



City of Roswell

Annual Financial Report

June 30, 2011



STATE OF NEW MEXICO
CITY OF ROSWELL
ANNUAL FINANCIAL REPORT
JUNE 30, 2011

INTRODUCTORY SECTION

STATE OF NEW MEXICO

City of Roswell

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STATE OF NEW MEXICO

City of Roswell

Official Roster

June 30, 2011

<u>Name</u>	<u>City Council</u>	<u>Title</u>
Del Journey		Mayor
Dusty Huckabee		Councilor
Bob Maples		Councilor
Jimmy Craig		Councilor
Steve Henderson		Councilor
Art Sandoval		Councilor
Judy Stubbs		Councilor
Aramante Fresquez		Councilor
Jason Perry		Councilor
Barry Foster		Councilor
Elena Velasquez		Councilor

Administration

Larry Fry	City Manager
Stacye Hunter	Assistant City Manager
Dave Kunko	City Clerk
Debra Morsey	Finance Officer
Toni Reeves	Budget Director
Judy Pittman	City Attorney
Barbara Patterson	City Attorney

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Hector Balderas
New Mexico State Auditor,
City Manager, Mayor and
City Council Members
City of Roswell
Roswell, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund, Road special revenue fund, and the aggregate remaining fund information of the City of Roswell, New Mexico (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental funds, the budgetary comparisons for the proprietary funds, major capital projects fund, and the remaining nonmajor governmental funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of City 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, and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roswell, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof 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 as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons of the proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, the budget statements referred to above present fairly, in all material respects the budgetary comparisons of the general fund, the major special revenue fund, each of the City's nonmajor governmental funds, and the major capital project fund for the year ended June 30, 2011, in conformity with the budgetary basis more fully described in Note 1 which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2011 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, 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 11 through 17 are not a required part of the basic financial statements but are 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 City's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards (Schedule V) is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The accompanying information listed as supporting schedules I through IV in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Roswell, New Mexico
November 29, 2011

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2011

As management of the City of Roswell (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. 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 \$149,959,181 (*net assets*). Of this amount, \$29,589,712 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$1,951,983. The majority of this increase is due to expenditures not being incurred before the end of the fiscal year or being curtailed due to significant cuts in federal and state funding.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,010,549, an increase of \$1,398,276 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,871,828 or 60.32 percent of total general fund expenditures.
- The City's total debt decreased by \$2,201,155 (9.82percent) during the current fiscal year. There was only retirement of debt during the year with no new debt incurred.

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

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, public works, health and welfare, and culture and recreation. The business-type activities of the City include an airport, solid waste, and water and sewer utility.

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

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of 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 can be divided into two categories: governmental funds and proprietary funds.

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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 the City's near-term financing requirements.

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

The City of Roswell maintains twenty-seven individual governmental 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, road fund, and capital improvements fund, which are considered to be major governmental funds. Data from the other twenty-four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Roswell adopts an annual appropriated budget for its general fund and all other governmental funds. A budgetary comparison statement has been provided for the general fund, road fund, and capital improvement fund to demonstrate compliance with this budget. In addition, the individual financial statements of the nonmajor governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through C-2 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 at exhibits D-1, D-2 and D-3 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 39-67 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 74-110 of this report.

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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 exceeded liabilities by \$149,959,181 at the close of the most recent fiscal year.

The largest portion of the City of Roswell's net assets (\$106,231,628 or 70.84 percent) reflect its investment in capital assets (e.g., land, improvements, buildings, machinery and equipment, furniture, vehicles, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the City's net assets for the fiscal years ended June 30, 2011 and June 30, 2010. (Fiscal year 2010 tabular data has been restated for the adjustments referenced in Note 16.)

CITY OF ROSWELL'S NET ASSETS
(in thousands)

	Governmental	Activities	Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 36,394	\$ 37,928	\$ 17,870	\$ 16,948	\$ 54,264	\$ 54,876
Noncurrent assets other than capital assets	561	684	1,279	1,422	1,840	2,106
Capital assets, net	62,548	61,209	63,891	61,392	126,439	122,601
Total assets	99,503	99,821	83,040	79,762	182,543	179,583
Current liabilities	5,326	6,237	4,652	2,291	9,978	8,528
Noncurrent liabilities	7,744	11,280	14,863	11,767	22,607	23,047
Total liabilities	13,070	17,517	19,515	14,058	32,585	31,575
Capital assets, net of related debt	56,776	51,869	49,455	49,176	106,231	101,045
Restricted	14,138	10,996	-	-	14,138	10,996
Unrestricted	15,519	19,439	14,070	16,528	29,589	35,967
Total net assets	\$ 86,433	\$ 82,304	\$ 63,525	\$ 65,704	\$ 149,958	\$ 148,008

An additional portion of the City of Roswell's net assets of \$14,137,841 (9.43 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$29,589,712 or 19.73 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

A significant portion of changes, when comparing fiscal year 2011 to 2010, are due to restatements of the account payables and capital assets as to their presentation on the financial statements last year.

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 City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Governmental Activities. Governmental activities increased the City of Roswell's net assets by \$4,130,188, including restatement. Key elements of this increase are as follows:

- While revenue remained flat, \$2,557 (in thousands) of this increase was due mainly to expenditures not being incurred before the end of the fiscal year in the area of public works, specifically roads, with \$453 (in thousands) being curtailed in culture and recreation due to significant cuts in federal and state funding.

Business-type Activities. Business-type activities decreased the City's net assets by \$2,178,135. Key elements of this decrease are as follows:

- Revenues experienced an increase of \$1,582 (in thousands), mainly due to a rate increase of 4 percent in water and sewer charges.
- Expenditures experienced an even larger increase due to on-going maintenance and repairs to the existing water and sewer system along with large capital outlay restatements of last year's expenditures through this year in airport, solid waste, along with water and sewer.

CITY OF ROSWELL'S CHANGES IN NET ASSETS
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Taxes	\$ 34,127	\$ 33,416	\$ 596	\$ -	\$ 34,723	\$ 33,416
Intergovernmental	5,185	6,367	836	1,341	6,021	7,708
Charges for services	710	2,597	15,887	14,905	16,597	17,502
Other	4,089	1,901	1,384	875	5,473	2,776
Total revenues	<u>44,111</u>	<u>44,281</u>	<u>18,703</u>	<u>17,121</u>	<u>62,814</u>	<u>61,402</u>
Expenses						
General government	7,624	7,589	-	-	7,624	7,589
Public safety	19,314	19,091	-	-	19,314	19,091
Public works	6,471	9,028	-	-	6,471	9,028
Culture and recreation	6,815	7,268	-	-	6,815	7,268
Health and welfare	14	-	-	-	14	-
Interest on long-term debt	274	352	-	-	274	352
Airport	-	-	4,117	1,992	4,117	1,992
Solid waste	-	-	5,778	4,248	5,778	4,248
Water and sewer	-	-	10,455	9,323	10,455	9,323
Total expenses	<u>40,512</u>	<u>43,328</u>	<u>20,350</u>	<u>15,563</u>	<u>60,862</u>	<u>58,891</u>
Transfers	<u>531</u>	<u>505</u>	<u>(531)</u>	<u>(505)</u>	<u>-</u>	<u>-</u>
Changes in net assets	<u>\$ 4,130</u>	<u>\$ 1,458</u>	<u>\$ (2,178)</u>	<u>\$ 1,053</u>	<u>\$ 1,952</u>	<u>\$ 2,511</u>

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a City'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 \$33,010,549, an increase of \$1,398,276 in comparison with the prior year. Approximately 57.17 percent of this total amount, \$18,872,708, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. Approximately 1.83 percent of the total amount, \$604,679 is *assigned for subsequent year's* expenditures which is an internal designation of spendable fund balance. Approximately 8.09 percent of the total amount, \$2,670,900 is *committed for subsequent year's* expenditures which is an internal limitation of spendable fund balance. Approximately 31.51 percent of the total amount, \$10,401,136 is *restricted for subsequent year's* expenditures which have externally enforceable limitations imposed on the spendable fund balance. The remaining \$461,126 or approximately 1.39% is *nonspendable fund balance*.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance totaled \$18,987,302, of which \$18,871,828 was unassigned. This represents 60.32 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$2,429,413 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. The net assets of the three Enterprise Funds at the end of the year amounted to \$63,525,455, a decrease of \$2,178,135 from the prior fiscal year.

General Fund Budgetary Highlights

There were several amendments to the City of Roswell's fiscal year 2011 operating and capital budget. A statement reporting the original and final budget amount compared to the City's actual financial activity for the General Fund is provided in this report at Exhibit C-1.

The unfavorable variance of \$508,958 in the General Fund intergovernmental revenues was primarily due to not expending, by fiscal year, all the funds awarded to the City. The primary areas where this timing difference occurred were in Homeland Security grants by \$396,906 and parks grants totaling \$150,388.

The net favorable variance of \$4,656,169 in General Fund expenditures was primarily due to not expending all the funds budgeted. Of the \$2,720,016 in public safety, \$1,268,839 was not expended in police, \$860,346 in fire, and \$335,342 in civil emergency preparedness. There was \$771,487 not expended in culture and recreation along with \$2,164,298 in capital outlays.

STATE OF NEW MEXICO
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Management's Discussion and Analysis
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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, 2011, amounts to \$126,438,196 (net of accumulated depreciation). This investment in capital assets includes land, land-right of ways, land improvements, library collection, historical treasures, buildings and improvements, computers, machinery and equipment, furniture and fixtures, vehicles, and infrastructure.

The significant additions to capital assets, which increased \$10,559 (in thousands) during the year, were as follows:

- \$2,180,281 for improvements to buildings, mainly roofs
- \$633,227 for a new recycle center at the landfill
- \$2,074,702 for improvements to infrastructure-roads
- \$4,535,992 for improvements to infrastructure-water and sewer system

CITY OF ROSWELL'S CAPITAL ASSETS
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,272	\$ 3,253	\$ 4,581	\$ 4,581	\$ 7,853	\$ 7,834
Land-right of way	5,143	5,011	-	-	5,143	5,011
Construction in progress	656	1,092	20	67	676	1,159
Library collection	3,041	2,971	-	-	3,041	2,971
Historical treasures	437	437	-	-	437	437
Water rights	-	-	11,743	11,713	11,743	11,713
Land improvements	11,022	10,926	7,490	7,364	18,512	18,290
Buildings and improvements	29,076	26,803	75,504	74,696	104,580	101,499
Machinery and equipment	10,341	10,027	16,387	15,949	26,728	25,976
Furniture and fixtures	179	179	120	91	299	270
Vehicles	12,020	11,792	6,665	7,099	18,685	18,891
Infrastructure	159,372	157,073	50,547	45,933	209,919	203,006
Total capital assets	<u>234,559</u>	<u>229,564</u>	<u>173,057</u>	<u>167,493</u>	<u>407,616</u>	<u>397,057</u>
Less: accumulated depreciation	<u>172,011</u>	<u>168,355</u>	<u>109,166</u>	<u>106,101</u>	<u>281,177</u>	<u>274,456</u>
Capital assets, net	<u>\$ 62,548</u>	<u>\$ 61,209</u>	<u>\$ 63,891</u>	<u>\$ 61,392</u>	<u>\$ 126,439</u>	<u>\$ 122,601</u>

Additional information on the City of Roswell's capital assets can be found in Notes 1 and 7 on pages 45 and 53-54 of this report.

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Management's Discussion and Analysis
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Debt Administration. At the end of the current fiscal year, the City of Roswell had total debt from outstanding bonds of \$18,251,000, loans outstanding of \$233,778, and capital leases outstanding of \$1,721,790, all of which is secured by pledged ad valorem (property) tax, gross receipts tax, or operating revenues.

CITY OF ROSWELL'S DEBT
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Bonds	\$ 5,226	\$ 5,902	\$ 13,025	\$ 13,885	\$ 18,251	\$ 19,787
Loans	234	386	-	-	234	386
Capital leases	311	511	1,410	1,724	1,721	2,235
Total debt outstanding	<u>\$ 5,771</u>	<u>\$ 6,799</u>	<u>\$ 14,435</u>	<u>\$ 15,609</u>	<u>\$ 20,206</u>	<u>\$ 22,408</u>

State statutes currently limit the amount of general obligation debt the City may issue to 4 percent of its total assessed valuation for general purposes. The current debt limitation for general purposes for the City is \$20.0 million. State statute currently does not limit the amount of revenue bond debt a City may issue for business-type activities, such as a water and sewer system. Additional information on the City of Roswell's debt can be found in Note 9 on pages 55-60 of this report.

Economic Factors and Next Year's Budget

The City of Roswell is located in Chaves County, where it serves as the county seat. The area has a diversified economy including agriculture, oil and gas, as well as tourism and manufacturing. Chaves County, like the rest of urban New Mexico, has a fairly strong and balanced economy. Employment in the area has held fairly stable in the current nationwide economic down turn.

The City of Roswell is the commercial hub and largest city in eastern New Mexico. It receives approximately 43% of its annual operating budget for governmental funds from gross receipts taxes. The amount increased slightly from fiscal year 2010 to 2011. The City has been one of very few municipalities in the state that have maintained a positive level of gross receipts revenues over the past three years.

The adopted combined operating and capital expenditure budget for the fiscal year 2012 totals \$87,836,153, an increase of only \$1,035,700 or 1.19% more than fiscal year 2011. The budget remained similar to last year. Revenues are projected to remain fairly flat due to the economy and ongoing reduction in available state and federal funding, especially in the area of capital outlays. The City has appropriated \$7,070,513 of its unassigned fund balance for spending in the 2012 fiscal year budget.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, City of Roswell, 425 N. Richardson Ave., or 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

June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 29,535,828	\$ 15,394,501	\$ 44,930,329
Receivables:			
Property taxes receivable	411,418	-	411,418
Other taxes receivable	4,760,897	-	4,760,897
Other receivables	1,569,633	-	1,569,633
Customer receivables, net of allowance	-	1,392,994	1,392,994
Inventory	116,126	1,083,164	1,199,290
 Total current assets	 <u>36,393,902</u>	 <u>17,870,659</u>	 <u>54,264,561</u>
Noncurrent assets			
Restricted cash and cash equivalents	42,710	140,679	183,389
Notes receivable	518,777	1,138,401	1,657,178
Capital assets	234,558,860	173,056,625	407,615,485
Less: accumulated depreciation	<u>(172,011,202)</u>	<u>(109,166,087)</u>	<u>(281,177,289)</u>
 Total noncurrent assets	 <u>63,109,145</u>	 <u>65,169,618</u>	 <u>128,278,763</u>
 Total assets	 <u>\$ 99,503,047</u>	 <u>\$ 83,040,277</u>	 <u>\$ 182,543,324</u>

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 2,258,032	\$ 2,786,636	\$ 5,044,668
Accrued payroll expenses	738,625	128,741	867,366
Other accrued expenses	-	33,963	33,963
Accrued compensated absences	899,762	167,099	1,066,861
Accrued interest	101,766	47,297	149,063
Deferred revenue	-	5,712	5,712
Meter and other deposits	159,722	140,679	300,401
Current portion of workers' compensation liability	340,796	-	340,796
Current portion of bonds and notes payable	826,822	1,341,568	2,168,390
Total current liabilities	<u>5,325,525</u>	<u>4,651,695</u>	<u>9,977,220</u>
Noncurrent liabilities			
Accrued compensated absences	37,484	6,962	44,446
Landfill closure liability	-	1,498,794	1,498,794
Long-term workers' compensation liability	2,761,964	-	2,761,964
Bond premiums, net	-	263,541	263,541
Bonds and notes payable	4,944,348	13,093,830	18,038,178
Total noncurrent liabilities	<u>7,743,796</u>	<u>14,863,127</u>	<u>22,606,923</u>
Total liabilities	<u>13,069,321</u>	<u>19,514,822</u>	<u>32,584,143</u>
Net Assets			
Invested in capital assets, net of related debt	56,776,488	49,455,140	106,231,628
Restricted for: (Note 18)			
Debt service	723,978	-	723,978
Capital projects and improvements	7,692,504	-	7,692,504
Other purposes	5,721,359	-	5,721,359
Unrestricted	15,519,397	14,070,315	29,589,712
Total net assets	<u>86,433,726</u>	<u>63,525,455</u>	<u>149,959,181</u>
Total liabilities and net assets	<u>\$ 99,503,047</u>	<u>\$ 83,040,277</u>	<u>\$ 182,543,324</u>

STATE OF NEW MEXICO
City of Roswell
Statement of Activities
For the Year Ending June 30, 2011

<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	\$ 7,623,750	\$ 129,421	\$ 1,275,071	\$ -
Public safety	19,313,621	20,000	956,619	-
Public works	6,471,265	343,390	860,515	2,059,435
Culture and recreation	6,815,274	209,582	26,148	-
Health and welfare	13,925	7,000	7,000	-
Interest on long-term debt	273,578	-	-	-
<i>Total governmental activities</i>	<u>40,511,413</u>	<u>709,393</u>	<u>3,125,353</u>	<u>2,059,435</u>
Business-type Activities:				
Airport	4,117,220	2,323,938	836,075	-
Solid waste	5,778,107	3,900,137	-	-
Water and sewer	10,455,104	9,662,929	-	-
<i>Total business-type activities</i>	<u>20,350,431</u>	<u>15,887,004</u>	<u>836,075</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 60,861,844</u>	<u>\$ 16,596,397</u>	<u>\$ 3,961,428</u>	<u>\$ 2,059,435</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Gross receipts taxes				
Gasoline and motor vehicle taxes				
Other taxes				
Licenses and fees				
Fines, forfeitures, and penalties				
Investment income				
Miscellaneous income				
Gain (loss) on sale of capital assets				
Transfers				
Total general revenues, extraordinary items, and transfers				
Change in net assets				
Net assets, beginning				
Restatement (Note 16)				
Net assets, beginning as restated				
Net assets, ending				

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (6,219,258)	\$ -	\$ (6,219,258)
(18,337,002)	-	(18,337,002)
(3,207,925)	-	(3,207,925)
(6,579,544)	-	(6,579,544)
75	-	75
(273,578)	-	(273,578)
<u>(34,617,232)</u>	<u>-</u>	<u>(34,617,232)</u>
-	(957,207)	(957,207)
-	(1,877,970)	(1,877,970)
-	(792,175)	(792,175)
<u>-</u>	<u>(3,627,352)</u>	<u>(3,627,352)</u>
<u>(34,617,232)</u>	<u>(3,627,352)</u>	<u>(38,244,584)</u>
4,371,786	-	4,371,786
805,690	-	805,690
27,219,462	596,271	27,815,733
859,619	-	859,619
870,523	-	870,523
2,990,498	571,924	3,562,422
430,385	79,659	510,044
318,403	272,979	591,382
253,574	397,584	651,158
96,441	61,769	158,210
530,969	(530,969)	-
<u>38,747,350</u>	<u>1,449,217</u>	<u>40,196,567</u>
<u>4,130,118</u>	<u>(2,178,135)</u>	<u>1,951,983</u>
84,168,233	58,029,679	142,197,912
(1,864,625)	7,673,911	5,809,286
<u>82,303,608</u>	<u>65,703,590</u>	<u>148,007,198</u>
<u>\$ 86,433,726</u>	<u>\$ 63,525,455</u>	<u>\$ 149,959,181</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Roswell
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Road Fund</u>	<u>Capital Improvements Fund</u>
<i>Assets</i>			
Cash, cash equivalents and investments	\$ 14,560,829	\$ 2,033,291	\$ 7,749,965
Receivables:			
Property taxes	411,418	-	-
Other taxes receivable	4,697,013	63,884	-
Other receivables	1,265,571	2,096	1,783
Inventory	<u>115,474</u>	<u>-</u>	<u>652</u>
<i>Total assets</i>	<u><u>\$ 21,050,305</u></u>	<u><u>\$ 2,099,271</u></u>	<u><u>\$ 7,752,400</u></u>
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 957,601	\$ 92,718	\$ 162,595
Accrued payroll expenses	675,636	26,717	-
Deposits payable	159,722	-	-
Deferred property tax revenue	<u>270,044</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>2,063,003</u>	<u>119,435</u>	<u>162,595</u>
<i>Fund balances</i>			
Nonspendable	115,474	-	652
Spendable:			
Restricted	-	-	7,589,153
Committed	-	1,979,836	-
Assigned	-	-	-
Unassigned	<u>18,871,828</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>18,987,302</u>	<u>1,979,836</u>	<u>7,589,805</u>
<i>Total liabilities and fund balances</i>	<u><u>\$ 21,050,305</u></u>	<u><u>\$ 2,099,271</u></u>	<u><u>\$ 7,752,400</u></u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 5,234,453	\$ 29,578,538
-	411,418
-	4,760,897
300,183	1,569,633
-	116,126
<u>\$ 5,534,636</u>	<u>\$ 36,436,612</u>
\$ 1,045,118	\$ 2,258,032
35,912	738,265
-	159,722
-	270,044
<u>1,081,030</u>	<u>3,426,063</u>
345,000	461,126
2,811,983	10,401,136
691,064	2,670,900
604,679	604,679
880	18,872,708
<u>4,453,606</u>	<u>33,010,549</u>
<u>\$ 5,534,636</u>	<u>\$ 36,436,612</u>

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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, 2011

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 33,010,549
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	62,547,658
Notes receivable used in governmental activities are not financial resources and, therefore, are not reported in the funds	518,777
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	270,044
Certain liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest	(101,766)
Additional accrued liabilities	(360)
Workers' compensation liability	(3,102,760)
Accrued compensated absences	(937,246)
Bonds and notes payable	<u>(5,771,170)</u>
Net assets of governmental activities	<u><u>\$ 86,433,726</u></u>

STATE OF NEW MEXICO
City of Roswell
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ending June 30, 2011

	General Fund	Road Fund	Capital Improvements Fund
<i>Revenues:</i>			
Taxes:			
Property	\$ 4,378,209	\$ -	\$ -
Gross receipts	27,208,067	2,770	-
Gasoline and motor vehicle	165,329	694,290	-
Other	12,365	-	-
Intergovernmental			
Federal operating grants	611,198	-	-
Federal capital grants	-	-	651,433
State operating grants	663,873	-	-
State capital grants	-	-	1,342,902
Charges for services	129,421	-	-
Licenses and fees	2,658,537	-	-
Investment income	57,122	7,688	31,341
Fines, forfeitures, and penalties	350,971	-	-
Miscellaneous	39,618	163,183	388
<i>Total revenues</i>	<u>36,274,710</u>	<u>867,931</u>	<u>2,026,064</u>
<i>Expenditures:</i>			
Current:			
General government	4,870,396	-	-
Public safety	18,573,553	-	-
Public works	-	1,287,512	989,279
Culture and recreation	5,143,324	-	-
Health and welfare	-	-	-
Capital outlay	2,624,894	231,325	864,745
Debt service:			
Principal	65,405	-	-
Interest	9,276	-	-
<i>Total expenditures</i>	<u>31,286,848</u>	<u>1,518,837</u>	<u>1,854,024</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,987,862</u>	<u>(650,906)</u>	<u>172,040</u>
<i>Other financing sources (uses)</i>			
Transfers in	1,485,954	3,948,482	2,496,269
Transfers out	(8,939,700)	(307,325)	(40,100)
Proceeds from sale of capital assets	36,471	55,410	-
<i>Total other financing sources (uses)</i>	<u>(7,417,275)</u>	<u>3,696,567</u>	<u>2,456,169</u>
<i>Net change in fund balance</i>	<u>(2,429,413)</u>	<u>3,045,661</u>	<u>2,628,209</u>
<i>Fund balance - beginning of year</i>	20,436,255	1,307,426	7,570,716
<i>Restatement (Note 16)</i>	980,460	(2,373,251)	(2,609,120)
<i>Fund balance - beginning of year, restated</i>	<u>21,416,715</u>	<u>(1,065,825)</u>	<u>4,961,596</u>
<i>Fund balance - end of year</i>	<u>\$ 18,987,302</u>	<u>\$ 1,979,836</u>	<u>\$ 7,589,805</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 805,690	\$ 5,183,899
8,625	27,219,462
-	859,619
858,158	870,523
443,122	1,054,320
-	651,433
1,434,160	2,098,033
65,100	1,408,002
552,972	682,393
331,961	2,990,498
222,252	318,403
79,414	430,385
50,385	253,574
<u>4,851,839</u>	<u>44,020,544</u>
267,412	5,137,808
697,643	19,271,196
1,780,090	4,056,881
1,517,482	6,660,806
13,925	13,925
3,312,486	7,033,450
763,361	828,766
237,570	246,846
<u>8,589,969</u>	<u>43,249,678</u>
<u>(3,738,130)</u>	<u>770,866</u>
2,535,124	10,465,829
(647,735)	(9,934,860)
4,560	96,441
<u>1,891,949</u>	<u>627,410</u>
<u>(1,846,181)</u>	<u>1,398,276</u>
7,329,604	36,644,001
(1,029,817)	(5,031,728)
<u>6,299,787</u>	<u>31,612,273</u>
<u>\$ 4,453,606</u>	<u>\$ 33,010,549</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

City of Roswell

Exhibit B-2

Page 2 of 2

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ending June 30, 2011

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

Net change in fund balances - total governmental funds \$ 1,398,276

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 recorded in capital outlay 7,033,450
Depreciation expense (5,051,078)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the governmental funds:

Decrease in deferred revenue (29,855)

Expenses reported in the statement of activities that do require the use of
current financial resources and therefore are not reported as expenditures in
the governmental funds:

Increase in accrued compensated absences (46,143)
Increase in accrued interest (3,298)

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

Principal payments on bonds and notes payable 828,766

Change in net assets of governmental activities \$ 4,130,118

STATE OF NEW MEXICO

Exhibit C-1

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 4,239,125	\$ 4,284,125	\$ 4,378,209	\$ 94,084
Gross receipts	25,297,360	25,297,360	27,208,067	1,910,707
Gasoline and motor vehicle	171,000	162,000	164,998	2,998
Other	6,803	12,356	12,365	9
Intergovernmental income:				
Federal operating grants	764,265	1,013,633	611,198	(402,435)
Federal capital grants	-	-	-	-
State operating grants	1,074,345	1,041,556	935,033	(106,523)
State capital grants	-	-	-	-
Charges for services	206,700	236,912	255,229	18,317
Licenses and fees	2,634,855	2,581,375	2,658,537	77,162
Fines, forfeitures and penalties	320,200	320,200	351,329	31,129
Investment income	61,205	58,080	57,122	(958)
Miscellaneous	15,200	25,031	39,618	14,587
<i>Total revenues</i>	<u>34,791,058</u>	<u>35,032,628</u>	<u>36,671,705</u>	<u>1,639,077</u>
<i>Expenditures:</i>				
Current:				
General government	6,501,574	6,415,960	7,415,592	(999,632)
Public safety	20,492,701	21,363,459	18,643,443	2,720,016
Public works	-	-	-	-
Culture and recreation	6,373,169	6,452,451	5,680,964	771,487
Health and welfare	-	-	-	-
Capital outlay	3,123,795	3,147,201	982,903	2,164,298
Debt service:				
Principal	65,405	65,405	65,405	-
Interest	9,276	9,276	9,276	-
<i>Total expenditures</i>	<u>36,565,920</u>	<u>37,453,752</u>	<u>32,797,583</u>	<u>4,656,169</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,774,862)</u>	<u>(2,421,124)</u>	<u>3,874,122</u>	<u>6,295,246</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	8,246,982	8,884,491	-	(8,884,491)
Transfers in	1,985,954	1,985,954	1,485,954	(500,000)
Transfers out	(8,461,074)	(8,452,321)	(8,939,700)	(487,379)
Proceeds from sale of capital assets	3,000	3,000	36,471	33,471
<i>Total other financing sources (uses)</i>	<u>1,774,862</u>	<u>2,421,124</u>	<u>(7,417,275)</u>	<u>(9,838,399)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(3,543,153)</u>	<u>(3,543,153)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>20,721,304</u>	<u>20,721,304</u>
<i>Fund balance - restatement (Note 16)</i>	<u>-</u>	<u>-</u>	<u>(2,501,848)</u>	<u>(2,501,848)</u>
<i>Fund balance - beginning as restated</i>	<u>-</u>	<u>-</u>	<u>18,219,456</u>	<u>18,219,456</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,676,303</u>	<u>\$ 14,676,303</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (3,543,153)
Adjustments to revenues for receivables and deferred property tax revenue				(396,995)
Adjustments to expenditures for prepaid expenses, accounts payable and accrued payroll				1,510,735
Net change in fund balance (GAAP)				<u>\$ (2,429,413)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	200	200	2,770	2,570
Gasoline and motor vehicle	615,000	665,000	693,722	28,722
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Investment income	6,500	8,380	7,688	(692)
Miscellaneous	1,200	163,491	163,183	(308)
<i>Total revenues</i>	<u>622,900</u>	<u>837,071</u>	<u>867,363</u>	<u>30,292</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	4,687,071	4,621,129	3,251,826	1,369,303
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	770,000	942,161	549,525	392,636
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,457,071</u>	<u>5,563,290</u>	<u>3,801,351</u>	<u>1,761,939</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,834,171)</u>	<u>(4,726,219)</u>	<u>(2,933,988)</u>	<u>1,792,231</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,270,144	1,270,144	-	(1,270,144)
Transfers in	3,824,127	3,727,175	3,948,482	221,307
Transfers out	(264,100)	(275,100)	(307,325)	(32,225)
Proceeds from sale of capital assets	4,000	4,000	55,410	51,410
<i>Total other financing sources (uses)</i>	<u>4,834,171</u>	<u>4,726,219</u>	<u>3,696,567</u>	<u>(1,029,652)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>762,579</u>	<u>762,579</u>
<i>Fund balance - beginning of year</i>	-	-	1,338,987	1,338,987
<i>Fund balance - restatement (Note 16)</i>	-	-	(68,275)	(68,275)
<i>Fund balance - beginning as restated</i>	-	-	1,270,712	1,270,712
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,033,291</u>	<u>\$ 2,033,291</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 762,579
Adjustments to revenues for other taxes receivables and other receivables				568
Adjustments to expenditures for accounts payable and accrued payroll				2,282,514
Net change in fund balance (GAAP)				<u>\$ 3,045,661</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-1

City of Roswell
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Airport	Solid Waste	Water and Sewer	Total
<i>Assets</i>				
<i>Current assets</i>				
Cash, cash equivalents and investments	\$ 4,894,467	\$ 2,751,914	\$ 7,748,120	\$ 15,394,501
Receivables:				
Customer receivables, net of allowance	394,938	248,931	749,125	1,392,994
Inventory	-	-	1,083,164	1,083,164
Due from other funds	-	-	712,424	712,424
<i>Total current assets</i>	<u>5,289,405</u>	<u>3,000,845</u>	<u>10,292,833</u>	<u>18,583,083</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	138,679	2,000	-	140,679
Capital assets	47,517,484	15,075,128	98,642,895	161,235,507
Accumulated depreciation	(36,473,869)	(7,116,803)	(65,575,415)	(109,166,087)
Intangible assets	78,520	-	11,742,598	11,821,118
Notes receivable	1,138,401	-	-	1,138,401
<i>Total noncurrent assets</i>	<u>12,399,215</u>	<u>7,960,325</u>	<u>44,810,078</u>	<u>65,169,618</u>
<i>Total Assets</i>	<u><u>\$ 17,688,620</u></u>	<u><u>\$ 10,961,170</u></u>	<u><u>\$ 55,102,911</u></u>	<u><u>\$ 83,752,701</u></u>
<i>Liabilities and Net Assets</i>				
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 1,106,746	\$ 333,423	\$ 1,346,467	\$ 2,786,636
Accrued payroll expenses	17,261	40,612	70,868	128,741
Other accrued expenses	-	8,675	33,963	42,638
Accrued compensated absences	25,077	44,547	97,475	167,099
Refundable deposits	138,679	2,000	-	140,679
Due to other funds	712,424	-	-	712,424
Deferred revenue	-	-	5,712	5,712
Accrued interest payable	-	-	38,622	38,622
Current portion of long-term debt	212,986	558,582	570,000	1,341,568
<i>Total current liabilities</i>	<u>2,213,173</u>	<u>987,839</u>	<u>2,163,107</u>	<u>5,364,119</u>
<i>Noncurrent liabilities</i>				
Landfill closure	-	1,498,794	-	1,498,794
Accrued compensated absences	1,045	1,856	4,061	6,962
Premium on bonds payable	-	2,434	261,107	263,541
Notes and bonds payable	953,830	2,145,000	9,995,000	13,093,830
<i>Total noncurrent liabilities</i>	<u>954,875</u>	<u>3,648,084</u>	<u>10,260,168</u>	<u>14,863,127</u>
<i>Total liabilities</i>	<u>3,168,048</u>	<u>4,635,923</u>	<u>12,423,275</u>	<u>20,227,246</u>
<i>Net Assets</i>				
Invested in capital assets, net of related debt	9,876,799	5,254,743	22,502,480	37,634,022
Restricted net assets	-	(715,074)	-	(715,074)
Unrestricted net assets	4,643,773	1,785,578	20,177,156	26,606,507
<i>Total net assets</i>	<u>14,520,572</u>	<u>6,325,247</u>	<u>42,679,636</u>	<u>63,525,455</u>
<i>Total Liabilities and Net Assets</i>	<u><u>\$ 17,688,620</u></u>	<u><u>\$ 10,961,170</u></u>	<u><u>\$ 55,102,911</u></u>	<u><u>\$ 83,752,701</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-2

City of Roswell

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2011

	Airport	Solid Waste	Water and Sewer	Total
<i>Operating revenues:</i>				
Charges for services	\$ 2,895,862	\$ 3,900,137	\$ 9,542,431	\$ 16,338,430
<i>Total operating revenues</i>	<u>2,895,862</u>	<u>3,900,137</u>	<u>9,542,431</u>	<u>16,338,430</u>
<i>Operating expenses:</i>				
General and administrative	28,577	130,221	539,375	698,173
Personnel services	592,673	1,355,714	3,050,776	4,999,163
Contractual services	105,878	357,539	390,406	853,823
Supplies and purchased power	2,064,067	551,941	2,169,025	4,785,033
Maintenance and materials	335,799	1,115,654	769,684	2,221,137
Utilities	170,473	29,478	661,342	861,293
Landfill closure and postclosure care	-	783,720	-	783,720
Depreciation	742,252	1,143,855	1,969,647	3,855,754
<i>Total operating expenses</i>	<u>4,039,719</u>	<u>5,468,122</u>	<u>9,550,255</u>	<u>19,058,096</u>
<i>Operating income (loss)</i>	<u>(1,143,857)</u>	<u>(1,567,985)</u>	<u>(7,824)</u>	<u>(2,719,666)</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	836,075	-	-	836,075
Interest income	231,390	11,518	30,071	272,979
Interest expense	(62,632)	(125,601)	(519,435)	(707,668)
Gross receipts tax revenue	18,050	184,208	394,013	596,271
Gross receipts tax expense	(14,869)	(184,384)	(385,414)	(584,667)
Fines, forfeitures and penalties	5,161	-	74,498	79,659
Miscellaneous	276,715	76,022	165,345	518,082
Proceeds from sale of capital assets	23,737	18,442	19,590	61,769
<i>Total non-operating revenues (expenses)</i>	<u>1,313,627</u>	<u>(19,795)</u>	<u>(221,332)</u>	<u>1,072,500</u>
Capital grants	-	-	-	-
Transfers in	165,316	1,044,796	1,142,866	2,352,978
Transfers out	(598,298)	(746,765)	(1,538,884)	(2,883,947)
<i>Capital grants and net transfers</i>	<u>(432,982)</u>	<u>298,031</u>	<u>(396,018)</u>	<u>(530,969)</u>
<i>Change in net assets</i>	<u>(263,212)</u>	<u>(1,289,749)</u>	<u>(625,174)</u>	<u>(2,178,135)</u>
<i>Beginning net assets</i>	11,125,696	7,685,964	39,218,019	58,029,679
<i>Restatement (Note 16)</i>	3,658,088	(70,968)	4,086,791	7,673,911
<i>Beginning net assets, as restated</i>	<u>14,783,784</u>	<u>7,614,996</u>	<u>43,304,810</u>	<u>65,703,590</u>
<i>Net assets, end of year</i>	<u>\$ 14,520,572</u>	<u>\$ 6,325,247</u>	<u>\$ 42,679,636</u>	<u>\$ 63,525,455</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Roswell
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit D-3

	Airport	Solid Waste	Water and Sewer	Total
<i>Cash flows from operating activities:</i>				
Cash received from user charges	\$ 2,656,045	\$ 3,917,059	\$ 11,367,920	\$ 17,941,024
Cash payments to employees for services	(585,332)	(1,352,368)	(1,056,527)	(2,994,227)
Cash payments to suppliers for goods and services	(862,662)	(3,305,653)	(1,152,057)	(5,320,372)
<i>Net cash provided (used) by operating activities</i>	<u>1,208,051</u>	<u>(740,962)</u>	<u>9,159,336</u>	<u>9,626,425</u>
<i>Cash flows from noncapital financing activities:</i>				
Operating grants	836,075	-	-	836,075
Net gross receipts taxes received	3,181	-	8,599	11,780
Fines, forfeitures and penalties received	5,161	-	74,498	79,659
Net miscellaneous income and expenses	276,715	75,846	165,345	517,906
Change in noncurrent accrued compensated absences	1,045	1,856	4,061	6,962
Change in landfill closure liability	-	783,720	-	783,720
Internal transfers and loans	(505,457)	298,031	(323,543)	(530,969)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>616,720</u>	<u>1,159,453</u>	<u>(71,040)</u>	<u>1,705,133</u>
<i>Cash flows from capital and related financing activities:</i>				
Proceeds from sale of capital assets	23,737	18,442	19,590	61,769
Acquisition of capital assets	(894,353)	(429,589)	4,075,786	2,751,844
Principal paid on capital debt	(203,679)	(414,448)	(555,000)	(1,173,127)
Interest paid on capital debt	(62,632)	(134,069)	(520,881)	(717,582)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(1,136,927)</u>	<u>(959,664)</u>	<u>3,019,495</u>	<u>922,904</u>
<i>Cash flows from investing activities:</i>				
Interest on investments	231,390	11,518	30,071	272,979
Payments received on notes receivable	73,053	-	(11,742,598)	(11,669,545)
<i>Net cash provided (used) by investing activities</i>	<u>304,443</u>	<u>11,518</u>	<u>(11,712,527)</u>	<u>(11,396,566)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	992,287	(529,655)	395,264	857,896
<i>Cash, cash equivalents and investments - beginning of year</i>	4,040,859	3,283,569	7,352,856	14,677,284
<i>Cash, cash equivalents and investments - end of year</i>	<u>\$ 5,033,146</u>	<u>\$ 2,753,914</u>	<u>\$ 7,748,120</u>	<u>\$ 15,535,180</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>				
Operating income (loss)	\$ (1,143,857)	\$ (1,567,985)	\$ (7,824)	\$ (2,719,666)
<i>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</i>				
Depreciation	742,252	1,143,855	1,969,647	3,855,754
Amortization	-	(348)	(18,650)	(18,998)
<i>Changes in assets and liabilities</i>				
Receivables	(135,488)	(12,242)	(101,763)	(249,493)
Inventory	-	-	(24,900)	(24,900)
Deferred charges	-	29,164	171,154	200,318
Accounts payable	1,082,864	287,055	1,211,279	2,581,198
Accrued payroll expenses	3,651	9,676	1,643	14,970
Other accrued expenses	-	8,675	-	8,675
Accrued compensated absences	3,690	(6,330)	(7,394)	(10,034)
Meter other refundable deposits	(52,112)	-	(291,959)	(344,071)
Deferred revenue	(52,217)	-	(38,734)	(90,951)
Other current liabilities	-	-	33,963	33,963
Prior period restatement	759,268	(632,482)	6,262,874	6,389,660
<i>Net cash provided (used) by operating activities</i>	<u>\$ 1,208,051</u>	<u>\$ (740,962)</u>	<u>\$ 9,159,336</u>	<u>\$ 9,626,425</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Roswell
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2011

Exhibit E-1

Assets

Cash

\$ 394,790

Liabilities

Deposits held in trust for others

\$ 394,790

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies

The City of Roswell (the "City") is a political subdivision of the State of New Mexico established and regulated by the constitution of the State of New Mexico. 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. The City provides the following services as authorized by its charter: public law, public safety (police and fire); highways and streets, sanitation, health and social services, cultural and recreation, public infrastructure improvements, planning and zoning, water supply, airport operations, and general administrative services.

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

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

The summary of significant accounting policies of the City 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 governmental units. The Governmental Accounting Standard 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. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No.'s 14 and 39.

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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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 City of Roswell and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City 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 does not have any component units.

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 Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, even though the latter 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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the 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.

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, subject to the availability criterion. 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, subject to the availability criterion. 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.

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

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Governmental funds are used to account for the City's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds is charges for services for the City's airport, solid waste, and water and sewer services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under the requirements of GASB No. 34, the City is required to present certain of its governmental funds as major based upon specific criteria.

The City reports the following major governmental funds:

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. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the City except for items included in other funds.

The *Road Fund* accounts for the operations of the City as it is related to the receipt of the gasoline tax, 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 7-24A-1 to 7-24A-21, NMSA 1978.

The *Capital Improvement Capital Projects Fund* accounts for the construction of street, sidewalks and curbs, parking lot paving, ADA improvements to intersections, channel reconstruction and related activities for the City. Overall administration and construction as well as all other activities necessary to manage and complete these projects are accounted for in this fund.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The City reports its proprietary funds as major funds. Proprietary funds include:

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

Additionally, the government reports the following fund types:

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Proprietary Funds* are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

The *Fiduciary Funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds are used to account for the collection and payment of payroll taxes, water meter deposits, and bail bond fees.

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, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

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

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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 one year 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. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

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.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Chaves County and remitted monthly to the City.

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

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

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column 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 if purchased or constructed. Because the City is a phase III government for purposes of implementing GASB 34, it is not required to retroactively report its major general infrastructure assets. However, it must report all infrastructure assets purchased or built after July 1, 2003. Donated capital assets are recorded at estimated fair market value at the date of donation. The City does not develop any software. Library books are expensed when purchased because their estimated useful life is less than one year.

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. Construction related interest is capitalized only in the proprietary funds.

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

<u>Assets</u>	<u>Years</u>
Buildings	20
Infrastructure	20
Machinery and equipment	7
Furniture and fixtures	7
Vehicles	5
Computers and computer software	3

Accrued Expenses: Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2011, along with applicable PERA and Retiree Health Care.

Deferred Revenue: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, then those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

Compensated Absences: The City’s employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. 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. The current and long-term liabilities for accumulated vacation leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Resources from the general fund are typically used to pay for compensated absences.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. For bonds issued after the City implemented GASB 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Balance Classification Policies and Procedures: For committed fund balance the City has self-imposed limitations for specific purposes set in place by formal action of the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same form of action it used to impose the limitation. Committed fund balance at June 30, 2011 on the governmental funds balance sheet is \$2,670,900.

For assigned fund balance the City includes amounts that are intended to be spent for a specific purpose, but are not restricted or committed. The City has latitude in spending the funds for general fund requirements if the City Council approves such in the budget. Assigned fund balance at June 30, 2011 on the governmental funds balance sheet is \$949,679.

For the classification of fund balances the City will expended resources as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Nonspendable Fund Balance: At June 30, 2011, the Nonspendable fund balance in the general fund is made up of inventory in the amount of \$115,474 that is not in spendable form. The Nonspendable fund balance in the capital improvements fund is made up of inventory in the amount of \$652 that is not in spendable form.

Restricted Fund Balance: At June 30, 2011, the restricted fund balance on the governmental funds balance sheet is made up of \$10,401,136 for purposes mandated by externally enforceable limitations.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt:
Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net 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.”

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the City's financial statements include management's estimate of depreciation on assets over their estimated useful lives, accrued compensated absences, and the allowance for uncollectible accounts.

Reclassifications: Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

The governmental funds budgetary comparisons are presented on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The proprietary funds budgetary comparisons are presented in accordance with generally accepted accounting principles. The budgetary information presented in these financial statements has been amended in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
Governmental Funds:		
General Fund	\$ (1,774,862)	\$ (2,421,124)
Road Fund	(4,834,171)	(4,726,219)
Capital Improvements	(7,953,011)	(6,834,808)
Other Governmental Funds	(5,759,542)	(5,835,705)
	Change in Net Assets	
	Original Budget	Final Budget
Proprietary Funds:		
Airport	\$ (1,721,254)	\$ (2,053,580)
Solid Waste	(1,282,564)	(1,493,686)
Water and Sewer	(2,392,652)	(3,077,204)

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects, and Proprietary Funds.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 2. Stewardship, Compliance and Accountability (continued)

The City is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The governmental funds budgetary comparisons are presented on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2011 is presented. The proprietary funds budgetary comparisons are presented in accordance with generally accepted accounting principles. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis, by fund, can be found on each individual budgetary statement.

NOTE 3. Deposits 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 fund of the City properly followed State investment requirements as of June 30, 2011.

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 are collateralized as required by statute.

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.

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

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state were insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts at all FDIC-insured depository institutions. The separate coverage on noninterest -bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2011 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts.

Through July 20, 2011, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2011, \$22,623,400 of the City’s bank balances of \$34,195,823 was exposed to custodial credit risk. \$12,678,012 was uninsured and collateralized by securities held by the pledging bank’s trust department, not in the City’s name and \$9,945,388 was uninsured and uncollateralized.

	<u>Pioneer Bank</u>	<u>Washington Federal Bank</u>	<u>Bank of the Southwest</u>	<u>Total</u>
Amount of deposits	\$ 17,601,074	\$ 15,594,749	\$ 1,000,000	\$ 34,195,823
FDIC Coverage	<u>(11,072,423)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(11,572,423)</u>
Total uninsured public funds	<u>6,528,651</u>	<u>15,344,749</u>	<u>750,000</u>	<u>22,623,400</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>3,402,016</u>	<u>8,825,996</u>	<u>450,000</u>	<u>12,678,012</u>
Uninsured and uncollateralized	<u>\$ 3,126,635</u>	<u>\$ 6,518,753</u>	<u>\$ 300,000</u>	<u>\$ 9,945,388</u>
Collateral requirement (50% of uninsured public funds)	\$ 3,264,326	\$ 7,672,375	\$ 375,000	\$ 11,311,700
Pledged collateral	<u>3,402,016</u>	<u>8,825,996</u>	<u>450,000</u>	<u>12,678,012</u>
Over (under) collateralized	<u>\$ 137,691</u>	<u>\$ 1,153,622</u>	<u>\$ 75,000</u>	<u>\$ 1,366,312</u>

Investments

The City invests in the New MexiGROW Local Government Investment Pool’s (LGIP) in an effort to distribute their interest bearing accounts among various entities. The (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 6-10-10.1 A 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 City’s investments at June 30, 2011 include the following:

<u>Investments</u>	<u>Rated</u>	<u>Weighted Average Maturity</u>	<u>Fair Market Value</u>
LGIP	AAAm	36 Days	\$ 11,850,816
Reserve Contingency Fund	Unrated	No interest	<u>49,834</u>
			<u>\$ 11,900,650</u>

Interest Rate Risk – Investments. The City’s policy related to interest rate risk with investments is to comply with the state as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

Concentration of Credit Risk – Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The investments in the New MexiGROW LGIP represent 100% of the investment portfolio. Since the City only purchase investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the City. The City’s policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Unrestricted cash, cash equivalents and investments per Exhibit A-1	\$ 45,071,008
Restricted cash and cash equivalents per Exhibit A-1	42,710
Agency funds cash per Exhibit E-1	394,790
Plus outstanding checks	742,244
Less deposits in transit	(103,605)
Less petty cash	(3,950)
Less investments	(11,900,650)
Less NMFA amounts	<u>(46,724)</u>
Bank balance of deposits	<u><u>\$ 34,195,823</u></u>

NOTE 4. Receivables

Governmental funds receivables as of June 30, 2011 are shown as follows:

	General	Road Fund	Capital Improvements	Nonmajor Governmental Funds	Total
Property taxes	\$ 411,418	\$ -	\$ -	\$ -	\$ 411,418
Other taxes:					
Gross receipts taxes	4,697,013	-	-	-	4,697,013
Gasoline and oil taxes	-	63,884	-	-	63,884
Other receivables:					
Intergovernmental grants:					
State	101,299	-	-	11,593	112,892
Federal	-	-	1,783	67,844	69,627
Licenses and fees	1,487,882	2,096	-	220,746	1,710,724
Allowance for doubtful accounts	<u>(323,610)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(323,610)</u>
Totals by category	<u><u>\$ 6,374,002</u></u>	<u><u>\$ 65,980</u></u>	<u><u>\$ 1,783</u></u>	<u><u>\$ 300,183</u></u>	<u><u>\$ 6,741,948</u></u>

Proprietary fund receivables are shown as follows:

	Airport	Solid Waste	Water and Sewer	Total
Customer receivables	428,982	294,814	904,937	1,628,733
Allowance for doubtful accounts	<u>(34,044)</u>	<u>(45,883)</u>	<u>(155,812)</u>	<u>(235,739)</u>
Totals by category	<u><u>\$ 394,938</u></u>	<u><u>\$ 248,931</u></u>	<u><u>\$ 749,125</u></u>	<u><u>\$ 1,392,994</u></u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 5. Interfund Receivables, Payables, and Transfers

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2011 is as follows:

Due from Other Funds	Due to Other Funds	Amount
Water and Sewer Fund	Airport Fund	\$ 712,424

Operating transfers that occurred during the year were made to close out funds and to supplement other funding sources as follows:

Transfers In	Transfers Out	Amount
General Fund	Solid Waste	\$ 300,000
General Fund	Lodgers' Tax	535,954
General Fund	Water and Sewer	350,000
General Fund	Airport	300,000
South Park Cemetery	General Fund	223,338
Mass Transit	General Fund	344,113
Mass Transit	Road	267,225
Recreation	General Fund	1,348,067
Road	General Fund	1,352,213
Road	General Fund	2,496,269
Road	Water and Sewer	100,000
Unemployment Compensation	General Fund	23,500
Unemployment Compensation	Road	23,500
Unemployment Compensation	Capital Improvement	23,500
Unemployment Compensation	Airport	23,500
Unemployment Compensation	Solid Waste	23,500
Unemployment Compensation	Water and Sewer	23,500
NMRHCA - Buy in Payments	General Fund	16,600
NMRHCA - Buy in Payments	Road	16,600
NMRHCA - Buy in Payments	Capital Improvement	16,600
NMRHCA - Buy in Payments	Airport	16,600
NMRHCA - Buy in Payments	Solid Waste	16,600
NMRHCA - Buy in Payments	Water and Sewer	16,600
Capital Improvement	General Fund	2,496,269
2003 Sales Tax Revenue Bonds	Lodgers' Tax	111,781
Airport	General Fund	1,200
Airport	Airport - Passenger Facility Charges	151,216
Airport	Water and Sewer	12,900
Solid Waste	General Fund	638,131
Solid Waste - Landfill Bond	Solid Waste	406,665
Water and Sewer - WWTP Bond	Water and Sewer	1,035,884
Total Transfers		\$ 12,711,825

All interfund transactions are short-term and are repaid within one year.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 6. Notes Receivable

The City had the following long-term notes receivable at year end:

Governmental Activities

	Original Amount	Interest Rate	Term	Outstanding Receivable June 30, 2011	Due Within One Year
H.P. Performance	\$ 250,000	3.00%	2011-2014	\$ 57,001	\$ 57,001
Millenium Transit Services, LLC	724,993	prime + 2.25%	None	461,776	87,600
				<u>\$ 518,777</u>	<u>\$ 144,601</u>

Business-Type Activities

	Original Amount	Interest Rate	Term	Balance June 30, 2011	Due Within One Year
Dean Baldwin Painting	\$ 528,406	4.00%	2011-2016	\$ 281,715	\$ 58,503
Millenium Transit Services, LLC	1,345,007	prime + 2.25%	None	856,686	163,200
				<u>\$ 1,138,401</u>	<u>\$ 221,703</u>

Principal and interest revenues for the governmental and business-type activities notes receivable at year end are summarized as follows:

Governmental Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 144,601	\$ 24,209	\$ 168,810
2013	87,600	24,000	111,600
2014	87,600	24,000	111,600
2015	87,600	24,000	111,600
2016	87,600	24,000	111,600
2017-2021	23,776	6,480	30,256
Total	<u>\$ 518,777</u>	<u>\$ 126,689</u>	<u>\$ 645,466</u>

Business-type Activities

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 221,703	\$ 55,807	\$ 277,510
2013	219,496	52,663	272,159
2014	221,787	50,369	272,156
2015	224,174	47,982	272,156
2016	210,555	45,553	256,108
2017-2021	40,686	11,190	51,876
Total	<u>\$ 1,138,401</u>	<u>\$ 263,564</u>	<u>\$ 1,401,965</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2011, including those changes pursuant to the implementation of GASB Statement No. 34, follow. Land, art, and construction in progress are not subject to depreciation.

	Balance, June 30, 2010	Restatement	Additions	Deletions	Balance, June 30, 2011
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 3,253,066	\$ -	\$ 18,674	\$ -	\$ 3,271,740
Land-right of way	5,010,623	-	132,444	-	5,143,067
Construction in progress	1,092,049	-	19,882	456,037	655,894
Library collection	-	2,970,703	222,030	151,306	3,041,427
Historical treasures	437,204	-	-	-	437,204
	<u>9,792,942</u>	<u>2,970,703</u>	<u>393,030</u>	<u>607,343</u>	<u>12,549,332</u>
Total					
Capital assets being depreciated:					
Land improvements	11,143,447	(217,185)	95,694	-	11,021,956
Buildings and improvements	26,544,899	257,743	2,273,240	-	29,075,882
Machinery and equipment	10,214,967	(188,091)	1,034,922	720,442	10,341,356
Furniture and fixtures	265,135	(85,989)	-	528	178,618
Vehicles	11,806,511	(13,963)	937,504	710,243	12,019,809
Infrastructure	157,126,729	(53,882)	2,299,060	-	159,371,907
	<u>217,101,688</u>	<u>(301,367)</u>	<u>6,640,420</u>	<u>1,431,213</u>	<u>222,009,528</u>
Total					
Less accumulated depreciation:					
Land improvements	5,032,186	(41,920)	384,206	-	5,374,472
Buildings and improvements	14,796,768	42,165	1,007,078	-	15,846,011
Machinery and equipment	7,606,808	(111,534)	651,702	683,998	7,462,978
Furniture and fixtures	261,880	(84,634)	1,542	527	178,261
Vehicles	8,889,540	(13,826)	1,101,185	710,242	9,266,657
Infrastructure	132,010,492	(33,034)	1,905,365	-	133,882,823
	<u>168,597,674</u>	<u>(242,783)</u>	<u>5,051,078</u>	<u>1,394,767</u>	<u>172,011,202</u>
Total					
Total capital assets, net	<u>\$ 58,296,956</u>	<u>\$ 2,912,119</u>	<u>\$ 1,982,372</u>	<u>\$ 643,789</u>	<u>\$ 62,547,658</u>

Depreciation expense for the year ended June 30, 2011 was charged to governmental activities as follows:

General government	\$ 2,485,942
Public works	2,407,718
Culture and recreation	<u>157,418</u>
Total depreciation expense	<u>\$ 5,051,078</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 7. Capital Assets (continued)

	Balance, June 30, 2010	Restatement	Additions	Deletions	Balance, June 30, 2011
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 4,581,474	\$ -	\$ -	\$ -	\$ 4,581,474
Construction in progress	66,926	-	5,861	53,268	19,519
Water rights	11,712,900	-	29,698	-	11,742,598
Total	16,361,300	-	35,559	53,268	16,343,591
Capital assets being depreciated:					
Land improvements	7,365,915	(2,499)	127,022	-	7,490,438
Buildings and improvements	74,695,292	923	808,081	619	75,503,677
Machinery and equipment	16,157,668	(208,870)	530,464	92,535	16,386,727
Furniture and fixtures	120,275	(29,131)	28,795	-	119,939
Vehicles	7,075,330	24,000	173,145	607,160	6,665,315
Infrastructure	42,211,571	3,720,855	4,614,512	-	50,546,938
Total	147,626,051	3,505,278	6,282,019	700,314	156,713,034
Less accumulated depreciation:					
Land improvements	1,337,155	(583)	371,420	-	1,707,992
Buildings and improvements	53,452,616	(2,813,342)	1,383,937	67	52,023,144
Machinery and equipment	14,221,408	(160,900)	541,404	92,300	14,509,612
Furniture and fixtures	90,717	(29,116)	10,027	-	71,628
Vehicles	5,200,591	24,001	715,878	607,160	5,333,310
Infrastructure	32,292,097	2,486,479	741,825	-	35,520,401
Total	106,594,584	(493,461)	3,764,491	699,527	109,166,087
Total capital assets, net of depreciation	<u>\$ 57,392,767</u>	<u>\$ 3,998,739</u>	<u>\$ 2,553,087</u>	<u>\$ 54,055</u>	<u>\$ 63,890,538</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2011 was \$3,764,491.

NOTE 8. Intangible Assets

A summary of intangible assets recorded in the proprietary funds for the year ended June 30, 2011 follows. Intangible assets are not subject to depreciation.

Airport Master Plan	\$ 78,520
Water Rights	<u>11,742,598</u>
	<u>\$ 11,821,118</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 9. Long-term Debt

Governmental Activities

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance, June 30, 2010	Additions	Retirements	Balance, June 30, 2011	Due Within One Year
Bonds payable	\$ 5,902,000	\$ -	\$ 676,000	\$ 5,226,000	\$ 631,000
Notes payable	386,544	-	152,766	233,778	162,418
Capital leases payable	510,654	-	199,262	311,392	33,404
Workers' compensation	2,936,889	506,667	340,796	3,102,760	340,796
Claims and judgments	350,000	-	350,000	-	-
Compensated absences	891,103	914,486	868,343	937,246	899,762
Totals	<u>\$ 10,977,190</u>	<u>\$ 1,421,153</u>	<u>\$ 2,587,167</u>	<u>\$ 9,811,176</u>	<u>\$ 2,067,380</u>

Typically, the general fund has been used to liquidate the compensated absences.

Bonds

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 3-3 1-1 through 3-3 1-12 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 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 3-3 1-1 through 3-3 1-12 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 Mexico Taxation and Revenue Department pursuant to Sections 7-1-6.4 NMSA 1978, as amended and Sections 3-3 8-13 through 3-3 8-34 NMSA 1978, as amended.

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 6-1 5-22 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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 9. Long-term Debt (continued)

Governmental Activities (continued)

Revenue bonds outstanding at year end for governmental activities are as follows:

Description	Original Issue	Final Maturity	Interest Rate	Balance, June 30, 2011
General Obligation Series 1999	\$ 6,600,000	8/1/2014	4.25-4.90%	\$ 1,500,000
Sales Tax Revenue Refunding Series 2003	773,000	6/1/2012	3.77%	46,000
General Obligation Series 2008	4,100,000	8/1/2022	3.05-5.30%	3,680,000
				<u>\$ 5,226,000</u>

NMFA Loans and Notes Payable

On July 5, 2006, the City borrowed \$532,501 from the New Mexico Retiree Health Care Authority for the purpose of the employer's surplus contribution. Principal is paid annually with interest paid semiannually.

On May 1, 2009, the City borrowed \$296,026 from the New Mexico Finance Authority for the purpose of purchasing a fire truck. Principal is paid annually with interest paid semiannually.

Outstanding notes payable at the end of the year for governmental activities are as follows:

Description	Original Issue	Final Maturity	Interest Rate	Balance, June 30, 2011
NMRHCA Loan (employer's surplus contribution)	\$ 532,501	6/1/2012	7.50%	\$ 94,144
NMFA Loan (fire truck)	296,026	5/1/2013	3.95-5.20%	139,634
				<u>\$ 233,778</u>

Capital Leases

On May 1, 2002 the City negotiated a lease purchase agreement with Kansas State Bank of Manhattan for a 175' Aerial Rescue, 2 pumpers and 2 brush trucks plus loose equipment in the amount of \$1,349,208 with an interest rate of 5.13%. The lease calls for annual payments of \$175,820 and was paid in full in fiscal year 2011.

On July 3, 2009 the City negotiated a lease purchase agreement with Suntrust Equipment Finance & Leasing Corp. for a 2008 Fire Pumper Truck in the amount of \$375,052 with an interest rate of 4.28%. The lease calls for annual payments of \$46,876 and will be paid in full in fiscal year 2019.

Outstanding capital leases payable at the end of the year for governmental activities are as follows:

Description	Original Issue	Final Maturity	Interest Rate	Balance, June 30, 2011
Sun Trust Equipment Finance (fire truck)	\$ 375,052	7/3/2018	4.28%	<u>\$ 311,392</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 9. Long-term Debt (continued)

Governmental Activities (continued)

Debt Service Requirements

Debt service requirements on long-term debt for governmental activities at June 30, 2011 are as follows:

Bonds Payable			
Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
<u> </u>	<u> </u>	<u> </u>	<u> </u>
2012	\$ 631,000	\$ 194,529	\$ 825,529
2013	615,000	165,591	780,591
2014	655,000	138,972	793,972
2015	645,000	111,648	756,648
2016	280,000	93,520	373,520
2017-2021	1,630,000	306,519	1,936,519
2022-2026	770,000	31,013	801,013
Total	<u>\$ 5,226,000</u>	<u>\$ 1,041,792</u>	<u>\$ 6,267,792</u>
Notes Payable			
Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
<u> </u>	<u> </u>	<u> </u>	<u> </u>
2012	\$ 162,418	\$ 10,275	\$ 172,693
2013	71,360	3,322	74,682
Total	<u>\$ 233,778</u>	<u>\$ 13,597</u>	<u>\$ 247,375</u>
Capital Leases Payable			
Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
<u> </u>	<u> </u>	<u> </u>	<u> </u>
2012	\$ 33,404	\$ 13,472	\$ 46,876
2013	34,849	12,027	46,876
2014	36,357	10,519	46,876
2015	37,930	8,946	46,876
2016	39,571	7,305	46,876
2017-2021	129,281	11,344	140,625
Total	<u>\$ 311,392</u>	<u>\$ 63,613</u>	<u>\$ 375,005</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 9. Long-term Debt (continued)

Business-Type Activities

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the proprietary funds statement of net assets:

	Balance, June 30, 2010	Additions	Retirements	Balance, June 30, 2011	Due Within One Year
Bonds payable	\$ 13,885,000	\$ -	\$ 860,000	\$ 13,025,000	\$ 885,000
Capital leases payable	1,723,525	-	313,127	1,410,398	456,568
Landfill closure and postclosure	715,074	783,720	-	1,498,794	-
Compensated absences	177,133	197,851	200,923	174,061	167,099
Totals	\$ 16,500,732	\$ 981,571	\$ 1,374,050	\$ 16,108,253	\$ 1,508,667

The long-term compensated absences are usually paid out of the fund that incurs the related payroll expense.

Revenue Bonds

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 3-3 1-1 through 3-3 1-12 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 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 3-3 1-1 through 3-1- 1-12 NMSA 1978, as amended. The 2008 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenues payable from the revenues distributed to it by the New Mexico Taxation and Revenue Department pursuant to Sections 7-1-6.4 NMSA 1978, as amended.

Revenue bonds outstanding at year end for business-type activities are as follows:

Description	Original Issue	Final Maturity	Interest Rate	Balance, June 30, 2011
Joint Utility System Series 2005	\$ 13,710,000	6/1/2025	3.00-5.00%	\$ 10,565,000
Gross Receipts Tax Improvement Series 2008	3,190,000	6/1/2018	3.00-4.10%	2,460,000
				<u>\$ 13,025,000</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 9. Long-term Debt (continued)

Business-Type Activities (continued)

Capital Leases

On June 28, 2006 the City negotiated a lease purchase agreement with Suntrust Leasing Corp. for a Fire Suppression System at the Roswell Industrial Air Center in the amount of \$2,100,000 with an interest rate of 4.57%. The lease calls for annual payments of \$266,310 and will be paid in full in fiscal year 2016.

On May 1, 2007 the City negotiated a lease purchase agreement with Wagner Equipment Co. for a Caterpillar 623G Wheel Tractor-Scraper in the amount of \$643,641 with an interest rate of 4.98%. The lease calls for monthly payments of \$9,676 and will be paid in full in fiscal year 2012.

Outstanding capital leases payable at the end of the year for governmental activities are as follows:

Description	Original Issue	Final Maturity	Interest Rate	Balance, June 30, 2011
Sun Trust Equipment Finance (fire truck)	\$ 2,100,000	6/28/2016	4.57%	\$ 1,166,817
Wagner Equipment Co.	643,641	5/1/2012	4.98%	243,581
				<u>\$ 1,410,398</u>

Debt Service Requirements

Debt service requirements on long-term debt for business-type activities at June 30, 2011 are as follows:

Bonds Payable

Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2012	\$ 885,000	\$ 555,170	\$ 1,440,170
2013	915,000	524,982	1,439,982
2014	950,000	492,958	1,442,958
2015	985,000	458,184	1,443,184
2016	1,025,000	421,772	1,446,772
2017-2021	4,545,000	1,438,234	5,983,234
2022-2026	3,720,000	415,782	4,135,782
Total	<u>\$ 13,025,000</u>	<u>\$ 4,307,082</u>	<u>\$ 17,332,082</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 9. Long-term Debt (continued)

Business-type Activities (continued)

Debt Service Requirements (continued)

Capital Leases Payable

Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2012	\$ 456,568	\$ 61,832	\$ 518,400
2013	222,720	43,590	266,310
2014	232,898	33,412	266,310
2015	243,541	22,768	266,309
2016	<u>254,671</u>	<u>11,638</u>	<u>266,309</u>
Total	<u>\$ 1,410,398</u>	<u>\$ 173,240</u>	<u>\$ 1,583,638</u>

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the City to place a final cover on the City-operated landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be incurred after the date the landfill stops accepting waste, the City reports these closure and postclosure care costs as a liability as of each balance sheet date. The City's estimated landfill closure and post-closure care costs as of the year end are as follows:

Estimated closure construction	\$ 749,188
Landfill maintenance	561,000
Environmental monitoring	1,155,220
Phase I & II assessment	<u>2,301,750</u>
Total estimated closure and postclosure costs	<u>4,767,158</u>
Total capacity used to date (approximately 72 acres) as a % of total capacity (229 acres)	31.44%
Estimated closure and postclosure care costs	1,498,794
Prior liability recognized	<u>715,074</u>
Total current year addition to liability	<u>783,720</u>
Estimated liability for the year ended June 30, 2011	<u>\$ 1,498,794</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 10. Risk Management

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

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

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

The 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 \$3,102,760 is recorded on the government-wide financial statements. These liabilities are based on actuarial information provided by the Fund.

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

The City carries commercial insurance for all other risks of loss including some property and liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11. PERA Pension Plan

Plan Description. Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, 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 for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 11. PERA Pension Plan (continued)

Funding Policy. Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement and fire protection employees and 9.15% for municipal employees. The City was required to contribute the following percentages of the gross covered salary: 21.25% for fire protection plan members, 18.5% for law enforcement plan members, and 9.15% for municipal plan members. The contribution requirements of plan members and the City are established in State Statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The City's contributions to PERA for the fiscal years ending June 30, 2011, 2010, and 2009 were \$2,732,355, \$2,556,806, and \$2,467,086, respectively, which were equal to the amount of the required contributions for each year.

NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

(1) For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY 13	2.000%	1.000%

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan (continued)

(2) For employees who are members of an enhanced retirement (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	2.292%	1.146%
FY 13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The City’s contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$333,866, \$115,645 and \$90,365, respectively, which equaled the required contribution for each year.

NOTE 13. Contingent Liabilities

The City is a defendant in a number of lawsuits as of June 30, 2011. It is the opinion of management and City council that the amount of losses resulting from these litigations at year end would not be material to the financial position of the City.

NOTE 14. Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not expected to be material.

NOTE 15. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. There were not any funds with a deficit fund balance as of June 30, 2011.
- B. Excess of expenditures over appropriations. There were not any funds that exceeded approved budgetary authority for the year ended June 30, 2011.
- C. Designated cash appropriations exceeded prior year available balances. There were not any funds which had designated cash appropriations in excess of available balances for the year ended June 30, 2011.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 16. Restatements

The City has restated budgetary, modified accrual fund balances and government wide net assets due to the correction of errors in the presentation of the prior year financial statements consisting primarily of the following items:

1. The prior year financial statements consisted of several expenditure/expense posting errors.
2. The prior year financial statements had several capital asset adjustments due to a year-end inventory.

Budgetary fund balance restatements are as follows:

Fund Name	Budgetary Fund Balance June 30, 2010	Prior Year Accounts Payable	Restated Budgetary Fund Balance June 30, 2010
General Fund	\$ 20,721,304	\$ (2,501,848)	\$ 18,219,456
Road	1,338,987	(68,275)	1,270,712
Library Grants	133	28	161
South Park Cemetery	523,238	5,210	528,448
Mass Transit	459,879	181,562	641,441
Recreation	85,338	46,323	131,661
Correction Fees	485,466	702	486,168
Lodger's Tax	610,498	(51,719)	558,779
Unemployment Compensation	17,476	8,124	25,600
Community Development Revolving Loan	1,276,997	(793,463)	483,534
Beautification Grant	(4,920)	(7,574)	(12,494)
Law Enforcement Grant	11,614	175	11,789
Emergency Medical Services	(4,788)	9,006	4,218
Fire Protection	258,422	369	258,791
Police	(1,582)	(10,656)	(12,238)
Federal Narcotic Seizure	36,749	2,607	39,356
State Narcotic Seizure	2,923	3,240	6,163
GO Bonds	403,021	(14,635)	388,386
Capital Improvements	7,479,003	465,255	7,944,258
Airport	9,979,406	4,804,378	14,783,784
Solid Waste	4,744,926	3,585,144	8,330,070
Water and Sewer	40,080,260	3,224,550	43,304,810
Total	\$ 88,504,350	\$ 8,888,503	\$ 97,392,853

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 16. Restatements (continued)

Modified accrual fund balance and net asset restatements are as follows:

Fund Name	Net Assets/Fund Balance June 30, 2010	Prior Year Accounts Payable	Capital Assets	Restated Net Assets/Fund Balance June 30, 2010
Governmental Activities	\$ 84,168,233	\$ (4,776,744)	\$ 2,912,119	\$ 82,303,608
Business-type Activities	58,029,679	3,675,172	3,998,739	65,703,590
Governmental Funds:				
General Fund	20,436,255	980,460	-	21,416,715
Road	1,307,426	(2,373,251)	-	(1,065,825)
South Park Cemetery	466,765	84,080	-	550,845
Mass Transit	547,310	(73,329)	-	473,981
Recreation	248,877	(52,436)	-	196,441
Correction Fees	466,733	24,314	-	491,047
Lodger's Tax	600,049	(96,256)	-	503,793
Unemployment Compensation	13,819	11,781	-	25,600
Community Development Revolving Loan	1,179,106	(695,572)	-	483,534
Law Enforcement Grant	10,502	(6,184)	-	4,318
Emergency Medical Services	3,029	(3,029)	-	-
EMS Grant - Fire	-	3,410	-	3,410
Hazardous Materials Emergency Response	19,327	(1,158)	-	18,169
Fire Protection	254,366	(109,920)	-	144,446
Police	(966)	966	-	-
Federal Narcotic Seizure	35,703	(30,437)	-	5,266
State Narcotic Seizure	5,143	(2,416)	-	2,727
JAG Grant	87,584	(47,794)	-	39,790
GO Bonds	399,965	(11,579)	-	388,386
2008 GO Bonds Construction	2,651,602	(24,258)	-	2,627,344
Capital Improvements	7,570,716	(2,609,120)	-	4,961,596
Proprietary Funds:				
Airport	11,125,696	893,725	2,764,363	14,783,784
Solid Waste	7,685,964	(70,968)	-	7,614,996
Water and Sewer	39,218,019	2,852,415	1,234,376	43,304,810
Total	\$ 236,530,902	\$ (2,458,128)	\$ 10,909,597	\$ 244,982,371

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 17. Subsequent Pronouncements

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*, Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The City is still evaluating the possible effects of this standard.

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The City will implement this standard during fiscal year June 30, 2013.

In June 2011, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the City in upcoming years.

In June 2011, GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53* Effective Date: The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the City in upcoming years.

NOTE 18. Restricted Net Assets

The government-wide statement of net assets reports \$14,137,841 of restricted net assets, of which \$723,978 is restricted for debt service, \$7,692,504 is restricted for capital projects and \$5,721,359 is restricted by enabling legislation referred to in the special revenue fund descriptions on pages 42 and 71 to 73.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2011

NOTE 19. Commitments

The following is a summary of construction in progress as of June 30, 2011:

Description	Contractor	Amount of Commitment	Completion Year
Central Fire Station Roof	Allen Roofing Co. Inc.	\$ 84,468	FY 2012
Spring River & Hondo Trails	Constructors Inc.	27,000	FY 2012
Fire Station #3	Smith Engineering	2,456	FY 2012
Fire Station #3	Helco Inc.	16,069	FY 2012
Fire Station #3	Vantage Eng. & Const. Inc.	511,590	FY 2012
Fire Station #3	NPSR Architects Inc.	28,563	FY 2012
Spring River Channel	Constructors Inc.	33,642	FY 2012
Increase Drainage	Jace Contracting Services Inc.	20,880	FY 2012
Wildlife Hazard Assessment	Airport Wildlife Consultants Inc.	51,800	FY 2012
Master Plan	Armstrong Consultants Inc.	203,935	FY 2012
BLM Improvement	Armstrong Consultants Inc.	53,257	FY 2012
N. Main Water Line Repair	BWR Constructors Inc.	780,482	FY 2012
Total		<u>\$ 1,814,142</u>	

NOTE 20. Concentrations

The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

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SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
City of Roswell
Nonmajor Governmental Fund Descriptions
June 30, 2011

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 operation and maintenance of the City's cemetery. Financing is provided through lot sales, fees for services, and a transfer from the General Fund. Authority for creation of this fund is City Resolution 11-39.

Mass Transit

To account for the operation and maintenance of the Pecos Trails Transit Service. Financing is provided through federal and state grants, rider fares, advertising, and transfers from the General Fund and Road Fund. Authority for creation of this fund is Section 67-3-69, NMSA 1978; 49 U.S.C. Section 5311.

Recreation

To account for the operation and maintenance of all City owned recreational facilities. Financing is provided by miscellaneous revenues (primary use fees), grants, and a transfer from the General Fund. Authority for creation of this fund is City Resolution 11-39.

Correction Fees

To account for the collection of correction fees by the municipal judge which shall be used to pay the cost of housing municipal prisoners in a county jail or detention facility or housing juveniles in a detention facility. Authority for creation of this fund is Section 35-14-11, NMSA 1978; City Ordinance #09-08.

Lodger's Tax

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 3-38-21, NMSA 1978.

Unemployment Compensation

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 is City Resolution 11-39.

NMRHCA – Buy in Payments

To account for the accumulation of City funds to make monthly payments to the New Mexico Retiree Health Care Authority as a buy-in to the Plan to provide for future benefits for retired and current employees. Funding consists of transfers from the General, Airport, Road, Capital Improvement, and Water and Sewer Funds. Authority for creation of this fund is Section 10-7C-1, NMSA 1978; City Ordinance #001-1 and City Resolution #2457.

Community Development Revolving Loan

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 Title I of the Housing and Community Development Act of 1974 as amended in 1993 and City Resolution #2070, August 9, 1988.

STATE OF NEW MEXICO
City of Roswell
Nonmajor Governmental Fund Descriptions
June 30, 2011

SPECIAL REVENUE FUNDS (continued)

Beautification Grant

To account for the grant proceeds from the New Mexico Cooperative Marketing Grant Program. The funds may be used for beautification and recycling education and promotion, weed eradication, graffiti removal, litter control, and other related expenditures. Authority for creation of this fund is Section 67-16-1 through 14, NMSA 1978.

Law Enforcement Grant

To account for the state treasurer funds distributed through the New Mexico Finance Authority to the City. The funds may be used for the maintenance and improvement of the police department in order to enhance the efficiency and effectiveness of law enforcement services. Authority for creation of this fund is Section 29-13-1 through 9, NMSA 1978.

HIDTA Grant

To account for High Intensity Drug Trafficking 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 the Office of National Drug Control Policy, HIDTA Program Policy & Budget Guidance and the State of New Mexico Department of Public Safety Grant #18PSNP564Z.

Emergency Medical Services

To account for emergency medical training, supplies, and equipment purchased for contract ambulance services. Financing is provided through state grants. Authority for creation of this fund is Section 24-10A-1 through 10, NMSA 1978.

EMS Grant - Fire

To account for emergency medical training, supplies, and equipment purchased for the fire department. Financing is provided through state grants. Authority for creation of this fund is Section 24-10A-1 through 10, 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 is the U.S. Department of Energy Guidelines.

Fire Protection

To account for the state treasurer funds distributed through the New Mexico Finance Authority to the City pursuant to the passing of a resolution. The funds may be used for the operation, maintenance and betterment of the local fire department, to the end that the hazard of loss by fire and fire insurance rates may be reduced and the public safety thereby promoted. Authority for creation of this fund is Section 59A-53-1 through 19, NMSA 1978.

Police

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 Sub-Grant Agreement #09-State Appropriation-DPS-Region VI.

STATE OF NEW MEXICO
City of Roswell
Nonmajor Governmental Fund Descriptions
June 30, 2011

SPECIAL REVENUE FUNDS (continued)

Federal Narcotic Seizure

To account for separately 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. Department of Justice and the Treasury Federal Equitable Sharing Agreement #NM0030 102.

State Narcotic Seizure

To account for separately 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 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-B9-0 104.

DEBT SERVICE FUNDS

GO Bonds

To account for the accumulation of resources for 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 dedicated portion of ad valorem (property) tax approved by the citizens of Chaves County for bond repayment.

2008 GO Bonds

To account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs specifically for the 2008 general obligation bonds. The fund's source of revenue is a dedicated portion of ad valorem (property) tax approved by the citizens of Chaves County for bond repayment.

2003 Sales Tax Revenue Bonds

To account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs specifically for the 2003 sales tax revenue bonds. The fund's source of revenue is one-eighth of one percent gross receipts tax approved by the citizens of Chaves County for bond repayment.

CAPITAL PROJECTS FUNDS

2008 GO Bonds Construction

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

STATE OF NEW MEXICO
City of Roswell
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

Special Revenue

	<u>Library Grants</u>	<u>South Park Cemetery</u>	<u>Mass Transit</u>	<u>Recreation</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 217	\$ 536,799	\$ 633,480	\$ 340,627
Receivables:				
Other receivables	-	101,986	103,682	15,078
<i>Total assets</i>	<u>\$ 217</u>	<u>\$ 638,785</u>	<u>\$ 737,162</u>	<u>\$ 355,705</u>
<i>Liabilities</i>				
Accounts payable	\$ 213	\$ 24,979	\$ 21,560	\$ 95,376
Accrued payroll expenses	-	11,374	24,538	-
<i>Total liabilities</i>	<u>213</u>	<u>36,353</u>	<u>46,098</u>	<u>95,376</u>
<i>Fund balances</i>				
Nonspendable	-	345,000	-	-
Spendable				
Restricted	4	-	-	-
Committed	-	-	691,064	-
Assigned	-	257,432	-	260,329
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>4</u>	<u>602,432</u>	<u>691,064</u>	<u>260,329</u>
<i>Total liabilities and fund balances</i>	<u>\$ 217</u>	<u>\$ 638,785</u>	<u>\$ 737,162</u>	<u>\$ 355,705</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Correction Fees	Lodger's Tax	Unemployment Compensation	NMRHCA - Buy in Payments	Community Development Revolving Loan	Beautification Grant
\$ 477,894	\$ 540,365	\$ 86,918	\$ 3,321	\$ 688,507	\$ (3,553)
-	-	-	-	-	11,593
<u>\$ 477,894</u>	<u>\$ 540,365</u>	<u>\$ 86,918</u>	<u>\$ 3,321</u>	<u>\$ 688,507</u>	<u>\$ 8,040</u>
\$ 43,615	\$ 4,821	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>43,615</u>	<u>4,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
434,279	535,544	-	3,321	688,507	8,040
-	-	-	-	-	-
-	-	86,918	-	-	-
-	-	-	-	-	-
<u>434,279</u>	<u>535,544</u>	<u>86,918</u>	<u>3,321</u>	<u>688,507</u>	<u>8,040</u>
<u>\$ 477,894</u>	<u>\$ 540,365</u>	<u>\$ 86,918</u>	<u>\$ 3,321</u>	<u>\$ 688,507</u>	<u>\$ 8,040</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Roswell
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

Special Revenue

	<u>Law Enforcement Grant</u>	<u>HIDTA Grant</u>	<u>Emergency Medical Services</u>	<u>EMS Grant - Fire</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 35,795	\$ (45,891)	\$ -	\$ 1,163
Receivables:				
Other receivables	-	67,844	-	-
<i>Total assets</i>	<u>\$ 35,795</u>	<u>\$ 21,953</u>	<u>\$ -</u>	<u>\$ 1,163</u>
<i>Liabilities</i>				
Accounts payable	\$ 18,314	\$ 1,000	\$ -	\$ 283
Accrued payroll expenses	-	-	-	-
<i>Total liabilities</i>	<u>18,314</u>	<u>1,000</u>	<u>-</u>	<u>283</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Spendable				
Restricted	17,481	20,953	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	880
<i>Total fund balances</i>	<u>17,481</u>	<u>20,953</u>	<u>-</u>	<u>880</u>
<i>Total liabilities and fund balances</i>	<u>\$ 35,795</u>	<u>\$ 21,953</u>	<u>\$ -</u>	<u>\$ 1,163</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Hazardous Materials Emergency Response	Fire Protection	Police	Federal Narcotic Seizure	State Narcotic Seizure	JAG Grant
\$ 15,985	\$ 378,676	\$ -	\$ 80,463	\$ 3,394	\$ 73,202
-	-	-	-	-	-
<u>\$ 15,985</u>	<u>\$ 378,676</u>	<u>\$ -</u>	<u>\$ 80,463</u>	<u>\$ 3,394</u>	<u>\$ 73,202</u>
\$ -	\$ 274,543	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	<u>274,543</u>	-	-	-	-
-	-	-	-	-	-
15,985	104,133	-	80,463	3,394	73,202
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,985</u>	<u>104,133</u>	<u>-</u>	<u>80,463</u>	<u>3,394</u>	<u>73,202</u>
<u>\$ 15,985</u>	<u>\$ 378,676</u>	<u>\$ -</u>	<u>\$ 80,463</u>	<u>\$ 3,394</u>	<u>\$ 73,202</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Roswell
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Debt Service			Capital Projects
	GO Bonds	2008 GO Bonds	2003 Sales Tax Revenue Bonds	2008 GO Bonds Construction
<i>Assets</i>				
Cash, cash equivalents and investments	\$ 391,644	\$ 307,833	\$ 24,501	\$ 663,113
Receivables:				
Other receivables	-	-	-	-
<i>Total assets</i>	\$ 391,644	\$ 307,833	\$ 24,501	\$ 663,113
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 560,414
Accrued payroll expenses	-	-	-	-
<i>Total liabilities</i>	-	-	-	560,414
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Spendable				
Restricted	391,644	307,833	24,501	102,699
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	391,644	307,833	24,501	102,699
<i>Total liabilities and fund balances</i>	\$ 391,644	\$ 307,833	\$ 24,501	\$ 663,113

The accompanying notes are an integral part of these financial statements

Total Nonmajor
Governmental
Funds

\$ 5,234,453

300,183

\$ 5,534,636

\$ 1,045,118

35,912

1,081,030

345,000

2,811,983

691,064

604,679

880

4,108,606

\$ 5,189,636

STATE OF NEW MEXICO
City of Roswell
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue			
	Library Grants	South Park Cemetery	Mass Transit	Recreation
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	105	113	8,401
Other	-	-	-	6,205
Intergovernmental:				
Federal operating grants	-	-	393,790	-
State operating grants	5,765	-	466,725	-
State capital grants	-	-	65,100	-
Charges for services	-	239,800	103,590	209,582
Licenses and fees	-	153,700	-	-
Investment income	-	2,987	2,269	1,141
Fines, forfeitures, and penalties	-	-	-	-
Miscellaneous	-	5,165	-	41,641
<i>Total revenues</i>	<u>5,765</u>	<u>401,757</u>	<u>1,031,587</u>	<u>266,970</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	477,181	1,301,208	-
Culture and recreation	5,787	-	-	1,488,698
Health and welfare	-	-	-	-
Capital outlay	-	98,423	126,897	62,652
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,787</u>	<u>575,604</u>	<u>1,428,105</u>	<u>1,551,350</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(22)</u>	<u>(173,847)</u>	<u>(396,518)</u>	<u>(1,284,380)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	223,338	611,338	1,348,067
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	2,096	2,263	201
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>225,434</u>	<u>613,601</u>	<u>1,348,268</u>
<i>Net change in fund balances</i>	(22)	51,587	217,083	63,888
<i>Fund balances - beginning of year</i>	26	466,765	547,310	248,877
<i>Restatement (Note 16)</i>	-	84,080	(73,329)	(52,436)
<i>Fund balances - beginning of year, restated</i>	<u>26</u>	<u>550,845</u>	<u>473,981</u>	<u>196,441</u>
<i>Fund balances - end of year</i>	<u>\$ 4</u>	<u>\$ 602,432</u>	<u>\$ 691,064</u>	<u>\$ 260,329</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Correction Fees	Lodger's Tax	Unemployment Compensation	NMRHCA - Buy in Payments	Community Development Revolving Loan	Beautification Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	6	-	-	-	-
-	851,953	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	20,383
-	-	-	-	-	-
-	-	-	-	-	-
178,261	-	-	-	-	-
-	2,407	257	-	204,973	-
-	1,419	-	-	-	-
-	2,838	-	-	-	-
<u>178,261</u>	<u>858,623</u>	<u>257</u>	<u>-</u>	<u>204,973</u>	<u>20,383</u>
-	179,137	79,939	-	-	-
235,029	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	22,997
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	87,361	-	-
-	-	-	10,651	-	-
<u>235,029</u>	<u>179,137</u>	<u>79,939</u>	<u>98,012</u>	<u>-</u>	<u>22,997</u>
<u>(56,768)</u>	<u>679,486</u>	<u>(79,682)</u>	<u>(98,012)</u>	<u>204,973</u>	<u>(2,614)</u>
-	-	141,000	99,600	-	-
-	(647,735)	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>(647,735)</u>	<u>141,000</u>	<u>99,600</u>	<u>-</u>	<u>-</u>
(56,768)	31,751	61,318	1,588	204,973	(2,614)
466,733	600,049	13,819	1,733	1,179,106	10,654
24,314	(96,256)	11,781	-	(695,572)	-
<u>491,047</u>	<u>503,793</u>	<u>25,600</u>	<u>1,733</u>	<u>483,534</u>	<u>10,654</u>
<u>\$ 434,279</u>	<u>\$ 535,544</u>	<u>\$ 86,918</u>	<u>\$ 3,321</u>	<u>\$ 688,507</u>	<u>\$ 8,040</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Roswell
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

Special Revenue

	<u>Law Enforcement Grant</u>	<u>HIDTA Grant</u>	<u>Emergency Medical Services</u>	<u>EMS Grant - Fire</u>
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	78,600	156,802	7,000	20,000
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>78,600</u>	<u>156,802</u>	<u>7,000</u>	<u>20,000</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	64,538	135,849	-	22,530
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	7,000	-
Capital outlay	899	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>65,437</u>	<u>135,849</u>	<u>7,000</u>	<u>22,530</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>13,163</u>	<u>20,953</u>	<u>-</u>	<u>(2,530)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	13,163	20,953	-	(2,530)
<i>Fund balances - beginning of year</i>	10,502	-	3,029	-
<i>Restatement (Note 16)</i>	(6,184)	-	(3,029)	3,410
<i>Fund balances - beginning of year, restated</i>	<u>4,318</u>	<u>-</u>	<u>-</u>	<u>3,410</u>
<i>Fund balances - end of year</i>	<u>\$ 17,481</u>	<u>\$ 20,953</u>	<u>\$ -</u>	<u>\$ 880</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Hazardous Materials Emergency Response	Fire Protection	Police	Federal Narcotic Seizure	State Narcotic Seizure	JAG Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	49,332
7,000	662,778	9,107	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,916	-	37	2	58
-	-	-	77,356	639	-
-	-	-	-	741	-
<u>7,000</u>	<u>665,694</u>	<u>9,107</u>	<u>77,393</u>	<u>1,382</u>	<u>49,390</u>
-	-	-	-	-	-
-	211,701	9,107	2,196	715	15,978
-	-	-	-	-	-
-	-	-	-	-	-
6,925	-	-	-	-	-
2,259	494,306	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,184</u>	<u>706,007</u>	<u>9,107</u>	<u>2,196</u>	<u>715</u>	<u>15,978</u>
<u>(2,184)</u>	<u>(40,313)</u>	<u>-</u>	<u>75,197</u>	<u>667</u>	<u>33,412</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(2,184)</u>	<u>(40,313)</u>	<u>-</u>	<u>75,197</u>	<u>667</u>	<u>33,412</u>
19,327	254,366	(966)	35,703	5,143	87,584
(1,158)	(109,920)	966	(30,437)	(2,416)	(47,794)
<u>18,169</u>	<u>144,446</u>	<u>-</u>	<u>5,266</u>	<u>2,727</u>	<u>39,790</u>
<u>\$ 15,985</u>	<u>\$ 104,133</u>	<u>\$ -</u>	<u>\$ 80,463</u>	<u>\$ 3,394</u>	<u>\$ 73,202</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Roswell
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Debt Service			Capital Projects
	GO Bonds	2008 GO Bonds	2003 Sales Tax Revenue Bonds	2008 GO Bonds Construction
<i>Revenues:</i>				
Taxes:				
Property	\$ 439,053	\$ 366,637	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	462	408	229	4,106
Fines, forfeitures, and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	439,515	367,045	229	4,106
<i>Expenditures:</i>				
Current:				
General government	4,451	3,838	47	-
Public safety	-	-	-	-
Public works	-	-	-	1,701
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	2,527,050
Debt service:				
Principal	350,000	220,000	106,000	-
Interest	81,806	139,383	5,730	-
<i>Total expenditures</i>	436,257	363,221	111,777	2,528,751
<i>Excess (deficiency) of revenues over expenditures</i>	3,258	3,824	(111,548)	(2,524,645)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	111,781	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	111,781	-
<i>Net change in fund balances</i>	3,258	3,824	233	(2,524,645)
<i>Fund balances - beginning of year</i>	399,965	304,009	24,268	2,651,602
<i>Restatement (Note 16)</i>	(11,579)	-	-	(24,258)
<i>Fund balances - beginning of year, restated</i>	388,386	304,009	24,268	2,627,344
<i>Fund balances - end of year</i>	\$ 391,644	\$ 307,833	\$ 24,501	\$ 102,699

The accompanying notes are an integral part of these financial statements

<hr/>	
Total Nonmajor Governmental Funds	
<hr/>	
\$	805,690
	8,625
	858,158
	443,122
	1,434,160
	65,100
	552,972
	331,961
	222,252
	79,414
	50,385
	<hr/>
	4,851,839
	<hr/>
	267,412
	697,643
	1,780,090
	1,517,482
	13,925
	3,312,486
	763,361
	237,570
	<hr/>
	8,589,969
	<hr/>
	(3,738,130)
	<hr/>
	2,535,124
	(647,735)
	4,560
	<hr/>
	1,891,949
	<hr/>
	(1,846,181)
	7,329,604
	(1,029,817)
	<hr/>
	6,299,787
	<hr/>
\$	4,453,606
	<hr/>

STATE OF NEW MEXICO

Statement B-1

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	3,000	5,766	5,765	(1)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,000</u>	<u>5,766</u>	<u>5,765</u>	<u>(1)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	3,162	5,927	5,709	218
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,162</u>	<u>5,927</u>	<u>5,709</u>	<u>218</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(162)</u>	<u>(161)</u>	<u>56</u>	<u>217</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	162	161	-	(161)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>162</u>	<u>161</u>	<u>-</u>	<u>(161)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>
<i>Fund balance - beginning of year</i>	-	-	133	133
<i>Fund balance - restatement (Note 16)</i>	-	-	28	28
<i>Fund balance - beginning as restated</i>	-	-	161	161
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ 217</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 56
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(78)
Net change in fund balance (GAAP)				<u>\$ (22)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	50	50	105	55
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	210,000	185,000	222,187	37,187
Licenses and fees	150,000	132,000	153,700	21,700
Investment income	670	2,770	2,987	217
Miscellaneous	-	5,166	5,165	(1)
	<u>360,720</u>	<u>324,986</u>	<u>384,144</u>	<u>59,158</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	560,915	574,974	524,999	49,975
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	103,500	105,000	76,228	28,772
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>664,415</u>	<u>679,974</u>	<u>601,227</u>	<u>78,747</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(303,695)</u>	<u>(354,988)</u>	<u>(217,083)</u>	<u>137,905</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	135,201	130,650	-	(130,650)
Transfers in	167,494	223,338	223,338	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	1,000	1,000	2,096	1,096
<i>Total other financing sources (uses)</i>	<u>303,695</u>	<u>354,988</u>	<u>225,434</u>	<u>(130,650)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>8,351</u>	<u>8,351</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>523,238</u>	<u>523,238</u>
<i>Fund balance - restatement (Note 16)</i>	<u>-</u>	<u>-</u>	<u>5,210</u>	<u>5,210</u>
<i>Fund balance - beginning as restated</i>	<u>-</u>	<u>-</u>	<u>528,448</u>	<u>528,448</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 536,799</u>	<u>\$ 536,799</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 8,351
Adjustments to revenues for other receivables				17,613
Adjustments to expenditures for accounts payable and accrued payroll				25,623
Net change in fund balance (GAAP)				<u>\$ 51,587</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

City of Roswell

Mass Transit 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	113	113
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	340,000	393,790	393,790	-
Federal capital grants	-	-	-	-
State operating grants	575,000	575,000	583,069	8,069
State capital grants	100,000	100,000	65,100	(34,900)
Charges for services	100,500	93,306	103,590	10,284
Licenses and fees	-	-	-	-
Investment income	1,500	2,125	2,269	144
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,117,000</u>	<u>1,164,221</u>	<u>1,147,931</u>	<u>(16,290)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,430,205	1,460,480	1,470,874	(10,394)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	747,039	734,975	298,619	436,356
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,177,244</u>	<u>2,195,455</u>	<u>1,769,493</u>	<u>425,962</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,060,244)</u>	<u>(1,031,234)</u>	<u>(621,562)</u>	<u>409,672</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	446,360	452,121	-	(452,121)
Transfers in	613,884	579,113	611,338	32,225
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	2,263	2,263
<i>Total other financing sources (uses)</i>	<u>1,060,244</u>	<u>1,031,234</u>	<u>613,601</u>	<u>(419,896)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(7,961)</u>	<u>(7,961)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>459,879</u>	<u>459,879</u>
<i>Fund balance - restatement (Note 16)</i>	<u>-</u>	<u>-</u>	<u>181,562</u>	<u>181,562</u>
<i>Fund balance - beginning as restated</i>	<u>-</u>	<u>-</u>	<u>641,441</u>	<u>641,441</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 633,480</u>	<u>\$ 633,480</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (7,961)
Adjustments to revenues for other receivables				(116,344)
Adjustments to expenditures for accounts payable and accrued payroll				341,388
Net change in fund balance (GAAP)				<u>\$ 217,083</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	6,500	8,000	8,401	401
Gasoline and motor vehicle	-	-	-	-
Other	3,414	6,201	6,205	4
Intergovernmental:				
Federal operating grants	1,334	6,334	1,289	(5,045)
Federal capital grants	-	-	-	-
State operating grants	300,000	300,000	300,000	-
State capital grants	-	-	-	-
Charges for services	172,500	171,795	194,504	22,709
Licenses and fees	-	-	-	-
Investment income	-	1,090	1,141	51
Miscellaneous	20,347	34,992	41,641	6,649
<i>Total revenues</i>	<u>504,095</u>	<u>528,412</u>	<u>553,181</u>	<u>24,769</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	1,672,334	1,745,025	1,678,426	66,599
Health and welfare	-	-	-	-
Capital outlay	87,228	74,569	14,057	60,512
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,759,562</u>	<u>1,819,594</u>	<u>1,692,483</u>	<u>127,111</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,255,467)</u>	<u>(1,291,182)</u>	<u>(1,139,302)</u>	<u>151,880</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(36,474)	(56,885)	-	56,885
Transfers in	1,291,941	1,348,067	1,348,067	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	201	201
<i>Total other financing sources (uses)</i>	<u>1,255,467</u>	<u>1,291,182</u>	<u>1,348,268</u>	<u>56,885</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>208,966</u>	<u>208,966</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>85,338</u>	<u>85,338</u>
<i>Fund balance - restatement (Note 16)</i>	<u>-</u>	<u>-</u>	<u>46,323</u>	<u>46,323</u>
<i>Fund balance - beginning as restated</i>	<u>-</u>	<u>-</u>	<u>131,661</u>	<u>131,661</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,627</u>	<u>\$ 340,627</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 208,966
Adjustments to revenues for other receivables				(286,211)
Adjustments to expenditures for accounts payable				141,133
Net change in fund balance (GAAP)				<u>\$ 63,888</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

City of Roswell

Correction Fees 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Budgetary Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	175,000	175,000	178,261	3,261
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>175,000</u>	<u>175,000</u>	<u>178,261</u>	<u>3,261</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	661,168	661,168	186,535	474,633
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>661,168</u>	<u>661,168</u>	<u>186,535</u>	<u>474,633</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(486,168)</u>	<u>(486,168)</u>	<u>(8,274)</u>	<u>477,894</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	486,168	486,168	-	(486,168)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>486,168</u>	<u>486,168</u>	<u>-</u>	<u>(486,168)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(8,274)</u>	<u>(8,274)</u>
<i>Fund balance - beginning of year</i>	-	-	485,466	485,466
<i>Fund balance - restatement (Note 16)</i>	-	-	702	702
<i>Fund balance - beginning as restated</i>	-	-	486,168	486,168
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477,894</u>	<u>\$ 477,894</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (8,274)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(48,494)
Net change in fund balance (GAAP)				<u>\$ (56,768)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

City of Roswell

Lodger's 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	500	500	6	(494)
Gasoline and motor vehicle	-	-	-	-
Other	825,000	825,000	853,732	28,732
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	2,395	2,525	2,407	(118)
Fines, forfeitures, and penalties	1,500	1,500	1,419	(81)
Miscellaneous	6,000	8,762	2,838	(5,924)
<i>Total revenues</i>	<u>835,395</u>	<u>838,287</u>	<u>860,402</u>	<u>22,115</u>
<i>Expenditures:</i>				
Current:				
General government	311,427	330,410	231,081	99,329
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>311,427</u>	<u>330,410</u>	<u>231,081</u>	<u>99,329</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>523,968</u>	<u>507,877</u>	<u>629,321</u>	<u>121,444</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	123,767	139,858	-	(139,858)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(647,735)	(647,735)	(647,735)	-
<i>Total other financing sources (uses)</i>	<u>(523,968)</u>	<u>(507,877)</u>	<u>(647,735)</u>	<u>(139,858)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(18,414)</u>	<u>(18,414)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>610,498</u>	<u>610,498</u>
<i>Fund balance - restatement (Note 16)</i>	<u>-</u>	<u>-</u>	<u>(51,719)</u>	<u>(51,719)</u>
<i>Fund balance - beginning as restated</i>	<u>-</u>	<u>-</u>	<u>558,779</u>	<u>558,779</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540,365</u>	<u>\$ 540,365</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (18,414)
Adjustments to revenues for other taxes receivable				(1,779)
Adjustments to expenditures for accounts payable				51,944
Net change in fund balance (GAAP)				<u>\$ 31,751</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	145	335	257	(78)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>145</u>	<u>335</u>	<u>257</u>	<u>(78)</u>
<i>Expenditures:</i>				
Current:				
General government	75,000	141,000	79,939	61,061
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>75,000</u>	<u>141,000</u>	<u>79,939</u>	<u>61,061</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(74,855)</u>	<u>(140,665)</u>	<u>(79,682)</u>	<u>60,983</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(145)	(335)	-	335
Loan proceeds	-	-	-	-
Transfers in	75,000	141,000	141,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>74,855</u>	<u>140,665</u>	<u>141,000</u>	<u>335</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>61,318</u>	<u>61,318</u>
<i>Fund balance - beginning of year</i>	-	-	17,476	17,476
<i>Fund balance - restatement (Note 16)</i>	-	-	8,124	8,124
<i>Fund balance - beginning as restated</i>	-	-	25,600	25,600
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,918</u>	<u>\$ 86,918</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 61,318
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 61,318</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

City of Roswell

NMRHCA - Buy in Payments 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	87,362	87,362	87,361	1
Interest	10,651	10,651	10,651	-
<i>Total expenditures</i>	<u>98,013</u>	<u>98,013</u>	<u>98,012</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(98,013)</u>	<u>(98,013)</u>	<u>(98,012)</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(1,587)	(1,587)	-	1,587
Loan proceeds	-	-	-	-
Transfers in	99,600	99,600	99,600	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>98,013</u>	<u>98,013</u>	<u>99,600</u>	<u>1,587</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>1,588</u>	<u>1,588</u>
<i>Fund balance - beginning of year</i>	-	-	1,733	1,733
<i>Fund balance - restatement (Note 16)</i>	-	-	-	-
<i>Fund balance - beginning as restated</i>	-	-	1,733	1,733
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,321</u>	<u>\$ 3,321</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 1,588
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 1,588</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	89,521	134,858	204,973	70,115
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>89,521</u>	<u>134,858</u>	<u>204,973</u>	<u>70,115</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>89,521</u>	<u>134,858</u>	<u>204,973</u>	<u>70,115</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(89,521)	(134,858)	-	134,858
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(89,521)</u>	<u>(134,858)</u>	<u>-</u>	<u>134,858</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>204,973</u>	<u>204,973</u>
<i>Fund balance - beginning of year</i>	-	-	1,276,997	1,276,997
<i>Fund balance - restatement (Note 16)</i>	-	-	(793,463)	(793,463)
<i>Fund balance - beginning as restated</i>	-	-	483,534	483,534
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 688,507</u>	<u>\$ 688,507</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 204,973
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 204,973</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

City of Roswell

Beautification 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Budgetary Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	36,495	35,495	31,938	(3,557)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>36,495</u>	<u>35,495</u>	<u>31,938</u>	<u>(3,557)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	24,000	23,002	22,997	5
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>24,000</u>	<u>23,002</u>	<u>22,997</u>	<u>5</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>12,495</u>	<u>12,493</u>	<u>8,941</u>	<u>(3,552)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(12,495)	(12,493)	-	12,493
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(12,495)</u>	<u>(12,493)</u>	<u>-</u>	<u>12,493</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>8,941</u>	<u>8,941</u>
<i>Fund balance - beginning of year</i>	-	-	(4,920)	(4,920)
<i>Fund balance - restatement (Note 16)</i>	-	-	(7,574)	(7,574)
<i>Fund balance - beginning as restated</i>	-	-	(12,494)	(12,494)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,553)</u>	<u>\$ (3,553)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 8,941
Adjustments to revenues for other receivables				(11,555)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (2,614)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

City of Roswell

Law Enforcement 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	78,600	78,600	78,600	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>78,600</u>	<u>78,600</u>	<u>78,600</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	90,388	89,490	53,695	35,795
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	898	899	(1)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>90,388</u>	<u>90,388</u>	<u>54,594</u>	<u>35,794</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,788)</u>	<u>(11,788)</u>	<u>24,006</u>	<u>35,794</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	11,788	11,788	-	(11,788)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>11,788</u>	<u>11,788</u>	<u>-</u>	<u>(11,788)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>24,006</u>	<u>24,006</u>
<i>Fund balance - beginning of year</i>	-	-	11,614	11,614
<i>Fund balance - restatement (Note 16)</i>	-	-	175	175
<i>Fund balance - beginning as restated</i>	-	-	11,789	11,789
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,795</u>	<u>\$ 35,795</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 24,006
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(10,843)
Net change in fund balance (GAAP)				<u>\$ 13,163</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

City of Roswell

HIDTA 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	192,242	216,336	153,621	(62,715)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>192,242</u>	<u>216,336</u>	<u>153,621</u>	<u>(62,715)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	129,287	153,381	136,557	16,824
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>129,287</u>	<u>153,381</u>	<u>136,557</u>	<u>16,824</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>62,955</u>	<u>62,955</u>	<u>17,064</u>	<u>(45,891)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(62,955)	(62,955)	-	62,955
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(62,955)</u>	<u>(62,955)</u>	<u>-</u>	<u>62,955</u>
<i>Net change in fund balance</i>	-	-	17,064	17,064
<i>Fund balance - beginning of year</i>	-	-	(62,955)	(62,955)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,891)</u>	<u>\$ (45,891)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 17,064
Adjustments to revenues for other receivables				3,181
Adjustments to expenditures for accounts payable				708
Net change in fund balance (GAAP)				<u>\$ 20,953</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

Village of Ruidoso

Emergency Medical Services 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	24,000	7,000	7,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>24,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	28,218	11,219	11,218	1
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>28,218</u>	<u>11,219</u>	<u>11,218</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,218)</u>	<u>(4,219)</u>	<u>(4,218)</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	4,218	4,219	-	(4,219)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,218</u>	<u>4,219</u>	<u>-</u>	<u>(4,219)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(4,218)</u>	<u>(4,218)</u>
<i>Fund balance - beginning of year</i>	-	-	(4,788)	(4,788)
<i>Fund balance - restatement (Note 16)</i>	-	-	9,006	9,006
<i>Fund balance - beginning as restated</i>	-	-	4,218	4,218
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (4,218)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				4,218
Net change in fund balance (GAAP)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

City of Roswell

EMS Grant - Fire Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	20,000	20,000	20,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	23,605	23,605	22,442	1,163
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>23,605</u>	<u>23,605</u>	<u>22,442</u>	<u>1,163</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,605)</u>	<u>(3,605)</u>	<u>(2,442)</u>	<u>1,163</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	3,605	3,605	-	(3,605)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,605</u>	<u>3,605</u>	<u>-</u>	<u>(3,605)</u>
<i>Net change in fund balance</i>	-	-	(2,442)	(2,442)
<i>Fund balance - beginning of year</i>	-	-	3,605	3,605
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,163</u>	<u>\$ 1,163</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (2,442)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(88)
Net change in fund balance (GAAP)				<u>\$ (2,530)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

City of Roswell

Hazardous Materials Emergency Response 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	20,000	20,000	7,000	(13,000)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>7,000</u>	<u>(13,000)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	39,327	29,232	8,083	21,149
Capital outlay	-	10,095	2,259	7,836
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>39,327</u>	<u>39,327</u>	<u>10,342</u>	<u>28,985</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(19,327)</u>	<u>(19,327)</u>	<u>(3,342)</u>	<u>15,985</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	19,327	19,327	-	(19,327)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>19,327</u>	<u>19,327</u>	<u>-</u>	<u>(19,327)</u>
<i>Net change in fund balance</i>	-	-	(3,342)	(3,342)
<i>Fund balance - beginning of year</i>	-	-	19,327	19,327
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,985</u>	<u>\$ 15,985</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (3,342)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				1,158
Net change in fund balance (GAAP)				<u>\$ (2,184)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

City of Roswell

Fire Protection 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Budgetary Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	582,778	662,778	662,778	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	2,900	3,345	2,916	(429)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>585,678</u>	<u>666,123</u>	<u>665,694</u>	<u>(429)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	579,801	309,559	201,500	108,059
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	264,668	615,356	344,309	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>844,469</u>	<u>924,915</u>	<u>545,809</u>	<u>108,059</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(258,791)</u>	<u>(258,792)</u>	<u>119,885</u>	<u>107,630</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	258,791	258,792	-	(258,792)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>258,791</u>	<u>258,792</u>	<u>-</u>	<u>(258,792)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>119,885</u>	<u>119,885</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>258,422</u>	<u>258,422</u>
<i>Fund balance - restatement (Note 16)</i>	<u>-</u>	<u>-</u>	<u>369</u>	<u>369</u>
<i>Fund balance - beginning as restated</i>	<u>-</u>	<u>-</u>	<u>258,791</u>	<u>258,791</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,676</u>	<u>\$ 378,676</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 119,885
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(160,198)
Net change in fund balance (GAAP)				<u>\$ (40,313)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Budgetary Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	29,802	21,345	21,345	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>29,802</u>	<u>21,345</u>	<u>21,345</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	17,564	9,112	9,107	5
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>17,564</u>	<u>9,112</u>	<u>9,107</u>	<u>5</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>12,238</u>	<u>12,233</u>	<u>12,238</u>	<u>5</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(12,238)	(12,233)	-	12,233
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(12,238)</u>	<u>(12,233)</u>	<u>-</u>	<u>12,233</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>12,238</u>	<u>12,238</u>
<i>Fund balance - beginning of year</i>	-	-	(1,582)	(1,582)
<i>Fund balance - restatement (Note 16)</i>	-	-	(10,656)	(10,656)
<i>Fund balance - beginning as restated</i>	-	-	(12,238)	(12,238)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 12,238
Adjustments to revenues for other receivables				(12,238)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	25	25	37	12
Fines, forfeitures, and penalties	20,000	77,356	77,356	-
Miscellaneous	-	-	-	-
Total revenues	20,025	77,381	77,393	12
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	23,891	81,114	6,468	74,646
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	35,490	35,623	29,818	5,805
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	59,381	116,737	36,286	80,451
<i>Excess (deficiency) of revenues over expenditures</i>	(39,356)	(39,356)	41,107	80,463
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	39,356	39,356	-	(39,356)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	39,356	39,356	-	(39,356)
<i>Net change in fund balance</i>	-	-	41,107	41,107
<i>Fund balance - beginning of year</i>	-	-	36,749	36,749
<i>Fund balance - restatement (Note 16)</i>	-	-	2,607	2,607
<i>Fund balance - beginning as restated</i>	-	-	39,356	39,356
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 80,463	\$ 80,463
Net change in fund balance (non-GAAP budgetary basis)				\$ 41,107
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				34,090
Net change in fund balance (GAAP)				\$ 75,197

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	10	3	2	(1)
Fines, forfeitures, and penalties	-	210	639	429
Miscellaneous	-	-	741	741
Total revenues	10	213	1,382	1,169
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	6,173	6,376	4,151	2,225
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,173	6,376	4,151	2,225
<i>Excess (deficiency) of revenues over expenditures</i>	(6,163)	(6,163)	(2,769)	3,394
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	6,163	6,163	-	(6,163)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	6,163	6,163	-	(6,163)
Net change in fund balance	-	-	(2,769)	(2,769)
<i>Fund balance - beginning of year</i>	-	-	2,923	2,923
<i>Fund balance - restatement (Note 16)</i>	-	-	3,240	3,240
<i>Fund balance - beginning as restated</i>	-	-	6,163	6,163
Fund balance - end of year	\$ -	\$ -	\$ 3,394	\$ 3,394
Net change in fund balance (non-GAAP budgetary basis)				\$ (2,769)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				3,436
Net change in fund balance (GAAP)				\$ 667

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

City of Roswell

JAG 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	34,532	34,532	49,332	14,800
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	150	70	58	(12)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>34,682</u>	<u>34,602</u>	<u>49,390</u>	<u>14,788</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	74,472	86,863	28,449	58,414
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	47,794	35,323	35,323	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>122,266</u>	<u>122,186</u>	<u>63,772</u>	<u>58,414</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(87,584)</u>	<u>(87,584)</u>	<u>(14,382)</u>	<u>73,202</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	87,584	87,584	-	(87,584)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>87,584</u>	<u>87,584</u>	<u>-</u>	<u>(87,584)</u>
<i>Net change in fund balance</i>	-	-	(14,382)	(14,382)
<i>Fund balance - beginning of year</i>	-	-	87,584	87,584
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,202</u>	<u>\$ 73,202</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (14,382)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				47,794
Net change in fund balance (GAAP)				<u>\$ 33,412</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 440,878	\$ 452,378	\$ 439,053	\$ (13,325)
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	440	205	462	257
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>441,318</u>	<u>452,583</u>	<u>439,515</u>	<u>(13,068)</u>
<i>Expenditures:</i>				
Current:				
General government	4,071	4,600	4,451	149
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	350,000	350,000	350,000	-
Interest	81,807	81,807	81,806	1
<i>Total expenditures</i>	<u>435,878</u>	<u>436,407</u>	<u>436,257</u>	<u>150</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,440</u>	<u>16,176</u>	<u>3,258</u>	<u>(12,918)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(5,440)	(16,176)	-	16,176
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(5,440)</u>	<u>(16,176)</u>	<u>-</u>	<u>16,176</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>3,258</u>	<u>3,258</u>
<i>Fund balance - beginning of year</i>	-	-	403,021	403,021
<i>Fund balance - restatement (Note 16)</i>	-	-	(14,635)	(14,635)
<i>Fund balance - beginning as restated</i>	-	-	388,386	388,386
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,644</u>	<u>\$ 391,644</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 3,258
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 3,258</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ 369,454	\$ 377,454	\$ 373,145	\$ (4,309)
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	390	200	408	208
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>369,844</u>	<u>377,654</u>	<u>373,553</u>	<u>(4,101)</u>
<i>Expenditures:</i>				
Current:				
General government	4,071	4,090	3,838	252
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	220,000	220,000	220,000	-
Interest	139,383	139,383	139,383	-
<i>Total expenditures</i>	<u>363,454</u>	<u>363,473</u>	<u>363,221</u>	<u>252</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>6,390</u>	<u>14,181</u>	<u>10,332</u>	<u>(3,849)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(6,390)	(14,181)	-	14,181
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(6,390)</u>	<u>(14,181)</u>	<u>-</u>	<u>14,181</u>
<i>Net change in fund balance</i>	-	-	10,332	10,332
<i>Fund balance - beginning of year</i>	-	-	297,501	297,501
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,833</u>	<u>\$ 307,833</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 10,332
Adjustments to revenues for property taxes receivable				(6,508)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 3,824</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	270	150	229	79
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>270</u>	<u>150</u>	<u>229</u>	<u>79</u>
<i>Expenditures:</i>				
Current:				
General government	50	50	47	3
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	106,000	106,000	106,000	-
Interest	5,731	5,731	5,730	1
<i>Total expenditures</i>	<u>111,781</u>	<u>111,781</u>	<u>111,777</u>	<u>4</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(111,511)</u>	<u>(111,631)</u>	<u>(111,548)</u>	<u>83</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(270)	(150)	-	150
Loan proceeds	-	-	-	-
Transfers in	111,781	111,781	111,781	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>111,511</u>	<u>111,631</u>	<u>111,781</u>	<u>150</u>
<i>Net change in fund balance</i>	-	-	233	233
<i>Fund balance - beginning of year</i>	-	-	24,268	24,268
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,501</u>	<u>\$ 24,501</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 233
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 233</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

City of Roswell

2008 GO Bonds Construction Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	310	3,705	4,106	401
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>310</u>	<u>3,705</u>	<u>4,106</u>	<u>401</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	310	2,011	1,701	310
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,651,602	2,653,296	1,990,895	662,401
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,651,912</u>	<u>2,655,307</u>	<u>1,992,596</u>	<u>662,711</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,651,602)</u>	<u>(2,651,602)</u>	<u>(1,988,490)</u>	<u>663,112</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	2,651,602	2,651,602	-	(2,651,602)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,651,602</u>	<u>2,651,602</u>	<u>-</u>	<u>(2,651,602)</u>
<i>Net change in fund balance</i>	-	-	(1,988,490)	(1,988,490)
<i>Fund balance - beginning of year</i>	-	-	2,651,603	2,651,603
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 663,113</u>	<u>\$ 663,113</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,988,490)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(536,155)
Net change in fund balance (GAAP)				<u>\$ (2,524,645)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

City of Roswell

Capital Improvements Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	651,000	651,433	651,433	-
State operating grants	-	-	-	-
State capital grants	4,435,000	5,587,372	1,564,870	(4,022,502)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	31,240	31,105	31,341	236
Miscellaneous	500	500	388	(112)
<i>Total revenues</i>	<u>5,117,740</u>	<u>6,270,410</u>	<u>2,248,032</u>	<u>(4,022,378)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,243,533	1,242,239	1,315,787	(73,548)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	11,827,218	11,862,979	3,582,055	8,280,924
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,070,751</u>	<u>13,105,218</u>	<u>4,897,842</u>	<u>8,207,376</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(7,953,011)</u>	<u>(6,834,808)</u>	<u>(2,649,810)</u>	<u>4,184,998</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	5,707,149	4,599,946	-	(4,599,946)
Loan proceeds	-	-	-	-
Transfers in	2,274,962	2,274,962	2,496,269	221,307
Transfers out	(29,100)	(40,100)	(40,100)	-
<i>Total other financing sources (uses)</i>	<u>7,953,011</u>	<u>6,834,808</u>	<u>2,456,169</u>	<u>(4,378,639)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(193,641)</u>	<u>(193,641)</u>
<i>Fund balance - beginning of year</i>	-	-	7,479,003	7,479,003
<i>Fund balance - restatement (Note 16)</i>	-	-	465,255	465,255
<i>Fund balance - beginning as restated</i>	-	-	7,944,258	7,944,258
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,750,617</u>	<u>\$ 7,750,617</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (193,641)
Adjustments to revenues for other receivables				(221,968)
Adjustments to expenditures for accounts payable				3,043,818
Net change in fund balance (GAAP)				<u>\$ 2,628,209</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-1

City of Roswell

Airport Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 2,414,000	\$ 2,439,000	\$ 2,895,862	\$ 456,862
<i>Total operating revenues</i>	<u>2,414,000</u>	<u>2,439,000</u>	<u>2,895,862</u>	<u>456,862</u>
<i>Operating expenses:</i>				
General and administrative	50,820	50,350	28,577	21,773
Personnel services	719,270	685,164	592,673	92,491
Contractual services	344,459	310,262	105,878	204,384
Supplies and purchased power	2,929,960	4,799,315	2,064,067	2,735,248
Maintenance and materials	302,111	381,784	335,799	45,985
Utilities	174,725	171,360	170,473	887
<i>Total operating expenses</i>	<u>4,521,345</u>	<u>6,398,235</u>	<u>3,297,467</u>	<u>3,100,768</u>
<i>Operating income (loss)</i>	<u>(2,107,345)</u>	<u>(3,959,235)</u>	<u>(401,605)</u>	<u>3,557,630</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	785,055	2,070,538	836,075	(1,234,463)
Interest income	144,963	251,816	231,390	(20,426)
Interest expense	(266,311)	(266,311)	(62,632)	203,679
Gross receipts tax revenue	15,000	17,800	18,050	250
Gross receipts tax expense	(22,000)	(21,935)	(14,869)	7,066
Fines, forfeitures and penalties	6,000	4,700	5,161	461
Miscellaneous	91,184	297,167	276,715	(20,452)
Proceeds from sale of capital assets	2,000	2,000	23,737	21,737
<i>Total non-operating revenues (expenses)</i>	<u>755,891</u>	<u>2,355,775</u>	<u>1,313,627</u>	<u>(1,042,148)</u>
Capital grants	-	-	-	-
Transfers in	48,653	165,355	165,316	(39)
Transfers out	(418,453)	(615,475)	(598,298)	17,177
<i>Capital grants and net transfers</i>	<u>(369,800)</u>	<u>(450,120)</u>	<u>(432,982)</u>	<u>17,138</u>
<i>Change in net assets</i>	<u>(1,721,254)</u>	<u>(2,053,580)</u>	<u>479,040</u>	<u>2,532,620</u>
Designated cash	1,721,254	2,053,580	-	(2,053,580)
<i>Beginning net assets</i>	-	-	9,979,406	9,979,406
<i>Restatement</i>	-	-	4,804,378	4,804,378
<i>Beginning net assets, as restated</i>	-	-	<u>14,783,784</u>	<u>14,783,784</u>
<i>Net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,262,824</u>	<u>\$ 15,262,824</u>
<i>Change in net assets, above</i>			\$ 479,040	
Depreciation			(742,252)	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ (263,212)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-2

City of Roswell

Solid Waste Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variations
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 3,725,000	\$ 3,710,000	\$ 3,900,137	\$ 190,137
<i>Total operating revenues</i>	<u>3,725,000</u>	<u>3,710,000</u>	<u>3,900,137</u>	<u>190,137</u>
<i>Operating expenses:</i>				
General and administrative	159,982	153,154	130,221	22,933
Personnel services	1,389,710	1,463,926	1,355,714	108,212
Contractual services	643,039	612,251	357,539	254,712
Supplies and purchased power	1,415,923	1,562,985	551,941	1,011,044
Maintenance and materials	1,229,421	1,251,774	1,115,654	136,120
Utilities	34,560	29,379	29,478	(99)
<i>Total operating expenses</i>	<u>4,872,635</u>	<u>5,073,469</u>	<u>3,540,547</u>	<u>1,532,922</u>
<i>Operating income (loss)</i>	<u>(1,147,635)</u>	<u>(1,363,469)</u>	<u>359,590</u>	<u>1,723,059</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Interest income	11,420	11,382	11,518	136
Interest expense	(406,615)	(406,615)	(125,601)	281,014
Gross receipts tax revenue	175,000	175,000	184,208	9,208
Gross receipts tax expense	(195,000)	(200,000)	(184,384)	15,616
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	15,000	35,750	76,022	40,272
Proceeds from sale of capital assets	1,000	1,000	18,442	17,442
<i>Total non-operating revenues (expenses)</i>	<u>(399,195)</u>	<u>(383,483)</u>	<u>(19,795)</u>	<u>363,688</u>
Capital grants	-	-	-	-
Transfers in	1,000,031	1,000,031	1,044,796	44,765
Transfers out	(735,765)	(746,765)	(746,765)	-
<i>Capital grants and net transfers</i>	<u>264,266</u>	<u>253,266</u>	<u>298,031</u>	<u>44,765</u>
<i>Change in net assets</i>	<u>(1,282,564)</u>	<u>(1,493,686)</u>	<u>637,826</u>	<u>2,131,512</u>
Designated cash	1,282,564	1,493,686	-	(1,493,686)
<i>Beginning net assets</i>	-	-	4,744,926	4,744,926
<i>Restatement</i>	-	-	3,585,144	3,585,144
<i>Beginning net assets, as restated</i>	-	-	<u>8,330,070</u>	<u>8,330,070</u>
<i>Net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,967,896</u>	<u>\$ 8,967,896</u>
<i>Change in net assets, above</i>			\$ 637,826	
Landfill closure and postclosure care			(783,720)	
Depreciation			<u>(1,143,855)</u>	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ (1,289,749)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-3

City of Roswell

Water and Sewer Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2011

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 8,085,000	\$ 8,083,175	\$ 9,542,431	\$ 1,459,256
<i>Total operating revenues</i>	<u>8,085,000</u>	<u>8,083,175</u>	<u>9,542,431</u>	<u>1,459,256</u>
<i>Operating expenses:</i>				
General and administrative	590,295	601,599	539,375	62,224
Personnel services	3,867,036	3,628,597	3,050,776	577,821
Contractual services	654,377	599,955	390,406	209,549
Supplies and purchased power	2,604,367	3,602,639	2,169,025	1,433,614
Maintenance and materials	786,329	850,163	769,684	80,479
Utilities	765,094	706,624	661,342	45,282
<i>Total operating expenses</i>	<u>9,267,498</u>	<u>9,989,577</u>	<u>7,580,608</u>	<u>2,408,969</u>
<i>Operating income (loss)</i>	<u>(1,182,498)</u>	<u>(1,906,402)</u>	<u>1,961,823</u>	<u>3,868,225</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Interest income	33,500	29,895	30,071	176
Interest expense	(1,035,813)	(1,035,813)	(519,435)	516,378
Gross receipts tax revenue	360,000	360,000	394,013	34,013
Gross receipts tax expense	(366,000)	(385,415)	(385,414)	1
Fines, forfeitures and penalties	64,000	64,000	74,498	10,498
Miscellaneous	170,539	174,411	165,345	(9,066)
Proceeds from sale of capital assets	1,000	1,000	19,590	18,590
<i>Total non-operating revenues (expenses)</i>	<u>(772,774)</u>	<u>(791,922)</u>	<u>(221,332)</u>	<u>570,590</u>
Capital grants	-	-	-	-
Transfers in	1,090,504	1,160,004	1,142,866	(17,138)
Transfers out	(1,527,884)	(1,538,884)	(1,538,884)	-
<i>Capital grants and net transfers</i>	<u>(437,380)</u>	<u>(378,880)</u>	<u>(396,018)</u>	<u>(17,138)</u>
<i>Change in net assets</i>	<u>(2,392,652)</u>	<u>(3,077,204)</u>	<u>1,344,473</u>	<u>4,421,677</u>
Designated cash	2,392,652	3,077,204	-	(3,077,204)
<i>Beginning net assets</i>	-	-	40,080,260	40,080,260
<i>Restatement</i>	-	-	3,224,550	3,224,550
<i>Beginning net assets, as restated</i>	-	-	<u>43,304,810</u>	<u>43,304,810</u>
<i>Net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,649,283</u>	<u>\$ 44,649,283</u>
<i>Change in net assets, above</i>			\$ 1,344,473	
Depreciation			(1,969,647)	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ (625,174)</u>	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Roswell
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2011

Bank Account Type/Name	Deposits		
	Pioneer Bank	Washington Federal Bank	Bank of the Southwest
Pooled Cash - Checking	\$ 10,259,745	\$ -	\$ -
1999 GO Bond Debt Service - Money Market	391,644	-	-
1993 Sales Tax Industrial Revenue Bond - Money Market	24,501	-	-
JAG Grant - Checking	73,900	-	-
Federal Narcotic Seizure Fund - Checking	80,919	-	-
State Narcotic Seizure Fund - Checking	3,552	-	-
2005 WWTP Debt Service Res. - Checking	155,907	-	-
Municipal Court Bail Bonds - Checking	61,675	-	-
GP Bond Proceeds 2008 - Checking	15,015	-	-
GO Bond Debt Service Series 2008 - Money Market	307,833	-	-
GRT Improve. Rev. Bond Series 2008 - Checking	88,268	-	-
GRT Improve. Rev. Bond Series 2008 - Money Market	4,673	-	-
Payroll - Checking	5,873	-	-
Airport Passenger Facility Charge - Checking	77,569	-	-
Certificates of Deposit	6,050,000	-	-
Certificates of Deposit	-	15,594,749	-
Certificate of Deposit	-	-	1,000,000
Local Government Investment Pool Fund	-	-	-
Local Government Investment Pool Fund	-	-	-
NMFA - Checking	-	-	-
NMFA - Checking	-	-	-
NMFA - Checking	-	-	-
Total on deposit	17,601,074	15,594,749	1,000,000
Reconciling items	(638,639)	-	-
Reconciled balance	\$ 16,962,435	\$ 15,594,749	\$ 1,000,000

*Accounts are U.S. Treasury MMA Mutual Funds considered cash equivalents

Petty cash

Total deposits and investments

Total unrestricted cash, cash equivalents and investments per Exhibit A-1

Total restricted cash and cash equivalents per Exhibit A-1

Total agency funds cash and cash equivalents per Exhibit E-1

Total deposits and investments

Investments		
State of New Mexico	New Mexico Finance Authority	Totals
\$ -	\$ -	\$ 10,259,745
-	-	391,644
-	-	24,501
-	-	73,900
-	-	80,919
-	-	3,552
-	-	155,907
-	-	61,675
-	-	15,015
-	-	307,833
-	-	88,268
-	-	4,673
-	-	5,873
-	-	77,569
-	-	6,050,000
-	-	15,594,749
-	-	1,000,000
11,850,816	-	11,850,816
49,834	-	49,834
-	4,374	4,374
-	12,743	12,743
-	29,607	29,607
11,900,650	46,724	46,143,197
-	-	(638,639)
<u>\$ 11,900,650</u>	<u>\$ 46,724</u>	45,504,558

3,950
<u>\$ 45,508,508</u>
\$ 44,930,329
183,389
394,790
<u>\$ 45,508,508</u>

STATE OF NEW MEXICO
City of Roswell
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2011

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2011	Location of Safekeeper
Pioneer Bank					
	FHLMC H15T1Y	01/01/33	31342AG29	\$ 310,472	Dallas, Texas
	FHLMC 1 YR TR	12/01/33	31349SF32	804,339	Dallas, Texas
	FNMA 1 YR LIBOR	12/01/35	31408ALJ7	<u>2,287,205</u>	Dallas, Texas
	Total Pioneer Bank			<u>3,402,016</u>	
Washington Federal Bank					
	FHLB Agency	08/26/25	313370L63	<u>8,825,996</u>	Dallas, Texas
Bank of the Southwest					
	FHLB Letter of Credit	06/06/12	N/A	<u>450,000</u>	Dallas, Texas
	Total Pledged Collateral			<u><u>\$ 12,678,012</u></u>	

STATE OF NEW MEXICO
City of Roswell
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2011

Schedule III

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Water & Sewer Meter Deposits				
Assets				
Cash and cash equivalents	\$ -	\$ 293,231	\$ -	\$ 293,231
<i>Total assets</i>	<u>-</u>	<u>293,231</u>	<u>-</u>	<u>293,231</u>
Liabilities				
Deposits held and due to others	-	293,231	-	293,231
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 293,231</u>	<u>\$ -</u>	<u>\$ 293,231</u>
Bail Bonds Deposits				
Assets				
Cash and cash equivalents	\$ -	\$ 60,718	\$ -	\$ 60,718
<i>Total assets</i>	<u>-</u>	<u>60,718</u>	<u>-</u>	<u>60,718</u>
Liabilities				
Deposits held and due to others	-	60,718	-	60,718
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 60,718</u>	<u>\$ -</u>	<u>\$ 60,718</u>
Payroll Payables				
Assets				
Cash and cash equivalents	\$ -	\$ 40,841	\$ -	\$ 40,841
<i>Total assets</i>	<u>-</u>	<u>40,841</u>	<u>-</u>	<u>40,841</u>
Liabilities				
Deposits held and due to others	-	40,841	-	40,841
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 40,841</u>	<u>\$ -</u>	<u>\$ 40,841</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ -	\$ 394,790	\$ -	\$ 394,790
<i>Total assets</i>	<u>-</u>	<u>394,790</u>	<u>-</u>	<u>394,790</u>
Liabilities				
Deposits held and due to others	-	394,790	-	394,790
<i>Total liabilities</i>	<u>\$ -</u>	<u>\$ 394,790</u>	<u>\$ -</u>	<u>\$ 394,790</u>

See accompanying independent auditors' report

State of New Mexico
City of Roswell
Schedule of Joint Powers Agreements and
Memorandums of Understanding
June 30, 2011

Participants	Responsible Party	Description
City of Roswell and Chaves County	Both	To establish the Pecos Valley Regional Communications Center
City of Roswell and the United States Marshals Service (USMS)	Both	To establish the Violent Offender Task Force - to investigate and arrest persons who have active state and federal warrants for their arrest.

<u>Begin Date</u>	<u>End Date</u>	<u>Estimated Amount of Project</u>	<u>Amount Contributed in Fiscal Year</u>	<u>Audit Responsibility</u>	<u>Fiscal Agent</u>	<u>Name of Govt Agency Report Rev & Exp</u>
7/19/2005	Indefinitely	Unknown	Unknown	City of Roswell	None	City of Roswell
8/1/2010	Indefinitely	Unknown	Unknown	None	None	Both

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COMPLIANCE SECTION

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Accounting & Consulting Group, LLP
Certified Public Accountants

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

Hector Balderas
New Mexico State Auditor
City Manager, Mayor
City Council Members
City of Roswell
Roswell, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison for the general fund, road fund and the aggregate remaining fund information of the City of Roswell, New Mexico, (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 29, 2011. We have also audited the financial statements of each of the City's nonmajor governmental funds and budgetary comparisons for the proprietary funds, capital improvements fund and the remaining nonmajor governmental funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011 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, and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Roswell'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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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 over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain other matter that is required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-2, NMSA 1978, which is described in the accompanying Schedule of Findings and Questioned Costs as finding FS2006-2.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, the Office of the State Auditor, the New Mexico State Legislature, 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.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Roswell, New Mexico
November 29, 2011

FEDERAL FINANCIAL ASSISTANCE

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Accounting & Consulting Group, LLP
Certified Public Accountants

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

Hector Balderas
New Mexico State Auditor
City Manager, Mayor
City Council Members
City of Roswell
Roswell, New Mexico

Compliance

We have audited the compliance of City of Roswell, New Mexico (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, 2011. 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 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.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered 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.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurances that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item FA2011-1 to be a significant deficiency.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, the Office of the State Auditor, the New Mexico State Legislature, 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.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Roswell, New Mexico
November 29, 2011

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STATE OF NEW MEXICO
City of Roswell
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor Program Title	Federal CFDA Number
Federal Grantor/Pass Through Grantor/Program or Cluster Title	
U.S. Department of Transportation	
Passed through NM Highway and Transportation:	
Formula Grants for Other than Urbanized Areas	* 20.509
Formula Grants for Other than Urbanized Areas	* 20.509
Formula Grants for Other than Urbanized Areas, Recovery Act	* 20.509-ARRA
Job Access-Reverse Commute	20.516
Highway Planning and Construction, Recovery Act	* 20.205-ARRA
Direct Programs:	
Airport Improvement Program	20.106
Job Access-Reverse Commute	20.516
Total U.S. Department of Transportation	
U.S. Department of Justice	
Passed through Office of Justice Programs:	
Edward Bryne Memorial Justice Assistance Grant	16.738
Edward Bryne Memorial Justice Assistance Grant	16.738
Edward Bryne Memorial Justice Assistance Grant Programs: Local Solicitation	16.738
Passed through NM Department of Public Safety - Grant Management Bureau:	
Law Enforcement Assistance-Narcotics and Dangerous Drugs Training	16.004
Passed through Office of Community Oriented Policing Services:	
Public Safety Partnership and Community Policing Grant	16.710
Passed through Office of National Drug Control Policy-NM HIDTA Reprogramming:	
Law Enforcement Assistance-Narcotics and Dangerous Drugs-Laboratory Analysis	16.001
Law Enforcement Assistance-Narcotics and Dangerous Drugs-Laboratory Analysis	16.001
Total U.S. Department of Justice	
U.S. Department of Homeland Security	
Passed through NM Department of Homeland Security and Emergency Management:	
Homeland Security Grant Program	* 97.067
Emergency Management Performance Grant	* 97.067
Emergency Management Performance Grant	97.042
Total U.S. Department of Homeland Security	
Total Expenditures of Federal Awards	

* Major Program

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented on the accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Sub-recipients

The City did not provide any federal awards to sub-recipients during the year.

See accompanying independent auditors' report

<u>Federal or Pass Through Grant / Project Number</u>	<u>Federal Expenditures</u>
M00984	\$ 504,029
M00915-1	196,639
M00874/6	231,640
M00964	2,997
ES21200	427,681
3-35-0035-024-2010	732,660
GSA#10-630-9000-0011	<u>726</u>
	<u>2,096,372</u>
2007-DJ-BX0780	36,577
2008-DJ-BX0569	12,396
2010-DJ-BX-0122	14,800
08-JAG-PPA-02 REG-VI	5,865
08 COPS METH REGION VI	3,242
G09SN0017A	6,439
G10SN0017A	<u>130,118</u>
	<u>209,437</u>
2007-GE-T7-0023-Chaves	646,429
2008-GE-T8-0030	17,980
2010-EP-E0-0022	<u>33,968</u>
	<u>698,377</u>
	<u><u>\$3,004,186</u></u>

STATE OF NEW MEXICO
City of Roswell
Schedule of Findings and Questioned Costs
June 30, 2011

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 1. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditors’ report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
20.205	Highway Planning and Construction
20.509	FTA Non-Urbanized Formula Grant
97.067	Homeland Security Grant

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS2006-2 Late Budget Filing (Other)

Condition: The City was required to submit to the Department of Finance and Administration (DFA) by July 31, 2010, the following:

- A resolution adopting the 2010-2011 fiscal year (FY11) final operating budget;
- The location in Roswell's budget of the property tax administration fees paid to Chaves County and the dollar amount;
- A copy of Roswell's year to date fourth quarter report by July 31, 2010;
- A brief discussion of the status of Roswell's most recent annual audit, including the amount Roswell plans to spend on its annual audit in FY11; and
- A carry over approval letter for the beginning cash balance in the Law Enforcement Protection Fund.

Criteria: Section 6-6-2 B. NMSA 1978 requires the City to make corrections, revisions and amendments to the proposed budgets as may be necessary to meet the requirements of law.

Effect: The final approval of the City's budget for FY11 was delayed.

Cause: The City did not adhere to the requirements set forth by DFA and section 6-6-2 B. NMSA 1978.

Auditors' 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.

Views of Responsible Officials and Planned Corrective Actions: 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 a short delay in the submission of some reports). This, the City believes, has resulted in more accurate and better budget submissions, and 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 proposed (preliminary) budget and final budget for the fiscal year ended June 30, 2012, were submitted on time as required, and should alleviate this situation and finding completely.

Section II – Financial Statement Findings and Questioned Costs (continued)

B. Federal Awards Findings

FA2011-1 Over-reporting of Expenditures (Significant Deficiency)

Federal Program Information:

Funding Agency: U.S. Department of Homeland Security
Title: Homeland Security Grant Program
CFDA Number: 97.067
Award Number: 2007-GE-T7-0023-CHAVES
Award Period: 11/20/2007 – 06/30/2011

Questioned Costs: None

Condition: In the reimbursement request for reporting period 04/01/2011 – 06/30/2011 the City miscalculated their year-to-date expenditures by \$40,702.

Criteria: The City's grant agreement with the State of New Mexico Department of Homeland Security requires an accurate report be submitted every quarter to assist NMDHS in its evaluation of the project.

Effect: Because of the erroneous calculation the NMDHS was not able to accurately evaluate the status of the project.

Cause: The City's internal controls were not operating effectively and did not catch the error prior to the report being submitted.

Auditors' Recommendation: The City should have someone with knowledge of federal awards reviewing reimbursement requests prior to them being submitted to NMDHS to ensure that expenditures are being reported accurately.

Views of Responsible Officials and Planned Corrective Actions: The City of Roswell concurs with the need for and acknowledges the requirement for accurate reporting. The expenditure amount being requested for the period was correct and this is the first time a miscalculation of the year-to-date expenditures has occurred when preparing these reports. When the error was discovered the State of New Mexico Department of Homeland Security and Emergency Management was notified by telephone that a corrected report was being submitted. They received the corrected report within two days of receiving the original. It was deduced that the error occurred due to the project manager having to purchase a new calculator which had the subtotal and total keys arranged differently. A verification spreadsheet has been developed to confirm the year-to-date amount accuracy.

STATE OF NEW MEXICO
City of Roswell
Schedule of Findings and Questioned Costs
June 30, 2011

Schedule VI
Page 4 of 4

Section III - Schedule of Prior Year Audit Findings

FS 2006-2	Late Budget Filing	Revised and Repeated
FS 2010-1	Insufficient Controls for Capital Contributions from Developers	Resolved
FS 2010-2	Insufficient Controls over the Financial Statement Process	Resolved
FS 2010-3	Taxable Fringe Benefits	Resolved
FA 2010-1	Subrecipient Monitoring	Resolved

STATE OF NEW MEXICO

City of Roswell
Other Disclosures
June 30, 2011

Exit Conference

An exit conference was held on November 29, 2011. In attendance were the following:

Representing the City of Roswell:

Steve Henderson	Councilor/Finance Committee Chair
Larry Fry	City Manager
Debra Morsey	Finance Officer
Toni Reeves	Budget Director

Representing Accounting & Consulting Group, LLP:

Jeff McWhorter, CPA	Partner
Shelley Olson	Senior Staff

Auditor Prepared Financial Statements

Although it would be preferred and desirable for the City to prepare its own financial statements, the City's personnel did not have the time to prepare them. Accounting & Consulting Group, LLP prepared the financial statements of the City of Roswell from the original books and records provided to them by the management of the City.

