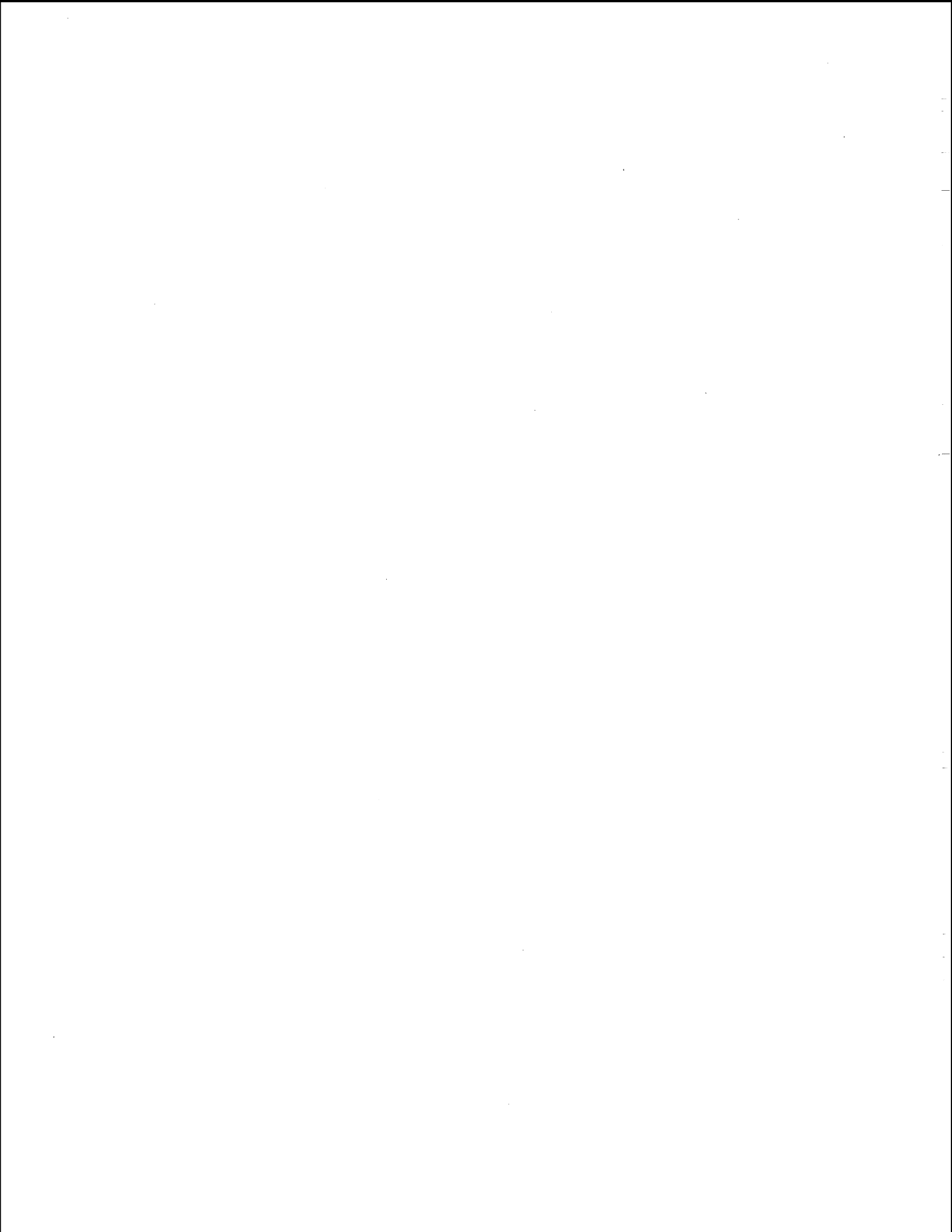


**STATE OF NEW MEXICO
CITY OF ROSWELL**

**Financial Statements
With Independent Auditor's Report Thereon
June 30, 2009**



INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
CITY OF ROSWELL
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June 30, 2009**

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**STATE OF NEW MEXICO
CITY OF ROSWELL
Official Roster
June 30, 2009**

Name

Sam D. LaGrone
Steve Henderson
Bob Maples
Richard Lovato
Judy Stubbs
Lee Rogers
Art Sandoval
Sonny Espinoza
Duane R. Green
Elena Velasquez
Jeanie Whitwam

Title

Mayor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor
City Councilor

ADMINISTRATIVE OFFICIALS

John Capps
Larry Fry
Siri K. Cooper
Dave Kunko
Debra Morsey
Toni Reeves
Judy Pittman
Barbara Patterson

City Manager
Assistant City Manager
Assistant City Manager
City Clerk
Finance Director
Budget Director
City Attorney
City Attorney

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FINANCIAL SECTION

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Ronald L. Miller, CPA/ABV, CVA
Ryan L. Miller, CPA
Robert C. Castillo, CPA



Members
American Institute of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
To the Honorable Mayor and City Councilors
City of Roswell
Roswell, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison for the General Fund of the City of Roswell (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Roswell as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City of Roswell as of June 30, 2009, and the respective changes in financial position, and the respective budgetary comparison statements for the business-type activities and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2010, 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 comparison statements. The introductory section and the accompanying financial information listed as supporting schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying financial information listed as supporting schedules in the table of contents and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic and each of the nonmajor governmental fund financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Miller & Associates, CPA, PC
March 1, 2010

**STATE OF NEW MEXICO
CITY OF ROSWELL
Management's Discussion and Analysis
June 30, 2009**

As management of the City of Roswell, we offer readers of the City of Roswell financial statements this narrative overview and analysis of the financial activities of the City of Roswell for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the financial statements of the City of Roswell and additional information provided.

Financial Highlights

- The assets of the City of Roswell exceeded its liabilities at the close of the most recent fiscal year by \$115,426,605 (*net assets*).
- The government's total net assets increased by \$6,488,799. The majority of this increase is due to the increase in cash, even though there was also an increase in long-term debt.
- As of the close of the current fiscal year, the City of Roswell's governmental funds reported combined ending fund balances of \$29,111,185, an increase of \$7,644,231 in comparison with the prior year.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$23,133,594 or 66 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Roswell's basic financial statements. The City of Roswell'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 Roswell's finances, in a manner similar to a private-sector business.

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

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

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

The government-wide financial statements can be found on pages 14 through 17 of this report.

STATE OF NEW MEXICO
CITY OF ROSWELL
Management's Discussion and Analysis
June 30, 2009

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 Roswell, 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 Roswell can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 Roswell maintains eighteen individual government funds. 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 to be a major fund. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found on pages 18, 19 and 22 of this report.

Proprietary funds

The City of Roswell maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Roswell uses enterprise funds to account for its airport, solid waste, and water and sewer utility funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the airport, solid waste, and water and sewer utility, all of which are considered major funds of the City of Roswell.

The basic proprietary fund financial statements can be found on pages 26 through 30 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 31 through 57 of this report.

STATE OF NEW MEXICO
CITY OF ROSWELL
Management's Discussion and Analysis
June 30, 2009

Other information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 66 through 93 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Roswell, assets exceed liabilities by \$115,426,605 at the close of the most recent fiscal year.

The largest portion of the City of Roswell's net assets (64 percent) reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Roswell uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Roswell'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.

CITY OF ROSWELL'S NET ASSETS
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Current and other assets	\$ 38,743	\$ 30,423	\$ 20,256	\$ 20,726	\$ 58,999	\$ 51,149
Capital assets, net of accumulated depreciation	42,733	40,127	53,262	52,856	95,995	92,983
Total assets	<u>81,476</u>	<u>70,550</u>	<u>73,518</u>	<u>73,582</u>	<u>154,994</u>	<u>144,132</u>
Long-term liabilities outstanding	8,637	4,768	16,938	14,836	25,575	19,604
Other liabilities	9,464	8,747	4,528	6,843	13,992	15,590
Total liabilities	<u>18,101</u>	<u>13,515</u>	<u>21,466</u>	<u>21,679</u>	<u>39,567</u>	<u>35,194</u>
Net Assets	<u>\$ 63,375</u>	<u>\$ 57,035</u>	<u>\$ 52,052</u>	<u>\$ 51,903</u>	<u>\$ 115,427</u>	<u>\$ 108,938</u>

At the end of the current fiscal year, the City of Roswell is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of approximately \$3,606 (in thousands) in capital assets reported in connection with the City of Roswell's governmental activities. The majority of this increase resulted from infrastructure and building additions, along with equipment purchases.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Management's Discussion and Analysis
June 30, 2009**

Governmental activities

Governmental activities increased the City of Roswell's net assets by \$6,340 (in thousands), including restatement. Key elements of this increase are as follows:

- Even though total revenues and expenditures did not change significantly, overall revenues decreased by \$500 (in thousands) and overall expenditures increased by \$833 (in thousands).

Business-type activities

Business-type activities increased the City of Roswell's net assets by \$149 (in thousands). Key elements of this increase are as follows:

- Even though revenues experienced a decrease, expenditures also declined by a slightly higher amount.

**Comparison of Key Elements
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenues						
Taxes	\$ 35,260	\$ 35,431	\$ 554	\$ 570	\$ 35,814	\$ 36,001
Intergovernmental	8,071	6,731	124	2,395	8,195	9,126
Charges for services	1,362	1,884	13,550	14,776	14,912	16,660
Other	1,789	2,936	(182)	(340)	1,607	2,596
	<u>46,482</u>	<u>46,982</u>	<u>14,046</u>	<u>17,401</u>	<u>60,528</u>	<u>64,383</u>
Expenses						
Current:						
General government	7,251	6,040	-	-	7,251	6,040
Public safety	16,882	16,171	-	-	16,882	16,171
Public works	7,566	8,132	-	-	7,566	8,132
Culture and recreation	9,077	9,799	-	-	9,077	9,799
Debt Service:						
Interest on long-term debt	246	47	-	-	246	47
Airport	-	-	2,327	4,429	2,327	4,429
Solid waste	-	-	5,489	4,632	5,489	4,632
Water and sewer	-	-	8,445	10,713	8,445	10,713
	<u>41,022</u>	<u>40,189</u>	<u>16,261</u>	<u>19,774</u>	<u>57,283</u>	<u>59,963</u>
Excess of revenues over expenses	<u>\$ 5,460</u>	<u>\$ 6,793</u>	<u>\$ (2,215)</u>	<u>\$ (2,373)</u>	<u>\$ 3,245</u>	<u>\$ 4,420</u>

Financial Analysis of the Government's Funds

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Management's Discussion and Analysis
June 30, 2009**

Governmental funds

The focus of the City of Roswell'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 Roswell's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Roswell's governmental funds reported combined ending fund balances of \$29,111,185, an increase of \$7,644,231 in comparison with the prior year. Approximately 46 percent of this total amount, \$13,383,600, constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. Approximately, 53 percent of the total amount, \$15,374,698 is *unreserved, designated for subsequent years'* expenditures that are an internal designation of unreserved fund balance. The remainder, \$352,887 is reserved for perpetual care.

The general fund is the chief operating fund of the City of Roswell. At the end of the current fiscal year, unreserved fund balance of the general fund was \$23,133,594 and represents 66 percent of the total general fund expenditures.

The fund balance of the City of Roswell's general fund increased by \$5,232,630 during the current fiscal year.

Proprietary funds

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

General Fund Budgetary Highlights

There were no major differences between the original budget and the final amended budget.

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2009. Detailed budget performance is examined through the Statement of Revenues, Expenditures and Changes in Fund Balance for the general fund found on page 25 and the Statement of Revenues, Expenditures and Changes in Fund Balance for the non-major funds found on pages 74 through 90.

	Final Budget	Actual	Variance
General Fund:			
General government	\$7,639,829	\$5,466,993	\$2,172,836
Public safety	20,745,707	17,285,691	3,460,016
Public works	2,635,659	2,277,256	358,403
Culture and recreation	6,140,254	5,580,372	559,882
Capital outlay	12,401,324	4,977,113	7,424,211
Debt service	362,331	362,329	2
Combined Non-major Funds:			
General government	664,595	451,680	212,915
Public safety	219,036	171,372	47,664
Public works	5,704,324	3,923,332	1,780,992
Culture and recreation	1,597,708	1,513,271	84,437
Capital outlay	4,827,192	942,107	3,885,085
Debt service	629,695	629,695	-

**STATE OF NEW MEXICO
CITY OF ROSWELL
Management's Discussion and Analysis
June 30, 2009**

Capital Asset and Debt Administration

Capital assets

The City of Roswell's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$95,995,495 (net of accumulated depreciation). This investment in capital assets includes land, land-right of ways, land improvements, buildings, computers, equipment, furniture and fixtures, vehicles, infrastructure and zoo.

The significant additions (in thousands) to capital assets during the year were as follows:

- \$3,642 for land and building improvements
- \$1,905 for purchase of equipment and vehicles
- \$3,654 for improvements to infrastructures

City of Roswell's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Land	\$ 3,245,928	\$ 3,163,460	\$ 4,581,474	\$ 4,581,474	\$ 7,827,402	\$ 7,744,934
Land-Right of Way	4,373,659	4,373,659	-	-	4,373,659	4,373,659
Historical Treasures	31,300	29,097	-	-	31,300	29,097
Water Rights	-	-	11,671,697	11,646,982	11,671,697	11,646,982
Library Collection	3,150,256	3,161,566	-	-	3,150,256	3,161,566
Land Improvements	10,860,567	10,383,548	5,826,115	5,519,915	16,686,682	15,903,463
Buildings	24,690,625	23,568,693	71,266,241	69,529,458	95,956,866	93,098,151
Computers	-	-	-	469,991	-	469,991
Equipment	9,794,920	8,528,983	15,146,966	14,771,209	24,941,886	23,300,192
Furniture and Fixtures	480,432	488,680	169,537	103,549	649,969	592,229
Vehicles	10,910,779	10,500,792	6,581,395	6,315,480	17,492,174	16,816,272
Infrastructure-Roads	-	129,143,016	-	-	-	129,143,016
Infrastructure	139,472,803	8,087,114	10,496,605	10,489,008	149,969,408	18,576,122
Infrastructure-Water	-	-	27,137,216	25,733,972	27,137,216	25,733,972
Zoo	35,408	35,408	-	-	35,408	35,408
	<u>207,046,677</u>	<u>201,464,016</u>	<u>152,877,246</u>	<u>149,161,038</u>	<u>359,923,923</u>	<u>350,625,054</u>
Less accumulated depreciation	<u>164,313,706</u>	<u>161,336,545</u>	<u>99,614,722</u>	<u>96,305,386</u>	<u>263,928,428</u>	<u>257,641,931</u>
	<u>\$ 42,732,971</u>	<u>\$ 40,127,471</u>	<u>\$ 53,262,524</u>	<u>\$ 52,855,652</u>	<u>\$95,995,495</u>	<u>\$ 92,983,123</u>

Additional information on the City of Roswell's capital assets can be found in Note VI on pages 45-46 of this report.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Management's Discussion and Analysis
June 30, 2009**

Long-term debt

At the end of the current fiscal year, the City of Roswell had total debt from outstanding bonds of \$21,245,000, loans outstanding of \$734,444, and capital leases outstanding of \$2,715,596, all of which are secured by pledged gross receipts tax or operating revenues.

	Governmental Funds		Business-type Activities		Total	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Refunding Bonds	\$250,000	\$344,000	\$ -	\$ -	\$250,000	\$344,000
GO Bonds	6,275,000	2,500,000	-	-	6,275,000	2,500,000
Revenue Bonds	-	-	14,720,000	12,175,000	14,720,000	12,175,000
Notes payable	530,478	560,943	203,966	283,713	734,444	844,656
Capital Leases	701,380	477,652	2,014,216	2,376,836	2,715,596	2,854,488
	<u>\$7,756,858</u>	<u>\$3,882,595</u>	<u>\$16,938,182</u>	<u>\$14,835,549</u>	<u>\$24,695,040</u>	<u>\$18,718,144</u>

During the current fiscal year, the City of Roswell paid \$419,000 in bond payments and received \$4,018,000 in bond proceeds. Additional information on the City of Roswell's long-term debt can be found in Note VII on pages 47-52 of this report.

Economic Factors and Next Year's Budget

The City of Roswell is located in Chaves County. Chaves County, like the rest of urban New Mexico, has a strong and balanced economy. Employment in the area has been stable for the past three years.

The City of Roswell receives approximately 65% of its annual operating budget for governmental funds from gross receipts taxes. While the amount decreased from fiscal year 2008 to fiscal year 2009, the percentage decrease is less than most other municipalities in the state.

City of Roswell has appropriated \$6,561,254 of its unreserved fund balance for spending in the 2010 fiscal year budget.

Request for Information

This financial report is designed to provide general overview of the City of Roswell's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Roswell, P.O. Box 1838, Roswell, New Mexico 88202-1838.

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF ROSWELL
Statement of Net Assets
Government -Wide
June 30, 2009

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 29,840,172	\$ 15,510,682	\$ 45,350,854
Receivables (net of allowance for uncollectibles)	7,581,964	1,053,070	8,635,034
Inventories	129,658	1,051,701	1,181,359
Restricted cash and temporary investments	352,887	1,094,342	1,447,229
Capital assets (net of accumulated depreciation):			
Land	3,245,928	4,581,474	7,827,402
Land-right of way	4,373,659	-	4,373,659
Historical treasures	31,300	-	31,300
Library collection	480,188	-	480,188
Water rights	-	11,671,697	11,671,697
Land improvements	6,215,959	4,771,703	10,987,662
Buildings & Improvements	10,684,290	22,774,138	33,458,428
Machinery & Equipment	2,667,766	983,296	3,651,062
Furniture & Fixtures	-	85,292	85,292
Vehicles	2,588,396	1,819,147	4,407,543
Infrastructure-water	-	5,703,486	5,703,486
Infrastructure	12,445,485	872,291	13,317,776
Notes receivable			
Due within one year	216,067	269,788	485,855
Due in more than one year	577,396	1,061,025	1,638,421
Other assets	44,849	215,159	260,008
 Total assets	 \$ 81,475,964	 \$ 73,518,291	 \$ 154,994,255

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

LIABILITIES AND NET ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 5,609,293	\$ 2,319,121	\$ 7,928,414
Accrued expenses	3,644,376	349,817	3,994,193
Accrued interest payable	72,355	-	72,355
Deferred revenue - other	30,405	70,642	101,047
Liabilities payable from restricted assets:			
Deposits held in trust for others	89,328	497,140	586,468
Noncurrent liabilities:			
Due within one year	957,660	1,329,658	2,287,318
Due in more than one year	7,679,075	15,608,524	23,287,599
Bond premium	18,974	301,711	320,685
Estimated liability for landfill closure and post closure care	-	989,571	989,571
Total liabilities	18,101,466	21,466,184	39,567,650
Invested in capital assets, net of related debt	37,567,121	36,022,631	73,589,752
Restricted for:			
Public safety	32,108	-	32,108
Public works	1,133,648	-	1,133,648
Culture and recreation	-	-	-
Debt service	718,990	-	718,990
Passenger facility charges	-	58,161	58,161
Perpetual care	352,887	-	352,887
Unrestricted	23,569,744	15,971,315	39,541,059
Total net assets	63,374,498	52,052,107	115,426,605
Total liabilities and net assets	\$ 81,475,964	\$ 73,518,291	\$ 154,994,255

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Statement of Activities
Government -Wide
For the Year Ended June 30, 2009**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 7,250,961	\$ 793,661	\$ 2,517,058	\$ -
Public safety	16,882,166	-	1,479,441	-
Public works	7,565,515	374,532	591,877	1,029,061
Culture and recreation	9,077,398	193,737	2,453,473	-
Interest on long-term debt	245,943	-	-	-
Total governmental activities	41,021,983	1,361,930	7,041,849	1,029,061
Business-type activities:				
Airport	2,326,325	2,481,761	123,955	-
Solid Waste	5,489,650	3,658,592	-	-
Water & sewer	8,445,657	7,409,172	-	-
Total business-type activities	16,261,632	13,549,525	123,955	-
Total primary government	\$ 57,283,615	\$ 14,911,455	\$ 7,165,804	\$ 1,029,061

General revenues:

Property taxes
Gross receipts taxes
Franchise taxes
Motor vehicle and fuel taxes
Cigarette taxes
Lodgers taxes
Miscellaneous
Unrestricted investment earnings/(loss)
Gain/(Loss) on sale of fixed assets
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Prior period restatement
Net assets - beginning as restated
Net assets - ending

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

Net (Expenses) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (3,940,242)	\$ -	\$ (3,940,242)
(15,402,725)	-	(15,402,725)
(5,570,045)	-	(5,570,045)
(6,430,188)	-	(6,430,188)
(245,943)	-	(245,943)
<u>(31,589,143)</u>	<u>-</u>	<u>(31,589,143)</u>
-	279,391	279,391
-	(1,831,058)	(1,831,058)
-	(1,036,485)	(1,036,485)
<u>-</u>	<u>(2,588,152)</u>	<u>(2,588,152)</u>
<u>(31,589,143)</u>	<u>(2,588,152)</u>	<u>(34,177,295)</u>
4,752,662	-	4,752,662
26,962,980	554,471	27,517,451
1,779,191	-	1,779,191
783,150	-	783,150
94,390	-	94,390
888,112	-	888,112
1,152,883	-	1,152,883
392,365	333,105	725,470
(230,154)	(41,047)	(271,201)
473,687	(473,687)	-
<u>37,049,266</u>	<u>372,842</u>	<u>37,422,108</u>
5,460,123	(2,215,310)	3,244,813
57,035,067	51,902,739	108,937,806
879,308	2,364,678	3,243,986
<u>57,914,375</u>	<u>54,267,417</u>	<u>112,181,792</u>
<u>\$ 63,374,498</u>	<u>\$ 52,052,107</u>	<u>\$ 115,426,605</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
Balance Sheet
Governmental Funds
June 30, 2009**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
<i>Current assets:</i>			
Pooled cash in banks	\$ 22,254,652	\$ 6,464,763	\$ 28,719,415
Non-pooled cash on hand and in banks	102,301	1,018,456	1,120,757
Receivables (net of allowance for uncollectible accounts):			
Accounts	1,197,784	366,789	1,564,573
Taxes	4,931,538	239,298	5,170,836
Intergovernmental	769,398	77,157	846,555
Notes receivable, current portion	-	216,067	216,067
Interfund receivable	366,507	-	366,507
Inventory	129,658	-	129,658
Total current assets	<u>29,751,838</u>	<u>8,382,530</u>	<u>38,134,368</u>
<i>Restricted assets:</i>			
Non-pooled cash on hand and in banks	-	7,887	7,887
Non-pooled investments	-	345,000	345,000
Total restricted assets	<u>-</u>	<u>352,887</u>	<u>352,887</u>
<i>Other assets:</i>			
Notes receivable, net of current portion	-	577,396	577,396
Total other assets	<u>-</u>	<u>577,396</u>	<u>577,396</u>
Total assets	<u>\$ 29,751,838</u>	<u>\$ 9,312,813</u>	<u>\$ 39,064,651</u>

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

LIABILITIES AND FUND BALANCES	General Fund	Other Governmental Funds	Total Governmental Funds
Current Liabilities:			
Accounts payable	\$ 2,763,062	\$ 2,846,231	\$ 5,609,293
Accrued expenses	3,558,372	86,004	3,644,376
Refundable deposits	89,328	-	89,328
Interfund payable	-	366,507	366,507
Deferred revenue - taxes	207,482	36,480	243,962
Total liabilities	<u>6,618,244</u>	<u>3,335,222</u>	<u>9,953,466</u>
Fund balances:			
Reserved for Perpetual Care	-	352,887	352,887
Unreserved:			
Designated for subsequent year's expenditures reported in:			
General Fund	11,828,551	-	11,828,551
Special revenue funds	-	1,164,329	1,164,329
Capital projects funds	-	2,381,818	2,381,818
Undesignated reported in:			
General Fund	11,305,043	-	11,305,043
Special revenue funds	-	1,359,567	1,359,567
Debt service funds	-	718,990	718,990
Total fund balances	<u>23,133,594</u>	<u>5,977,591</u>	<u>29,111,185</u>
Total liabilities and fund balances	<u>\$ 29,751,838</u>	<u>\$ 9,312,813</u>	<u>\$ 39,064,651</u>

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

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STATE OF NEW MEXICO
CITY OF ROSWELL
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2009

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

Fund balances - total governmental funds	\$ 29,111,185
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,732,971
Other assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Bond issuance costs	44,849
Revenue related to property taxes receivable is not considered to be current financial resources and, therefore, is deferred in the funds.	213,557
Other liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest payable	(72,355)
Bond premium	(18,974)
Long-term liabilities, including bonds payable, capital leases payable, notes payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences	(879,877)
Gross bonds payable	(6,525,000)
Notes payable	(530,478)
Capital leases	(701,380)
Net assets of governmental activities	\$ 63,374,498

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Other Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 31,207,587	\$ 2,364,137	\$ 33,571,724
Franchise fees	1,779,191	-	1,779,191
Intergovernmental	7,293,921	672,933	7,966,854
Charges for services	882,973	478,957	1,361,930
Licenses and permits	506,098	-	506,098
Fines and forfeitures	433,235	122,738	555,973
Interest	282,047	110,318	392,365
Rental Income	20	-	20
Miscellaneous	149,771	45,077	194,848
Total revenues	<u>42,534,843</u>	<u>3,794,160</u>	<u>46,329,003</u>
EXPENDITURES			
Current:			
General government	5,307,180	439,895	5,747,075
Public safety	17,162,949	181,008	17,343,957
Public works	2,226,403	4,116,717	6,343,120
Culture and recreation	5,476,017	1,524,180	7,000,197
Capital outlay	4,255,942	2,582,066	6,838,008
Debt Service:			
Principal	326,491	419,000	745,491
Interest	35,838	210,695	246,533
Total expenditures	<u>34,790,820</u>	<u>9,473,561</u>	<u>44,264,381</u>
Excess (deficiency) of revenues over expenditures	<u>7,744,023</u>	<u>(5,679,401)</u>	<u>2,064,622</u>
Other financing sources (uses):			
Operating transfers in (out)	(3,543,868)	4,017,555	473,687
Bond proceeds	-	4,018,000	4,018,000
Loan proceeds	671,078	-	671,078
Sale of fixed assets	61,397	11,066	72,463
Total other financing sources (uses)	<u>(2,811,393)</u>	<u>8,046,621</u>	<u>5,235,228</u>
Net changes in fund balances	4,932,630	2,367,220	7,299,850
Fund balances - beginning of year	17,900,964	3,565,990	21,466,954
Prior period restatement	300,000	44,381	344,381
Fund balances - beginning as restated	<u>18,200,964</u>	<u>3,610,371</u>	<u>21,811,335</u>
Fund balances - end of the year	<u>\$ 23,133,594</u>	<u>\$ 5,977,591</u>	<u>\$ 29,111,185</u>

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
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, 2009**

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

Net change in fund balances - total governmental funds	\$ 7,299,850
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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 expenditures	5,992,454
Depreciation expense	(3,981,479)
Disposal of capital assets	(22,402)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

(Increase)/Decrease in compensated absences	5,751
Proceeds from issuance of bonds	(4,018,000)
Proceeds from issuance of notes	(296,026)
Proceeds from capital leases	(375,052)
Principal payments on bonds	419,000
Principal payments on notes	326,491
Principal payments on capital leases	151,324
Deferred revenue adjustment	(90,430)
Bond premium amortization	3,793
Increase in capitalized bond issuance costs	48,052
Bond issuance costs amortization	(3,203)

Change in net assets of governmental activities	<u>\$ 5,460,123</u>
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The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO

CITY OF ROSWELL

General Fund

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual	Variance with Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 32,913,959	\$ 31,455,078	\$ 31,442,890	\$ (12,188)
Franchise fees	1,635,000	1,760,829	1,702,467	(58,362)
Intergovernmental	9,031,116	11,160,155	7,486,691	(3,673,464)
Charges for services	922,695	1,041,354	1,008,922	(32,432)
Licenses and permits	451,200	508,766	507,857	(909)
Fines and forfeitures	260,900	306,145	305,491	(654)
Interest	268,920	350,014	349,242	(772)
Rental income	1,200	1,220	20	(1,200)
Miscellaneous	218,200	663,890	266,857	(397,033)
Total revenues	<u>45,703,190</u>	<u>47,247,451</u>	<u>43,070,437</u>	<u>(4,177,014)</u>
EXPENDITURES				
Current:				
General Government	7,561,319	7,639,829	5,466,993	2,172,836
Public safety	22,234,744	20,745,707	17,285,691	3,460,016
Public works	2,575,891	2,635,659	2,277,256	358,403
Culture and recreation	6,018,434	6,140,254	5,580,372	559,882
Capital outlay	12,536,530	12,401,324	4,977,113	7,424,211
Debt service				
Principal retirements	298,371	326,492	326,491	1
Interest and fiscal charges	29,874	35,839	35,838	1
Total expenditures	<u>51,255,163</u>	<u>49,925,104</u>	<u>35,949,754</u>	<u>13,975,350</u>
Excess (deficiency) of revenues over expenditures	<u>(5,551,973)</u>	<u>(2,677,653)</u>	<u>7,120,683</u>	<u>9,798,336</u>
Other Financing Sources (uses):				
Designated cash	8,246,262	5,258,171	-	(5,258,171)
Operating transfers in (out)	(3,332,390)	(3,243,868)	(3,243,868)	-
Loan proceeds	637,101	637,101	637,101	-
Sale of fixed assets	1,000	26,249	61,397	35,148
Total other financing sources (uses)	<u>5,551,973</u>	<u>2,677,653</u>	<u>(2,545,370)</u>	<u>(5,223,023)</u>
Net change in fund balance	-	-	4,575,313	4,575,313
Fund balance - beginning of year	-	-	19,803,588	19,803,588
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,378,901</u>	<u>\$ 24,378,901</u>

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Proprietary Funds
Statement of Net Assets
June 30, 2009

	Business-type Activities-Enterprise Funds			Totals
	Airport	Solid Waste	Water and Sewer	June 30, 2009
ASSETS				
Current assets:				
Pooled cash in banks	\$ 3,188,812	\$ 5,859,715	\$ 6,141,152	\$ 15,189,679
Non-pooled cash on hand and in banks	-	134,991	186,012	321,003
Investments	-	-	1,036,181	1,036,181
Receivables (net of allowance for uncollectibles):				
Accounts	182,229	263,029	607,812	1,053,070
Interfund receivable	-	-	4,800	4,800
Notes receivable, current	269,788	-	-	269,788
Inventory	-	-	1,051,701	1,051,701
Total current assets	<u>3,640,829</u>	<u>6,257,735</u>	<u>9,027,658</u>	<u>18,926,222</u>
Restricted assets:				
Non-pooled cash on hand and in banks	58,161	-	-	58,161
Total restricted assets	<u>58,161</u>	<u>-</u>	<u>-</u>	<u>58,161</u>
Noncurrent assets:				
Capital Assets:				
Land	29,690	194,229	4,357,555	4,581,474
Land improvements	19,232	4,718,611	1,088,272	5,826,115
Buildings and improvements	31,853,178	1,184,842	38,228,221	71,266,241
Equipment	1,276,336	2,664,967	11,205,663	15,146,966
Furniture and fixtures	70,820	52,504	46,213	169,537
Vehicles	1,343,564	3,357,405	1,880,426	6,581,395
Infrastructure	10,496,605	-	27,137,216	37,633,821
Water rights	-	-	11,671,697	11,671,697
Total capital assets	<u>45,089,425</u>	<u>12,172,558</u>	<u>95,615,263</u>	<u>152,877,246</u>
Less: accumulated depreciation	<u>(37,949,884)</u>	<u>(6,050,894)</u>	<u>(55,613,944)</u>	<u>(99,614,722)</u>
Total capital assets (net of accumulated depreciation)	<u>7,139,541</u>	<u>6,121,664</u>	<u>40,001,319</u>	<u>53,262,524</u>
Other assets:				
Notes receivable net of current portion above	1,061,025	-	-	1,061,025
Interfund receivables	-	-	786,622	786,622
Other assets	-	32,595	182,564	215,159
Total other assets	<u>1,061,025</u>	<u>32,595</u>	<u>969,186</u>	<u>2,062,806</u>
Total assets	<u>11,899,556</u>	<u>12,411,994</u>	<u>49,998,163</u>	<u>74,309,713</u>

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

	Business-type Activities-Enterprise Funds			Totals
	Airport	Solid Waste	Water and Sewer	June 30, 2009
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 291,767	\$ 1,565,801	\$ 461,553	\$ 2,319,121
Accrued expenses	31,517	85,244	233,056	349,817
Refundable deposits	209,701	2,000	285,439	497,140
Deferred revenue	70,642	-	-	70,642
Interfund payable - current portion	4,800	-	-	4,800
Capital leases - current portion	194,777	95,915	-	290,692
Note payable - current portion	-	203,966	-	203,966
Bonds payable - current portion	-	300,000	535,000	835,000
Total current liabilities	803,204	2,252,926	1,515,048	4,571,178
Noncurrent liabilities:				
Bonds payable - net of current portion	-	2,765,000	11,120,000	13,885,000
Capital leases - net of current portion	1,370,494	353,030	-	1,723,524
Bond premium	-	3,303	298,408	301,711
Interfund payable	786,622	-	-	786,622
Estimated liability - landfill closure and post closure care	-	989,571	-	989,571
Total noncurrent liabilities	2,157,116	4,110,904	11,418,408	17,686,428
Total liabilities	2,960,320	6,363,830	12,933,456	22,257,606
NET ASSETS				
Invested in capital assets, net of related debt	5,574,270	2,400,450	28,047,911	36,022,631
Restricted for:				
Passenger Facility Charges	58,161	-	-	58,161
Unrestricted	3,306,805	3,647,714	9,016,796	15,971,315
Total net assets	8,939,236	6,048,164	37,064,707	52,052,107
Total liabilities and net assets	\$ 11,899,556	\$ 12,411,994	\$ 49,998,163	\$ 74,309,713

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2009

	Business-type Activities-Enterprise Funds			Totals
	Airport	Solid Waste	Water and Sewer	June 30, 2009
OPERATING REVENUE				
Charges for services	\$ 1,118,179	\$ 3,643,334	\$ 7,186,235	\$ 11,947,748
Rental income	1,333,606	-	148,847	1,482,453
Miscellaneous	29,976	15,258	74,090	119,324
Total operating revenues	<u>2,481,761</u>	<u>3,658,592</u>	<u>7,409,172</u>	<u>13,549,525</u>
OPERATING EXPENSES				
Personnel services	501,493	1,324,323	3,142,011	4,967,827
Operating expenses	549,051	2,027,216	3,322,699	5,898,966
Depreciation	1,116,979	856,830	1,646,109	3,619,918
Capital Outlay	27,912	1,231,769	-	1,259,681
Total operating expenditures	<u>2,195,435</u>	<u>5,440,138</u>	<u>8,110,819</u>	<u>15,746,392</u>
Operating income (loss)	<u>286,326</u>	<u>(1,781,546)</u>	<u>(701,647)</u>	<u>(2,196,867)</u>
NON-OPERATING REVENUE (expenses):				
Taxes	16,483	183,253	354,735	554,471
Intergovernmental	123,955	-	-	123,955
Interest income	129,194	46,666	157,245	333,105
Interest on debt	(130,890)	(49,512)	(334,838)	(515,240)
Gain (loss) on sale of fixed assets	6,084	(48,957)	1,826	(41,047)
Total nonoperating revenues (expenses)	<u>144,826</u>	<u>131,450</u>	<u>178,968</u>	<u>455,244</u>
Income (loss) before transfers	431,152	(1,650,096)	(522,679)	(1,741,623)
Transfers in (out)	<u>(307,170)</u>	<u>316,813</u>	<u>(483,330)</u>	<u>(473,687)</u>
Change in net assets	123,982	(1,333,283)	(1,006,009)	(2,215,310)
Net assets - beginning of the year	6,721,679	7,288,247	37,892,813	51,902,739
Prior period restatement	2,093,575	93,200	177,903	2,364,678
Net assets - beginning as restated	<u>8,815,254</u>	<u>7,381,447</u>	<u>38,070,716</u>	<u>54,267,417</u>
Net assets - end of the year	<u>\$ 8,939,236</u>	<u>\$ 6,048,164</u>	<u>\$ 37,064,707</u>	<u>\$ 52,052,107</u>

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2009**

	Business-type Activities-Enterprise Funds			Totals
	Airport	Solid Waste	Water and Sewer	June 30, 2009
Cash flows from operating activities				
Receipts from customers and users	\$ 4,047,149	\$ 3,838,783	\$ 8,398,164	\$ 16,284,096
Payments to suppliers	(2,191,647)	(2,018,186)	(3,217,232)	(7,427,065)
Payments to employees	(620,293)	(1,337,944)	(3,142,011)	(5,100,248)
Net cash provided (used) by operating activities	<u>1,235,209</u>	<u>482,653</u>	<u>2,038,921</u>	<u>3,756,783</u>
Cash flows from noncapital financing activities:				
Operating transfers in (out)	(307,170)	316,813	(483,330)	(473,687)
Tax receipts	16,483	183,253	354,735	554,471
Intergovernmental receipts	1,581,913	-	-	1,581,913
Net cash provided (used) by noncapital financing activities	<u>1,291,226</u>	<u>500,066</u>	<u>(128,595)</u>	<u>1,662,697</u>
Cash flows from capital and related financing activities:				
Acquisitions and construction of capital assets	(1,642,644)	(406,244)	(1,979,905)	(4,028,793)
Principal paid on notes payable	-	(79,747)	-	(79,747)
Principal paid on interfund payable	(30,771)	-	-	(30,771)
Interest paid on notes payable	(130,890)	(49,512)	-	(180,402)
Interest paid on bonds payable	-	-	(334,838)	(334,838)
Due from other funds	-	-	30,771	30,771
Bond proceeds	-	3,190,000	-	3,190,000
Principal paid bonds payable	-	(125,000)	(520,000)	(645,000)
Principal paid on capital leases	(186,265)	(176,354)	-	(362,619)
Proceeds from sale of capital assets	6,084	-	1,826	7,910
Net cash provided (used) by capital and related financing activities	<u>(1,984,486)</u>	<u>2,353,143</u>	<u>(2,802,146)</u>	<u>(2,433,489)</u>
Cash flows from investing activities:				
Interest income	137,371	56,733	188,518	382,622
Payments received on notes receivable	127,314	-	-	127,314
Net cash provided by investing activities	<u>264,685</u>	<u>56,733</u>	<u>188,518</u>	<u>509,936</u>
Net increase (decrease) in cash and temporary investments	<u>\$ 806,634</u>	<u>\$ 3,392,595</u>	<u>\$ (703,302)</u>	<u>\$ 3,495,927</u>

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2009**

	<u>Business-type Activities-Enterprise Funds</u>			<u>Totals</u>
	<u>Airport</u>	<u>Solid Waste</u>	<u>Water and Sewer</u>	<u>June 30, 2009</u>
Net increase (decrease) in cash and temporary investments-from previous page	\$ 806,634	\$ 3,392,595	\$ (703,302)	\$ 3,495,927
Cash and temporary investments- July 01, 2008	2,440,339	2,602,111	8,066,647	13,109,097
Cash and temporary investments- June 30, 2009	<u>\$ 3,246,973</u>	<u>\$ 5,994,706</u>	<u>\$ 7,363,345</u>	<u>\$ 16,605,024</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 286,326	\$ (1,781,546)	\$ (701,647)	\$ (2,196,867)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,116,979	856,830	1,646,109	3,619,918
(Increase) decrease in:				
Accounts receivable	1,490,114	180,191	914,750	2,585,055
Inventories	-	-	68,773	68,773
Other assets	(730)	22,339	(46,100)	(24,491)
(Decrease) Increase in:				
Accounts payable	(1,613,954)	1,218,460	272,426	(123,068)
Accrued expenses	(118,800)	(13,621)	(120,859)	(253,280)
Deferred revenue	70,642	-	-	70,642
Refundable customer deposits	4,632	-	5,469	10,101
Net cash provided (used) by operating activities	<u>\$ 1,235,209</u>	<u>\$ 482,653</u>	<u>\$ 2,038,921</u>	<u>\$ 3,756,783</u>
Cash and temporary investments:				
Unrestricted pooled cash	\$ 3,188,812	\$ 5,859,715	\$ 6,141,152	\$ 15,189,679
Non-pooled cash	-	134,991	186,012	321,003
Investments	-	-	1,036,181	1,036,181
Restricted cash	58,161	-	-	58,161
Total cash and temporary investments	<u>\$ 3,246,973</u>	<u>\$ 5,994,706</u>	<u>\$ 7,363,345</u>	<u>\$ 16,605,024</u>

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Roswell (the "City"), was incorporated during 1914 under the laws of the State of New Mexico. The City operates under an elected Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water supply, airport operations, and general administrative services.

This summary of significant accounting policies of the City of Roswell is presented to assist in the understanding of the 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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

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 Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the City has no component units, and is not a component unit of another governmental agency.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund, if applicable, 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 billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider have been 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.

STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

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 government reports the following major proprietary funds:

The *Airport Fund* accounts for the provision of airport services to the residents of the City of Roswell. Overall administration and construction as well as all other activities necessary to provide such services are accounted for in this fund.

The *Solid Waste Fund* accounts for the provision of garbage and refuse removal services to the residents of the City of Roswell. All activities necessary to provide such services are accounted for in this fund.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges, 2) operating grants and contributions, and 3) capital grants and

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 airport, solid waste, and water and sewer funds are charges to 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.

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

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

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

State statutes authorize the City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the City are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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 fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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 not recorded as revenue until received.

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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are reported at cost, and expenditures are recorded at the time individual inventory items are purchased. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

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

Restricted Assets

Restricted assets consist of those funds expendable for operating 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 or business-type 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. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$761,183. No interest was included as part of the cost of capital assets under construction.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Improvements other than buildings	20-30
Public domain infrastructure	40
System infrastructure	25
Machinery and equipment	5-10
Library books	5
Furniture & Fixtures	7
Vehicles	5
Zoo	7

Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2009, along with applicable PERA and Retiree Health Care.

Deferred Revenues

Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are reported as deferred revenue until the earnings process is complete.

Compensated Absences

City employees are entitled to certain compensated absences based on their employment classification and length of employment. With minor exceptions, the City allows 40 hour week employees to accumulate unused sick leave to a maximum of 1,040 hours. Fire Department employees may accumulate 1,456 hours of unused sick leave. Hours accumulated above these thresholds are forfeited. Accumulated unused sick leave, however, is not paid upon termination from employment or retirement, but will be paid only upon illness while in the employment of the City. Accordingly, no provision for accumulated unused sick leave has been made in the accompanying financial statements.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Accumulated unused vacation is payable upon retirement or termination from employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets are classified as net assets in three components:

- a) Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Reclassifications

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year’s presentation.

Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City Charter establishes the City’s fiscal year as the twelve-month period beginning July 1 and ending June 30. Prior to June 1, the Budget Director submits to management a proposed operating budget of estimated revenues, expenditures, and transfers for the ensuing fiscal year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Fund, and Enterprise Funds. Management subsequently

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

submits the budget (1) to the New Mexico Department of Finance and Administration for review and approval; and (2) to the City Council for review and enactment of a resolution legally adopting the budget. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Additionally, the New Mexico Department of Finance and Administration must approve any amendments to the budget.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by department and general ledger account. Expenditures are budgeted by department and general ledger account. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by the City Council. Revisions to the budget were made throughout the year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Projects Fund and Debt Service Funds.

The appropriated budget for the year ended June 30, 2009 was properly amended by the City Commission throughout the year. These amendments resulted in the following changes:

	<u>Excess (deficiency) of revenues over expenditures</u>	
	<u>Original Budget</u>	<u>Final Budget</u>
Budgeted Funds:		
General Fund	\$ (5,551,973)	\$ (2,677,653)
Nonmajor Funds	(10,177,767)	(9,140,263)
Proprietary Funds	(6,699,691)	(5,106,296)

The following is reconciliation between the Non-GAAP budgetary (cash) basis amounts and the general fund financial statements.

	<u>General Fund</u>
Net Changes in Fund Balance (GAAP Basis)	\$ 4,932,630
Adjustments:	
Receivables	358,112
Capital outlay	(721,171)
Accounts payable	(3,310,485)
Accrued expenses	2,872,722
Deferred revenue	177,482
Note payable	(33,977)
Other	300,000
Net Changes in Fund Balance (Budget Basis)	<u>\$ 4,575,313</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

The following is the reconciliation between the Non-GAAP budgetary (cash) basis amounts and the proprietary fund financial statements.

	Airport	Solid Waste	Water and Sewer
Change in Net Assets (GAAP Basis)	\$ 123,982	\$ (1,333,283)	\$ (1,006,009)
Adjustments:			
Receivables	1,561,950	151,473	835,357
Note receivable	127,301	-	-
Capital assets	(1,642,644)	(405,622)	(1,979,905)
Accumulated depreciation	1,116,979	856,830	1,646,109
Accounts payable	(194,631)	1,188,218	(1,155,263)
Accrued expenses	(26,238)	34,864	72,474
Deferred revenue	(70,642)	-	-
Discount on bonds payable	-	-	(18,650)
Bond payable	-	3,065,000	(520,000)
Capital leases payable	(186,265)	(176,354)	-
Notes payable	-	(79,747)	-
Intefund payable/ receivable	(30,771)	-	30,771
Other	13,959	48,957	18,778
	<u>\$ 792,980</u>	<u>\$ 3,350,336</u>	<u>\$ (2,076,338)</u>
Change in Net Assets (Budget Basis)	<u>\$ 792,980</u>	<u>\$ 3,350,336</u>	<u>\$ (2,076,338)</u>

III. DEPOSITS AND INVESTMENTS

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2009.

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 collateral deposited as security or by bond given by the financial institution.

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

III. DEPOSITS AND INVESTMENTS (Continued)

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing Now accounts of an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

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. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least one half of the amount on deposit with the institution. As of June 30, 2009 \$16,355,931 of the City's bank balances were exposed to custodial credit risk as follows:

	Wells Fargo Bank	First Federal Savings	Pioneer Savings Bank	Bank of the Southwest	Total
Checking	\$ -	\$ -	\$ 6,475,097	\$ -	\$ 6,475,097
CD's	1,355,000	4,030,000	10,256,181	1,000,000	16,641,181
Total amount of deposits	1,355,000	4,030,000	16,731,278	1,000,000	23,116,278
Fully insured by FDIC TAGP FDIC Coverage	-	-	(5,760,347)	-	(5,760,347)
	(250,000)	(250,000)	(250,000)	(250,000)	(1,000,000)
Total uninsured public funds	1,105,000	3,780,000	10,720,931	750,000	16,355,931
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the City's name	621,395	2,166,290	7,681,989	950,000	11,419,674
Uninsured and uncollateralized	\$ 483,605	\$ 1,613,710	\$ 3,038,942	\$ (200,000)	\$ 4,936,257
Collateral requirement (50% of uninsured public funds)	\$ 552,500	\$ 1,890,000	\$ 5,360,466	\$ 375,000	\$ 8,177,966
Pledged security	621,395	2,166,290	7,681,989	950,000	11,419,674
Over (under) collateralization	\$ 68,895	\$ 276,290	\$ 2,321,523	\$ 575,000	\$ 3,241,708

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository on page 97 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, City, or political subdivision of the State of New Mexico.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk. At June 30, 2009, the City's investment balances were exposed to custodial credit risk as follows:

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

III. DEPOSITS AND INVESTMENTS (Continued)

Investment in the State Treasurer Local Government Investment Pool	\$	24,224,500
Investment in the State Treasurer Reserve Contingency Fund		407,460
Total Custodial Credit Risk	\$	24,631,960

Credit Risk

The *New MexiGROW* Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. The State Treasurer issues separate financial statements that disclose the collateral pledged to secure these deposits. At June 30, 2009, the *New MexiGROW* Local Government Investment Pool was rated at AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. On March 6, 2009, the City's pro rata share of the LGIP's investment in the Reserve Primary money market fund was transferred into a separate fund called the Reserve Contingency Fund. The balance in the Reserve Contingency Fund represents claims against future distributions of principle from the Reserve Primary Fund. The Reserve Contingency Fund is not rated.

Interest Rate Risk

The State Treasurer uses the weighted average maturity ("WAM") method for reporting interest rate risk. As of June 30, 2009, the LGIP was considered a 43-day WAM. The Reserve Contingency Fund is a non-performing asset and, as such, a WAM cannot be calculated.

The City's investments at June 30, 2009 include the following:

Investments	Maturities	Fair Value
State Treasurer's Office <i>New MexiGROW</i> LGIP	<181 days	\$ 24,224,500
State Treasurer's Office Reserve Contingency Fund		407,460
Total Investments		\$ 24,631,960

Reconciliation to the Statements of Net Assets

The carrying amounts of deposits and investments shown above are included in the City's statement of net assets as follows:

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

III. DEPOSITS AND INVESTMENTS (Continued)

Carrying amount	
Cash and cash equivalents	\$ 45,350,854
Restricted cash and temporary investments	1,447,229
	\$ 46,798,083
Included in the following balance sheet captions	
Pooled cash in banks	\$ 43,909,094
Non-pooled cash on hand and in banks	1,441,760
Restricted non-pooled cash on hand and in banks	66,048
Investments	1,036,181
Restricted non-pooled investments	345,000
	\$ 46,798,083

IV. RECEIVABLES

Receivables as of June 30, 2009, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Airport Fund	Solid Waste Fund	Water and Sewer Fund	Nonmajor Funds
Receivables:					
Accounts	\$ 1,197,784	\$ 265,887	\$ 383,525	\$ 1,368,372	\$ 366,789
Taxes:					
Gross Receipts	4,441,561	-	-	-	-
Property	249,890	-	-	-	50,710
Franchise	215,589	-	-	-	-
Lodger's	-	-	-	-	75,144
Motor vehicle and fuel	15,996	-	-	-	109,177
Cigarette	8,502	-	-	-	4,267
Interest	-	-	-	-	-
Intergovernmental	769,398	-	-	-	77,157
Gross receivables	6,898,720	265,887	383,525	1,368,372	683,244
Less: allowance for uncollectible	-	(83,658)	(120,496)	(760,560)	-
Net receivables	\$ 6,898,720	\$ 182,229	\$ 263,029	\$ 607,812	\$ 683,244

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

IV. RECEIVABLES (Continued)

As of June 30, 2009, notes receivable were as follows:

	Special Revenue	Enterprise	Totals
The Machine Shop, Inc., dated July 1, 2004 in the original amount of \$250,000 bearing interest at 4.50% per annum commencing on July 1, 2005 payable in annual installments of \$50,000 maturing July 1, 2009.	\$ 50,000	\$ -	\$ 50,000
Dean Baldwin Painting, Inc., dated September 1, 1999 in the original amount of \$525,000 bearing interest at 7.00% per annum commencing on October 1, 1999 payable in monthly installments varying from \$6,000 to \$10,000 maturing August 1, 2005. Effective April 1, 2006, the principal was modified to \$528,406 bearing interest at 4.00% per annum commencing on April 1, 2006 payable in monthly installments of \$5,350 maturing March 1, 2016.	-	379,216	379,216
Millennium transit Services, LLC, dated December 15, 2003 in the original amount of \$2,070,000 bearing interest at CitiBank, N.A. of New York Prime Rate plus 2.25% per annum commencing on January 15, 2004 payable in monthly installments of \$23,111 maturing September 15, 2014.	512,935	951,597	1,464,532
H.P. Performance, Inc., dated December 29, 2008 in the original amount of \$250,000 bearing interest at 3.00% per annum commencing on February 1, 2009, payable in annual installments of \$4,492 maturing January 2014.	230,528	-	230,528
Total notes receivable	793,463	1,330,813	2,124,276
Less current portion	216,067	269,788	485,855
Notes receivable, net of current portion	\$ 577,396	\$ 1,061,025	\$ 1,638,421

V. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund payable/receivable balances represent a long-term loan from the Water and Sewer Fund to the UDAG Airport Fund for part of the City's portion of the Millennium Transit Service. The amount of the loan was \$1,118,614 with an interest rate of 4.25% payable in monthly installments of \$11,459 with a final maturity date of September 2014. The balance outstanding as of June 30, 2009 was \$791,422.

The City recorded interfund transfers to reflect a temporary transfer of cash due to temporary need within the funds. The composition of interfund transfers during the year ended June 30, 2009 is as follows:

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

V. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Transfers Out	Transfers In	Amount
General Fund	Capital Improvement	\$ 2,503,438
General Fund	Road Fund	2,503,438
General Fund	Road Fund	653,172
General Fund	Solid Waste	637,663
General Fund	Mass Transit	549,287
General Fund	South Park Cemetery	279,579
General Fund	Correction Fees	29,980
General Fund	Recreation	1,264,135
General Fund	Airport Fund	1,200
General Fund	NMRHCA – Buy in Payments	16,350
Road Fund	NMRHCA – Buy in Payments	16,350
Capital Improvements	NMRHCA – Buy in Payments	16,350
Airport Fund	NMRHCA – Buy in Payments	16,350
Solid Waste Fund	NMRHCA – Buy in Payments	16,350
Water and Sewer Fund	NMRHCA – Buy in Payments	16,350
General Fund	Unemployment Comp	4,500
Road Fund	Unemployment Comp	4,500
Capital Improvements	Unemployment Comp	4,500
Airport Fund	Unemployment Comp	4,500
Solid Waste Fund	Unemployment Comp	4,500
Water and Sewer Fund	Unemployment Comp	4,500
Airport Fund	General Fund	300,000
Solid Waste	General Fund	300,000
Water and Sewer Fund	General Fund	350,000
Lodgers' Tax	General Fund	555,519
Lodgers' Tax	Sales Tax Revenue Bond	100,000
Water and Sewer Fund	Road Fund	100,000
Water and Sewer Fund	Airport Fund	12,480
Water and Sewer Fund	WWTP Construction	14,024
Water and Sewer Fund	WWTP Debt Service	1,032,513
Road Fund	Mass Transit	233,400
Solid Waste	2008 Landfill Bond Debt Service	172,970
Passenger Facility Charge	Airport Fund	173,877
		<u>\$ 11,891,775</u>
Interfund Receivable	Interfund Payable	Amount
Water and Sewer Fund	Airport Fund	\$ 791,422
General Fund	Police Fund	77,157
General Fund	Recreation	289,350
		<u>\$ 1,157,929</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

VI. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2009, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land, land-right of way, and water rights are not subject to depreciation.

	Balance at July 01, 2008	Additions	Deletions & Transfers	Adjustments	Balance at June 30, 2009
Capital Assets used in:					
Governmental activities					
Capital Assets, not being depreciated:					
Land	\$ 3,163,460	\$ 15,468	\$ -	\$ 67,000	\$ 3,245,928
Land-Right of Way	4,373,659	-	-	-	4,373,659
Historical Treasures	29,097	2,203	-	-	31,300
Total capital assets not being depreciated	<u>7,566,216</u>	<u>17,671</u>	<u>-</u>	<u>67,000</u>	<u>7,650,887</u>
Capital Assets, being depreciated:					
Library Collection	3,161,566	254,907	(266,217)	-	3,150,256
Land improvements	10,383,548	606,579	-	(129,560)	10,860,567
Buildings	23,568,693	1,084,683	-	37,249	24,690,625
Equipment	8,528,983	561,801	(268,271)	972,407	9,794,920
Furniture & Fixtures	488,680	-	(7,194)	(1,054)	480,432
Vehicles	10,500,792	1,224,140	(745,867)	(68,286)	10,910,779
Infrastructure	137,230,130	2,242,673	-	-	139,472,803
Zoo	35,408	-	-	-	35,408
Total capital assets being depreciated	<u>193,897,800</u>	<u>5,974,783</u>	<u>(1,287,549)</u>	<u>810,756</u>	<u>199,395,790</u>
Total capital assets	<u>201,464,016</u>	<u>5,992,454</u>	<u>(1,287,549)</u>	<u>877,756</u>	<u>207,046,677</u>
Less accumulated depreciation:					
Library Collection	2,715,365	220,920	(266,217)	-	2,670,068
Land Improvements	4,283,522	379,499	-	(18,413)	4,644,608
Buildings	13,136,752	868,624	-	959	14,006,335
Equipment	6,471,736	624,639	(258,012)	288,791	7,127,154
Furniture & Fixtures	471,425	13,179	(3,118)	(1,054)	480,432
Vehicles	8,217,435	852,202	(737,800)	(9,454)	8,322,383
Infrastructure	126,004,902	1,022,416	-	-	127,027,318
Zoo	35,408	-	-	-	35,408
Total accumulated depreciation	<u>161,336,545</u>	<u>3,981,479</u>	<u>(1,265,147)</u>	<u>260,829</u>	<u>164,313,706</u>
Net capital assets	<u>\$ 40,127,471</u>	<u>\$ 2,010,975</u>	<u>\$ (22,402)</u>	<u>\$ 616,927</u>	<u>\$ 42,732,971</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

VI. CAPITAL ASSETS (Continued)

	Balance at July 01, 2008	Additions & Transfers In	Deletions & Transfers Out	Adjustments	Balance at June 30, 2009
Capital Assets used in:					
Business-type Activities:					
Capital Assets, not being depreciated:					
Land	\$ 4,581,474	\$ -	\$ -	\$ -	\$ 4,581,474
Water rights	11,646,982	24,715	-	-	11,671,697
Total capital assets not being depreciated	<u>16,228,456</u>	<u>24,715</u>	<u>-</u>	<u>-</u>	<u>16,253,171</u>
Capital Assets, being depreciated:					
Land improvements	5,519,915	306,200	-	-	5,826,115
Buildings	69,529,458	1,737,354	(571)	-	71,266,241
Equipment	15,241,200	-	(131,220)	36,986	15,146,966
Furniture & Fixtures	103,549	65,988	-	-	169,537
Vehicles	6,315,480	513,114	(247,199)	-	6,581,395
Infrastructure	10,489,008	7,597	-	-	10,496,605
Infrastructure-Water	25,733,972	1,403,244	-	-	27,137,216
Total capital assets being depreciated	<u>132,932,582</u>	<u>4,033,497</u>	<u>(378,990)</u>	<u>36,986</u>	<u>136,624,075</u>
Total capital assets	<u>149,161,038</u>	<u>4,058,212</u>	<u>(378,990)</u>	<u>36,986</u>	<u>152,877,246</u>
Less accumulated depreciation:					
Land Improvements	765,253	289,159	-	-	1,054,412
Buildings	47,061,071	1,431,058	(26)	-	48,492,103
Equipment	13,385,936	853,072	(82,763)	7,425	14,163,670
Furniture & Fixtures	80,048	4,197	-	-	84,245
Vehicles	4,361,882	635,584	(235,218)	-	4,762,248
Infrastructure	9,572,693	51,621	-	-	9,624,314
Infrastructure-Water	21,078,503	355,227	-	-	21,433,730
Total accumulated depreciation	<u>96,305,386</u>	<u>3,619,918</u>	<u>(318,007)</u>	<u>7,425</u>	<u>99,614,722</u>
Net capital assets	<u>\$ 52,855,652</u>	<u>\$ 438,294</u>	<u>\$ (60,983)</u>	<u>\$ 29,561</u>	<u>\$ 53,262,524</u>

Capital assets, net of accumulated depreciation, at June 30, 2009 appear in the Statement of Net Assets as follows:

Governmental activities	\$ 42,732,971
Business-type activities:	
Airport	\$ 7,139,541
Solid Waste	6,121,664
Water and Sewer	40,001,319

Depreciation expense for the year ended June 30, 2009 was charged to the following functions and funds:

Governmental activities	
General government	\$ 477,777
Public safety	2,066,388
Public works	660,926
Culture and recreation	776,388
Business-type activities:	
Airport	\$ 1,116,979
Solid Waste	856,830
Water and Sewer	1,646,109

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

VII. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Restatement	Balance June 30, 2008 As restated	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Governmental Activities:							
Refunding Bonds	\$ 344,000	\$ -	\$ 344,000	\$ -	\$ 94,000	\$ 250,000	\$ 98,000
GO Bonds	2,500,000	-	2,500,000	-	325,000	2,175,000	325,000
2008 GO Bonds	-	82,000	82,000	4,018,000	-	4,100,000	200,000
Notes Payable	560,943	-	560,943	296,026	326,491	530,478	143,934
Capital Leases	477,652	-	477,652	375,052	151,324	701,380	190,726
Compensated Absences	885,627	-	885,627	889,690	895,440	879,877	-
Governmental activities Long-term liabilities	<u>\$ 4,768,222</u>	<u>\$ 82,000</u>	<u>\$ 4,850,222</u>	<u>\$ 5,578,768</u>	<u>\$ 1,792,255</u>	<u>\$ 8,636,735</u>	<u>\$ 957,660</u>
Business-type Activities:							
2005 Revenue Bonds	\$ 12,175,000	\$ -	\$ 12,175,000	\$ -	\$ 520,000	\$ 11,655,000	\$ 535,000
2008 GRT Revenue Bond	-	-	-	3,190,000	125,000	3,065,000	300,000
Notes Payable	283,713	-	283,713	-	79,747	203,966	203,966
Capital Leases	2,376,836	-	2,376,836	-	362,620	2,014,216	290,692
Compensated Absences	180,382	-	180,382	175,299	173,038	182,643	-
Business-type activities Long-term liabilities	<u>\$ 15,015,931</u>	<u>\$ -</u>	<u>\$ 15,015,931</u>	<u>\$ 3,365,299</u>	<u>\$ 1,260,405</u>	<u>\$ 17,120,825</u>	<u>\$ 1,329,658</u>

In prior years, the general fund has typically been used to liquidate long-term liabilities other than debt including capital leases and compensated absences.

The capital leases for the governmental activities as of June 30, 2009 are comprised of the following:

5.13% lease payable for purchase of fire equipment, due in annual payments of \$175,820 including interest, through May 2011 payable to Kansas State Bank of Manhattan. \$ 326,328

4.326% lease payable for Fire Pumper Truck, due in annual payments of \$46,876 including interest, through July 2018 payable to SunTrust Equipment Finance & Leasing Corp. 375,052

Less current portion 701,380
(190,726)
\$ 510,654

The annual requirements to amortize the capital leases outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 190,726	\$ 31,970	\$ 222,696
2011	199,262	23,434	222,696
2012	33,404	13,472	46,876
2013	34,849	12,027	46,876
2014	36,357	10,519	46,876
2015-2019	206,782	27,596	234,378
Total	<u>\$ 701,380</u>	<u>\$ 119,018</u>	<u>\$ 820,398</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

VII. LONG-TERM DEBT (Continued)

Bonds payable at June 30, 2009 are comprised of the following:

	General Obligation Series August 1, 1999	Sales Tax Revenue Refunding Bonds Series May 14, 2003	General Obligation Series July 17, 2008
Original issue:	August 1	May 14	July 17
Principal:	\$ 6,600,000	\$773,000	\$4,100,000
Interest:	February 1 & August 1	June 1 & December 1	February 1 & August 1
Rates:	4.25% to 5.25%	3.77%	3.05% to 5.30%

The General Obligation Bonds, Series August 1, 1999, were issued to provide funds to defray, in part (i) the cost of constructing, rehabilitating, and remodeling the Roswell Public Library, including additions and improvements thereto, (ii) the cost of constructing, purchasing, rehabilitating, or any combination thereof, municipal fire stations, including additions and improvements thereto, and (iii) all costs incidental to the foregoing and the issuance of the Bonds. The Bonds were issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, as amended. The 1999 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the revenues distributed to it by the New Mexico Taxation and Revenue Department pursuant to Sections 7-9-4, NMSA 1978, as amended, 7-1-6.1 and 7-1-6.4 NMSA, as amended and 7-1-6.17 NMSA, 1978 as amended.

The annual requirements to amortize the 1999 Bond Issue outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 325,000	\$ 97,931	\$ 422,931
2011	350,000	81,806	431,806
2012	350,000	64,788	414,788
2013	375,000	47,116	422,116
2014	400,000	28,175	428,175
2015-2019	375,000	9,188	384,188
Total	<u>\$ 2,175,000</u>	<u>\$ 329,004</u>	<u>\$ 2,504,004</u>

The Sales Tax Revenue Refunding Bonds, Series May 14, 2003, were issued to provide funds to defray the cost of refunding, refinancing, discharging, and paying the City's outstanding City of Roswell Sales Tax Revenue Bonds, Series February 1, 1993 and all costs incidental to the foregoing and the issuance of the Bonds. The Bonds were issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, as amended. The 2003 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the revenues distributed to it by the New

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

VII. LONG-TERM DEBT (Continued)

Mexico Taxation and Revenue Department pursuant to Sections 7-1-6.4 NMSA 1978, as amended and Sections 3-38-13 through 3-38-34 NMSA 1978, as amended.

The annual requirements to amortize the 2003 Bond Issue outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 98,000	\$ 9,425	\$ 107,425
2011	106,000	5,730	111,730
2012	46,000	1,734	47,734
Total	<u>\$ 250,000</u>	<u>\$ 16,889</u>	<u>\$ 266,889</u>

The General Obligation Bonds, Series July 17, 2008, were issued to provide funds, in part to (i) replace, construct, equip, and improve an animal control shelter and (ii) to replace, construct, equip, and improve fire stations in the City of Roswell. The Bonds were issued pursuant to Sections 3-30-1 through 3-30-9 NMSA 1978, the provisions of Sections 6-15-1 through 6-15-22 NMSA 1978, and acts amendatory and supplemental thereto. In order to pay the 2008 Bonds and all payments of principal and interest thereon whether at maturity or on a redemption date, there shall be an annual assessment and levy upon all the taxable property of the City subject to taxation.

The annual requirements to amortize the 2008 Bond Issue outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 200,000	\$ 150,183	\$ 350,183
2011	220,000	139,383	359,383
2012	235,000	128,008	363,008
2013	240,000	118,473	358,473
2014	255,000	110,796	365,796
2015-2019	1,480,000	415,192	1,895,192
2020-2024	1,470,000	118,318	1,588,318
Total	<u>\$ 4,100,000</u>	<u>\$ 1,180,353</u>	<u>\$ 5,280,353</u>

The notes payable for the governmental activities as of June 30, 2009 are comprised of the following:

7.5% note payable for Employer's Surplus Contribution Amount, due in monthly payments of \$8,168 including interest, through June 2012, payable to NMRHCA.	\$ 262,573
4.475% note payable for Fire Rescue Truck, due in annual payments of \$74,681 including interest, through May 2013, payable to NMFA.	267,905
	<u>530,478</u>
Less current portion	<u>(143,934)</u>
	<u>\$ 386,544</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

VII. LONG-TERM DEBT (Continued)

The annual requirements to amortize the loans outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 143,934	\$ 27,490	\$ 171,424
2011	152,766	18,492	171,258
2012	162,418	8,735	171,153
2013	71,360	1,661	73,021
Total	<u>\$ 530,478</u>	<u>\$ 56,378</u>	<u>\$ 586,856</u>

The capital leases of the proprietary funds of June 30, 2009 are comprised of the following:

4.57% lease payable for Fire Suppression Equipment Lease, due in annual payments of \$266,310 including interest, through June 2016, payable to SunTrust Equipment Finance & Leasing Corp.	\$ 1,565,271
4.982% lease payable for Caterpillar Scaper lease, due in monthly payments of \$9,676, including interest, through May 2012, payable to Wagner Equipment Co.	<u>448,945</u>
Less current portion	<u>(290,692)</u>
	<u>\$ 1,723,524</u>

The annual requirements to amortize the capital leases outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 290,692	\$ 91,734	\$ 382,426
2011	304,483	77,943	382,426
2012	465,211	62,865	528,076
2013	222,720	43,590	266,310
2014	232,898	33,412	266,310
2015-2019	498,213	34,407	532,620
Total	<u>\$ 2,014,217</u>	<u>\$ 343,951</u>	<u>\$ 2,358,168</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

VII. LONG-TERM DEBT (Continued)

Proprietary funds bonds payable at June 30, 2009 are comprised of the following:

	Joint Water and Sewer Improvement Revenue Series July 14, 2005	Gross Receipts Tax Improvement Revenue Bonds Series December 30, 2008
Original issue:	July 14	December 30
Principal:	\$13,710,000	\$3,190,000
Interest:	June 1 & December 1	June 1 & December 1
Rates:	3.00% to 5.00%	3.00% to 4.10%

The Joint Water and Sewer Improvement Revenue Bonds, Series July 14, 2005, were issued to provide funds to extend, enlarge, better, repair, and otherwise improve the City's Joint Water and Sewer System and all costs incidental to the foregoing and the issuance of the Bonds. The Bonds were issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, as amended. The 2005 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with Net Revenues of the Joint Systems.

The annual requirements to amortize the 2005 Bond Issue outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 535,000	\$ 496,863	\$ 1,031,863
2011	555,000	480,813	1,035,813
2012	570,000	463,469	1,033,469
2013	590,000	443,519	1,033,519
2014	610,000	422,869	1,032,869
2015-2019	3,465,000	1,707,719	5,172,719
2020-2024	4,340,000	834,656	5,174,656
2025-2029	990,000	40,838	1,030,838
Total	<u>\$ 11,655,000</u>	<u>\$ 4,890,746</u>	<u>\$ 16,545,746</u>

The Gross Receipts Tax Improvement Revenue Bonds, Series December 30, 2008, were issued to provide funds to defray the cost of acquiring, constructing, and improving solid waste disposal and recycling facilities and all costs incidental to the foregoing and the issuance of the Bonds. The Bonds were issued pursuant to Sections 3-31-1 through 3-31-12 NMSA 1978, as amended. The 2008 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the revenues distributed to it by the New Mexico Taxation and Revenue Department pursuant to Sections 7-1-6.4 NMSA 1978, as amended.

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CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

VII. LONG-TERM DEBT (Continued)

The annual requirements to amortize the 2008 Bond Issue outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 300,000	\$ 110,615	\$ 410,615
2011	305,000	101,615	406,615
2012	315,000	91,703	406,703
2013	325,000	81,465	406,465
2014	340,000	70,090	410,090
2015-2019	1,480,000	150,760	1,630,760
Total	<u>\$ 3,065,000</u>	<u>\$ 606,248</u>	<u>\$ 3,671,248</u>

The notes payable of the proprietary funds as of June 30, 2009 are comprised of the following:

4.75% note payable for Scraper, due in monthly payments of \$7,625 including interest, through February 2010, payable to Wagner Equipment Co.	\$ 203,966
Less current portion	<u>(203,966)</u>
	<u>\$ -</u>

The annual requirements to amortize the loans outstanding as of June 30, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 203,966	\$ 5,734	\$ 209,700
Total	<u>\$ 203,966</u>	<u>\$ 5,734</u>	<u>\$ 209,700</u>

VIII. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years, the City has obtained coverage from commercial insurance companies for the risks of loss mentioned above, except for injuries to employees. For risks of loss related to injuries to employees the City has not obtained coverage from a commercial insurance company, but has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

VIII. RISK MANAGEMENT (Continued)

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

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

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The estimated claims payable of \$2,833,548 is recorded in the General Fund as Accrued Expenses. These liabilities are based on actuarial information provided by the Fund.

Changes in estimated unpaid claims and claims adjustments, including claims incurred but not reported, for the year ended June 30, 2009 are as follows:

Unpaid claims and claims adjustments including claims incurred but not reported, at the beginning of the year	\$	2,995,519
Current year claims and changes in estimates		<u>(161,971)</u>
 Total unpaid claims and claim adjustments, including claims incurred but not reported, at the end of the year	 \$	 <u>2,833,548</u>

The City continues to carry commercial insurance for all other risks.

IX. PERA PENSION PLAN

Plan Description

Certain employees of the City of Roswell participate in the public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy

Plan members (other than police and fire) are required to contribute 9.15% of their gross salary. Law enforcement and fire plan members are required to contribute 16.3% and 16.2% of their gross salary, respectively. The City is required to contribute 18.5% for law enforcement, 21.25% for fire, and 9.15% for all other plan members. The contribution requirements of plan members and the City are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by act of the legislature. The City's contributions to PERA for the years ending June 30, 2009, 2008, and 2007 were approximately \$2,467,086, \$2,419,152, and \$2,183,479, respectively, which equal the amount of required contributions for all years. The City's employee contributions to PERA for the years ending June 30, 2009, 2008, and 2007 were approximately \$2,069,876, \$2,065,724, and \$1,918,644, respectively.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

X. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Nationwide Retirement Solutions. The assets and liabilities are held in trust by Nationwide Retirement Solutions.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

As of January 1, 2002, the assets of the plan were placed in a trust to be held for the exclusive benefit of the participants and their beneficiaries. Since the City does not have custody or control of these assets, an Agency Fund is not required to be reported.

XI. RETIREE HEALTH CARE ACT CONTRIBUTION

The Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, surviving spouses, and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees. Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees.

Eligible employers are institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Association (PERA), Volunteer Firefighters Retirement Act, Judicial Retirement Act, or the Magistrate Retirement Act.

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 Retiree Health Care Act on the person's behalf unless that person retires before the employer's NMRHCA effective date, in which event the time period for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

XI. RETIREE HEALTH CARE ACT CONTRIBUTION (Continued)

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution in an amount equal to .65% of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis. The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. This report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd., NE, Suite 104, Albuquerque, New Mexico 87107.

For the fiscal years ended June 30, 2009, 2008, and 2007, the City remitted \$231,033, \$235,554, and \$210,697 in employer contributions and \$115,515, \$117,777, and \$105,348 in employee contributions, respectively, to the Retiree Health Care Authority.

XII. CONTINGENCIES

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 30, 2009, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or overall financial position of the City.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

XIII. DEFICIT FUND BALANCES AND EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

A.	Deficit fund balance of individual funds		
	Recreation Special Revenue Fund	\$	455,319
	Police Special Revenue Fund		3,112
B.	Excess of expenditures over appropriations		
	None		

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

**XIII. DEFICIT FUND BALANCES AND EXCESS OF EXPENDITURES OVER APPROPRIATIONS
(Continued)**

Deficits in the Recreation and Police special revenue funds will be resolved by transfers from the general fund.

XIV. LANDFILL CLOSURE AND POSTCLOSURE

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure of the landfill site. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. At June 30, 2009, it is estimated that 13.25% of the capacity of the landfill is used with a remaining life of 98.2 years. The total estimated liability for landfill closure costs is \$989,571 as of June 30, 2009, which is based on the cumulative capacity to date as a percentage of projected capacity at the time of landfill closure. It is estimated that an additional \$1,560,390 will be recognized as closure and postclosure care costs between the balance sheet date and the date the landfill site is expected to close in accordance with State of New Mexico Environmental Division and Federal EPA regulations. The estimated total current cost of the landfill closure and postclosure care of \$2,549,961 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2009. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in state and federal landfill laws and regulations. The City is required by the State of New Mexico Environmental Regulation Board to demonstrate financial assurance for the closure and postclosure costs. The City obtained permanent financing from the NM Finance Authority for landfill expansion, closure, and postclosure care. The agreement establishes terms for use of the proceeds, and repayment of amounts loaned that are more fully discussed in Note VII.

XV. LESSOR OPERATING LEASES

Operating leases arise from the leasing of the City's land and buildings to customers in varying industries in Roswell. Initial lease terms generally range from 12 to 120 months. Leases are cancelable by the Lessee with 30-120 days notice as defined by the lease agreement. Depreciation expense for assets subject to operating leases is provided primarily on the straight-line method over the term of the lease in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Estimated and actual residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense for the year ended June 30, 2009 related to land and buildings held as rental property under operating leases is included in depreciation expense of the Airport in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets. Historical cost and accumulated depreciation as of June 30, 2009 related to land and buildings held as rental property under operating leases is included in property, plant and equipment of the Airport in the Proprietary Funds Statement of Net Assets.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Notes to the Financial Statements
June 30, 2009**

XVI. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

The July 2007, the Governmental Accounting Standards Board (GASB) issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The Statement provides needed guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents, and trademarks. The requirements Statement 51 are effective for financial statements for periods beginning after June 15, 2009. The City is analyzing the effect that this standard will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In June 2008, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Statement 53 is intended to improve how state and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged. The City is analyzing the effect that this standard will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement is designed to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and clarifying the existing governmental fund definitions. The standard establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The requirements in Statement 54 are effective for periods beginning after June 15, 2010. The City is analyzing the effect that this standard will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

XVIII. PRIOR PERIOD RESTATEMENT

The governmental activities beginning net assets were restated by \$879,308. This consisted of further clean up of capital assets of \$616,927, the removal of an interfund transfer of \$300,000 that should have been included in due from other funds, the addition of an \$82,000 advance payment on the 2008 GO Bond that was not reported in noncurrent liabilities, and accounts payable that was overstated by \$44,381. The business-type activities net assets were restated by \$2,364,678. This consisted of further clean up of capital assets of \$29,561, accrued payroll that was overstated by \$327,161, and accounts payable that was overstated by \$2,007,956.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
CITY OF ROSWELL
Non-Major Funds
June 30, 2009**

SPECIAL REVENUE FUNDS

Library Grants

To account for grant proceeds from the New Mexico State Library Division. The funds may be used for library collections, library staff salaries, library staff training, library equipment, or other operational expenditures associated with delivery of library services. Authority for creation of this fund is Section 18-2-4B NMSA 1978; Section 4.5.2 NMAC.

South Park Cemetery

To more accurately and efficiently account for the operations and maintenance of the City cemetery. Financing is provided through lot sales, fees for services, and a transfer from the General Fund. Authority for creation of this fund was executed by the City of Roswell Finance and Budget Directors.

Recreation Fund

To account for the operation and maintenance of all City owned recreation facilities. Financing is provided by a specific annual cigarette tax levy, miscellaneous revenues (primary use fees), grants, and a transfer from the General Fund. Authority for creation of this fund is Section 7-12-15 NMSA 1978.

Lodgers' Tax Fund

To account for the operations of the Civic Center and other promotional activities for the City of Roswell. Financing is provided primarily by a specific tax levy on area motels and hotels. Authority for creation of this fund is Section 3-38-1 NMSA 1978.

Road Fund

To account for the operations of the City Road Fund as it is related to the receipt of the motor vehicle tax -10%, which is to be used only for additions and improvements to the City's streets and highways. Authority for creation of this fund is Section 7-24-1 to 7-24A-21 NMSA 1978.

Unemployment Compensation Fund

To more accurately and efficiently account for unemployment claims filed by City employees. Financing is provided through transfers from the General, Airport, Road, Capital Improvements, and Water and Sewer Funds. Authority for the creation of this fund was executed by the City of Roswell Finance and Budget Directors.

Community Development Revolving Loan Fund

To account for the disposition of program income received from the Community Development Block Grant Economic Development set aside program from the State of New Mexico. Authority for creation of this fund is City Resolution #2070, August 9, 1988.

Police Fund

To account for grant proceeds from state and federal agencies, with special accounting and control procedures as stipulated by the grant agreements for confidential expenditures and to assure fiscal control, property management, and effective disbursement of funds received. Authority for creation of this fund is State of New Mexico Department of Public Safety Grant #18PSNP564Z and Sub-Grant Agreement #09-State Appropriation-DPS-Region VI.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Non-Major Funds
June 30, 2009**

SPECIAL REVENUE FUNDS (Continued)

Emergency Medical Services Fund

To account for emergency medical training, supplies, and equipment purchased for the fire department and contract ambulance service. Financing is provided through state grants. Authority for creation of this fund is Section 24-10A-26 NMSA 1978.

Hazardous Materials Emergency Response

To account for grant proceeds received from federal agencies to enlist cooperation among the tribes, the southern, western, and midwestern states on the Waste Isolation Pilot Plant (WIPP) shipping corridors, and DOE in developing plans and procedures for the safe and uneventful transportation of transuranic waste from current temporary storage facilities to the WIPP. Authority for creation of this fund was executed by the City of Roswell Finance and Budget Directors.

Federal Narcotic Seizure Fund

To account separately for the Federal share of seized monies or monies derived from sale of seized property, which must not be commingled with other funds as stipulated by the grant agreement. The money may be used to supplement project costs or may be refunded to the Federal government. Authority for creation of this fund is U.S. Departments of Justice and The Treasury Federal Equitable Sharing Agreement #NM0030102.

State Narcotic Seizure Fund

To account separately for the State share of seized monies or monies derived from sale of seized property, which must not be commingled with other fund sources as specified in individual court case documentation. Authority for creation of this fund is the State of New Mexico District Court.

JAG Grant

To account separately for, track, and report the funds from the JAG grant receipts for the police department to ensure that these funds are not commingled with funds from any other source as stipulated by the grant agreement. Authority for creation of this fund is U.S. Department of Justice Project Grant Agreement #2009-SB-B9-0104.

CAPITAL PROJECTS FUNDS

2008 GO Bonds Construction

To account for the receipt of bond proceeds, and the replacement, construction, improvement, and equipping of an animal control shelter. Also for the replacement, expansion, construction, improvement, and equipping of fire stations.

DEBT SERVICE FUNDS

GO Bonds

To account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs specifically for the general obligation bonds. The fund's source of revenue is a one eighth of one percent gross receipts tax approved by the citizens of Chaves County for bond repayment.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Non-Major Funds
June 30, 2009**

DEBT SERVICE FUNDS (Continued)

2008 GO Bonds

To account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs specifically for the general obligation bonds. The fund's source of revenue is a one eighth of one percent gross receipts tax approved by the citizens of Chaves County for bond repayment.

2003 Sales Tax Revenue Bonds

To account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs specifically for the sales tax revenue bonds. The fund's source of revenue is a one eighth of one percent gross receipts tax approved by the citizens of Chaves County for bond repayment.

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STATE OF NEW MEXICO
CITY OF ROSWELL
Non-Major Funds
Combining Balance Sheet
June 30, 2009

	Special Revenue Funds			
	Library Grants	South Park Cemetery	Recreation	Lodgers' Tax
ASSETS				
Pooled cash in banks	\$ 40	\$ 117,830	\$ -	\$ 526,498
Non-pooled cash on hand and in banks	-	100	50	-
Receivables:				
Accounts	-	51,936	307,319	6,880
Taxes	-	-	4,267	75,144
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Notes receivable, current portion	-	-	-	-
Total current assets	<u>40</u>	<u>169,866</u>	<u>311,636</u>	<u>608,522</u>
Restricted assets:				
Non-pooled cash on hand and in banks	-	7,887	-	-
Non-pooled investments	-	345,000	-	-
Total restricted assets	<u>-</u>	<u>352,887</u>	<u>-</u>	<u>-</u>
Other assets				
Notes receivable, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 40</u>	<u>\$ 522,753</u>	<u>\$ 311,636</u>	<u>\$ 608,522</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 40	\$ 3,650	\$ 429,492	\$ 50,279
Accrued expenses	-	10,594	47,708	-
Interfund payable	-	-	289,350	-
Deferred revenue	-	-	405	-
Total liabilities	<u>40</u>	<u>14,244</u>	<u>766,955</u>	<u>50,279</u>
Fund balance:				
Unreserved:				
Designated for subsequent year's expenditures	-	117,530	-	37,793
Reserved for Perpetual Care	-	352,887	-	-
Undesignated	-	38,092	(455,319)	520,450
Total fund balance	<u>-</u>	<u>508,509</u>	<u>(455,319)</u>	<u>558,243</u>
Total liabilities and fund balance	<u>\$ 40</u>	<u>\$ 522,753</u>	<u>\$ 311,636</u>	<u>\$ 608,522</u>

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

Special Revenue Funds

Road	Unemployment Compensation	Comm Dev Revolving Loan	Police	Emergency Medical Services	Hazmat Grant
\$ 1,892,751	\$ 13,024	\$ 343,792	\$ -	\$ 31,909	\$ 13,162
-	-	-	-	-	-
654	-	-	-	-	-
109,177	-	-	-	-	-
-	-	-	77,157	-	-
-	-	-	-	-	-
-	-	216,067	-	-	-
<u>2,002,582</u>	<u>13,024</u>	<u>559,859</u>	<u>77,157</u>	<u>31,909</u>	<u>13,162</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	577,396	-	-	-
<u>\$ 2,002,582</u>	<u>\$ 13,024</u>	<u>\$ 1,137,255</u>	<u>\$ 77,157</u>	<u>\$ 31,909</u>	<u>\$ 13,162</u>
\$ 997,679	\$ -	\$ -	\$ 2,287	\$ 9,851	\$ -
26,877	-	-	825	-	-
-	-	-	77,157	-	-
-	-	-	-	-	-
<u>1,024,556</u>	<u>-</u>	<u>-</u>	<u>80,269</u>	<u>9,851</u>	<u>-</u>
868,849	-	-	-	22,058	13,162
-	-	-	-	-	-
109,177	13,024	1,137,255	(3,112)	-	-
<u>978,026</u>	<u>13,024</u>	<u>1,137,255</u>	<u>(3,112)</u>	<u>22,058</u>	<u>13,162</u>
<u>\$ 2,002,582</u>	<u>\$ 13,024</u>	<u>\$ 1,137,255</u>	<u>\$ 77,157</u>	<u>\$ 31,909</u>	<u>\$ 13,162</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
Non-Major Funds
Combining Balance Sheet
June 30, 2009**

	Special Revenue Funds		
	Federal Narcotic Seizure Fund	State Narcotic Seizure Fund	JAG Federal Grant
ASSETS			
Pooled cash in banks	\$ -	\$ -	\$ -
Non-pooled cash on hand and in banks	21,445	18,173	74,342
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Intergovernmental	-	-	-
Interest	-	-	-
Notes receivable, current portion	-	-	-
Total current assets	<u>21,445</u>	<u>18,173</u>	<u>74,342</u>
Restricted assets:			
Non-pooled cash on hand and in banks	-	-	-
Non-pooled investments	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Other assets			
Note receivable, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 21,445</u>	<u>\$ 18,173</u>	<u>\$ 74,342</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	2,427	6,596	\$ -
Accrued expenses	-	-	-
Interfund payable	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>2,427</u>	<u>6,596</u>	<u>-</u>
Fund balance:			
Unreserved:			
Designated for subsequent year's expenditures	19,018	11,577	74,342
Reserved for Perpetual Care	-	-	-
Undesignated	-	-	-
Total fund balance	<u>19,018</u>	<u>11,577</u>	<u>74,342</u>
Total liabilities and fund balance	<u>\$ 21,445</u>	<u>\$ 18,173</u>	<u>\$ 74,342</u>

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

Capital Projects Fund	Debt Service Funds			Totals	
2008 GO Bonds Construction	GO Bonds	2008 GO Bonds	2003 Sales Tax Revenue Bonds	June 30, 2009	
\$ 3,525,757	\$ -	\$ -	\$ -	\$ 6,464,763	
199,991	388,029	292,334	23,992	1,018,456	
-	-	-	-	366,789	
-	50,710	-	-	239,298	
-	-	-	-	77,157	
-	-	-	-	-	
-	-	-	-	216,067	
<u>3,725,748</u>	<u>438,739</u>	<u>292,334</u>	<u>23,992</u>	<u>8,382,530</u>	
-	-	-	-	7,887	
-	-	-	-	345,000	
-	-	-	-	<u>352,887</u>	
-	-	-	-	577,396	
<u>\$ 3,725,748</u>	<u>\$ 438,739</u>	<u>\$ 292,334</u>	<u>\$ 23,992</u>	<u>\$ 9,312,813</u>	
\$ 1,343,930	\$ -	\$ -	\$ -	\$ 2,846,231	
-	-	-	-	86,004	
-	-	-	-	366,507	
-	36,075	-	-	36,480	
<u>1,343,930</u>	<u>36,075</u>	<u>-</u>	<u>-</u>	<u>3,335,222</u>	
2,381,818	-	-	-	3,546,147	
-	-	-	-	352,887	
-	402,664	292,334	23,992	2,078,557	
<u>2,381,818</u>	<u>402,664</u>	<u>292,334</u>	<u>23,992</u>	<u>5,977,591</u>	
<u>\$ 3,725,748</u>	<u>\$ 438,739</u>	<u>\$ 292,334</u>	<u>\$ 23,992</u>	<u>\$ 9,312,813</u>	

**STATE OF NEW MEXICO
CITY OF ROSWELL
Non-Major Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2009**

	Special Revenue Funds			
	Library Grants	South Park Cemetery	Recreation	Lodgers' Tax
REVENUES				
Taxes	\$ -	\$ 154	\$ 41,074	\$ 888,590
Intergovernmental	3,376	27,394	411,754	-
Charges for sales and services	-	276,770	177,303	24,884
Fines and forfeitures	-	-	-	-
Interest	-	4,364	368	8,408
Miscellaneous	-	-	38,031	1,384
Total revenues	<u>3,376</u>	<u>308,682</u>	<u>668,530</u>	<u>923,266</u>
EXPENDITURES				
Current:				
General government	-	-	-	234,120
Public safety	-	-	-	-
Public works	-	466,715	-	-
Culture and recreation	3,610	-	1,520,570	-
Capital outlay	-	14,077	851,642	6,653
Debt service-principal	-	-	-	-
Debt service-interest	-	-	-	-
Total expenditures	<u>3,610</u>	<u>480,792</u>	<u>2,372,212</u>	<u>240,773</u>
Excess (deficiency) of revenues over expenditures	<u>(234)</u>	<u>(172,110)</u>	<u>(1,703,682)</u>	<u>682,493</u>
Other financing sources (uses):				
Sale of fixed assets	-	3,085	2,107	-
Bond proceeds	-	-	-	-
Operating transfers in (out)	-	279,579	1,264,135	(655,519)
Total other financing sources (uses)	<u>-</u>	<u>282,664</u>	<u>1,266,242</u>	<u>(655,519)</u>
Net changes in fund balances	(234)	110,554	(437,440)	26,974
Fund balances - beginning of the year	234	397,955	(17,879)	486,888
Prior period restatement	-	-	-	44,381
Fund balances - beginning as restated	<u>234</u>	<u>397,955</u>	<u>(17,879)</u>	<u>531,269</u>
Fund balances - end of the year	<u>\$ -</u>	<u>\$ 508,509</u>	<u>\$ (455,319)</u>	<u>\$ 558,243</u>

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

Special Revenue Funds

Road	Unemployment Compensation	Comm Dev Revolving Loan	Police	Emergency Medical Services	Hazmat Grant
\$ 624,828	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	166,986	38,759	7,000
-	-	-	-	-	-
26,459	280	40,481	-	-	-
5,662	-	-	-	-	-
<u>656,949</u>	<u>280</u>	<u>40,481</u>	<u>166,986</u>	<u>38,759</u>	<u>7,000</u>
-	50,518	-	40,057	-	-
-	-	-	114,724	66,179	105
3,650,002	-	-	-	-	-
-	-	-	-	-	-
205,871	-	-	13,415	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,855,873</u>	<u>50,518</u>	<u>-</u>	<u>168,196</u>	<u>66,179</u>	<u>105</u>
<u>(3,198,924)</u>	<u>(50,238)</u>	<u>40,481</u>	<u>(1,210)</u>	<u>(27,420)</u>	<u>6,895</u>
4,460	-	-	-	-	-
-	-	-	-	-	-
3,002,360	27,000	-	-	-	-
<u>3,006,820</u>	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(192,104)	(23,238)	40,481	(1,210)	(27,420)	6,895
1,170,130	36,262	1,096,774	(1,902)	49,478	6,267
-	-	-	-	-	-
<u>1,170,130</u>	<u>36,262</u>	<u>1,096,774</u>	<u>(1,902)</u>	<u>49,478</u>	<u>6,267</u>
<u>\$ 978,026</u>	<u>\$ 13,024</u>	<u>\$ 1,137,255</u>	<u>\$ (3,112)</u>	<u>\$ 22,058</u>	<u>\$ 13,162</u>

STATE OF NEW MEXICO
CITY OF ROSWELL
Non-Major Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2009

	Special Revenue Funds		
	Federal Narcotic Seizure Fund	State Narcotic Seizure Fund	JAG Federal Grant
REVENUES			
Taxes	\$ -	\$ 71	\$ -
Intergovernmental	-	-	17,664
Charges for sales and services	-	-	-
Fines and forfeitures	119,863	2,875	-
Interest	108	50	156
Miscellaneous	-	-	-
Total revenues	<u>119,971</u>	<u>2,996</u>	<u>17,820</u>
EXPENDITURES			
Current:			
General government	34,317	19,042	5,624
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Capital outlay	76,417	995	16,350
Debt service-principal	-	-	-
Debt service-interest	-	-	-
Total expenditures	<u>110,734</u>	<u>20,037</u>	<u>21,974</u>
Excess (deficiency) of revenues over expenditures	<u>9,237</u>	<u>(17,041)</u>	<u>(4,154)</u>
Other financing sources (uses):			
Sale of fixed assets	-	1,414	-
Bond proceeds	-	-	-
Operating transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,414</u>	<u>-</u>
Net changes in fund balances	9,237	(15,627)	(4,154)
Fund balances - beginning of the year	9,781	27,204	78,496
Prior period restatement	-	-	-
Fund balances - beginning as restated	<u>9,781</u>	<u>27,204</u>	<u>78,496</u>
Fund balances - end of the year	<u>\$ 19,018</u>	<u>\$ 11,577</u>	<u>\$ 74,342</u>

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

Capital Project Fund	Debt Service Funds			Totals	
	2008 GO Bond Construction	GO Bond	2008 GO Bond	2003 Sales Tax Revenue Bond	June 30, 2009
\$ -	\$ 430,468	\$ 378,952	\$ -	\$ 2,364,137	
-	-	-	-	672,933	
-	-	-	-	478,957	
-	-	-	-	122,738	
25,757	1,947	983	957	110,318	
-	-	-	-	45,077	
<u>25,757</u>	<u>432,415</u>	<u>379,935</u>	<u>957</u>	<u>3,794,160</u>	
48,080	4,278	3,813	46	439,895	
-	-	-	-	181,008	
-	-	-	-	4,116,717	
-	-	-	-	1,524,180	
1,396,646	-	-	-	2,582,066	
-	325,000	-	94,000	419,000	
-	113,938	83,788	12,969	210,695	
<u>1,444,726</u>	<u>443,216</u>	<u>87,601</u>	<u>107,015</u>	<u>9,473,561</u>	
(1,418,969)	(10,801)	292,334	(106,058)	(5,679,401)	
-	-	-	-	11,066	
4,018,000	-	-	-	4,018,000	
-	-	-	100,000	4,017,555	
<u>4,018,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>8,046,621</u>	
2,599,031	(10,801)	292,334	(6,058)	2,367,220	
(217,213)	413,465	-	30,050	3,565,990	
-	-	-	-	44,381	
<u>(217,213)</u>	<u>413,465</u>	<u>-</u>	<u>30,050</u>	<u>3,610,371</u>	
\$ 2,381,818	\$ 402,664	\$ 292,334	\$ 23,992	\$ 5,977,591	

STATE OF NEW MEXICO
CITY OF ROSWELL
Library Grants Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,186	\$ 3,377	\$ 3,376	\$ (1)
Total revenues	<u>3,186</u>	<u>3,377</u>	<u>3,376</u>	<u>(1)</u>
EXPENDITURES				
Current:				
Culture and recreation	3,555	3,745	3,705	40
Capital outlay	-	-	-	-
Total expenditures	<u>3,555</u>	<u>3,745</u>	<u>3,705</u>	<u>40</u>
Excess (deficiency) of revenues over expenditures	<u>(369)</u>	<u>(368)</u>	<u>(329)</u>	<u>39</u>
Other financing sources (uses):				
Designated cash	369	368	-	(368)
Total other financing sources (uses)	<u>369</u>	<u>368</u>	<u>-</u>	<u>(368)</u>
Net change in fund balance	-	-	(329)	(329)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>369</u>	<u>369</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 40</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			95	
Net change in fund balance (GAAP basis)			<u>\$ (234)</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
South Park Cemetery Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ 155	\$ 154	\$ (1)
Intergovernmental	400,000	400,000	399,174	(826)
Charges for services	255,000	280,513	280,063	(450)
Interest	8,400	6,206	5,970	(236)
Miscellaneous	-	-	-	-
Total revenues	<u>663,400</u>	<u>686,874</u>	<u>685,361</u>	<u>(1,513)</u>
EXPENDITURES				
Current:				
Public works	529,717	539,326	461,530	77,796
Capital outlay	58,949	59,019	46,275	12,744
Total expenditures	<u>588,666</u>	<u>598,345</u>	<u>507,805</u>	<u>90,540</u>
Excess (deficiency) of revenues over expenditures	<u>74,734</u>	<u>88,529</u>	<u>177,556</u>	<u>89,027</u>
Other financing sources (uses):				
Designated cash	(343,619)	(371,348)	-	371,348
Operating transfers in (out)	267,885	279,579	279,579	-
Sale of fixed assets	1,000	3,240	3,085	(155)
Total other financing sources (uses)	<u>(74,734)</u>	<u>(88,529)</u>	<u>282,664</u>	<u>371,193</u>
Net change in fund balance	-	-	460,220	460,220
Fund balance - beginning of year	-	-	<u>10,599</u>	<u>10,599</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,819</u>	<u>\$ 470,819</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accrued expenses			(1,924)	
Accrued interest			(1,606)	
Receivables			(375,073)	
Accounts payable			<u>28,937</u>	
Net change in fund balance (GAAP basis)			<u>\$ 110,554</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 37,000	\$ 42,653	\$ 42,653	\$ -
Intergovernmental	346,385	440,748	116,747	(324,001)
Charges for services	161,615	196,883	188,342	(8,541)
Interest	5,500	745	744	(1)
Miscellaneous	500	138,867	38,031	(100,836)
Total revenues	<u>551,000</u>	<u>819,896</u>	<u>386,517</u>	<u>(433,379)</u>
EXPENDITURES				
Current:				
Culture and recreation	1,578,552	1,593,963	1,509,566	84,397
Capital outlay	863,464	536,889	529,667	7,222
Total expenditures	<u>2,442,016</u>	<u>2,130,852</u>	<u>2,039,233</u>	<u>91,619</u>
Excess (deficiency) of revenues over expenditures	<u>(1,891,016)</u>	<u>(1,310,956)</u>	<u>(1,652,716)</u>	<u>(341,760)</u>
Other financing sources (uses):				
Designated cash	50,906	44,608	-	(44,608)
Operating transfers in (out)	1,840,110	1,264,135	1,264,135	-
Sale of fixed assets	-	2,213	2,107	(106)
Total other financing sources (uses)	<u>1,891,016</u>	<u>1,310,956</u>	<u>1,266,242</u>	<u>(44,714)</u>
Net change in fund balance	-	-	(386,474)	(386,474)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>(54,684)</u>	<u>(54,684)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (441,158)</u>	<u>\$ (441,158)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accrued expenses			(5,799)	
Accrued interest			(376)	
Receivables			283,389	
Accounts payable			(328,182)	
Rounding			2	
Net change in fund balance (GAAP basis)			<u>\$ (437,440)</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Lodgers' Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 979,210	\$ 932,500	\$ 897,954	\$ (34,546)
Charges for Services	6,200	18,004	18,004	-
Interest	8,500	10,385	10,384	(1)
Miscellaneous	1,384	1,384	1,384	-
Total revenues	<u>995,294</u>	<u>962,273</u>	<u>927,726</u>	<u>(34,547)</u>
EXPENDITURES				
Current:				
General government	284,708	300,570	249,744	50,826
Capital outlay	47,129	47,129	6,653	40,476
Total expenditures	<u>331,837</u>	<u>347,699</u>	<u>256,397</u>	<u>91,302</u>
Excess (deficiency) of revenues over expenditures	<u>663,457</u>	<u>614,574</u>	<u>671,329</u>	<u>56,755</u>
Other financing sources (uses):				
Designated cash	(7,938)	40,945	-	(40,945)
Operating transfers in (out)	(655,519)	(655,519)	(655,519)	-
Total other financing sources (uses)	<u>(663,457)</u>	<u>(614,574)</u>	<u>(655,519)</u>	<u>(40,945)</u>
Net change in fund balance	-	-	15,810	15,810
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>504,157</u>	<u>504,157</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519,967</u>	<u>\$ 519,967</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accrued interest			(1,976)	
Receivables			(4,460)	
Accounts payable			17,600	
Net change in fund balance (GAAP basis)			<u>\$ 26,974</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Road Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 590,000	\$ 618,788	\$ 612,187	\$ (6,601)
Interest	18,000	33,799	33,799	-
Miscellaneous	3,229	5,127	5,027	(100)
Total revenues	611,229	657,714	651,013	(6,701)
EXPENDITURES				
Current:				
Public works	5,264,840	5,164,998	3,461,802	1,703,196
Capital outlay	236,662	257,020	200,152	56,868
Total expenditures	5,501,502	5,422,018	3,661,954	1,760,064
Excess (deficiency) of revenues over expenditures	(4,890,273)	(4,764,304)	(3,010,941)	1,753,363
Other financing sources (uses):				
Designated cash	1,896,873	1,757,260	-	(1,757,260)
Operating transfers in (out)	2,992,400	3,002,360	3,002,360	-
Sale of fixed assets	1,000	4,684	4,460	(224)
Total other financing sources (uses)	4,890,273	4,764,304	3,006,820	(1,757,484)
Net change in fund balance	-	-	(4,121)	(4,121)
Fund balance - beginning of year	-	-	1,893,433	1,893,433
Fund balance - end of year	\$ -	\$ -	\$ 1,889,312	\$ 1,889,312

RECONCILIATION TO GAAP

Adjustments:

Accrued expenses	(4,798)
Accrued interest	(7,340)
Receivables	13,276
Accounts payable	(189,119)
Rounding	(2)
Net change in fund balance (GAAP basis)	\$ (192,104)

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Unemployment Compensation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 400	\$ 420	\$ 420	\$ -
Miscellaneous	-	-	-	-
Total revenues	<u>400</u>	<u>420</u>	<u>420</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	32,000	63,522	50,518	13,004
Total expenditures	<u>32,000</u>	<u>63,522</u>	<u>50,518</u>	<u>13,004</u>
Excess (deficiency) of revenues over expenditures	<u>(31,600)</u>	<u>(63,102)</u>	<u>(50,098)</u>	<u>13,004</u>
Other financing sources (uses):				
Designated cash	25,600	36,102	-	(36,102)
Operating transfers in (out)	6,000	27,000	27,000	-
Total other financing sources (uses)	<u>31,600</u>	<u>63,102</u>	<u>27,000</u>	<u>(36,102)</u>
Net change in fund balance	-	-	(23,098)	(23,098)
Fund balance - beginning of year	-	-	36,121	36,121
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,023</u>	<u>\$ 13,023</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accrued interest			(140)	
Net change in fund balance (GAAP basis)			<u>\$ (23,238)</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Community Development Revolving Loan Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 53,000	\$ 46,036	\$ 40,489	\$ (5,547)
Total revenues	<u>53,000</u>	<u>46,036</u>	<u>40,489</u>	<u>(5,547)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Debt Service	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>53,000</u>	<u>46,036</u>	<u>40,489</u>	<u>(5,547)</u>
Other financing sources (uses):				
Designated cash	(156,500)	114,555	-	(114,555)
Loan payments	-	(250,000)	(250,000)	-
Loan proceeds	103,500	89,409	89,407	(2)
Total other financing sources (uses)	<u>(53,000)</u>	<u>(46,036)</u>	<u>(160,593)</u>	<u>(114,557)</u>
Net change in fund balance	-	-	(120,104)	(120,104)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>463,896</u>	<u>463,896</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,792</u>	<u>\$ 343,792</u>
RECONCILIATION TO GAAP				
Adjustments:				
Notes receivable			<u>160,585</u>	
Net change in fund balance (GAAP basis)			<u>\$ 40,481</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Police Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 154,433	\$ 212,380	\$ 116,720	\$ (95,660)
Miscellaneous	-	-	-	-
Total revenues	<u>154,433</u>	<u>212,380</u>	<u>116,720</u>	<u>(95,660)</u>
EXPENDITURES				
Current:				
General government	16,018	56,018	40,108	15,910
Public safety	111,524	116,056	113,463	2,593
Capital outlay	-	13,415	13,415	-
Total expenditures	<u>127,542</u>	<u>185,489</u>	<u>166,986</u>	<u>18,503</u>
Excess (deficiency) of revenues over expenditures	<u>26,891</u>	<u>26,891</u>	<u>(50,266)</u>	<u>(77,157)</u>
Other financing sources (uses):				
Designated cash	<u>(26,891)</u>	<u>(26,891)</u>	-	26,891
Total other financing sources (uses)	<u>(26,891)</u>	<u>(26,891)</u>	-	<u>26,891</u>
Net change in fund balance	-	-	(50,266)	(50,266)
Fund balance - beginning of year	-	-	<u>(26,893)</u>	<u>(26,893)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (77,159)</u>	<u>\$ (77,159)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accrued expenses			(197)	
Receivables			50,266	
Accounts payable			<u>(1,013)</u>	
Net change in fund balance (GAAP basis)			<u>\$ (1,210)</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Emergency Medical Service Grants Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 58,759	\$ 38,759	\$ 38,759	\$ -
Total revenues	<u>58,759</u>	<u>38,759</u>	<u>38,759</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	109,713	89,713	57,804	31,909
Capital outlay	-	-	-	-
Total expenditures	<u>109,713</u>	<u>89,713</u>	<u>57,804</u>	<u>31,909</u>
Excess (deficiency) of revenues over expenditures	<u>(50,954)</u>	<u>(50,954)</u>	<u>(19,045)</u>	<u>31,909</u>
Other financing sources (uses):				
Designated cash	50,954	50,954	-	(50,954)
Total other financing sources (uses)	<u>50,954</u>	<u>50,954</u>	<u>-</u>	<u>(50,954)</u>
Net change in fund balance	-	-	(19,045)	(19,045)
Fund balance - beginning of year	-	-	50,955	50,955
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,910</u>	<u>\$ 31,910</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			(8,375)	
Net change in fund balance (GAAP basis)			<u>\$ (27,420)</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Hazmat Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	13,267	13,267	105	13,162
Capital outlay	-	-	-	-
Total expenditures	<u>13,267</u>	<u>13,267</u>	<u>105</u>	<u>13,162</u>
Excess (deficiency) of revenues over expenditures	<u>(6,267)</u>	<u>(6,267)</u>	<u>6,895</u>	<u>13,162</u>
Other financing sources (uses):				
Designated cash	6,267	6,267	-	(6,267)
Total other financing sources (uses)	<u>6,267</u>	<u>6,267</u>	<u>-</u>	<u>(6,267)</u>
Net change in fund balance	-	-	6,895	6,895
Fund balance - beginning of year	-	-	6,266	6,266
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,161</u>	<u>\$ 13,161</u>

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Federal Narcotic Seizure Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 10,000	\$ 119,863	\$ 119,863	\$ -
Interest	-	108	108	-
Total revenues	<u>10,000</u>	<u>119,971</u>	<u>119,971</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	24,141	36,783	36,783	-
Capital outlay	-	76,418	75,884	534
Total expenditures	<u>24,141</u>	<u>113,201</u>	<u>112,667</u>	<u>534</u>
Excess (deficiency) of revenues over expenditures	<u>(14,141)</u>	<u>6,770</u>	<u>7,304</u>	<u>534</u>
Other financing sources (uses):				
Designated cash	14,141	(6,770)	-	6,770
Total other financing sources (uses)	<u>14,141</u>	<u>(6,770)</u>	<u>-</u>	<u>6,770</u>
Net change in fund balance	-	-	7,304	7,304
Fund balance - beginning of year	-	-	14,140	14,140
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,444</u>	<u>\$ 21,444</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			1,933	
Net change in fund balance (GAAP basis)			<u>\$ 9,237</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
State Narcotic Seizure Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ 71	\$ 71	\$ -
Fines and forfeitures	10,000	2,876	2,875	(1)
Interest	-	50	50	-
Total revenues	<u>10,000</u>	<u>2,997</u>	<u>2,996</u>	<u>(1)</u>
EXPENDITURES				
Current:				
General Government	37,444	27,482	12,686	14,796
Capital outlay	-	996	995	1
Total expenditures	<u>37,444</u>	<u>28,478</u>	<u>13,681</u>	<u>14,797</u>
Excess (deficiency) of revenues over expenditures	<u>(27,444)</u>	<u>(25,481)</u>	<u>(10,685)</u>	<u>14,796</u>
Other financing sources (uses):				
Designated cash	27,444	23,996	-	(23,996)
Sale of fixed assets	-	1,485	1,414	(71)
Total other financing sources (uses)	<u>27,444</u>	<u>25,481</u>	<u>1,414</u>	<u>(24,067)</u>
Net change in fund balance	-	-	(9,271)	(9,271)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>27,444</u>	<u>27,444</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,173</u>	<u>\$ 18,173</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			<u>(6,356)</u>	
Net change in fund balance (GAAP basis)			<u>\$ (15,627)</u>	

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
JAG Federal Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 59,000	\$ 59,000	\$ 17,664	\$ (41,336)
Interest	125	156	156	-
Total revenues	<u>59,125</u>	<u>59,156</u>	<u>17,820</u>	<u>(41,336)</u>
EXPENDITURES				
Current:				
General Government	137,621	121,245	5,624	115,621
Capital outlay	-	16,351	16,350	1
Total expenditures	<u>137,621</u>	<u>137,596</u>	<u>21,974</u>	<u>115,622</u>
Excess (deficiency) of revenues over expenditures	<u>(78,496)</u>	<u>(78,440)</u>	<u>(4,154)</u>	<u>74,286</u>
Other financing sources (uses):				
Designated cash	78,496	78,440	-	(78,440)
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>78,496</u>	<u>78,440</u>	<u>-</u>	<u>(78,440)</u>
Net change in fund balance	-	-	(4,154)	(4,154)
Fund balance - beginning of year	-	-	78,497	78,497
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,343</u>	<u>\$ 74,343</u>

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
2008 GO Bonds Construction Capital Project Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 70,000	\$ 70,000	\$ 25,757	\$ (44,243)
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>25,757</u>	<u>(44,243)</u>
EXPENDITURES				
Current:				
General government	45,360	50,832	48,080	2,752
Capital outlay	<u>3,825,427</u>	<u>3,819,955</u>	<u>52,716</u>	<u>3,767,239</u>
Total expenditures	<u>3,870,787</u>	<u>3,870,787</u>	<u>100,796</u>	<u>3,769,991</u>
Excess (deficiency) of revenues over expenditures	<u>(3,800,787)</u>	<u>(3,800,787)</u>	<u>(75,039)</u>	<u>3,725,748</u>
Other financing sources (uses):				
Designated cash	82,787	82,787	-	(82,787)
Operating transfers in (out)	(300,000)	(300,000)	(300,000)	-
Bond proceeds	<u>4,018,000</u>	<u>4,018,000</u>	<u>4,018,000</u>	<u>-</u>
Total other financing sources (uses)	<u>3,800,787</u>	<u>3,800,787</u>	<u>3,718,000</u>	<u>(82,787)</u>
Net change in fund balance	-	-	3,642,961	3,642,961
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>(217,213)</u>	<u>(217,213)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,425,748</u>	<u>\$ 3,425,748</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			(1,343,930)	
Transfers			<u>300,000</u>	
Net change in fund balance (GAAP basis)			<u>\$ 2,599,031</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
GO Bonds Debt Service Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 335,043	\$ 428,296	\$ 420,783	\$ (7,513)
Interest	2,800	1,948	1,947	(1)
Total revenues	<u>337,843</u>	<u>430,244</u>	<u>422,730</u>	<u>(7,514)</u>
EXPENDITURES				
Current:				
General Government	3,600	4,279	4,278	1
Debt service	438,938	438,938	438,938	-
Total expenditures	<u>442,538</u>	<u>443,217</u>	<u>443,216</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(104,695)</u>	<u>(12,973)</u>	<u>(20,486)</u>	<u>(7,513)</u>
Other financing sources (uses):				
Designated cash	104,695	12,973	-	(12,973)
Total other financing sources (uses)	<u>104,695</u>	<u>12,973</u>	<u>-</u>	<u>(12,973)</u>
Net change in fund balance	-	-	(20,486)	(20,486)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>408,513</u>	<u>408,513</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,027</u>	<u>\$ 388,027</u>
RECONCILIATION TO GAAP				
Adjustments:				
Receivables			45,760	
Deferred revenue			(36,075)	
Net change in fund balance (GAAP basis)			<u>\$ (10,801)</u>	

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
2008 GO Bonds Debt Service Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 90,000	\$ 383,249	\$ 378,952	\$ (4,297)
Interest	-	983	983	-
Total revenues	<u>90,000</u>	<u>384,232</u>	<u>379,935</u>	<u>(4,297)</u>
EXPENDITURES				
Current:				
General Government	-	3,814	3,813	1
Debt service	83,788	83,788	83,788	-
Total expenditures	<u>83,788</u>	<u>87,602</u>	<u>87,601</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>6,212</u>	<u>296,630</u>	<u>292,334</u>	<u>(4,296)</u>
Other financing sources (uses):				
Designated cash	(6,212)	(296,630)	-	296,630
Total other financing sources (uses)	<u>(6,212)</u>	<u>(296,630)</u>	<u>-</u>	<u>296,630</u>
Net change in fund balance	-	-	292,334	292,334
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,334</u>	<u>\$ 292,334</u>

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
2003 Sales Tax Revenue Bonds Debt Service Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 1,000	\$ 958	\$ 957	\$ (1)
Total revenues	<u>1,000</u>	<u>958</u>	<u>957</u>	<u>(1)</u>
EXPENDITURES				
Current:				
General Government	50	50	46	4
Debt service	106,969	106,969	106,969	-
Total expenditures	<u>107,019</u>	<u>107,019</u>	<u>107,015</u>	<u>4</u>
Excess (deficiency) of revenues over expenditures	<u>(106,019)</u>	<u>(106,061)</u>	<u>(106,058)</u>	<u>3</u>
Other financing sources (uses):				
Designated cash	6,019	6,061	-	(6,061)
Operating transfers in (out)	100,000	100,000	100,000	-
Total other financing sources (uses)	<u>106,019</u>	<u>106,061</u>	<u>100,000</u>	<u>(6,061)</u>
Net change in fund balance	-	-	(6,058)	(6,058)
Fund balance - beginning of year	-	-	30,049	30,049
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,991</u>	<u>\$ 23,991</u>

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Airport Enterprise Fund
Statement of Revenues, Expenditures and Changes in
Net Assets - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Taxes	\$ 13,000	\$ 16,484	\$ 16,483	\$ (1)
Intergovernmental	1,317,779	2,110,895	1,581,913	(528,982)
Charges for services	928,000	1,171,199	1,160,678	(10,521)
Rental income	1,136,000	1,316,764	1,316,764	-
Miscellaneous	21,250	34,154	29,492	(4,662)
Total operating revenues	<u>3,416,029</u>	<u>4,649,496</u>	<u>4,105,330</u>	<u>(544,166)</u>
OPERATING EXPENDITURES				
Personnel services	789,713	634,142	527,731	106,411
Operating expenses	844,827	907,223	658,610	248,613
Depreciation	-	-	-	-
Capital outlay	2,172,525	2,786,440	1,755,628	1,030,812
Total operating expenditures	<u>3,807,065</u>	<u>4,327,805</u>	<u>2,941,969</u>	<u>1,385,836</u>
Operating income (loss)	<u>(391,036)</u>	<u>321,691</u>	<u>1,163,361</u>	<u>841,670</u>
Nonoperating revenues (expenses):				
Debt Service	(346,833)	(358,411)	(347,926)	10,485
Interest income	135,465	151,991	137,384	(14,607)
Loan proceeds	102,285	127,303	127,301	(2)
Gain (loss) on sale of fixed assets	1,000	21,032	20,030	(1,002)
Total nonoperating revenues (expenses)	<u>(108,083)</u>	<u>(58,085)</u>	<u>(63,211)</u>	<u>(5,126)</u>
Income before transfers	<u>(499,119)</u>	<u>263,606</u>	<u>1,100,150</u>	<u>836,544</u>
Designated cash	803,617	43,564	-	(43,564)
Transfer in (out)	<u>(304,498)</u>	<u>(307,170)</u>	<u>(307,170)</u>	<u>-</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>792,980</u>	<u>792,980</u>
Total net assets - beginning of year	<u>-</u>	<u>-</u>	<u>3,575,996</u>	<u>3,575,996</u>
Total net assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,368,976</u>	<u>\$ 4,368,976</u>

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Solid Waste Enterprise Fund
Statement of Revenues, Expenditures and Changes in
Net Assets - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Taxes	\$ 190,000	\$ 190,000	\$ 183,253	\$ (6,747)
Charges for services	3,790,000	3,856,734	3,784,740	(71,994)
Miscellaneous	80,000	40,000	15,258	(24,742)
Total operating revenues	<u>4,060,000</u>	<u>4,086,734</u>	<u>3,983,251</u>	<u>(103,483)</u>
OPERATING EXPENDITURES				
Personnel services	1,511,130	1,369,231	1,289,459	79,772
Operating expenses	2,715,373	2,806,003	1,979,871	826,132
Depreciation	-	-	-	-
Capital outlay	958,739	4,080,490	754,161	3,326,329
Total operating expenditures	<u>5,185,242</u>	<u>8,255,724</u>	<u>4,023,491</u>	<u>4,232,233</u>
Operating income (loss)	<u>(1,125,242)</u>	<u>(4,168,990)</u>	<u>(40,240)</u>	<u>4,128,750</u>
Nonoperating revenues (expenses):				
Interest income	66,000	60,080	56,733	(3,347)
Debt service	-	(172,970)	(172,970)	-
Gain (loss) on sale of fixed assets	1,000	1,000	-	(1,000)
Bond proceeds	-	3,193,477	3,190,000	(3,477)
Total nonoperating revenues (expenses)	<u>67,000</u>	<u>3,081,587</u>	<u>3,073,763</u>	<u>(7,824)</u>
Income before transfers	<u>(1,058,242)</u>	<u>(1,087,403)</u>	<u>3,033,523</u>	<u>4,120,926</u>
Designated cash	692,868	770,590	-	(770,590)
Transfer in (out)	<u>365,374</u>	<u>316,813</u>	<u>316,813</u>	<u>-</u>
Change in net assets	-	-	3,350,336	3,350,336
Total net assets - beginning of year	<u>-</u>	<u>-</u>	<u>2,707,255</u>	<u>2,707,255</u>
Total net assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,057,591</u>	<u>\$ 6,057,591</u>

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Water and Sewer Enterprise Fund
Statement of Revenues, Expenditures and Changes in
Net Assets - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Taxes	\$ 336,000	\$ 354,056	\$ 354,055	\$ (1)
Charges for services	7,784,100	8,038,363	8,013,288	(25,075)
Rental income	146,820	148,848	148,847	(1)
Miscellaneous	22,058	51,802	51,802	-
Total operating revenues	<u>8,288,978</u>	<u>8,593,069</u>	<u>8,567,992</u>	<u>(25,077)</u>
OPERATING EXPENDITURES				
Personnel services	3,902,620	3,426,222	3,069,537	356,685
Operating expenses	4,306,899	4,647,577	3,941,586	705,991
Capital outlay	4,565,168	4,046,706	2,357,306	1,689,400
Total operating expenditures	<u>12,774,687</u>	<u>12,120,505</u>	<u>9,368,429</u>	<u>2,752,076</u>
Operating income (loss)	<u>(4,485,709)</u>	<u>(3,527,436)</u>	<u>(800,437)</u>	<u>2,726,999</u>
Nonoperating revenues (expenses):				
Interest income	292,345	200,734	188,517	(12,217)
Loan proceeds	82,497	55,031	30,771	(24,260)
Interest on debt	(512,463)	(512,463)	(512,463)	-
Principal payment on debt	(520,000)	(520,000)	(520,000)	-
Gain (loss) on sale of fixed assets	1,000	21,635	20,604	(1,031)
Total nonoperating revenues (expenses)	<u>(656,621)</u>	<u>(755,063)</u>	<u>(792,571)</u>	<u>(37,508)</u>
Income before transfers	(5,142,330)	(4,282,499)	(1,593,008)	2,689,491
Designated cash	5,621,692	4,765,829	-	(4,765,829)
Transfer in (out)	<u>(479,362)</u>	<u>(483,330)</u>	<u>(483,330)</u>	<u>-</u>
Change in net assets	-	-	(2,076,338)	(2,076,338)
Total net assets - beginning of year	<u>-</u>	<u>-</u>	<u>29,742,611</u>	<u>29,742,611</u>
Total net assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,666,273</u>	<u>\$ 27,666,273</u>

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

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SUPPORTING SCHEDULES

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**STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Collateral Pledged by Depository
For Public Funds
June 30, 2009**

Depository	Cusip #	Description of Pledged Collateral	Fair Market Value June 30, 2009	Name and Location of Safekeeper
Bank of the Southwest	7432001027	FHLB Letter of CR Due 7/10/2009	\$ 450,000	FHLB Dallas, TX
	8339000419	FHLB Letter of CR Due 8/26/2009	500,000	FHLB Dallas, TX
			<u>950,000</u>	
First Federal Savings	31410AAD8	FNMA 883004 Due 7/1/2036	433,258	FHLB Dallas, TX
	31410AAD8	FNMA 883004 Due 7/1/2036	233,293	FHLB Dallas, TX
	31410AAD8	FNMA 883004 Due 7/1/2036	166,638	FHLB Dallas, TX
	31410AAD8	FNMA 883004 Due 7/1/2036	333,275	FHLB Dallas, TX
	31410AAD8	FNMA 883004 Due 7/1/2036	333,275	FHLB Dallas, TX
	31410AAD8	FNMA 883004 Due 7/1/2036	666,551	FHLB Dallas, TX
			<u>2,166,290</u>	
Pioneer Savings Bank	31403VWN5	FNMA 759453 1 YR CMT Due 1/1/2034	1,340,798	FHLB Dallas, TX
	31349SF32	FHLMC 781086 1 YR TR Due 12/1/2033	1,096,735	FHLB Dallas, TX
	31349UDH8	FHLMC 782847 1 YR CMT Due 11/1/2034	1,453,407	FHLB Dallas, TX
	31408ALJ7	FNMA 845529 1 YR LIBOR Due 12/1/2035	3,791,049	FHLB Dallas, TX
			<u>7,681,989</u>	
Wells Fargo	3128MTA73	FGIOH0H00930 Due 6/1/2037	621,395	Wells Fargo San Francisco, CA
			<u>621,395</u>	
			<u>\$ 11,419,674</u>	

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

STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Deposit and Investment Accounts
For Public Funds
June 30, 2009

Account	Account Type	Bank of America	First Federal Bank	Pioneer Bank
Series 1999 GO Bonds Construction Account - Closed 6/11/09	Business Interest			
	Checking	\$ -	\$ -	\$ -
GO Bond Debt Service Series 1999	Money Market	-	-	293,527
	Business Free			
GO Bond Proceeds Series 2008	Checking	-	-	210,336
GO Bond Debt Service Series 2008	Money Market	-	-	386,837
	Business Checking			
GRT Improve Rev Bond Series 2008		-	-	147,875
GRT Bond Debt Service Series 2008	Money Market	-	-	3,498
Municipal Court Trust Account	Commercial			
	Checking	-	-	54,788
Industrial Revenue Bond Series 1993	Money Market	-	-	23,992
WWTP Revenue Bond Debt Service Series 2005	NOW Checking	-	-	144,142
	Commerical			
Payroll Account	Checking	-	-	24,004
	Municipal			
Operating Fund	Checking	-	-	5,011,296
	Municipal			
Airport PFC	Checking	-	-	58,051
Local Law Enforcement Block Grant	NOW Checking	-	-	74,342
	Commercial			
Federal Narcotic Seizure Fund	Checking	-	-	21,445
State Forfeiture Account	NOW Checking	-	-	20,967
City of Roswell	CD	-	450,000	500,000
City of Roswell	CD	-	45,000	500,000
City of Roswell	CD	-	160,000	30,000
City of Roswell	CD	-	1,500,000	500,000
City of Roswell	CD	-	1,525,000	600,000
City of Roswell	CD	-	250,000	500,000
City of Roswell	CD	-	100,000	600,000
City of Roswell	CD	-	7,887	135,000
City of Roswell	CD	-	-	50,000
City of Roswell	CD	-	-	250,000
City of Roswell	CD	-	-	1,600,000
City of Roswell	CD	-	-	400,000
City of Roswell	CD	-	-	600,000
City of Roswell	CD	-	-	250,000
City of Roswell	CD	-	-	500,000
City of Roswell	CD	-	-	500,000
City of Roswell	CD	-	-	405,000
City of Roswell	CD	-	-	300,000
City of Roswell	CD	-	-	500,000
City of Roswell	CD	-	-	500,000
City of Roswell	CD	-	-	1,036,181
Cash - State Treasurer Debt Service	In Trust	-	-	-
Debt Service - Processing Fee	In Trust	-	-	-
Debt Service - Reserve Funds Payable	In Trust	-	-	-
New MexiGROW LGIP Pooled	Investment	-	-	-
Reserved Contingencies Fund	Investment	-	-	-
Account (Bank) balance - June 30, 2009		-	4,037,887	16,731,281
Reconciling Items		-	-	(1,008,607)
Reconciled balance - June 30, 2009		\$ -	\$ 4,037,887	\$ 15,722,674

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Cash and Temporary Investments by Depository
For Public Funds
June 30, 2009**

Total Reconciled balance - June 30, 2009	\$ 46,794,073
Petty Cash	<u>4,010</u>
Primary Government Combined Balance Sheet Total - June 30, 2009	<u><u>\$ 46,798,083</u></u>
Cash and cash equivalents	\$ 45,350,854
Restricted cash and temporary investments	<u>1,447,229</u>
	<u><u>\$ 46,798,083</u></u>

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

COMPLIANCE SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Honorable Mayor and City Councilors
City of Roswell
Roswell, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the General Fund of the City of Roswell (the "City") as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 1, 2010. We have also audited the financial statements of each of the City's nonmajor governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2006-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

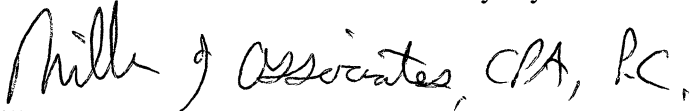
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2009-2, 2009-1, and 2006-2.

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

This report is intended solely for the information and use of the audit committee, management, City Council, others within the organization, the Office of the State Auditor, the New Mexico State Legislature, the New Mexico Department of Finance and Administration, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Miller & Associates, CPA, PC
March 1, 2010

FEDERAL FINANCIAL ASSISTANCE

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Honorable Mayor and City Councilors
City of Roswell
Roswell, New Mexico

Compliance

We have audited the compliance of the City of Roswell (the "City"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Roswell complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-3 and 2009-4.

Internal Control Over Compliance

The management of the City of Roswell is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In

planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

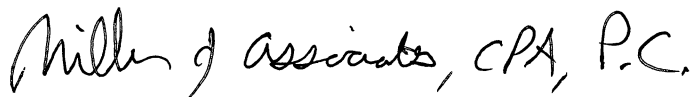
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the audit committee, management, City Council, others within the entity, the Office of the State Auditor, the New Mexico State Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Miller & Associates, CPA, PC
March 1, 2010

**STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009**

Federal Grantor/Pass - Through Grantor/Program Title	Pass Through Entity #	Federal CFDA Number	Program or Award Amount	Federal Expenditures
U.S. Department of Transportation				
Passed through NM Highway and Transportation:				
Formula Grants for Other than Urbanized Areas	M00802	20.509	\$ 660,280	\$ 537,206
Job Access-Reverse Commute	M00773	20.516	13,950	13,950
			<u>674,230</u>	<u>551,156</u>
Direct Programs:				
Airport Improvement Program (1)	N/A	20.106	1,457,660	1,300,306
Job Access-Reverse Commute	N/A	20.516	13,950	13,950
Total U.S. Department of Transportation			<u>2,145,840</u>	<u>1,865,412</u>
U.S. Department of Justice				
Passed through OJP:				
Edward Bryne Memorial Justice Assistance Grant	2008-DJ-BX0569	16.738	17,664	21,974
Passed through DFA:				
Law Enforcement Assistance-Narcotics and Dangerous Drugs Training	08-JAG-PPA-02 REG-VI	16.004	24,592	40,108
Law Enforcement Assistance-Narcotics and Dangerous Drugs-Laboratory Analysis	18PSNP564Z	16.001	127,318	126,879
Total U.S. Department of Justice			<u>169,574</u>	<u>188,961</u>
U.S. Department of Homeland Security				
Passed through NM Department of Homeland Security and Emergency Management:				
Homeland Security Grant Program (1)	2007-GE-T7- 0023-Chaves	97.067	910,425	361,244
Emergency Management Performance Grant	2008-EM-PG-Chaves	97.042	57,762	92,932
Hazardous Materials Assistance Program	2009-DOT-Chaves	97.021	7,200	5,867
Disaster Housing Assistance to Individuals and Households in Presidential Declared Disaster Areas	AG Exercise Training Letter of Agreement	97.048	500	369
Total U.S. Department of Homeland Security			<u>975,887</u>	<u>460,412</u>
Total Federal Financial Assistance			<u>\$ 3,291,301</u>	<u>\$ 2,514,785</u>

(1) Major Program

Note: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Roswell and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in, or used in the preparation of the governmental fund financial statements may not be consistent with amounts used in the Schedule of Expenditures of Federal Awards.

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**STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Findings and Questioned Costs
June 30, 2009**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Roswell, New Mexico.
2. There were two significant deficiencies disclosed during the audit of the financial statements in the 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*.
3. There were three instances of non-compliance disclosed during the audit of the financial statements in the 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*.
4. Two significant deficiencies were identified during the audit of internal control over major federal award programs.
5. The auditor's report on compliance for major federal award programs for the City of Roswell expresses an unqualified opinion on all federal programs.
6. The programs tested as major were the Airport Improvement Program, CFDA 20.106, and the Homeland Security Grant Program, CFDA 97.067.
7. The threshold for distinguishing Types A and B programs was \$300,000.
8. City of Roswell was determined to be a low-risk auditee.
9. There were two audit findings that were required to be reported in accordance with OMB Circular A-133, Section 510(a).

**STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Findings and Questioned Costs
June 30, 2009**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2009-1: SOLID WASTE LANDFILLS FINANCIAL ASSURANCE RECORDKEEPING REQUIRMENTS

Condition:

The letter certifying that the City met the financial, public notice, and record keeping and reporting requirements of the financial test was prepared more than 180 days after the close of the June 30, 2009 fiscal year.

Criteria:

CFR Title 40, Volume 24, Part 258, Section 258.74(f)(3)(iii) requires local government owners of solid waste landfills to update their operating records of the landfill within 180 days after the close of the fiscal year with the following:

1. A letter signed by the local government's chief financial officer that lists all the current cost estimates covered by a financial test and provides evidence and certifies that the local government meets the financial, public notice, and record keeping and reporting requirements of the financial test for those landfill costs it seeks to assure.
2. Its independently audited year-end financial statements for the latest fiscal year (except for local governments for which audits are required every two years where unaudited financial statements may be used in years when audits are not required), including the auditor's report.
3. A report to the local government from the local government's independent auditor based on performing an agreed upon procedures engagement as required at Section 254.74(3)(i)(C).
4. A copy of the comprehensive annual financial report used to comply with the public notice requirements at Section 254.74(2) or a certification that the requirements of GASB Statement No. 18 have been met.

Cause:

The City does not have the proper controls in place to ensure that the solid waste landfill operating records are updated within 180 days after the close of the fiscal year.

Effect:

The City's failure to update their operating records of the landfill within 180 days after the close of the fiscal year resulted in noncompliance with the EPA financial assurance recordkeeping requirements.

Recommendation:

We recommend that the City implement controls to ensure that the solid waste landfill operating records are updated within 180 days after the close of the fiscal year including the letter certifying that the City met the financial, public notice, and record keeping and reporting requirements of the financial test.

Response:

The City has controls in place to ensure compliance with the letter certifying that the City has met the financial, public notice, and record keeping and reporting requirements of the financial test, however, the City does not have complete control over the release date of our annual audited financial statements. This is usually after the deadline for this requirement. The City has sent the updated financial assurance letter each year along with the required audited financial statements to the landfill engineer and the New Mexico Environment Department, Permit Section Manager of the Solid Waste Bureau as soon as the State Auditor authorized the release of the audit. Upon notification of the audit not being available by the December 31st deadline, the engineer and the NM Environment Department have always honored the late receipt of the letter and audit with no penalties being

**STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Findings and Questioned Costs
June 30, 2009**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2009-1: SOLID WASTE LANDFILLS FINANCIAL ASSURANCE RECORDKEEPING REQUIREMENTS
(Continued)

Response (continued):

assessed. We are verifying with the NM Environment Department that we can use and submit the latest completed audited financial statements with the letter as the auditors have suggested, which would mean, for this year we would use and submit the same audit and same amounts in the letter as last year. Then in subsequent years continue using and submitting the prior fiscal years audited financial statements for the financial assurance letter allowing us to submit it within the required 180 days after the close of the current fiscal year so as to avoid this audit finding again in the future.

2009-2: LATE AUDIT REPORT

Condition:

The City's June 30, 2009 audit report was not submitted to the state auditor by December 1, 2009.

Criteria:

New Mexico State Auditor Rule 2.2.2 NMAC Section 2.2.2.9 (A)(1)(d) requires that the audit report be filed by December 1.

Cause:

The City was in negotiations with engineers and was not able to obtain the information related to the landfill liability. In addition, it was determined that another single audit program needed to be tested.

Effect:

The audit report has not been issued in compliance with 2.2.2.9 NMAC. The users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc. do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on state and federal funding.

Recommendation:

We recommend that the City implement procedures to ensure that an engineer has been secured to make the determination for the landfill liability at year-end. In addition, we recommend that the City implement procedures to ensure that a complete and accurate schedule of federal expenditures is provided to the auditors.

Response:

The City concurs with the need for the timely submission of the annual audited financial statements, and makes every effort to ensure the meeting of the deadline imposed by the State Auditor's office. The City is implementing procedures to try and ensure that an engineer has been secured to make the determination for the landfill liability at year-end. The City has procedures in place to ensure that a complete and accurate schedule of federal expenditures is provided to the auditors. These amounts were provided but the auditors misinterpreted the information and did not discover until sometime later that another single audit program needed to be tested. The City, since it does not submit the report, cannot fully control the timing of the submission. The audit firm indicated the report would be filed by the end of the calendar year, which did not occur. The City will continue to maintain its records and endeavor to provide to the auditors upon request all required information necessary to ensure the timely submission of the audit report.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Findings and Questioned Costs
June 30, 2009**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2006-2: LATE BUDGET REPORTS

Condition:

The City of Roswell did not timely submit its proposed budget for the fiscal year.

Criteria:

Section 6-6-2A NMSA 1978 requires the City to file its proposed budget on or before June 1st of each year.

Cause:

The City is not preparing its budget in time to have it ready for submission prior to the statutory deadline.

Effect:

The City is not complying with legal requirements for reporting, which could result in decreased funding.

Recommendation:

The City of Roswell should devote the resources necessary to prepare the budgets and have them approved in time for submission to the State in a timely manner.

Response:

The City of Roswell concurs with the need for and acknowledges the requirement for the timely submission of all its required reports and information to all appropriate agencies. However, in some cases, due to the timing of the preparation of the budget and the closing for the previous fiscal year, as well as the desire to hold public workshops and meetings as regularly scheduled, the City has made the decision to submit some budget reports after consideration and action at its scheduled City Council meetings (which has resulted in short delay in the submission of some reports). This, the City believes, has resulted in more accurate and better budget submissions, and the City has informed the affected agency of its planned submission date. While the schedule for budget submission is very aggressive, the City will continue to submit its budget(s) and report(s) as timely as possible. The City has attempted to meet all mandated deadlines, but continues to submit the reports as soon as possible around its own schedules of meetings, hearings, etc. as outlined above.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Findings and Questioned Costs
June 30, 2009**

C. FINDINGS – FEDERAL PROGRAMS

2009-3: SUSPENSION AND DEBARMENT – COMPLIANCE REQUIREMENT

Condition:

During our audit of the Homeland Security Grant Program, CFDA No. 97.067, in accordance with OMB A-133, we found a contract with Abbey Group in the amount of \$157,620 and noted that the City did not verify that Abbey Group was not suspended or debarred.

Questioned Costs:

None

Criteria:

According to the OMB A-133 Compliance Supplement, when a non-federal agency enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System* (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. A “covered transaction” includes those procurement contracts for goods and services awarded under a nonprocurement transaction that is expected to equal or exceed \$25,000 or meet certain other specified criteria.

Cause:

Management was not aware of the requirement regarding suspension and debarment. Therefore, the controls were not in place to verify that entities are not suspended or debarred when entering into a covered transaction under a previous fiscal officer.

Effect:

The effect of not verifying that Abbey Group was not suspended or debarred resulted in the City’s non-compliance with federal guidelines.

Recommendation:

We recommend that the City use the *Excluded Parties List System* to verify that an entity is not suspended or debarred before entering into a covered transaction, and keep documentation showing that the verification was performed.

Response:

The City concurs with the requirement. We did not realize the threshold had dropped from \$100,000 to \$25,000. The appropriate City departments that have federal program funding have been instructed on how to access the *Excluded Parties List System* to verify that the entity they are entering into a covered transaction with has not been suspended or debarred. They will place the appropriate documentation showing this verification was performed with each of their requisition requests and have a copy in their files. Staff is working on verifying any transactions over the threshold amount that occurred in the new fiscal year prior to the issuance of this finding.

**STATE OF NEW MEXICO
CITY OF ROSWELL
Schedule of Findings and Questioned Costs
June 30, 2009**

C. FINDINGS – FEDERAL PROGRAMS (Continued)

2009-4: REPORTING – FAILURE TO SUBMIT REPORTS

Condition:

During our audit of the Homeland Security Grant Program, CFDA No. 97.067, in accordance with OMB A-133, we noted that the City failed to submit three Financial Progress reports that are required to be filed quarterly.

Questioned Costs:

None

Criteria:

According to the Sub-grant agreements for the 2005 and 2007 Homeland Security Grants with the New Mexico Department of Homeland Security and Emergency Management (NMDHSEM), the City is required to submit quarterly Financial Progress Reports even if no expenses were incurred during the quarter.

Cause:

Management thought that the City was not required to submit reports if no expenses had been incurred during the quarter.

Effect:

Failure to submit reports resulted in non-compliance with federal guidelines.

Recommendation:

We recommend that the City implement controls to ensure that reports are submitted for all quarters, even if no expenses are incurred during that quarter.

Response:

The State Homeland Security Grant Program (SHSGP) grant agreements being used by the state were standard agreements used for all grants with the same reporting requirements. As a result the single grant clerk at the state level would be inundated with requests for payment for all grants at the same time. Therefore, it had been verbally requested that if we were not requesting a reimbursement for expenditures for that quarter, we did not have to file a report. This did not work, because, some jurisdictions would wait several quarters before filing a request. Now the policy is to file a report for each quarter even if we did not have any expenditures as the federal program requirements read. The City of Roswell and the Roswell/Chaves County Office of Emergency Management have adopted this policy and have and will be following the letter of the agreement.

D. FINDINGS – PRIOR YEAR AUDIT

- 2006-2: Late Budget Reports – Revised and repeated
- 2008-1: Inadequate Bid File Maintenance – Resolved and not repeated

**STATE OF NEW MEXICO
CITY OF ROSWELL
Exit Conference
June 30, 2009**

E. AUDITOR PREPARED FINANCIAL STATEMENTS

Although it would be preferred and desirable for the City to prepare its own GAAP-basis financial statements, it is felt that the City's personnel do not have the time to prepare them. Therefore, the financial statements of the City of Roswell were prepared by Miller & Associates, CPA, PC from the original books and records provided by management.

F. EXIT CONFERENCE

The contents of this report were discussed at an exit conference held on March 1, 2010. The following individuals were in attendance:

City of Roswell Officials

John Capps, City Manager
Siri Cooper, Assistant City Manager
Larry Fry, Assistant City Manager
Debra Morsey, Finance Officer
Toni Reeves, Budget Director
Lee Rogers, City Councilor

Auditors

Ron Miller, Shareholder
Ryan Miller, Shareholder
Jennifer Nunez, Supervising Senior