | <u>277,500</u>   | <u>117,139</u>    | <u>160,361</u>                                |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(203,370)</u> | <u>(203,370)</u> | <u>(51,045)</u>   | <u>152,325</u>                                |
| <i>Other financing sources (uses)</i>                    |                  |                  |                   |   |
| Designated cash (budgeted increase in cash)              | 203,370          | 203,370          | -                 | (203,370)                                     |
| Transfers in   | -                | -                | -                 | -   |
| Transfers (out)  | -                | -                | (435)             | (435)   |
| <i>Total other financing sources (uses)</i>              | <u>203,370</u>   | <u>203,370</u>   | <u>(435)</u>      | <u>(203,805)</u>                              |
| <i>Net change in fund balance</i>                        | -                | -                | (51,480)          | (51,480)                                      |
| <i>Fund balance - beginning of year</i>                  | -                | -                | 218,761           | 218,761                                       |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 167,281</u> | <u>\$ 167,281</u>                             |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                  |                   | \$ (51,480)                                   |
| Adjustments to revenues for state operating grants       |                  |                  |                   | 252   |
| No adjustments to expenditures                           |                  |                  |                   | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                  |                   | <u>\$ (51,228)</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, 2016

|  | Budgeted Amounts |                 | Actual           | Variances                                     |
|--|------------------|-----------------|------------------|---|
|  | Original         | Final           |                  | Favorable<br>(Unfavorable)<br>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  | 50               | 50              | 75               | 25  |
| Miscellaneous  | -                | -               | -                | -   |
| <i>Total revenues</i>                                    | <u>50</u>        | <u>50</u>       | <u>75</u>        | <u>25</u>                                     |
| <i>Expenditures</i>                                      |                  |                 |                  |   |
| Current:   |                  |                 |                  |   |
| General government                                       | -                | -               | -                | -   |
| Public safety  | 20,050           | 20,050          | 1,058            | 18,992  |
| Public works   | -                | -               | -                | -   |
| Capital outlay   | -                | -               | -                | -   |
| Debt service:  |                  |                 |                  |   |
| Principal  | -                | -               | -                | -   |
| Interest   | -                | -               | -                | -   |
| <i>Total expenditures</i>                                | <u>20,050</u>    | <u>20,050</u>   | <u>1,058</u>     | <u>18,992</u>                                 |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(20,000)</u>  | <u>(20,000)</u> | <u>(983)</u>     | <u>19,017</u>                                 |
| <i>Other financing sources (uses)</i>                    |                  |                 |                  |   |
| Designated cash (budgeted increase in cash)              | 20,000           | 20,000          | -                | (20,000)                                      |
| Transfers in   | -                | -               | -                | -   |
| Transfers (out)  | -                | -               | -                | -   |
| <i>Total other financing sources (uses)</i>              | <u>20,000</u>    | <u>20,000</u>   | <u>-</u>         | <u>(20,000)</u>                               |
| <i>Net change in fund balance</i>                        | -                | -               | (983)            | (983)   |
| <i>Fund balance - beginning of year</i>                  | -                | -               | 28,706           | 28,706  |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ 27,723</u> | <u>\$ 27,723</u>                              |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                 |                  | \$ (983)                                      |
| No adjustments to revenues                               |                  |                 |                  | -   |
| No adjustments to expenditures                           |                  |                 |                  | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                  | <u>\$ (983)</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, 2016

|  | Budgeted Amounts |                | Actual         | Variances                                     |
|--|------------------|----------------|----------------|---|
|  | Original         | Final          |                | Favorable<br>(Unfavorable)<br>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  | 1,680            | 1,680          | 1,680          | -   |
| Culture and recreation                                   | -                | -              | -              | -   |
| Health and welfare                                       | -                | -              | -              | -   |
| Capital outlay   | -                | -              | -              | -   |
| Debt service:  |                  |                |                |   |
| Principal  | -                | -              | -              | -   |
| Interest   | -                | -              | -              | -   |
| <i>Total expenditures</i>                                | <u>1,680</u>     | <u>1,680</u>   | <u>1,680</u>   | <u>-</u>                                      |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(1,680)</u>   | <u>(1,680)</u> | <u>(1,680)</u> | <u>-</u>                                      |
| <i>Other financing sources (uses)</i>                    |                  |                |                |   |
| Designated cash (budgeted increase in cash)              | 1,680            | 1,680          | -              | (1,680)                                       |
| Transfers in   | -                | -              | -              | -   |
| Transfers (out)  | -                | -              | -              | -   |
| <i>Total other financing sources (uses)</i>              | <u>1,680</u>     | <u>1,680</u>   | <u>-</u>       | <u>(1,680)</u>                                |
| <i>Net change in fund balance</i>                        | -                | -              | (1,680)        | (1,680)                                       |
| <i>Fund balance - beginning of year</i>                  | -                | -              | 1,680          | 1,680   |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>                                   |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                |                | \$ (1,680)                                    |
| No adjustments for revenues                              |                  |                |                | -   |
| No adjustments to expenditures                           |                  |                |                | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                |                | <u>\$ (1,680)</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<br>Favorable<br>(Unfavorable)<br>Final to Actual |
|--|------------------|----------------|-----------------|--|
|  | Original         | Final          |                 |  |
| <i>Revenues</i>  |                  |                |                 |  |
| Taxes:   |                  |                |                 |  |
| Property taxes   | \$ -             | \$ -           | \$ -            | \$ -   |
| Gross receipts   | -                | -              | -               | -  |
| Gasoline and motor vehicle                               | -                | -              | -               | -  |
| Other  | -                | -              | -               | -  |
| Intergovernmental income:                                |                  |                |                 |  |
| Federal operating grants                                 | 131,834          | 131,834        | 93,777          | (38,057)   |
| Federal capital grants                                   | -                | -              | -               | -  |
| Licenses and fees  | -                | -              | -               | -  |
| Miscellaneous  | -                | -              | -               | -  |
| <i>Total revenues</i>                                    | <u>131,834</u>   | <u>131,834</u> | <u>93,777</u>   | <u>(38,057)</u>  |
| <i>Expenditures</i>                                      |                  |                |                 |  |
| Current:   |                  |                |                 |  |
| General government                                       | -                | -              | -               | -  |
| Public safety  | 128,418          | 128,418        | 104,706         | 23,712   |
| Public works   | -                | -              | -               | -  |
| Health and welfare                                       | -                | -              | -               | -  |
| Debt service:  |                  |                |                 |  |
| Interest   | -                | -              | -               | -  |
| <i>Total expenditures</i>                                | <u>128,418</u>   | <u>128,418</u> | <u>104,706</u>  | <u>23,712</u>  |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>3,416</u>     | <u>3,416</u>   | <u>(10,929)</u> | <u>(14,345)</u>  |
| <i>Other financing sources (uses)</i>                    |                  |                |                 |  |
| Designated cash (budgeted increase in cash)              | (3,416)          | (17,760)       | -               | 17,760   |
| Transfers in   | -                | 14,344         | 14,344          | -  |
| Transfers (out)  | (3,416)          | (3,416)        | (3,415)         | 1  |
| <i>Total other financing sources (uses)</i>              | <u>(6,832)</u>   | <u>(6,832)</u> | <u>10,929</u>   | <u>17,761</u>  |
| <i>Net change in fund balance</i>                        | <u>(3,416)</u>   | <u>3,416</u>   | <u>-</u>        | <u>3,416</u>   |
| <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)    |                  |                |                 | \$ -   |
| Adjustments to revenues for federal operating grants     |                  |                |                 | 17,373   |
| Adjustments to expenditures for grant expenditures       |                  |                |                 | (6,444)  |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                |                 | <u>\$ 10,929</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           |                 | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>  |                  |                 |                 |   |
| Taxes:   |                  |                 |                 |   |
| Property taxes   | \$ -             | \$ -            | \$ -            | \$ -  |
| Gross receipts   | -                | -               | -               | -   |
| Gasoline and motor vehicle                               | -                | -               | -               | -   |
| Intergovernmental income:                                |                  |                 |                 |   |
| Federal operating grants                                 | 92,345           | 92,345          | -               | (92,345)                                      |
| State operating grants                                   | -                | -               | -               | -   |
| Licenses and fees  | -                | -               | -               | -   |
| Investment income  | -                | -               | -               | -   |
| Miscellaneous  | -                | -               | -               | -   |
| <i>Total revenues</i>                                    | <u>92,345</u>    | <u>92,345</u>   | <u>-</u>        | <u>(92,345)</u>                               |
| <i>Expenditures</i>                                      |                  |                 |                 |   |
| Current:   |                  |                 |                 |   |
| General government                                       | -                | -               | -               | -   |
| Public safety  | 92,345           | 112,506         | 20,160          | 92,346  |
| Capital outlay   | -                | -               | -               | -   |
| Debt service:  |                  |                 |                 |   |
| Principal  | -                | -               | -               | -   |
| Issuance costs   | -                | -               | -               | -   |
| <i>Total expenditures</i>                                | <u>92,345</u>    | <u>112,506</u>  | <u>20,160</u>   | <u>92,346</u>                                 |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u>         | <u>(20,161)</u> | <u>(20,160)</u> | <u>1</u>                                      |
| <i>Other financing sources (uses)</i>                    |                  |                 |                 |   |
| Designated cash (budgeted increase in cash)              | -                | -               | -               | -   |
| Transfers in   | -                | 20,161          | 20,160          | -   |
| Transfers (out)  | -                | -               | -               | -   |
| <i>Total other financing sources (uses)</i>              | <u>-</u>         | <u>20,161</u>   | <u>20,160</u>   | <u>-</u>                                      |
| <i>Net change in fund balance</i>                        | <u>-</u>         | <u>-</u>        | <u>-</u>        | <u>-</u>                                      |
| <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                           |                  |                 |                 | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                 | <u>\$ -</u>                                   |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-16

City of Raton

ARRA CWSRF

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       |             | Favorable<br>(Unfavorable)<br>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  | -                | -           | -           | -   |
| Fines and forfeitures                                    | -                | -           | -           | -   |
| Miscellaneous  | -                | -           | -           | -   |
| Interest 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   | -                | -           | -           | -   |
| <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)              | -                | -           | -           | -   |
| Proceeds from sale of equipment                          | -                | -           | -           | -   |
| Transfers in   | 30,000           | 30,000      | 30,000      | -   |
| Transfers (out)  | (30,000)         | (30,000)    | (30,000)    | -   |
| <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>                  | <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                           |                  |             |             | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |             |             | <u>\$ -</u>                                   |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-17

City of Raton

Shuler LEDA

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          |                   | Favorable<br>(Unfavorable)<br>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                                   | -                | 100,000        | 100,000           | -   |
| State capital grants                                     | -                | -              | -                 | -   |
| Charges for services                                     | -                | -              | -                 | -   |
| Licenses and fees  | -                | -              | -                 | -   |
| Fines and forfeitures                                    | -                | -              | -                 | -   |
| Investment income  | -                | -              | 92                | 92  |
| Miscellaneous  | -                | -              | -                 | -   |
| <i>Total revenues</i>                                    | <u>-</u>         | <u>100,000</u> | <u>100,092</u>    | <u>92</u>                                     |
| <i>Expenditures</i>                                      |                  |                |                   |   |
| Current:   |                  |                |                   |   |
| General government                                       | -                | -              | -                 | -   |
| Public safety  | -                | -              | -                 | -   |
| Public works   | -                | -              | -                 | -   |
| Health and welfare                                       | -                | -              | -                 | -   |
| Capital outlay   | -                | 100,000        | -                 | 100,000                                       |
| <i>Total expenditures</i>                                | <u>-</u>         | <u>100,000</u> | <u>-</u>          | <u>100,000</u>                                |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u>         | <u>-</u>       | <u>100,092</u>    | <u>100,092</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>                        | <u>-</u>         | <u>-</u>       | <u>100,092</u>    | <u>100,092</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>\$ 100,092</u> | <u>\$ 100,092</u>                             |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                |                   | \$ 100,092                                    |
| No adjustments to revenues                               |                  |                |                   | -   |
| No adjustments to expenditures                           |                  |                |                   | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                |                   | <u>\$ 100,092</u>                             |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-18

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, 2016

|  | Budgeted Amounts |                  | Actual            | Variances                                     |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   | Favorable<br>(Unfavorable)<br>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  | -                | -                | -                 | -   |
| Fines and forfeitures                                    | -                | -                | -                 | -   |
| Investment income  | 100              | 100              | 245               | 145   |
| Miscellaneous  | -                | -                | 100               | 100   |
| <i>Total revenues</i>                                    | <u>100</u>       | <u>100</u>       | <u>345</u>        | <u>245</u>                                    |
| <i>Expenditures</i>                                      |                  |                  |                   |   |
| Current:   |                  |                  |                   |   |
| General government                                       | -                | -                | -                 | -   |
| Public safety  | 125,544          | 125,883          | 78,363            | 47,520  |
| Public works   | -                | -                | -                 | -   |
| Health and welfare                                       | -                | -                | -                 | -   |
| Capital outlay   | 30,000           | 30,000           | 24,259            | 5,741   |
| <i>Total expenditures</i>                                | <u>155,544</u>   | <u>155,883</u>   | <u>102,622</u>    | <u>53,261</u>                                 |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(155,444)</u> | <u>(155,783)</u> | <u>(102,277)</u>  | <u>53,506</u>                                 |
| <i>Other financing sources (uses)</i>                    |                  |                  |                   |   |
| Designated cash (budgeted increase in cash)              | 39,977           | 9,984            | -                 | (9,984)                                       |
| Transfers in   | 198,000          | 228,332          | 228,331           | (1)   |
| Transfers (out)  | (82,533)         | (82,533)         | (82,252)          | 281   |
| <i>Total other financing sources (uses)</i>              | <u>155,444</u>   | <u>155,783</u>   | <u>146,079</u>    | <u>(9,704)</u>                                |
| <i>Net change in fund balance</i>                        | -                | -                | 43,802            | 43,802  |
| <i>Fund balance - beginning of year</i>                  | -                | -                | 57,705            | 57,705  |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 101,507</u> | <u>\$ 101,507</u>                             |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                  |                   | \$ 43,802                                     |
| No adjustments to revenues                               |                  |                  |                   | -   |
| Adjustments for expenditures for supplies                |                  |                  |                   | 4,216   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                  |                   | <u>\$ 48,018</u>                              |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-19

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, 2016

|  | Budgeted Amounts |                 | Actual            | Variances<br>Favorable<br>(Unfavorable)<br>Final to Actual |
|--|------------------|-----------------|-------------------|--|
|  | Original         | Final           |                   |  |
| <i>Revenues</i>  |                  |                 |                   |  |
| Taxes:   |                  |                 |                   |  |
| Property taxes   | \$ -             | \$ -            | \$ -              | \$ -   |
| Gross receipts   | -                | -               | -                 | -  |
| Gasoline and motor vehicle                               | 150,000          | 150,000         | 144,602           | (5,398)  |
| Other  | -                | -               | -                 | -  |
| Intergovernmental income:                                |                  |                 |                   |  |
| Federal operating grants                                 | -                | -               | -                 | -  |
| Federal capital grants                                   | -                | -               | -                 | -  |
| State operating grants                                   | -                | -               | -                 | -  |
| State capital grants                                     | 333,706          | 333,706         | 282,203           | (51,503)   |
| Charges for services                                     | -                | -               | -                 | -  |
| Licenses and fees  | -                | -               | -                 | -  |
| Fines and forfeitures                                    | -                | -               | -                 | -  |
| Investment income  | 200              | 200             | 651               | 451  |
| Miscellaneous  | -                | -               | -                 | -  |
| <i>Total revenues</i>                                    | <u>483,906</u>   | <u>483,906</u>  | <u>427,456</u>    | <u>(56,450)</u>  |
| <i>Expenditures</i>                                      |                  |                 |                   |  |
| Current:   |                  |                 |                   |  |
| General government                                       | -                | -               | -                 | -  |
| Public safety  | -                | -               | -                 | -  |
| Public works   | 436,608          | 504,576         | 393,867           | 110,709  |
| Culture and recreation                                   | -                | -               | -                 | -  |
| Capital outlay   | -                | -               | -                 | -  |
| <i>Total expenditures</i>                                | <u>436,608</u>   | <u>504,576</u>  | <u>393,867</u>    | <u>110,709</u>   |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>47,298</u>    | <u>(20,670)</u> | <u>33,589</u>     | <u>54,259</u>  |
| <i>Other financing sources (uses)</i>                    |                  |                 |                   |  |
| Designated cash (budgeted increase in cash)              | (86,715)         | 57,289          | -                 | (57,289)   |
| Transfers in   | 51,175           | 16,156          | 16,156            | -  |
| Transfers (out)  | (11,758)         | (52,775)        | (52,529)          | 246  |
| <i>Total other financing sources (uses)</i>              | <u>(47,298)</u>  | <u>20,670</u>   | <u>(36,373)</u>   | <u>(57,043)</u>  |
| <i>Net change in fund balance</i>                        | -                | -               | (2,784)           | (2,784)  |
| <i>Fund balance - beginning of year</i>                  | -                | -               | 260,034           | 260,034  |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ 257,250</u> | <u>\$ 257,250</u>  |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                 |                   | \$ (2,784)   |
| Adjustments to revenues for state capital grants         |                  |                 |                   | 15,089   |
| Adjustments for expenditures care of prisoners           |                  |                 |                   | (5,980)  |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                   | <u>\$ 6,325</u>  |

The accompanying notes are an integral part of these financial statements.



## STATE OF NEW MEXICO

Statement B-20

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, 2016

|  | Budgeted Amounts |                  | Actual           | Variances                                     |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  | Favorable<br>(Unfavorable)<br>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                                   | 571,492          | 571,492          | 559,350          | (12,142)                                      |
| State capital grants                                     | -                | -                | -                | -   |
| Charges for services                                     | -                | -                | -                | -   |
| Licenses and fees  | -                | -                | -                | -   |
| Fines and forfeitures                                    | -                | -                | -                | -   |
| Investment income  | 200              | 200              | 468              | (268)   |
| <i>Total revenues</i>                                    | <u>571,692</u>   | <u>571,692</u>   | <u>559,818</u>   | <u>(12,410)</u>                               |
| <i>Expenditures</i>                                      |                  |                  |                  |   |
| Current:   |                  |                  |                  |   |
| General government                                       | -                | -                | -                | -   |
| Public safety  | -                | -                | -                | -   |
| Public works   | -                | -                | -                | -   |
| Culture and recreation                                   | 28,559           | 28,559           | 12,679           | 15,880  |
| Health and welfare                                       | -                | -                | -                | -   |
| Capital outlay   | -                | -                | -                | -   |
| <i>Total expenditures</i>                                | <u>28,559</u>    | <u>28,559</u>    | <u>12,679</u>    | <u>15,880</u>                                 |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>543,133</u>   | <u>543,133</u>   | <u>547,139</u>   | <u>3,470</u>                                  |
| <i>Other financing sources (uses)</i>                    |                  |                  |                  |   |
| Designated cash (budgeted increase in cash)              | (213,979)        | (45,741)         | -                | 45,741  |
| Transfers in   | 57,432           | 57,558           | 57,558           | -   |
| Transfers (out)  | (386,586)        | (554,950)        | (551,382)        | 3,568   |
| <i>Total other financing sources (uses)</i>              | <u>(543,133)</u> | <u>(543,133)</u> | <u>(493,824)</u> | <u>49,309</u>                                 |
| <i>Net change in fund balance</i>                        | -                | -                | 53,315           | 52,779  |
| <i>Fund balance - beginning of year</i>                  | -                | -                | 16,559           | 16,559  |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 69,874</u> | <u>\$ 69,338</u>                              |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                  |                  | \$ 53,315                                     |
| Adjustments to revenues for state operating grants       |                  |                  |                  | 102,511                                       |
| No adjustments to expenditures                           |                  |                  |                  | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                  |                  | <u>\$ 155,826</u>                             |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-21

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, 2016

|  | Budgeted Amounts |                 | Actual          | Variances                                     |
|--|------------------|-----------------|-----------------|---|
|  | Original         | Final           |                 | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>  |                  |                 |                 |   |
| Taxes:   |                  |                 |                 |   |
| Property taxes   | \$ -             | \$ -            | \$ -            | \$ -  |
| Gross receipts   | -                | -               | -               | -   |
| Gasoline and motor vehicle                               | -                | -               | -               | -   |
| Other  | -                | -               | -               | -   |
| Intergovernmental income:                                |                  |                 |                 |   |
| Federal operating grants                                 | 42,720           | 42,720          | -               | (42,720)                                      |
| Federal capital grants                                   | -                | -               | -               | -   |
| State operating grants                                   | 446,735          | 431,697         | 281,696         | (150,001)                                     |
| State capital grants                                     | -                | -               | -               | -   |
| Charges for services                                     | -                | -               | -               | -   |
| <i>Total revenues</i>                                    | <u>489,455</u>   | <u>474,417</u>  | <u>281,696</u>  | <u>(192,721)</u>                              |
| <i>Expenditures</i>                                      |                  |                 |                 |   |
| Current:   |                  |                 |                 |   |
| General government                                       | -                | -               | -               | -   |
| Public safety  | 207,758          | 45,827          | 2,860           | 42,967  |
| Public works   | 274,592          | 481,365         | 331,365         | 150,000                                       |
| Culture and recreation                                   | -                | -               | -               | -   |
| Health and welfare                                       | -                | -               | -               | -   |
| Capital outlay   | -                | -               | -               | -   |
| <i>Total expenditures</i>                                | <u>482,350</u>   | <u>527,192</u>  | <u>334,225</u>  | <u>192,967</u>                                |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>7,105</u>     | <u>(52,775)</u> | <u>(52,529)</u> | <u>246</u>                                    |
| <i>Other financing sources (uses)</i>                    |                  |                 |                 |   |
| Designated cash (budgeted increase in cash)              | -                | -               | -               | -   |
| Proceeds from sale of equipment                          | -                | -               | -               | -   |
| Transfers in   | 11,758           | 52,775          | 52,529          | (246)   |
| Transfers (out)  | (18,863)         | -               | -               | -   |
| <i>Total other financing sources (uses)</i>              | <u>(7,105)</u>   | <u>52,775</u>   | <u>52,529</u>   | <u>(246)</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                           |                  |                 |                 | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                 | <u>\$ -</u>                                   |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-22

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, 2016

|  | Budgeted Amounts |                 | Actual          | Variances                                     |
|--|------------------|-----------------|-----------------|---|
|  | Original         | Final           |                 | Favorable<br>(Unfavorable)<br>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                                   | 304,500          | 304,500         | 170,835         | (133,665)                                     |
| State capital grants                                     | -                | -               | -               | -   |
| Charges for services                                     | -                | -               | -               | -   |
| Licenses and fees  | -                | -               | -               | -   |
| Miscellaneous  | -                | 1,702           | 1,701           | (1)   |
| Investment income  | -                | -               | 651             | 651   |
| <i>Total revenues</i>                                    | <u>304,500</u>   | <u>306,202</u>  | <u>173,187</u>  | <u>(133,015)</u>                              |
| <i>Expenditures</i>                                      |                  |                 |                 |   |
| Current:   |                  |                 |                 |   |
| General government                                       | -                | -               | -               | -   |
| Public safety  | -                | -               | -               | -   |
| Public works   | 292,978          | 294,680         | 189,856         | 104,824                                       |
| Culture and recreation                                   | -                | -               | -               | -   |
| Health and welfare                                       | -                | -               | -               | -   |
| Capital outlay   | -                | -               | -               | -   |
| <i>Total expenditures</i>                                | <u>292,978</u>   | <u>294,680</u>  | <u>189,856</u>  | <u>104,824</u>                                |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>11,522</u>    | <u>11,522</u>   | <u>(16,669)</u> | <u>(28,191)</u>                               |
| <i>Other financing sources (uses)</i>                    |                  |                 |                 |   |
| Designated cash (budgeted increase in cash)              | 3,718            | 3,666           | -               | (3,666)                                       |
| Transfers in   | -                | 149,888         | 149,887         | (1)   |
| Transfers (out)  | (15,240)         | (165,076)       | (136,936)       | 28,140  |
| <i>Total other financing sources (uses)</i>              | <u>(11,522)</u>  | <u>(11,522)</u> | <u>12,951</u>   | <u>24,473</u>                                 |
| <i>Net change in fund balance</i>                        | -                | -               | (3,718)         | (3,718)                                       |
| <i>Fund balance - beginning of year</i>                  | -                | -               | 3,718           | 3,718   |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>                                   |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                 |                 | \$ (3,718)                                    |
| Adjustments to revenues for state operating grants       |                  |                 |                 | (14,713)                                      |
| Adjustments to expenditures for capital outlay           |                  |                 |                 | 27,247  |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                 | <u>\$ 8,816</u>                               |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-23

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, 2016

|  | Budgeted Amounts |             | Actual          | Variances                                     |
|--|------------------|-------------|-----------------|---|
|  | Original         | Final       |                 | Favorable<br>(Unfavorable)<br>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  | -                | -           | 127             | 127   |
| Miscellaneous  | -                | -           | -               | -   |
| <i>Total revenues</i>                                    | <u>-</u>         | <u>-</u>    | <u>127</u>      | <u>127</u>                                    |
| <i>Expenditures</i>                                      |                  |             |                 |   |
| Current:   |                  |             |                 |   |
| General government                                       | -                | -           | -               | -   |
| Public safety  | -                | -           | -               | -   |
| Public works   | -                | -           | -               | -   |
| Culture and recreation                                   | -                | -           | -               | -   |
| Health and welfare                                       | -                | -           | -               | -   |
| Capital outlay   | -                | -           | -               | -   |
| <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>127</u>      | <u>127</u>                                    |
| <i>Other financing sources (uses)</i>                    |                  |             |                 |   |
| Designated cash (budgeted increase in cash)              | 57,432           | 57,558      | -               | (57,558)                                      |
| Bond proceeds  | -                | -           | -               | -   |
| Proceeds from sale of equipment                          | -                | -           | -               | -   |
| Transfers in   | -                | -           | -               | -   |
| Transfers (out)  | (57,432)         | (57,558)    | (57,558)        | -   |
| <i>Total other financing sources (uses)</i>              | <u>-</u>         | <u>-</u>    | <u>(57,558)</u> | <u>(57,558)</u>                               |
| <i>Net change in fund balance</i>                        | <u>-</u>         | <u>-</u>    | <u>(57,431)</u> | <u>(57,431)</u>                               |
| <i>Fund balance - beginning of year</i>                  | <u>-</u>         | <u>-</u>    | <u>57,431</u>   | <u>57,431</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)    |                  |             |                 | \$ (57,431)                                   |
| No adjustments to revenues                               |                  |             |                 | -   |
| Adjustments to expenditures for transfer                 |                  |             |                 | (100,377)                                     |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |             |                 | <u>\$ (157,808)</u>                           |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-24

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, 2016

|  | Budgeted Amounts |                | Actual          | Variances                                     |
|--|------------------|----------------|-----------------|---|
|  | Original         | Final          |                 | Favorable<br>(Unfavorable)<br>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                                     | 205,308          | 654,308        | 241,363         | (412,945)                                     |
| Charges for services                                     | -                | -              | -               | -   |
| Licenses and fees  | -                | -              | -               | -   |
| Investment income  | -                | -              | -               | -   |
| Miscellaneous  | -                | -              | -               | -   |
| <i>Total revenues</i>                                    | <u>205,308</u>   | <u>654,308</u> | <u>241,363</u>  | <u>(412,945)</u>                              |
| <i>Expenditures</i>                                      |                  |                |                 |   |
| Current:   |                  |                |                 |   |
| General government                                       | -                | -              | -               | -   |
| Public safety  | -                | -              | -               | -   |
| Public works   | 205,308          | 505,308        | 360,354         | 144,954                                       |
| Culture and recreation                                   | -                | -              | -               | -   |
| Health and welfare                                       | -                | -              | -               | -   |
| Capital outlay   | -                | 149,000        | 83,380          | 65,620  |
| <i>Total expenditures</i>                                | <u>205,308</u>   | <u>654,308</u> | <u>443,734</u>  | <u>210,574</u>                                |
| <i>Excess (deficiency) of revenues over expenditures</i> | -                | -              | (202,371)       | (202,371)                                     |
| <i>Other financing sources (uses)</i>                    |                  |                |                 |   |
| Designated cash (budgeted increase in cash)              | -                | -              | -               | -   |
| Proceeds from sale of equipment                          | -                | -              | -               | -   |
| Transfers in   | 110,922          | 110,922        | 110,722         | (200)   |
| Transfers (out)  | (110,922)        | (110,922)      | (110,722)       | 200   |
| <i>Total other financing sources (uses)</i>              | <u>-</u>         | <u>-</u>       | <u>-</u>        | <u>-</u>                                      |
| <i>Net change in fund balance</i>                        | -                | -              | (202,371)       | (202,371)                                     |
| <i>Fund balance - beginning of year</i>                  | -                | -              | 205,308         | 205,308                                       |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ 2,937</u> | <u>\$ 2,937</u>                               |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                |                 | \$ (202,371)                                  |
| Adjustments to revenues for state capital grants         |                  |                |                 | 202,371                                       |
| No adjustments to expenditures                           |                  |                |                 | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                |                 | <u>\$ -</u>                                   |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-25

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, 2016

|  | Budgeted Amounts |                  | Actual           | Variances                                     |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  | Favorable<br>(Unfavorable)<br>Final to Actual |
| <i>Revenues</i>  |                  |                  |                  |   |
| Taxes:   |                  |                  |                  |   |
| Property taxes   | \$ -             | \$ -             | \$ -             | \$ -  |
| Gross receipts   | -                | -                | -                | -   |
| Gasoline and motor vehicle                               | -                | -                | -                | -   |
| Other  | -                | -                | -                | -   |
| Intergovernmental income:                                |                  |                  |                  |   |
| Federal operating grants                                 | -                | -                | -                | -   |
| Federal capital grants                                   | 1,013,587        | 1,013,587        | 295,620          | (717,967)                                     |
| State operating grants                                   | -                | -                | -                | -   |
| State capital grants                                     | -                | -                | -                | -   |
| Charges for services                                     | -                | -                | -                | -   |
| Licenses and fees  | -                | -                | -                | -   |
| Fines and forfeitures                                    | -                | -                | -                | -   |
| Investment income  | -                | -                | -                | -   |
| Miscellaneous  | -                | -                | -                | -   |
| <i>Total revenues</i>                                    | <u>1,013,587</u> | <u>1,013,587</u> | <u>295,620</u>   | <u>(717,967)</u>                              |
| <i>Expenditures</i>                                      |                  |                  |                  |   |
| Current:   |                  |                  |                  |   |
| General government                                       | -                | -                | -                | -   |
| Public safety  | -                | -                | -                | -   |
| Public works   | -                | -                | -                | -   |
| Culture and recreation                                   | -                | -                | -                | -   |
| Health and welfare                                       | -                | -                | -                | -   |
| Capital outlay   | 1,013,587        | 1,013,587        | 437,294          | 576,293                                       |
| <i>Total expenditures</i>                                | <u>1,013,587</u> | <u>1,013,587</u> | <u>437,294</u>   | <u>576,293</u>                                |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>-</u>         | <u>-</u>         | <u>(141,674)</u> | <u>(141,674)</u>                              |
| <i>Other financing sources (uses)</i>                    |                  |                  |                  |   |
| Designated cash (budgeted increase in cash)              | -                | (6,359)          | -                | 6,359   |
| Transfers in   | -                | 141,675          | 141,674          | (1)   |
| Transfers (out)  | -                | (135,316)        | -                | 135,316                                       |
| <i>Total other financing sources (uses)</i>              | <u>-</u>         | <u>-</u>         | <u>141,674</u>   | <u>141,674</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                               |                  |                  |                  | -   |
| Adjustments to expenditures for capital outlay           |                  |                  |                  | 140,649                                       |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                  |                  | <u>\$ 140,649</u>                             |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-26

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, 2016

|  | Budgeted Amounts |                 | Actual       | Variances                                     |
|--|------------------|-----------------|--------------|---|
|  | Original         | Final           |              | Favorable<br>(Unfavorable)<br>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                                     | 266,000          | 277,400         | -            | (277,400)                                     |
| Charges for services                                     | -                | -               | -            | -   |
| Licenses and fees  | -                | -               | -            | -   |
| Investment income  | -                | -               | -            | -   |
| Miscellaneous  | -                | -               | -            | -   |
| <i>Total revenues</i>                                    | <u>266,000</u>   | <u>277,400</u>  | <u>-</u>     | <u>(277,400)</u>                              |
| <i>Expenditures</i>                                      |                  |                 |              |   |
| Current:   |                  |                 |              |   |
| General government                                       | -                | -               | -            | -   |
| Public safety  | -                | -               | -            | -   |
| Public works   | 280,000          | 292,000         | -            | 292,000                                       |
| Culture and recreation                                   | -                | -               | -            | -   |
| Health and welfare                                       | -                | -               | -            | -   |
| Capital outlay   | -                | -               | -            | -   |
| <i>Total expenditures</i>                                | <u>280,000</u>   | <u>292,000</u>  | <u>-</u>     | <u>292,000</u>                                |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(14,000)</u>  | <u>(14,600)</u> | <u>-</u>     | <u>14,600</u>                                 |
| <i>Other financing sources (uses)</i>                    |                  |                 |              |   |
| Designated cash (budgeted increase in cash)              | -                | -               | -            | -   |
| Proceeds from sale of equipment                          | -                | -               | -            | -   |
| Transfers in   | 14,000           | 14,600          | -            | (14,600)                                      |
| Transfers (out)  | -                | -               | -            | -   |
| <i>Total other financing sources (uses)</i>              | <u>14,000</u>    | <u>14,600</u>   | <u>-</u>     | <u>(14,600)</u>                               |
| <i>Net change in fund balance</i>                        | -                | -               | -            | -   |
| <i>Fund balance - beginning of year</i>                  | -                | -               | 69           | 69  |
| <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)    |                  |                 |              | \$ -  |
| No adjustment to revenues                                |                  |                 |              | -   |
| No adjustments to expenditures                           |                  |                 |              | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |              | <u>\$ -</u>                                   |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-27

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, 2016

|  | Budgeted Amounts |                 | Actual           | Variances                                     |
|--|------------------|-----------------|------------------|---|
|  | Original         | Final           |                  | Favorable<br>(Unfavorable)<br>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  | -                | -               | -                | -   |
| Fines and forfeitures                                    | -                | -               | -                | -   |
| Investment income  | 150              | 150             | 545              | 395   |
| <i>Total revenues</i>                                    | <u>150</u>       | <u>150</u>      | <u>545</u>       | <u>395</u>                                    |
| <i>Expenditures</i>                                      |                  |                 |                  |   |
| Current:   |                  |                 |                  |   |
| General government                                       | -                | -               | -                | -   |
| Public safety  | -                | -               | -                | -   |
| Public works   | -                | -               | -                | -   |
| Health and welfare                                       | -                | -               | -                | -   |
| Capital outlay   | -                | -               | -                | -   |
| Debt service:  |                  |                 |                  |   |
| Principal  | 43,439           | 43,439          | 43,439           | -   |
| Interest   | 7,094            | 7,094           | 7,092            | 2   |
| <i>Total expenditures</i>                                | <u>50,533</u>    | <u>50,533</u>   | <u>50,531</u>    | <u>2</u>                                      |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(50,383)</u>  | <u>(50,383)</u> | <u>(49,986)</u>  | <u>397</u>                                    |
| <i>Other financing sources (uses)</i>                    |                  |                 |                  |   |
| Designated cash (budgeted increase in cash)              | (150)            | (150)           | -                | 150   |
| Proceeds from sale of equipment                          | -                | -               | -                | -   |
| Transfers in   | 50,533           | 50,533          | 50,252           | (281)   |
| Transfers (out)  | -                | -               | -                | -   |
| <i>Total other financing sources (uses)</i>              | <u>50,383</u>    | <u>50,383</u>   | <u>50,252</u>    | <u>(131)</u>                                  |
| <i>Net change in fund balance</i>                        | -                | -               | 266              | 266   |
| <i>Fund balance - beginning of year</i>                  | -                | -               | 57,956           | 57,956  |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ 58,222</u> | <u>\$ 58,222</u>                              |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                 |                  | \$ 266  |
| No adjustments to revenues                               |                  |                 |                  | -   |
| No adjustments to expenditures                           |                  |                 |                  | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                  | <u>\$ 266</u>                                 |

The accompanying notes are an integral part of these financial statements.



## STATE OF NEW MEXICO

Statement B-28

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, 2016

|  | Budgeted Amounts |                  | Actual            | Variances                                     |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   | Favorable<br>(Unfavorable)<br>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  | 750              | 750              | 2,312             | 1,562   |
| <i>Total revenues</i>                                    | <u>750</u>       | <u>750</u>       | <u>2,312</u>      | <u>1,562</u>                                  |
| <i>Expenditures</i>                                      |                  |                  |                   |   |
| Current:   |                  |                  |                   |   |
| General government                                       | -                | -                | -                 | -   |
| Public safety  | -                | -                | -                 | -   |
| Public works   | -                | -                | -                 | -   |
| Culture and recreation                                   | -                | -                | -                 | -   |
| Health and welfare                                       | -                | -                | -                 | -   |
| Debt service:  |                  |                  |                   |   |
| Principal  | 107,738          | 257,738          | 257,738           | -   |
| Interest   | 101,190          | 101,190          | 101,188           | 2   |
| <i>Total expenditures</i>                                | <u>208,928</u>   | <u>358,928</u>   | <u>358,926</u>    | <u>2</u>                                      |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(208,178)</u> | <u>(358,178)</u> | <u>(356,614)</u>  | <u>1,564</u>                                  |
| <i>Other financing sources (uses)</i>                    |                  |                  |                   |   |
| Designated cash (budgeted increase in cash)              | (750)            | (814)            | -                 | 814   |
| Proceeds from sale of equipment                          | -                | -                | -                 | -   |
| Transfers in   | 208,928          | 358,992          | 358,992           | -   |
| Transfers (out)  | -                | -                | -                 | -   |
| <i>Total other financing sources (uses)</i>              | <u>208,178</u>   | <u>358,178</u>   | <u>358,992</u>    | <u>814</u>                                    |
| <i>Net change in fund balance</i>                        | -                | -                | 2,378             | 2,378   |
| <i>Fund balance - beginning of year</i>                  | -                | -                | 262,914           | 262,914                                       |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 265,292</u> | <u>\$ 265,292</u>                             |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                  |                   | \$ 2,378                                      |
| No adjustments to revenues                               |                  |                  |                   | -   |
| No adjustments to expenditures                           |                  |                  |                   | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                  |                   | <u>\$ 2,378</u>                               |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-29

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, 2016

|  | Budgeted Amounts |                  | Actual            | Variances                                     |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   | Favorable<br>(Unfavorable)<br>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  | 750              | 750              | 2,313             | 1,563   |
| <i>Total revenues</i>                                    | <u>750</u>       | <u>750</u>       | <u>2,313</u>      | <u>1,563</u>                                  |
| <i>Expenditures</i>                                      |                  |                  |                   |   |
| Current:   |                  |                  |                   |   |
| General government                                       | -                | -                | -                 | -   |
| Public safety  | -                | -                | -                 | -   |
| Public works   | -                | -                | -                 | -   |
| Culture and recreation                                   | -                | -                | -                 | -   |
| Health and welfare                                       | -                | -                | -                 | -   |
| Capital outlay   | -                | -                | -                 | -   |
| Debt service:  |                  |                  |                   |   |
| Principal  | 70,000           | 70,000           | 70,000            | -   |
| Interest   | 107,658          | 107,658          | 107,658           | -   |
| <i>Total expenditures</i>                                | <u>177,658</u>   | <u>177,658</u>   | <u>177,658</u>    | <u>-</u>                                      |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(176,908)</u> | <u>(176,908)</u> | <u>(175,345)</u>  | <u>1,563</u>                                  |
| <i>Other financing sources (uses)</i>                    |                  |                  |                   |   |
| Designated cash (budgeted increase in cash)              | (750)            | (750)            | -                 | 750   |
| Proceeds from sale of equipment                          | -                | -                | -                 | -   |
| Transfers in   | 177,658          | 177,658          | 175,705           | (1,953)                                       |
| Transfers (out)  | -                | -                | -                 | -   |
| <i>Total other financing sources (uses)</i>              | <u>176,908</u>   | <u>176,908</u>   | <u>175,705</u>    | <u>(1,203)</u>                                |
| <i>Net change in fund balance</i>                        | -                | -                | 360               | 360   |
| <i>Fund balance - beginning of year</i>                  | -                | -                | 231,783           | 231,783                                       |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 232,143</u> | <u>\$ 232,143</u>                             |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                  |                   | \$ 360  |
| No adjustments to revenues                               |                  |                  |                   | -   |
| No adjustments to expenditures                           |                  |                  |                   | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                  |                   | <u>\$ 360</u>                                 |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-30

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, 2016

|  | Budgeted Amounts |                 | Actual          | Variances                                     |
|--|------------------|-----------------|-----------------|---|
|  | Original         | Final           |                 | Favorable<br>(Unfavorable)<br>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  | 5                | 5               | 34              | 29  |
| Miscellaneous  | -                | -               | -               | -   |
| <i>Total revenues</i>                                    | <u>5</u>         | <u>5</u>        | <u>34</u>       | <u>29</u>                                     |
| <i>Expenditures</i>                                      |                  |                 |                 |   |
| Current:   |                  |                 |                 |   |
| General government                                       | -                | -               | -               | -   |
| Public safety  | -                | -               | -               | -   |
| Public works   | -                | -               | -               | -   |
| Health and welfare                                       | -                | -               | -               | -   |
| Capital outlay   | -                | -               | -               | -   |
| Debt service:  |                  |                 |                 |   |
| Principal  | 20,309           | 20,309          | 20,309          | -   |
| Interest   | 355              | 355             | 355             | -   |
| <i>Total expenditures</i>                                | <u>20,664</u>    | <u>20,664</u>   | <u>20,664</u>   | <u>-</u>                                      |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(20,659)</u>  | <u>(20,659)</u> | <u>(20,630)</u> | <u>29</u>                                     |
| <i>Other financing sources (uses)</i>                    |                  |                 |                 |   |
| Designated cash (budgeted increase in cash)              | (5)              | (5)             | -               | 5   |
| Transfers in   | 20,664           | 20,664          | 20,664          | -   |
| Transfers (out)  | -                | -               | -               | -   |
| <i>Total other financing sources (uses)</i>              | <u>20,659</u>    | <u>20,659</u>   | <u>20,664</u>   | <u>5</u>                                      |
| <i>Net change in fund balance</i>                        | -                | -               | 34              | 34  |
| <i>Fund balance - beginning of year</i>                  | -                | -               | 6               | 6   |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ 40</u>    | <u>\$ 40</u>                                  |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                 |                 | \$ 34   |
| No adjustments to revenues                               |                  |                 |                 | -   |
| No adjustments to expenditures                           |                  |                 |                 | -   |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                 | <u>\$ 34</u>                                  |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-31

City of Raton  
NMFA Loan FireStatement 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<br>Favorable<br>(Unfavorable)<br>Final to Actual |
|--|------------------|-----------------|-----------------|--|
|  | Original         | Final           |                 |  |
| <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  | -                | -               | 134             | 134  |
| <i>Total revenues</i>                                    | <u>-</u>         | <u>-</u>        | <u>134</u>      | <u>134</u>   |
| <i>Expenditures</i>                                      |                  |                 |                 |  |
| Current:   |                  |                 |                 |  |
| General government                                       | -                | -               | -               | -  |
| Public safety  | -                | -               | -               | -  |
| Public works   | -                | -               | -               | -  |
| Culture and recreation                                   | -                | -               | -               | -  |
| Health and welfare                                       | -                | -               | -               | -  |
| Capital outlay   | -                | -               | -               | -  |
| Debt service:  |                  |                 |                 |  |
| Principal  | 71,657           | 71,657          | 71,657          | -  |
| Interest   | 10,375           | 10,375          | 10,374          | 1  |
| <i>Total expenditures</i>                                | <u>82,032</u>    | <u>82,032</u>   | <u>82,031</u>   | <u>1</u>   |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>(82,032)</u>  | <u>(82,032)</u> | <u>(81,897)</u> | <u>135</u>   |
| <i>Other financing sources (uses)</i>                    |                  |                 |                 |  |
| Designated cash (budgeted increase in cash)              | -                | -               | -               | -  |
| Transfers in   | 82,032           | 82,032          | 82,031          | (1)  |
| Transfers (out)  | -                | -               | -               | -  |
| <i>Total other financing sources (uses)</i>              | <u>82,032</u>    | <u>82,032</u>   | <u>82,031</u>   | <u>(1)</u>   |
| <i>Net change in fund balance</i>                        | -                | -               | 134             | 134  |
| <i>Fund balance - beginning of year</i>                  | -                | -               | 3,302           | 3,302  |
| <i>Fund balance - end of year</i>                        | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ 3,436</u> | <u>\$ 3,436</u>  |
| Net change in fund balance (non-GAAP budgetary basis)    |                  |                 |                 | \$ 134   |
| No adjustments to revenues                               |                  |                 |                 | -  |
| No adjustments to expenditures                           |                  |                 |                 | -  |
| <i>Net change in fund balance (GAAP basis)</i>           |                  |                 |                 | <u>\$ 134</u>  |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-32

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, 2016

|   | Budgeted Amounts |             | Actual      | Variances<br>Favorable<br>(Unfavorable)<br>Final to Actual |
|---|------------------|-------------|-------------|--|
|   | Original         | Final       |             |  |
| <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   | -                | -           | -           | -  |
| <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   | -                | -           | -           | -  |
| 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 (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, as previously stated</i>     | -                | -           | 754,858     | 754,858  |
| <i>Reclassification of fund balance<br/>(see Note 17)</i> | -                | -           | (754,858)   | (754,858)  |
| <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                            |                  |             |             | -  |
| <i>Net change in fund balance (GAAP basis)</i>            |                  |             |             | <u>\$ -</u>  |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-33

City of Raton  
Water and SewerStatement of Revenues, Expenses, and Changes in Net Position  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2016

|   | Budget Amounts      |                     | Actual               | Variances                  |
|---|---------------------|---------------------|----------------------|----------------------------|
|   | Original            | Final               | (Non-GAAP basis)     | Favorable<br>(Unfavorable) |
| <i>Operating revenues</i>                                     |                     |                     |                      |                            |
| Charges for services  | \$ 2,089,500        | \$ 2,069,500        | \$ 2,206,096         | \$ 136,596                 |
| <i>Total operating revenues</i>                               | <u>2,089,500</u>    | <u>2,069,500</u>    | <u>2,206,096</u>     | <u>136,596</u>             |
| <i>Operating expenses</i>                                     |                     |                     |                      |                            |
| Personnel services  | 1,035,807           | 1,182,307           | 1,097,594            | 84,713                     |
| Travel and per diem   | 37,144              | 37,144              | 29,784               | 7,360                      |
| Training  | 5,000               | 5,000               | 2,879                | 2,121                      |
| Utilities   | 172,727             | 162,269             | 134,299              | 27,970                     |
| Contractual   | 184,727             | 171,769             | 158,664              | 13,105                     |
| Supplies  | 130,000             | 130,000             | 188,117              | (58,117)                   |
| Repairs and maintenance                                       | 35,500              | 35,500              | 35,865               | (365)                      |
| Telephone   | 11,250              | 11,250              | 9,715                | 1,535                      |
| Franchise Fee   | 81,168              | 79,381              | 79,382               | (1)                        |
| Insurances  | 35,500              | 35,000              | 30,531               | 4,469                      |
| Dues and subscriptions  | 11,000              | 11,000              | 10,165               | 835                        |
| Other operating   | 9,000               | 18,000              | 48,329               | (30,329)                   |
| <i>Total operating expenses</i>                               | <u>1,748,823</u>    | <u>1,878,620</u>    | <u>1,825,324</u>     | <u>53,296</u>              |
| <i>Operating income (loss)</i>                                | <u>340,677</u>      | <u>190,880</u>      | <u>380,772</u>       | <u>189,892</u>             |
| <i>Non-operating revenues (expenses)</i>                      |                     |                     |                      |                            |
| Investment income   | 1,500               | 1,500               | 11,655               | 10,155                     |
| Principal payments  | (496,218)           | (496,218)           | (496,218)            | -                          |
| Interest expense  | (164,762)           | (164,762)           | (164,762)            | -                          |
| Miscellaneous income  | 50,000              | 54,000              | 37,398               | (16,602)                   |
| <i>Total non-operating revenues (expenses)</i>                | <u>(659,480)</u>    | <u>(659,480)</u>    | <u>(611,927)</u>     | <u>10,155</u>              |
| <i>Income (loss) before contributions and transfer</i>        | <u>(318,803)</u>    | <u>(468,600)</u>    | <u>(231,155)</u>     | <u>200,047</u>             |
| Capital grants  | -                   | -                   | 480,415              | 480,415                    |
| Gross receipts taxes  | -                   | -                   | 1,149,500            | 1,149,500                  |
| <i>Change in net position</i>                                 | <u>\$ (318,803)</u> | <u>\$ (468,600)</u> | <u>1,398,760</u>     | <u>\$ 1,829,962</u>        |
| <i>(Expenses) not budgeted:</i>                               |                     |                     |                      |                            |
| Depreciation  |                     |                     | (1,016,310)          |                            |
| Principal payments  |                     |                     | 496,218              |                            |
| <i>Change in net position per exhibit D-2</i>                 |                     |                     | <u>878,668</u>       |                            |
| <i>Net position - beginning of year, as previously stated</i> |                     |                     | 17,453,020           |                            |
| <i>Reclassification (note 17)</i>                             |                     |                     | 754,858              |                            |
| <i>Net position - beginning of year, restated</i>             |                     |                     | <u>18,207,878</u>    |                            |
| <i>Net position - end of year</i>                             |                     |                     | <u>\$ 19,086,546</u> |                            |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-34

City of Raton

Sanitation

## Statement of Revenues, Expenses, and Changes in Net Position

Budget (Non-GAAP Basis) and Actual

For the Year Ended June 30, 2016

|  | Budget Amounts        |                       | Actual              | Variances                  |
|--|-----------------------|-----------------------|---------------------|----------------------------|
|  | Original              | Final                 | (Non-GAAP basis)    | Favorable<br>(Unfavorable) |
| <i>Operating revenues</i>                              |                       |                       |                     |                            |
| Charges for services                                   | \$ 1,477,500          | \$ 1,477,500          | \$ 1,466,569        | \$ (10,931)                |
| <i>Total operating revenues</i>                        | <u>1,477,500</u>      | <u>1,477,500</u>      | <u>1,466,569</u>    | <u>(10,931)</u>            |
| <i>Operating expenses</i>                              |                       |                       |                     |                            |
| Personnel services                                     | 782,185               | 788,185               | 773,664             | 14,521                     |
| Supplies   | 858,103               | 853,514               | 251,595             | 601,919                    |
| Repairs and maintenance                                | 159,500               | 159,500               | 126,516             | 32,984                     |
| Utilities  | 357,900               | 356,400               | 219,219             | 137,181                    |
| Contractual  | 51,500                | 46,911                | 133                 | 46,778                     |
| <i>Total operating expenses</i>                        | <u>2,209,188</u>      | <u>2,204,510</u>      | <u>1,371,127</u>    | <u>833,383</u>             |
| <i>Operating income (loss)</i>                         | <u>(731,688)</u>      | <u>(727,010)</u>      | <u>95,442</u>       | <u>822,452</u>             |
| <i>Non-operating revenues (expenses)</i>               |                       |                       |                     |                            |
| Investment income                                      | 1,600                 | 1,600                 | 6,178               | 4,578                      |
| Principal payments                                     | (99,300)              | (99,300)              | (99,300)            | -                          |
| Interest expense                                       | (13,212)              | (13,212)              | (12,979)            | 233                        |
| Miscellaneous income                                   | -                     | -                     | 353                 | 353                        |
| <i>Total non-operating revenues (expenses)</i>         | <u>(11,612)</u>       | <u>(11,612)</u>       | <u>(105,748)</u>    | <u>4,811</u>               |
| <i>Income (loss) before contributions and transfer</i> | <u>(743,300)</u>      | <u>(738,622)</u>      | <u>(10,306)</u>     | <u>827,263</u>             |
| <i>Other financing sources (uses)</i>                  |                       |                       |                     |                            |
| NMFA bond proceeds                                     | 803,103               | 803,103               | 249,967             | (553,136)                  |
| Transfers in   | -                     | -                     | 435                 | 435                        |
| Transfers (out)  | (304,585)             | (304,674)             | (41,673)            | 263,001                    |
| <i>Change in net position</i>                          | <u>\$ (1,047,885)</u> | <u>\$ (1,043,296)</u> | <u>198,423</u>      | <u>\$ 1,090,699</u>        |
| <i>(Expenses) not budgeted:</i>                        |                       |                       |                     |                            |
| Depreciation   |                       |                       | (62,833)            |                            |
| NMFA loan proceeds                                     |                       |                       | (249,967)           |                            |
| Principal payments                                     |                       |                       | <u>99,300</u>       |                            |
| <i>Change in net position per exhibit D-2</i>          |                       |                       | <u>(15,077)</u>     |                            |
| <i>Total net position - beginning</i>                  |                       |                       | <u>(416,427)</u>    |                            |
| <i>Net position - end of year</i>                      |                       |                       | <u>\$ (431,504)</u> |                            |

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement B-35

City of Raton

Insurance Reserve

Statement of Revenues, Expenses, and Changes in Net Position  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ended June 30, 2016

|  | Budget Amounts    |                   | Actual           | Variances                  |
|--|-------------------|-------------------|------------------|----------------------------|
|  | Original          | Final             | (Non-GAAP basis) | Favorable<br>(Unfavorable) |
| <i>Operating revenues</i>                              |                   |                   |                  |                            |
| Charges for services                                   | \$ 940,328        | \$ 940,328        | \$ 933,866       | \$ (6,462)                 |
| <i>Total operating revenues</i>                        | <u>940,328</u>    | <u>940,328</u>    | <u>933,866</u>   | <u>(6,462)</u>             |
| <i>Operating expenses</i>                              |                   |                   |                  |                            |
| Depreciation   | -                 | -                 | -                | -                          |
| Personnel services                                     | -                 | -                 | -                | -                          |
| Health insurance premiums                              | 945,794           | 945,794           | 860,212          | 85,582                     |
| Supplies   | -                 | -                 | -                | -                          |
| Repairs and maintenance                                | -                 | -                 | -                | -                          |
| Utilities  | -                 | -                 | -                | -                          |
| <i>Total operating expenses</i>                        | <u>945,794</u>    | <u>945,794</u>    | <u>860,212</u>   | <u>85,582</u>              |
| <i>Operating income (loss)</i>                         | <u>(5,466)</u>    | <u>(5,466)</u>    | <u>73,654</u>    | <u>79,120</u>              |
| <i>Non-operating revenues (expenses)</i>               |                   |                   |                  |                            |
| Interest income  | -                 | -                 | 5                | 5                          |
| Miscellaneous income                                   | -                 | -                 | -                | -                          |
| <i>Total non-operating revenues (expenses)</i>         | <u>-</u>          | <u>-</u>          | <u>5</u>         | <u>5</u>                   |
| <i>Income (loss) before contributions and transfer</i> | <u>945,794</u>    | <u>945,794</u>    | <u>860,207</u>   | <u>85,577</u>              |
| Transfers in   | -                 | -                 | -                | -                          |
| Transfers (out)  | -                 | -                 | -                | -                          |
| <i>Change in net position</i>                          | <u>\$ (5,466)</u> | <u>\$ (5,466)</u> | <u>\$ 73,659</u> | <u>\$ 79,125</u>           |
| <i>Net position - beginning of year</i>                |                   |                   | <u>(67,382)</u>  |                            |
| <i>Net position - end of year</i>                      |                   |                   | <u>\$ 6,277</u>  |                            |

The accompanying notes are an integral part of these financial statements.



## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Deposits and Investment Accounts  
June 30, 2016

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     | 425,451      | -                   | -                  | 425,451      |
| Enterprise Fund/Solid Waste                    | Checking     | 10,000       | -                   | -                  | 10,000       |
| Solid Waste Fund                               | Checking     | 273,881      | -                   | -                  | 273,881      |
| Pooled Special Revenue                         | Checking     | 25,000       | -                   | -                  | 25,000       |
| Special Revenue Funds                          | Checking     | 933,307      | -                   | -                  | 933,307      |
| 2005 WWTP P&L                                  | Checking     | 392          | -                   | -                  | 392          |
| Wastewater TRTMNT DS                           | Checking     | 108          | -                   | -                  | 108          |
| RWW- Operating                                 | Checking     | 310          | -                   | -                  | 310          |
| Certificate of Deposit                         | CD           | 152,826      | -                   | -                  | 152,826      |
| Certificate of Deposit                         | CD           | 371,929      | -                   | -                  | 371,929      |
| Certificate of Deposit                         | CD           | 98,715       | -                   | -                  | 98,715       |
| Certificate of Deposit                         | CD           | 837,876      | -                   | -                  | 837,876      |
| <i>Total International Bank</i>                |              | 3,214,795    | -                   | -                  | 3,214,795    |
| <b>First National Bank of New Mexico</b>       |              |              |                     |                    |              |
| General Fund                                   | Checking     | 768,889      | 189,422             | (82,046)           | 876,265      |
| Raton Municipal Court Court Fund               | Checking     | 4,053        | 562                 | (264)              | 4,351        |
| Raton Municipal Court Bond Fund                | Checking     | 3,599        | 1,408               | (5)                | 5,002        |
| Special Revenue Funds                          | Checking     | 274,311      | 50,569              | (132,568)          | 192,312      |
| Pooled Capital Projects                        | Checking     | 325,428      | 6,358               | (480,467)          | (148,681)    |
| GRT Swimming Pool/<br>Recreation Center Fund   | Checking     | 46,557       | 23,317              | -                  | 69,874       |
| Waterwaste TRMNT DS                            | Checking     | 180,891      | -                   | -                  | 180,891      |
| Wastewater Treatment P&I Acct                  | Checking     | 660,643      | -                   | -                  | 660,643      |
| Enterprise Fund/Solid Waste                    | Checking     | 387,061      | -                   | (11,205)           | 375,856      |
| Payroll Clearing                               | Checking     | 2,232        | -                   | (2,109)            | 123          |
| Pooled Trust & Agency                          | Checking     | 4,539        | -                   | -                  | 4,539        |
| Landfill Trust & Agency                        | Checking     | 201,728      | -                   | -                  | 201,728      |
| CD-Library Building Fund                       | CD           | 80,000       | -                   | -                  | 80,000       |
| CD-Library Building Fund                       | CD           | 149,700      | -                   | -                  | 149,700      |
| RWW Opertating                                 | Checking     | 241,288      | 9,250               | (149,923)          | 100,615      |
| Water Capital Projects                         | Checking     | 65,013       | 16,611              | -                  | 81,624       |
| SGRT   | Checking     | 923,002      | -                   | -                  | 923,002      |
| SGRT B&I                                       | Checking     | 22,837       | -                   | (22,113)           | 724          |
| RWW GO Bond                                    | Checking     | 399          | -                   | -                  | 399          |
| RWW Customer Meter Deposits                    | Checking     | 69,720       | 300                 | (2,091)            | 67,929       |
| B&I 1976 Reserve                               | Checking     | 21,296       | -                   | -                  | 21,296       |
| SGRT B&I Reserve                               | Checking     | 984          | -                   | -                  | 984          |
| CD-Raton Water Depart Capital Imprv            | CD           | 495,268      | -                   | -                  | 495,268      |
| CD-Raton Water Depart Capital Imprv            | CD           | 622,963      | -                   | -                  | 622,963      |
| <i>Total First National Bank of New Mexico</i> |              | 5,552,401    | 297,797             | (882,791)          | 4,967,407    |

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Deposits and Investment Accounts  
June 30, 2016

Schedule III  
Page 2 of 2

| <b>Bank Name/Account Name</b>  | <b>Account Type</b> | <b>Bank Balance</b>  | <b>Deposits in Transit</b> | <b>Outstanding Checks</b> | <b>Book Balance</b> |
|--|---------------------|----------------------|----------------------------|---------------------------|---------------------|
| <b>New Mexico Finance Authority</b>                                      |                     |                      |                            |                           |                     |
| NMFA Fire Equipment  | Trust               | \$ 3,436             | \$ -                       | \$ -                      | \$ 3,436            |
| NMFA Welcome Center  | Trust               | 8,798                | -                          | -                         | 8,798               |
| NMFA Welcome Center - Reserve  | Trust               | 49,424               | -                          | -                         | 49,424              |
| NMFA Recreation Center   | Trust               | 54,589               | -                          | -                         | 54,589              |
| NMFA Recreation Center   | Trust               | 210,703              | -                          | -                         | 210,703             |
| NMFA Recreation Center - Reserve   | Trust               | 232,132              | -                          | -                         | 232,132             |
| NMFA Recreation Center - Reserve   | Trust               | 10                   | -                          | -                         | 10                  |
| NMFA Water Trust Board   |                     |                      |                            |                           |                     |
| Fire Restoration -Program Funds  | Trust               | 2,937                | -                          | -                         | 2,937               |
| NMFA Police Vehicles   | Trust               | 40                   | -                          | -                         | 40                  |
| NMFA Sanitation /Transfer  |                     |                      |                            |                           |                     |
| Station - Debt Service   | Trust               | 20,787               | -                          | -                         | 20,787              |
| NMFA Sanitation /Transfer  |                     |                      |                            |                           |                     |
| Station - Program Cash   | Trust               | 686,543              | -                          | -                         | 686,543             |
| NMFA Sanitation /Transfer  |                     |                      |                            |                           |                     |
| Station - Reserve Funds  | Trust               | 104,599              | -                          | -                         | 104,599             |
| <i>Total New Mexico Finance Authority</i>                                |                     | <u>1,373,998</u>     | <u>-</u>                   | <u>-</u>                  | <u>1,373,998</u>    |
| <i>Total deposits*</i>   |                     | <u>\$ 10,141,194</u> | <u>\$ 297,797</u>          | <u>\$ (882,791)</u>       | 9,556,199           |
| Add: petty cash  |                     |                      |                            |                           | <u>652</u>          |
| <i>Total deposits</i>  |                     |                      |                            |                           | <u>\$ 9,556,851</u> |
| Deposits per financial statements:                                       |                     |                      |                            |                           |                     |
| Cash and cash equivalents - Exhibit A-1                                  |                     |                      |                            |                           | \$ 6,522,861        |
| Restricted cash and cash equivalents:                                    |                     |                      |                            |                           |                     |
| Debt service-Exhibit A-1   |                     |                      |                            |                           | 2,027,274           |
| Unspent loan proceeds-Exhibit A-1  |                     |                      |                            |                           | 686,543             |
| Meter deposits-Exhibit A-1   |                     |                      |                            |                           | 104,553             |
| Closure and postclosure care-Exhibit A-1                                 |                     |                      |                            |                           | 201,728             |
| Statement of Fiduciary Assets and Liabilities Agency Funds - Exhibit E-1 |                     |                      |                            |                           | <u>13,892</u>       |
| <i>Total deposits</i>  |                     |                      |                            |                           | <u>\$ 9,556,851</u> |

\*All deposit accounts are interest bearing

See independent auditors' report.

## STATE OF NEW MEXICO

Schedule IV

City of Raton

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2016

| <u>Name of Depository</u>  | <u>Description of Pledged Collateral</u> | <u>Maturity</u> | <u>CUSIP Number</u> | <u>Fair Market Value June 30, 2016</u> | <u>Name and Location of Safekeeper</u> |
|----------------------------|--|-----------------|---------------------|--|--|
| <b>International Bank</b>  |  |                 |                     |  |  |
|                            | FNMA 1.250 01/30/17                      | 1/30/2017       | 3135G0GY3           | \$ 602,672                             | Bankers Bank of the West, Denver, CO   |
|                            | FHLB 1.125 12/08/17                      | 12/8/2017       | 3130A3HF4           | 352,156                                | Bankers Bank of the West, Denver, CO   |
|                            | FHLB 1.125 12/08/17                      | 12/8/2017       | 3130A3HF4           | 201,232                                | Bankers Bank of the West, Denver, CO   |
|                            | FNMA 1.200 12/20/18'13                   | 12/20/2018      | 3136G12K4           | 2,477,943                              | Bankers Bank of the West, Denver, CO   |
|                            | FNMA 1.200 12/20/18'13                   | 12/20/2018      | 3136G12K4           | 100,119                                | Bankers Bank of the West, Denver, CO   |
|                            | FNMA 1.200 12/20/18'13                   | 12/20/2018      | 3136G12K4           | 200,238                                | Bankers Bank of the West, Denver, CO   |
|                            | <i>Total International Bank</i>          |                 |                     | <u>3,934,360</u>                       |  |
| <b>First National Bank</b> |  |                 |                     |  |  |
|                            | FHLB: QUESTA N MEX INDPT<br>SCD 009      | 9/1/2020        | 748352CT6           | 110,548                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: FHLMC - POOL#: G18527              | 10/1/2029       | 3128MMSR5           | 988,020                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: LEA CNTY PUB SCH DIST              | 7/15/2018       | 521513CD1           | 137,878                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: UNIV O NEW MEXICO<br>NM GALLUP     | 10/15/2023      | 914684DW2           | 1,023,310                              | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: LOS LUNAS NM SCH DIST #1           | 7/15/2023       | 545562QK9           | 526,385                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: GRANTS & CIBOLA CNTYS<br>NM SD #1  | 4/15/2020       | 388240FS7           | 505,600                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: WEST LAS VEGAS NM<br>SCH DIST #1   | 8/15/2024       | 953769KZ8           | 154,842                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: WEST LAS VEGAS NM<br>SCH DIST #1   | 8/15/2025       | 953769LA2           | 154,461                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: SALLIE MAE BANK CD                 | 12/16/2020      | 795450XM2           | 250,000                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: FNMA - POOL#: MA1037               | 4/1/2032        | 31418AEK0           | 575,311                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: FNMA - POOL#: MA2531               | 2/1/2036        | 31418BY59           | 541,310                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: FNMA - POOL#: MA2531               | 2/1/2036        | 31418BY59           | 206,213                                | Federal Home Bank,<br>Irving, Texas    |
|                            | FHLB: ALAMOGORDO NM<br>MUNI SCH DIST     | 8/1/2029        | 011464KG8           | 254,689                                | Federal Home Bank,<br>Irving, Texas    |
|                            | <i>Total First National Bank</i>         |                 |                     | <u>5,428,567</u>                       |  |
|                            | <i>Total Pledged Collateral</i>          |                 |                     | <u>\$ 9,362,927</u>                    |  |

See independent auditors' report.

**STATE OF NEW MEXICO**

Schedule V

City of Raton

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2016

|                            | <u>June 30, 2015</u>    | <u>Additions</u>        | <u>Deletions</u>        | <u>June 30, 2016</u>    |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Assets</b>              |                         |                         |                         |                         |
| Cash and cash equivalents: |                         |                         |                         |                         |
| Municipal Court            | \$ 5,238                | \$ 8,865                | \$ 9,751                | \$ 4,352                |
| Municipal Fines            | 5,131                   | 44,656                  | 44,785                  | 5,002                   |
| Correction Fees            | -                       | 4,990                   | 4,990                   | -                       |
| Fireworks                  | 1,176                   | 3,633                   | 4,809                   | -                       |
| Charity Fund               | 4,806                   | 1,804                   | 2,307                   | 4,303                   |
| Coke Fund                  | <u>198</u>              | <u>37</u>               | <u>-</u>                | <u>235</u>              |
| <i>Totals</i>              | <u><u>\$ 16,549</u></u> | <u><u>\$ 63,985</u></u> | <u><u>\$ 66,642</u></u> | <u><u>\$ 13,892</u></u> |
| <br><b>Liabilities</b>     |                         |                         |                         |                         |
| Due to others:             |                         |                         |                         |                         |
| Municipal Court            | \$ 5,238                | \$ 8,865                | \$ 9,751                | \$ 4,352                |
| Municipal Fines            | 5,131                   | 44,656                  | 44,785                  | 5,002                   |
| Correction Fees            | -                       | 4,990                   | 4,990                   | -                       |
| Fireworks                  | 1,176                   | 3,633                   | 4,809                   | -                       |
| Charity Fund               | 4,806                   | 1,804                   | 2,307                   | 4,303                   |
| Coke Fund                  | <u>198</u>              | <u>37</u>               | <u>-</u>                | <u>235</u>              |
| <i>Totals</i>              | <u><u>\$ 16,549</u></u> | <u><u>\$ 63,985</u></u> | <u><u>\$ 66,642</u></u> | <u><u>\$ 13,892</u></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, 2016

Prepared by: City of Raton

Title: City Treasurer

Date: July 28, 2016

| <b>Agency Number</b> | <b>Agency Name</b> | <b>Agency Type</b> | <b>RFB#/RFP# (If applicable)</b> | <b>Type of Procurement</b> | <b>Vendor Name</b>                       | <b>Did Vendor Win Contract?</b> | <b>\$ Amount of Awarded Contract</b>       |
|----------------------|--------------------|--------------------|----------------------------------|----------------------------|--|---------------------------------|--|
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Do It Right Constuction, HCR             | Winner                          | \$56,719.54                                |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | W.M. Serazio                             | Winner                          | \$123,070.00                               |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Stoven Construction, Inc                 | Winner                          | \$125,000.00                               |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Archuleta Construction                   | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Anissa Construction                      | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | B.T.U.                                   | Winner                          | \$102,850.00                               |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Arthur Rolloff                           | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Ciganovich Construction                  | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | J.L. Builders                            | Winner                          | \$59,740.00                                |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | David Parker Builders                    | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Century Club Construction                | Winner                          | \$93,910.45                                |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | W.M. Serazio                             | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | W.M. Serazio                             | Winner                          | \$93,910.45                                |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | David Parker Builders                    | Winner                          | \$96,000.00                                |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Archuleta Construction                   | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Waste Management                         | Winner                          | yr 3 price<br>\$231,500<br>\$15.88 per ton |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Green Group Holdings, LLC                | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Anissa Construction                      | Winner                          | \$689,469.97                               |
| 6140                 | City of Raton      | Municipalities     |                                  | Competitive (RFP or RFB)   | Stoven Construction, Inc                 | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     | 2014-11-10                       | Competitive (RFP or RFB)   | Engineering Analytics                    | Winner                          | N/A  |
| 6140                 | City of Raton      | Municipalities     | 2014-11-10                       | Competitive (RFP or RFB)   | Larkin Group                             | Loser                           |  |
| 6140                 | City of Raton      | Municipalities     | 2014-11-10                       | Competitive (RFP or RFB)   | Advisory Inspection & Operations Co. LLC | Loser                           |  |

See independent auditors' report.

| <b>\$ Amount of Amended Contract</b> | <b>Physical address of vendor (City, State)</b> | <b>Did the Vendor provide documentation of eligibility for in-state preference?</b> | <b>Did the Vendor provide documentation of eligibility for veterans' preference?</b> | <b>Brief Description of the Scope of Work</b>   | <b>If the procurement is attributable to a Component Unit, Name of Component Unit</b> |
|--------------------------------------|---|---|--|---|---|
| N/A                                  | Raton, New Mexico                               | Yes   |  | Fire Station Solar Project  |   |
| N/A                                  | Raton, New Mexico                               | Yes   | No   | Annual Street & Drainage Contract   |   |
| N/A                                  | Albuquerque, New Mexico                         | Yes   | No   | Troy Avenue Fire Station -Interior Finishing  |   |
| N/A                                  | Maxwell, New Mexico                             | Yes   | Yes  | Troy Avenue Fire Station -Interior Finishing  |   |
| N/A                                  | Albuquerque, New Mexico                         | Yes   | No   | Troy Avenue Fire Station -Interior Finishing  |   |
| N/A                                  | Raton, New Mexico                               | Yes   | No   | Solid Waste Transportation  |   |
| N/A                                  | Raton, New Mexico                               | Yes   | No   | Solid Waste Transportation  |   |
| N/A                                  | Raton, New Mexico                               | Yes   | No   | Solid Waste Transportation  |   |
| N/A                                  | Raton, New Mexico                               | Yes   | No   | Library Plumbing Project  |   |
| N/A                                  | Raton, New Mexico                               | Yes   | No   | Library Plumbing Project  |   |
| N/A                                  | Albuquerque, New Mexico                         | Yes   | Yes  | Drainage Project on Galisteo and Pecos Avenue   |   |
| N/A                                  | Raton, New Mexico                               | Yes   | No   | Drainage Project on Galisteo and Pecos Avenue   |   |
| N/A                                  | Raton, New Mexico                               | Yes   | No   | Pecos & Galisteo Resurfacing Pavement Project   |   |
| N/A                                  | Raton, New Mexico                               | Yes   | No   | Senior Center Roofing Proj  |   |
| N/A                                  | Maxwell, New Mexicc                             | Yes   | No   | Senior Center Roofing Proj  |   |
| N/A                                  | Henderson, Colorado                             | No  | No   | Landfill Tipping Services 3 contract bid March 5, 2015  |   |
| N/A                                  | Wagon Mound, New Mexico                         | Yes   | No   | Landfill Tipping Services 3 contract bid March 5, 2015  |   |
| N/A                                  | Albuquerque, New Mexico                         | Yes   | No   | Multi-Modal Depot Project   |   |
| N/A                                  | Albuquerque, New Mexico                         | Yes   | No   | Multi-Modal Depot Project   |   |
| N/A                                  | Fort Collins, Colorado                          | No  | No   | On Call Engineering Services 1 year contract renewable annually for up to 3 years RFP was done in 2014. |   |
| N/A                                  | Albuquerque, New Mexico                         | Yes   | No   | On Call Engineering Services  |   |
| N/A                                  | Santa Fe, New Mexico                            | Yes   | No   | On Call Engineering Services  |   |

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, 2016

Prepared by: City of Raton

Title: City Treasurer

Date: July 28, 2016

| <b>Agency Number</b> | <b>Agency Name</b> | <b>Agency Type</b> | <b>RFB#/RFP#<br/>(If applicable)</b> | <b>Type of Procurement</b> | <b>Vendor Name</b>          | <b>Did Vendor Win Contract?</b> | <b>\$ Amount of Awarded Contract</b> |
|----------------------|--------------------|--------------------|--------------------------------------|----------------------------|-----------------------------|---------------------------------|--------------------------------------|
| 6140                 | City of Raton      | Municipalities     | 2014-11-10                           | Competitive (RFP or RFB)   | Molzen Corbin               | Loser                           |                                      |
| 6140                 | City of Raton      | Municipalities     | 2014-11-10                           | Competitive (RFP or RFB)   | Dennis Engineering          | Loser                           |                                      |
| 6140                 | City of Raton      | Municipalities     | 2014-11-10                           | Competitive (RFP or RFB)   | Souder, Miller & Associates | Loser                           |                                      |
| 6140                 | City of Raton      | Municipalities     | 2014-11-10                           | Competitive (RFP or RFB)   | Wilson & Company            | Loser                           |                                      |

See independent auditors' report.



| <b><i>\$ Amount of Amended Contract</i></b> | <b><i>Physical address of vendor (City, State)</i></b> | <b><i>Did the Vendor provide documentation of eligibility for in-state preference?</i></b> | <b><i>Did the Vendor provide documentation of eligibility for veterans' preference?</i></b> | <b><i>Brief Description of the Scope of Work</i></b> | <b><i>If the procurement is attributable to a Component Unit, Name of Component Unit</i></b> |
|---|--|--|---|--|--|
| N/A   | Albuquerque, New Mexico                                | Yes  | No  | On Call Engineering Services                         |  |
| N/A   | Edgewood, New Mexico                                   | Yes  | No  | On Call Engineering Services                         |  |
| N/A   | Santa Fe, New Mexico                                   | Yes  | No  | On Call Engineering Services                         |  |
| N/A   | Rio Rancho, New Mexico                                 | Yes  | No  | On Call Engineering Services                         |  |

See independent auditors' report.

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## **COMPLIANCE SECTION**

**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, 2016, 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 December 9, 2016.

**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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

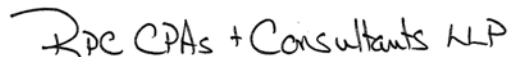
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items FS CU 2015-001, NM CU 2016-001, and NM CU 2016-002.

## **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.



RPC CPAs + Consultants, LLP  
Albuquerque, NM  
December 9, 2016

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**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Findings and Responses  
June 30, 2016

**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 FINANCIAL STATEMENT AUDIT FINDINGS**

**CITY OF RATON - NONE NOTED**

**COMPONENT UNIT - NONE NOTED**

**C. CURRENT YEAR SECTION 12-6-5 1978 NMSA FINDINGS (CONTINUED)**

**CITY OF RATON - NONE NOTED**

**COMPONENT UNIT**

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

*Condition:* During our test of controls surrounding the cash disbursement process at Raton Public Service we noted 4 out of 16 disbursements tested in the amount of \$498,362 for engineering services did not have a signed purchase order requisition form attached to the invoice (check #1011, #1015, #12356, #13002). There has not been significant progress made towards corrective action for this repeat finding.

*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. We noted the Company does not currently have a purchase order module to maintain vendor information including purchase requisition numbers, purchase orders, accounts payable balances, and contract balances by vendor.

*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. In addition, we recommend the Company implement the purchase order module within Incode to track purchases by vendor.

*View of responsible officials and proposed corrective action:* Raton Public Service recognizes that signed purchase orders were missing and per our policy should have been signed by management and in place. The General Manager is responsible for approving all purchase requests. Corrective action will be done by implementing the use of the purchase order module by June 30, 2017.



**C. CURRENT YEAR SECTION 12-6-5 1978 NMSA FINDINGS (CONTINUED)**

**COMPONENT UNIT (CONTINUED)**

NM CU 2016-001 Backdating of Cash Disbursements-(finding that does not rise to the level of significant deficiency)

*Condition:* During our review of bank reconciliations we noted the Finance Officer recorded 3 checks in the amount of \$36,549 prior to the date in which the funds were disbursed. The checks were recorded as being disbursed prior to June 30, 2016 but were actually written and mailed in July of 2016.

*Criteria:* Good accounting practices require checks to be recorded in the period they are written and mailed to the vendor.

*Effect:* Audit adjustments totaling \$36,549 were required to properly state cash balances at fiscal year-end.

*Cause:* The Finance Officer needed to record the expense in the period in which goods and services were rendered; however, instead of recording an accounts payable accrual, a cash disbursement was recorded in the June 2016 accounting period.

*Auditor's Recommendation:* We recommend the Finance Officer establish an accounts payable at year-end for goods and services were provided by vendors prior to fiscal year-end instead of back-dating cash disbursements.

*View of responsible officials and proposed corrective action:* We concur with the finding. The Finance Officer is responsible for corrective action. We estimate corrective action will occur by June 30, 2017.

**C. CURRENT YEAR SECTION 12-6-5 1978 NMSA FINDINGS (CONTINUED)**

**COMPONENT UNIT (CONTINUED)**

NM CU 2016-002 Old Meter Deposits-(finding that does not rise to the level of significant deficiency)

*Condition:* During our review of meter deposits, we noted the Company maintains a listing of customer deposits totaling \$24,621 that were not able to be identified by customer account.

*Criteria:* Good accounting practices require identification of meter deposits by account and require the Company to return the deposit to the customer or apply the deposit to the final invoice in the event the customer vacates the address. New Mexico State Statute 7-8A-13 presumes a utility deposit to be abandoned one year after the deposit becomes payable to the customer. New Mexico State Statute 7-8A-7 requires the Company to make a report of abandoned property to the New Mexico Taxation and Revenue Department concerning the property that must be filed before November 1 or each year. Section 7-8A-8 requires the Company to pay the New Mexico Taxation and Revenue Department the abandoned property within 120 days of filing the report referenced above.

*Effect:* The Company is not in compliance with New Mexico State Statutes cited above.

*Cause:* The meter deposits describe above are really old and only contain the name of the customer and the receipt number and the date of receipt. Some customers have moved or unable to be located.

*Auditor's Recommendation:* We recommend the Company follow state statutes describe above and deliver the abandoned property to the New Mexico Taxation and Revenue Department.

*View of responsible officials and proposed corrective action:* We recognize the Office of the State Auditor's Risk Advisory to alert municipalities of certain risks related to the operation of utilities and the need for review of internal controls to ensure compliance with applicable legal requirements to prevent fraud, waste and abuse. We also recognize that the old meter deposit file falls under the category of abandoned property and a report needs to be filed with the state. Although this old meter deposit file was present during last year's audit with RPC, we will make the report of abandoned property to the New Mexico Tax & Revenue Dept. by June 30, 2017.

**STATE OF NEW MEXICO**  
City of Raton  
Schedule of Findings and Responses  
June 30, 2016

Schedule VII  
Page 5 of 5

**D. PRIOR YEAR AUDIT FINDINGS**

**CITY OF RATON - NONE NOTED**

**COMPONENT UNIT**

FS CU 2015-001 – Missing Purchase Order Requisition Form (RPS)- Repeated/Modified  
FS CU 2015-002 – No Verification of Inventory Counts (RPS)- Resolved

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**STATE OF NEW MEXICO**

City of Raton  
Other Disclosures  
June 30, 2016

**Exit Conference**

An exit conference was held on November 29, 2016. 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  
Sandy Chavez, Raton Public Service Financial Officer  
Robert G. Walton II, Raton Public Service, General Manager  
Kathy McQueary, Raton Public Service President

**Representing RPC CPAs + Consultants, LLP:**

Morgan Browning, CPA, CGFM, Audit Manager

**Auditor Prepared Financial Statements**

RPC CPAs + Consultants, 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.