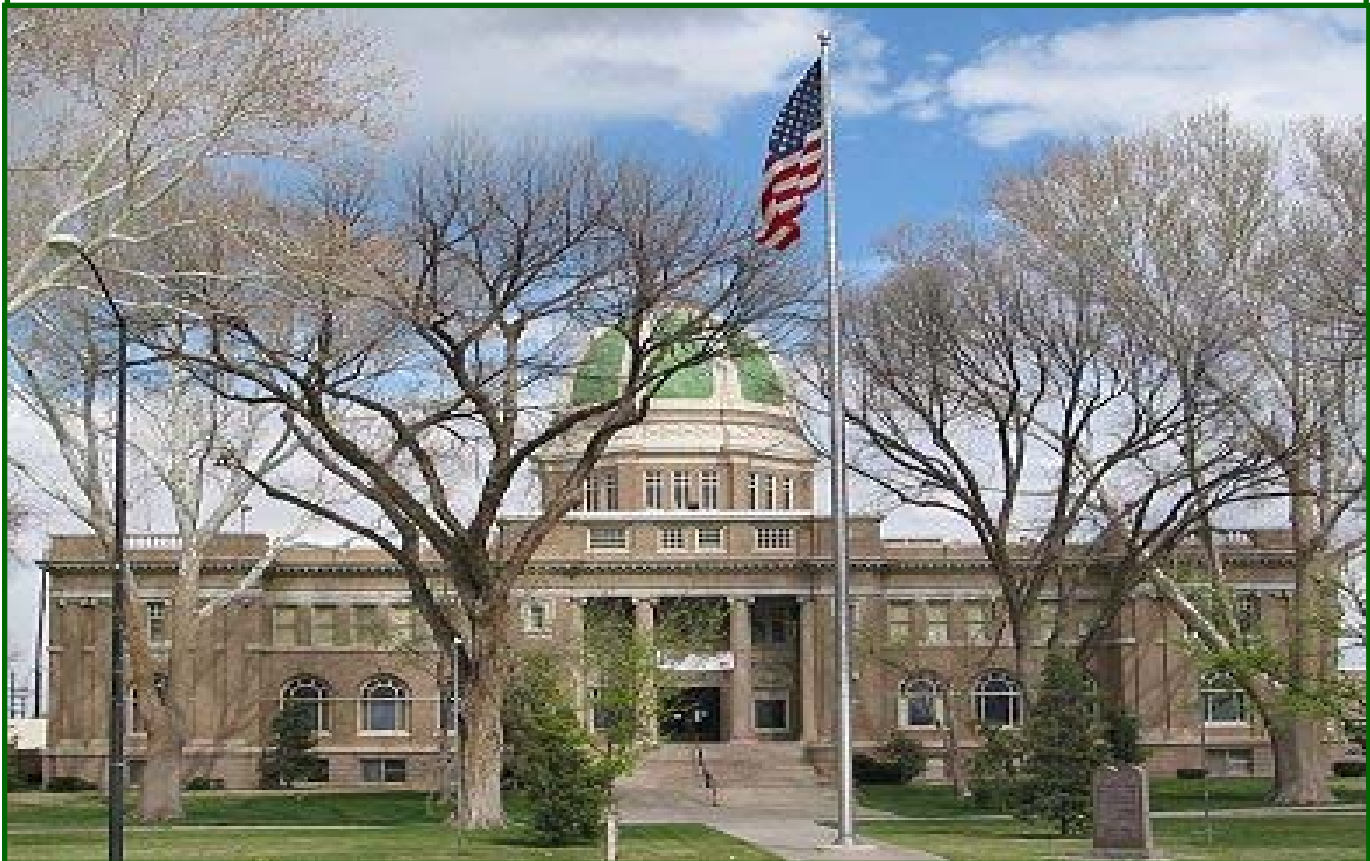


City of Roswell

Annual Financial Report

June 30, 2012



STATE OF NEW MEXICO
CITY OF ROSWELL
ANNUAL FINANCIAL REPORT
JUNE 30, 2012

INTRODUCTORY SECTION

STATE OF NEW MEXICO

City of Roswell

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June 30, 2012

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STATE OF NEW MEXICO

City of Roswell

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STATE OF NEW MEXICO

City of Roswell

Official Roster

June 30, 2012

<u>Name</u>	<u>City Council</u>	<u>Title</u>
Del Journey		Mayor
Dusty Huckabee		Councilor
Juan Oropesa		Councilor
Jimmy Craig		Councilor
Steve Henderson		Councilor
Art Sandoval		Councilor
Jeanine Corn Best		Councilor
Savino Sanchez		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
Barbara Patterson	City Attorney

FINANCIAL SECTION

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Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector Balderas
New Mexico State Auditor,
Mayor, City Manager 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 and 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, 2012, 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, 2012 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, 2012, 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, 2012, 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 Road special revenue fund, each of the City's nonmajor governmental funds, and the major capital project fund for the year ended June 30, 2012, 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 March 28, 2013 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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
March 28, 2013

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012. 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 \$156,829,218 (*net assets*). Of this amount, \$42,431,999 (*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 \$5,700,030. 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 \$32,138,831, a decrease of \$871,718 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,412,334 or 56.88 percent of total general fund expenditures.
- The City's total debt decreased by \$2,168,390 (10.73 percent) 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 City'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, 2012

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-eight 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-five 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 39-65 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 72-109 of this report.

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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 \$156,829,218 at the close of the most recent fiscal year.

The largest portion of the City of Roswell's net assets (\$100,318,939 or 63.97 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, 2012 and June 30, 2011. (Fiscal year 2011 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	
	2012	2011	2012	2011	2012	2011	2012	2011
Current Assets	\$ 34,538	\$ 36,394	\$ 16,983	\$ 17,870	\$ 51,521	\$ 54,264		
Noncurrent assets other than capital assets	383	561	1,092	1,279	1,475	1,840		
Capital assets, net	66,796	62,548	63,696	63,891	130,492	126,439		
Total assets	101,717	99,503	81,771	83,040	183,488	182,543		
Current liabilities	4,401	5,326	2,073	4,652	6,474	9,978		
Noncurrent liabilities	6,755	7,744	13,430	14,863	20,185	22,607		
Total liabilities	11,156	13,070	15,503	19,515	26,659	32,585		
Capital assets, net of related debt	61,851	56,776	38,468	49,455	100,319	106,231		
Restricted	13,726	14,138	-	-	13,726	14,138		
Unrestricted	14,984	15,519	27,800	14,070	42,784	29,589		
Total net assets	\$ 90,561	\$ 86,433	\$ 66,268	\$ 63,525	\$ 156,829	\$ 149,958		

An additional portion of the City of Roswell's net assets of \$13,726,307 (8.75 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$42,783,972 or 27.28 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

A significant portion of changes, when comparing fiscal year 2012 to 2011, 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, 2012

Governmental Activities. Governmental activities increased the City of Roswell's net assets by \$4,127,389. Key elements of this increase are as follows:

- Revenues were up \$1,997 (in thousands), with \$1,276 (in thousands) of this increase due to increases in federal and state grants.

Business-type Activities. Business-type activities increased the City's net assets by \$1,572,641. Key elements of this increase are as follows:

- While revenues remained fairly flat, \$4,104 (in thousands) of this increase was due mainly to expenditures not being incurred in the areas of airport operating, \$2,007 (in thousands), along with water and sewer operating, \$1,035 (in thousands).

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Taxes	\$ 34,839	\$ 34,127	\$ 641	\$ 596	\$ 35,480	\$ 34,723
Intergovernmental	6,461	5,185	878	836	7,339	6,021
Charges for services	755	710	15,617	15,887	16,372	16,597
Other	4,054	4,089	1,348	1,384	5,402	5,473
Total revenues	<u>46,109</u>	<u>44,111</u>	<u>18,484</u>	<u>18,703</u>	<u>64,593</u>	<u>62,814</u>
Expenses						
General government	6,093	7,624	-	-	6,093	7,624
Public safety	19,410	19,314	-	-	19,410	19,314
Public works	9,660	6,471	-	-	9,660	6,471
Culture and recreation	7,258	6,815	-	-	7,258	6,815
Health and welfare	21	14	-	-	21	14
Interest on long-term debt	204	274	-	-	204	274
Airport	-	-	2,318	4,117	2,318	4,117
Solid waste	-	-	4,644	5,778	4,644	5,778
Water and sewer	-	-	9,285	10,455	9,285	10,455
Total expenses	<u>42,646</u>	<u>40,512</u>	<u>16,247</u>	<u>20,350</u>	<u>58,893</u>	<u>60,862</u>
Transfers	<u>664</u>	<u>531</u>	<u>(664)</u>	<u>(531)</u>	<u>-</u>	<u>-</u>
Changes in net assets	<u>\$ 4,127</u>	<u>\$ 4,130</u>	<u>\$ 1,573</u>	<u>\$ (2,178)</u>	<u>\$ 5,700</u>	<u>\$ 1,952</u>

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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 \$32,138,831, a decrease of \$871,718 in comparison with the prior year. Approximately 57.29 percent of this total amount, \$18,412,524, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. Approximately 1.33 percent of the total amount, \$425,870 is *assigned for subsequent year's* expenditures which is an internal designation of spendable fund balance. Approximately 3.60 percent of the total amount, \$1,157,556 is *committed for subsequent year's* expenditures which is an internal limitation of spendable fund balance. Approximately 36.37 percent of the total amount, \$11,690,059 is *restricted for subsequent year's* expenditures which have externally enforceable limitations imposed on the spendable fund balance. The remaining \$452,822 or approximately 1.41% 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 \$18,520,156, of which \$18,412,334 was unassigned. This represents 56.88 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$467,146 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 \$66,268,103, an increase of \$1,572,641 from the prior fiscal year.

General Fund Budgetary Highlights

There were several amendments to the City of Roswell's fiscal year 2012 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.

There was a favorable variance of \$569,307 in the general fund revenues. This was primarily due the City receiving fiscal year 2011 state grant awards not expended by prior year end, along with additional fiscal year 2012 awards, unexpectedly received before year end, for a total of \$246,027. \$131,020 under licenses and fees in the areas of franchise fees due to various utility rate increases during the year along with building permits up due to an unexpected increase in construction. Also, \$115,957 increase in property taxes over the State set property tax budget amount.

The net favorable variance of \$7,140,915 in general fund expenditures was primarily due to not expending all the funds budgeted. Of the \$1,986,086 in general government, \$1,605,001 was not expended in financial administration. Of the \$1,890,098 in public safety, \$1,058,026 was not expended in police and \$571,664 in fire. There was \$706,643 not expended in culture and recreation along with \$2,558,087 in capital outlays.

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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, 2012, amounts to \$130,491,368 (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 \$11,152 (in thousands) during the year, were as follows:

- \$560,091 for buildings to finish construction on fire station #3 and the animal shelter
- \$550,308 for improvements to buildings at the air center for roofs and boilers
- \$1,556,224 for three fire trucks
- \$481,633 for three sanitation trucks and a dump truck for the landfill
- \$1,047,229 for various vehicles and machinery in numerous other governmental departs
- \$4,303,375 for improvements to infrastructure-roads
- \$2,516,297 for improvements to infrastructure-water and sewer system

CITY OF ROSWELL'S CAPITAL ASSETS
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 3,272	\$ 3,272	\$ 4,581	\$ 4,581	\$ 7,853	\$ 7,853
Land-right of way	5,143	5,143	-	-	5,143	5,143
Construction in progress	52	656	8	20	60	676
Library collection	3,031	3,041	-	-	3,031	3,041
Historical treasures	437	437	-	-	437	437
Water rights	-	-	11,782	11,743	11,782	11,743
Land improvements	11,284	11,022	7,938	7,490	19,222	18,512
Buildings and improvements	30,396	29,076	75,976	75,504	106,372	104,580
Machinery and equipment	11,031	10,341	16,334	16,387	27,365	26,728
Furniture and fixtures	164	179	120	120	284	299
Vehicles	14,271	12,020	6,744	6,665	21,015	18,685
Infrastructure	164,237	159,372	51,967	50,547	216,204	209,919
Total capital assets	<u>243,318</u>	<u>234,559</u>	<u>175,450</u>	<u>173,057</u>	<u>418,768</u>	<u>407,616</u>
Less: accumulated depreciation	<u>176,522</u>	<u>172,011</u>	<u>111,754</u>	<u>109,166</u>	<u>288,276</u>	<u>281,177</u>
Capital assets, net	<u>\$ 66,796</u>	<u>\$ 62,548</u>	<u>\$ 63,696</u>	<u>\$ 63,891</u>	<u>\$ 130,492</u>	<u>\$ 126,439</u>

Additional information on the City of Roswell's capital assets can be found in Notes 1 and 7 on pages 44-45 and 53-54 of this report.

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Debt Administration. At the end of the current fiscal year, the City of Roswell had total debt from outstanding bonds of \$16,735,000, loans outstanding of \$71,360, and capital leases outstanding of \$1,231,818, 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	
	2012	2011	2012	2011	2012	2011
Bonds	\$ 4,595	\$ 5,226	\$ 12,140	\$ 13,025	\$ 16,735	\$ 18,251
Loans	71	234	-	-	71	234
Capital leases	278	311	954	1,410	1,232	1,721
Total debt outstanding	<u>\$ 4,944</u>	<u>\$ 5,771</u>	<u>\$ 13,094</u>	<u>\$ 14,435</u>	<u>\$ 18,038</u>	<u>\$ 20,206</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 2011 to 2012. 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 four years.

The adopted combined operating and capital expenditure budget for the fiscal year 2013 totals \$86,905,195, a decrease of only \$930,958 or 1.06% less than fiscal year 2012. 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 \$6,082,010 of its unassigned fund balance for spending in the 2013 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, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 26,623,114	\$ 14,538,402	\$ 41,161,516
Receivables:			
Property taxes receivable	380,015	-	380,015
Other taxes receivable	4,689,151	-	4,689,151
Other receivables, net of allowance	2,738,386	-	2,738,386
Customer receivables, net of allowance	-	1,262,434	1,262,434
Inventory	107,822	1,181,969	1,289,791
Total current assets	<u>34,538,488</u>	<u>16,982,805</u>	<u>51,521,293</u>
Noncurrent assets			
Restricted cash and cash equivalents	12,751	115,138	127,889
Notes receivable	369,866	977,413	1,347,279
Capital assets	243,317,235	163,315,220	406,632,455
Less: accumulated depreciation	(176,521,668)	(111,753,670)	(288,275,338)
Intangible assets	-	12,134,251	12,134,251
Total noncurrent assets	<u>67,178,184</u>	<u>64,788,352</u>	<u>131,966,536</u>
Total assets	<u>\$ 101,716,672</u>	<u>\$ 81,771,157</u>	<u>\$ 183,487,829</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	\$ 986,605	\$ 312,790	\$ 1,299,395
Accrued payroll expenses	894,514	162,669	1,057,183
Other accrued expenses	6,814	99,626	106,440
Accrued compensated absences	878,904	161,788	1,040,692
Accrued interest	87,297	43,749	131,046
Deferred revenue	-	39,090	39,090
Meter and other deposits	271,910	115,138	387,048
Current portion of workers' compensation liability	553,078	-	553,078
Current portion of bonds and notes payable	721,209	1,137,720	1,858,929
Total current liabilities	<u>4,400,331</u>	<u>2,072,570</u>	<u>6,472,901</u>
Noncurrent liabilities			
Accrued compensated absences	37,651	5,318	42,969
Landfill closure liability	-	1,224,514	1,224,514
Long-term workers' compensation liability	2,494,436	-	2,494,436
Bond premiums, net	-	244,542	244,542
Bonds and notes payable	4,223,139	11,956,110	16,179,249
Total noncurrent liabilities	<u>6,755,226</u>	<u>13,430,484</u>	<u>20,185,710</u>
Total liabilities	<u>11,155,557</u>	<u>15,503,054</u>	<u>26,658,611</u>
Net Assets			
Invested in capital assets, net of related debt	61,851,219	38,467,720	100,318,939
Restricted for (Note 18)			
Debt service	738,240	-	738,240
Capital projects and improvements	8,549,743	-	8,549,743
Other purposes	4,438,324	-	4,438,324
Unrestricted	14,983,589	27,800,383	42,783,972
Total net assets	<u>90,561,115</u>	<u>66,268,103</u>	<u>156,829,218</u>
Total liabilities and net assets	<u>\$ 101,716,672</u>	<u>\$ 81,771,157</u>	<u>\$ 183,487,829</u>

STATE OF NEW MEXICO
City of Roswell
Statement of Activities
For the Year Ended June 30, 2012

<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	\$ 6,093,057	\$ 253,928	\$ 467,681	\$ -
Public safety	19,410,279	-	880,254	-
Public works	9,660,355	322,512	583,521	4,164,020
Culture and recreation	7,257,582	178,185	339,398	-
Health and welfare	21,084	-	25,954	-
Interest on long-term debt	203,808	-	-	-
<i>Total governmental activities</i>	<u>42,646,165</u>	<u>754,625</u>	<u>2,296,808</u>	<u>4,164,020</u>
Business-type Activities:				
Airport	2,317,764	2,124,050	428,406	448,905
Solid waste	4,643,931	4,331,153	-	-
Water and sewer	9,284,713	9,161,932	-	-
<i>Total business-type activities</i>	<u>16,246,408</u>	<u>15,617,135</u>	<u>428,406</u>	<u>448,905</u>
<i>Total primary government</i>	<u>\$ 58,892,573</u>	<u>\$ 16,371,760</u>	<u>\$ 2,725,214</u>	<u>\$ 4,612,925</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		
Governmental Activities	Business Type Activities	Total
\$ (5,371,448)	\$ -	\$ (5,371,448)
(18,530,025)	-	(18,530,025)
(4,590,302)	-	(4,590,302)
(6,739,999)	-	(6,739,999)
4,870	-	4,870
(203,808)	-	(203,808)
<u>(35,430,712)</u>	<u>-</u>	<u>(35,430,712)</u>
-	683,597	683,597
-	(312,778)	(312,778)
-	(122,781)	(122,781)
<u>-</u>	<u>248,038</u>	<u>248,038</u>
<u>(35,430,712)</u>	<u>248,038</u>	<u>(35,182,674)</u>
4,466,437	-	4,466,437
842,503	-	842,503
27,704,044	641,306	28,345,350
929,610	-	929,610
896,723	-	896,723
2,452,897	739,854	3,192,751
1,128,513	73,091	1,201,604
58,453	73,235	131,688
599,027	437,526	1,036,553
(184,655)	24,140	(160,515)
664,549	(664,549)	-
<u>39,558,101</u>	<u>1,324,603</u>	<u>40,882,704</u>
<u>4,127,389</u>	<u>1,572,641</u>	<u>5,700,030</u>
86,433,726	63,525,455	149,959,181
-	1,170,007	1,170,007
<u>86,433,726</u>	<u>64,695,462</u>	<u>151,129,188</u>
<u>\$ 90,561,115</u>	<u>\$ 66,268,103</u>	<u>\$ 156,829,218</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, 2012

	<u>General Fund</u>	<u>Road Fund</u>	<u>Capital Improvements Fund</u>
<i>Assets</i>			
Cash, cash equivalents and investments	\$ 13,965,568	\$ 759,165	\$ 7,485,893
Receivables			
Property taxes	352,056	-	-
Other taxes receivable	4,626,483	62,668	-
Other receivables	1,348,345	2,171	1,165,117
Inventory	<u>107,822</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u><u>\$ 20,400,274</u></u>	<u><u>\$ 824,004</u></u>	<u><u>\$ 8,651,010</u></u>
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Cash overdraft	\$ -	\$ -	\$ -
Accounts payable	594,106	50,508	173,518
Accrued payroll expenses	776,295	28,869	24,596
Other accrued expenses	3,847	2,015	-
Deposits payable	271,910	-	-
Deferred property tax revenue	<u>233,960</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>1,880,118</u>	<u>81,392</u>	<u>198,114</u>
<i>Fund balances</i>			
Nonspendable	107,822	-	-
Spendable			
Restricted	-	-	8,452,896
Committed	-	742,612	-
Assigned	-	-	-
Unassigned	<u>18,412,334</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>18,520,156</u>	<u>742,612</u>	<u>8,452,896</u>
<i>Total liabilities and fund balances</i>	<u><u>\$ 20,400,274</u></u>	<u><u>\$ 824,004</u></u>	<u><u>\$ 8,651,010</u></u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 4,485,095	\$ 26,695,721
27,959	380,015
-	4,689,151
222,753	2,738,386
-	107,822
<u>\$ 4,735,807</u>	<u>\$ 34,611,095</u>
\$ 59,856	\$ 59,856
168,473	986,605
64,754	894,514
952	6,814
-	271,910
18,605	252,565
<u>312,640</u>	<u>2,472,264</u>
345,000	452,822
3,237,163	11,690,059
414,944	1,157,556
425,870	425,870
190	18,412,524
<u>4,423,167</u>	<u>32,138,831</u>
<u>\$ 4,735,807</u>	<u>\$ 34,611,095</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, 2012

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	\$	32,138,831
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		66,795,567
Notes receivable used in governmental activities are not financial resources and, therefore, are not reported in the funds		369,866
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		252,565
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		(87,297)
Workers' compensation liability		(3,047,514)
Accrued compensated absences		(916,555)
Bonds and notes payable		(4,944,348)
		90,561,115
Net assets of governmental activities	\$	90,561,115

STATE OF NEW MEXICO
City of Roswell
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Road Fund	Capital Improvements Fund
<i>Revenues</i>			
Taxes			
Property	\$ 4,502,521	\$ -	\$ -
Gross receipts	27,693,729	2,015	-
Gasoline and motor vehicle	179,231	750,379	-
Other	55	-	-
Intergovernmental			
Federal operating grants	165,923	-	-
Federal capital grants	-	-	-
State operating grants	628,800	-	-
State capital grants	-	-	3,856,746
Charges for services	253,928	-	-
Licenses and fees	2,151,891	-	-
Investment income	17,722	3,119	10,521
Fines, forfeitures, and penalties	1,101,733	-	-
Miscellaneous	549,617	3,871	2,908
<i>Total revenues</i>	<u>37,245,150</u>	<u>759,384</u>	<u>3,870,175</u>
<i>Expenditures</i>			
Current			
General government	3,105,423	-	-
Public safety	18,612,178	-	-
Public works	-	3,930,370	1,146,272
Culture and recreation	5,561,904	-	-
Health and welfare	-	-	-
Capital outlay	4,970,546	425,115	4,354,552
Debt service:			
Principal	101,678	-	-
Interest	19,879	-	-
<i>Total expenditures</i>	<u>32,371,608</u>	<u>4,355,485</u>	<u>5,500,824</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,873,542</u>	<u>(3,596,101)</u>	<u>(1,630,649)</u>
<i>Other financing sources (uses)</i>			
Transfers in	1,647,954	2,628,723	2,528,723
Transfers out	(7,014,249)	(310,153)	(34,983)
Proceeds from sale of capital assets	25,607	40,307	-
<i>Total other financing sources (uses)</i>	<u>(5,340,688)</u>	<u>2,358,877</u>	<u>2,493,740</u>
<i>Net change in fund balance</i>	<u>(467,146)</u>	<u>(1,237,224)</u>	<u>863,091</u>
<i>Fund balance - beginning of year</i>	18,987,302	1,979,836	7,589,805
<i>Fund balance - end of year</i>	<u>\$ 18,520,156</u>	<u>\$ 742,612</u>	<u>\$ 8,452,896</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 823,898	\$ 5,326,419
8,300	27,704,044
-	929,610
896,668	896,723
45,866	211,789
307,274	307,274
1,456,219	2,085,019
-	3,856,746
500,697	754,625
301,006	2,452,897
176,002	207,364
26,780	1,128,513
42,631	599,027
<u>4,585,341</u>	<u>46,460,050</u>
325,383	3,430,806
849,159	19,461,337
2,027,987	7,104,629
1,576,918	7,138,822
21,084	21,084
112,762	9,862,975
725,144	826,822
198,398	218,277
<u>5,836,835</u>	<u>48,064,752</u>
<u>(1,251,494)</u>	<u>(1,604,702)</u>
1,777,658	8,583,058
(559,124)	(7,918,509)
2,521	68,435
<u>1,221,055</u>	<u>732,984</u>
<u>(30,439)</u>	<u>(871,718)</u>
4,453,606	33,010,549
<u>\$ 4,423,167</u>	<u>\$ 32,138,831</u>

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STATE OF NEW MEXICO

City of Roswell

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	(871,718)
--	----	-----------

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		9,862,975
Depreciation expense		(5,361,976)

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		(17,479)
Decrease in notes receivable		(148,911)

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:

Decrease in accrued compensated absences		20,691
Decrease in accrued interest		14,469
Loss on sale of capital assets		(253,090)
Decrease in additional accrued liabilities		360
Decrease in workers' compensation liability		55,246

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		826,822
Change in net assets of governmental activities	\$	4,127,389

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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property	\$ 4,409,842	\$ 4,409,842	\$ 4,525,799	\$ 115,957
Gross receipts	27,207,375	27,751,063	27,764,259	13,196
Gasoline and motor vehicle	165,000	165,000	179,231	14,231
Other	-	55	55	-
Intergovernmental income				
Federal operating grants	4,000	106,072	165,923	59,851
Federal capital grants	-	-	-	-
State operating grants	602,500	730,710	976,737	246,027
State capital grants	-	-	-	-
Charges for services	198,550	198,250	253,928	55,678
Licenses and fees	2,670,440	2,653,060	2,784,080	131,020
Fines, forfeitures and penalties	350,250	285,250	283,014	(2,236)
Investment income	65,360	28,700	17,722	(10,978)
Miscellaneous	75,783	179,573	126,134	(53,439)
<i>Total revenues</i>	<u>35,749,100</u>	<u>36,507,575</u>	<u>37,076,882</u>	<u>569,307</u>
<i>Expenditures</i>				
Current				
General government	6,725,085	6,825,341	4,839,255	1,986,086
Public safety	20,649,505	19,921,537	18,031,439	1,890,098
Public works	-	-	-	-
Culture and recreation	6,569,996	6,549,582	5,842,939	706,643
Health and welfare	-	-	-	-
Capital outlay	3,506,365	6,380,790	3,822,703	2,558,087
Debt service				
Principal	68,274	68,274	68,274	-
Interest	6,408	6,408	6,407	1
<i>Total expenditures</i>	<u>37,525,633</u>	<u>39,751,932</u>	<u>32,611,017</u>	<u>7,140,915</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,776,533)</u>	<u>(3,244,357)</u>	<u>4,465,865</u>	<u>7,710,222</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	7,070,513	8,529,682	-	(8,529,682)
Transfers in	1,647,954	1,647,954	1,647,954	-
Transfers out	(6,944,934)	(6,936,279)	(7,014,249)	(77,970)
Proceeds from sale of capital assets	3,000	3,000	25,607	22,607
<i>Total other financing sources (uses)</i>	<u>1,776,533</u>	<u>3,244,357</u>	<u>(5,340,688)</u>	<u>(8,585,045)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(874,823)</u>	<u>(874,823)</u>
<i>Fund balance - beginning of year</i>	-	-	14,676,303	14,676,303
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,801,480</u>	<u>\$ 13,801,480</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (874,823)
Adjustments to revenues for receivables and deferred property tax revenue				168,268
Adjustments to expenditures for prepaid expenses, accounts payable and accrued payroll				239,409
Net change in fund balance (GAAP)				<u>\$ (467,146)</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, 2012

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	2,015	2,015
Gasoline and motor vehicle	690,000	730,000	751,595	21,595
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	5,950	3,875	3,119	(756)
Miscellaneous	5,000	8,640	3,796	(4,844)
<i>Total revenues</i>	<u>700,950</u>	<u>742,515</u>	<u>760,525</u>	<u>18,010</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	4,569,641	4,429,888	3,958,669	471,219
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	279,300	581,120	434,859	146,261
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,848,941</u>	<u>5,011,008</u>	<u>4,393,528</u>	<u>617,480</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,147,991)</u>	<u>(4,268,493)</u>	<u>(3,633,003)</u>	<u>635,490</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,852,705	1,973,207	-	(1,973,207)
Transfers in	2,596,269	2,596,269	2,628,723	32,454
Transfers out	(304,983)	(304,983)	(310,153)	(5,170)
Proceeds from sale of capital assets	4,000	4,000	40,307	36,307
<i>Total other financing sources (uses)</i>	<u>4,147,991</u>	<u>4,268,493</u>	<u>2,358,877</u>	<u>(1,909,616)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(1,274,126)</u>	<u>(1,274,126)</u>
<i>Fund balance - beginning of year</i>	-	-	2,033,291	2,033,291
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 759,165</u>	<u>\$ 759,165</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,274,126)
Adjustments to revenues for other taxes receivables and other receivables				(1,141)
Adjustments to expenditures for accounts payable and accrued payroll				38,043
Net change in fund balance (GAAP)				<u>\$ (1,237,224)</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, 2012

	Airport	Solid Waste	Water and Sewer	Total
<i>Assets</i>				
<i>Current assets</i>				
Cash, cash equivalents and investments	\$ 5,079,422	\$ 2,789,395	\$ 6,669,585	\$ 14,538,402
Customer receivables, net of allowance	377,225	292,438	592,771	1,262,434
Inventory	-	-	1,181,969	1,181,969
Due from other funds	-	-	570,614	570,614
<i>Total current assets</i>	<u>5,456,647</u>	<u>3,081,833</u>	<u>9,014,939</u>	<u>17,553,419</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	113,138	2,000	-	115,138
Capital assets	48,873,146	15,241,902	99,200,172	163,315,220
Accumulated depreciation	(37,342,762)	(7,850,133)	(66,560,775)	(111,753,670)
Intangible assets	351,973	-	11,782,278	12,134,251
Notes receivable	977,413	-	-	977,413
<i>Total noncurrent assets</i>	<u>12,972,908</u>	<u>7,393,769</u>	<u>44,421,675</u>	<u>64,788,352</u>
<i>Total Assets</i>	<u>\$ 18,429,555</u>	<u>\$ 10,475,602</u>	<u>\$ 53,436,614</u>	<u>\$ 82,341,771</u>
<i>Liabilities and Net Assets</i>				
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 26,537	\$ 114,285	\$ 171,968	\$ 312,790
Accrued payroll expenses	19,748	43,563	99,358	162,669
Other accrued expenses	2,307	16,695	80,624	99,626
Accrued compensated absences	22,297	41,647	97,844	161,788
Refundable deposits	113,138	2,000	-	115,138
Due to other funds	570,614	-	-	570,614
Deferred revenue	33,378	-	5,712	39,090
Accrued interest payable	-	6,789	36,960	43,749
Current portion of long-term debt	222,720	325,000	590,000	1,137,720
<i>Total current liabilities</i>	<u>1,010,739</u>	<u>549,979</u>	<u>1,082,466</u>	<u>2,643,184</u>
<i>Noncurrent liabilities</i>				
Landfill closure	-	1,224,514	-	1,224,514
Accrued compensated absences	5,318	-	-	5,318
Premium on bonds payable	-	2,086	242,456	244,542
Notes and bonds payable	731,110	1,820,000	9,405,000	11,956,110
<i>Total noncurrent liabilities</i>	<u>736,428</u>	<u>3,046,600</u>	<u>9,647,456</u>	<u>13,430,484</u>
<i>Total liabilities</i>	<u>1,747,167</u>	<u>3,596,579</u>	<u>10,729,922</u>	<u>16,073,668</u>
<i>Net Assets</i>				
Invested in capital assets, net of related debt	10,576,554	5,246,769	22,644,397	38,467,720
Restricted net assets	-	(1,498,794)	-	(1,498,794)
Unrestricted net assets	6,105,834	3,131,048	20,062,295	29,299,177
<i>Total net assets</i>	<u>16,682,388</u>	<u>6,879,023</u>	<u>42,706,692</u>	<u>66,268,103</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 18,429,555</u>	<u>\$ 10,475,602</u>	<u>\$ 53,436,614</u>	<u>\$ 82,341,771</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, 2012

	Airport	Solid Waste	Water and Sewer	Total
<i>Operating revenues</i>				
Charges for services	\$ 2,863,904	\$ 4,331,153	\$ 9,161,932	\$ 16,356,989
<i>Total operating revenues</i>	<u>2,863,904</u>	<u>4,331,153</u>	<u>9,161,932</u>	<u>16,356,989</u>
<i>Operating expenses</i>				
General and administrative	34,105	147,742	576,835	758,682
Personnel services	634,033	1,356,147	3,189,673	5,179,853
Contractual services	148,528	406,399	428,415	983,342
Supplies and purchased power	59,337	307,805	903,058	1,270,200
Maintenance and materials	213,901	1,264,641	832,922	2,311,464
Utilities	200,958	32,934	614,308	848,200
Amortization	-	(348)	(18,651)	(18,999)
Depreciation	953,852	1,056,683	1,840,338	3,850,873
<i>Total operating expenses</i>	<u>2,244,714</u>	<u>4,572,003</u>	<u>8,366,898</u>	<u>15,183,615</u>
<i>Operating income (loss)</i>	<u>619,190</u>	<u>(240,850)</u>	<u>795,034</u>	<u>1,173,374</u>
<i>Non-operating revenues (expenses)</i>				
Operating grants	428,406	-	-	428,406
Interest income	55,995	3,767	45,195	104,957
Interest expense	(85,046)	(116,496)	(461,807)	(663,349)
Gross receipts tax revenue	16,530	212,466	412,310	641,306
Gross receipts tax expense	(19,726)	(229,712)	(456,008)	(705,446)
Fines, forfeitures and penalties	4,749	-	68,342	73,091
Miscellaneous	168,721	85,218	183,587	437,526
Gain (loss) from sale of capital assets	16,854	7,970	(684)	24,140
Landfill closure and postclosure care adjustment	-	274,280	-	274,280
<i>Total non-operating revenues (expenses)</i>	<u>586,483</u>	<u>237,493</u>	<u>(209,065)</u>	<u>614,911</u>
Capital grants	448,905	-	-	448,905
Transfers in	87,917	1,053,865	1,035,884	2,177,666
Transfers out	(557,204)	(737,648)	(1,547,363)	(2,842,215)
<i>Capital grants and net transfers</i>	<u>(20,382)</u>	<u>316,217</u>	<u>(511,479)</u>	<u>(215,644)</u>
<i>Change in net assets</i>	1,185,291	312,860	74,490	1,572,641
<i>Beginning net assets</i>	14,520,572	6,325,247	42,679,636	63,525,455
<i>Restatement (Note 16)</i>	976,525	240,916	(47,434)	1,170,007
<i>Beginning net assets, as restated</i>	<u>15,497,097</u>	<u>6,566,163</u>	<u>42,632,202</u>	<u>64,695,462</u>
<i>Net assets, end of year</i>	<u>\$ 16,682,388</u>	<u>\$ 6,879,023</u>	<u>\$ 42,706,692</u>	<u>\$ 66,268,103</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, 2012

Exhibit D-3

	Airport	Solid Waste	Water and Sewer	Total
<i>Cash flows from operating activities</i>				
Cash received from user charges	\$ 2,835,981	\$ 4,287,646	\$ 9,318,286	\$ 16,441,913
Cash payments to employees for services	(634,326)	(1,356,096)	(3,160,814)	(5,151,236)
Cash payments to suppliers for goods and services	(1,681,258)	(2,362,312)	(4,600,832)	(8,644,402)
<i>Net cash provided (used) by operating activities</i>	<u>520,397</u>	<u>569,238</u>	<u>1,556,640</u>	<u>2,646,275</u>
<i>Cash flows from noncapital financing activities</i>				
Operating grants	428,406	-	-	428,406
Net gross receipt taxes received	(3,196)	(17,246)	(43,698)	(64,140)
Fines, forfeitures and penalties received	4,749	-	68,342	73,091
Net miscellaneous income and expenses	168,721	85,218	183,587	437,526
Change in noncurrent accrued compensated absences	4,273	(1,856)	(4,061)	(1,644)
Internal transfers and loans	(611,097)	316,217	(369,669)	(664,549)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>(8,144)</u>	<u>382,333</u>	<u>(165,499)</u>	<u>208,690</u>
<i>Cash flows from capital and related financing activities</i>				
Capital grants	448,905	-	-	448,905
Gain (loss) from sale of capital assets	16,854	7,970	(684)	24,140
Acquisition of capital assets	(1,714,074)	(489,779)	(1,433,284)	(3,637,137)
Prior period restatement	976,525	240,916	(47,434)	1,170,007
Principal paid on capital debt	(212,986)	(558,582)	(570,000)	(1,341,568)
Interest paid on capital debt	(85,046)	(118,382)	(463,469)	(666,897)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(569,822)</u>	<u>(917,857)</u>	<u>(2,514,871)</u>	<u>(4,002,550)</u>
<i>Cash flows from investing activities</i>				
Interest on investments	55,995	3,767	45,195	104,957
Payments received on notes receivable	229,012	-	-	229,012
Net (acquisition) disposition of investments	(68,024)	-	-	(68,024)
<i>Net cash provided (used) by investing activities</i>	<u>216,983</u>	<u>3,767</u>	<u>45,195</u>	<u>265,945</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	159,414	37,481	(1,078,535)	(881,640)
<i>Cash, cash equivalents and investments - beginning of year</i>	5,033,146	2,753,914	7,748,120	15,535,180
<i>Cash, cash equivalents and investments - end of year</i>	<u>\$ 5,192,560</u>	<u>\$ 2,791,395</u>	<u>\$ 6,669,585</u>	<u>\$ 14,653,540</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>				
Operating income (loss)	\$ 619,190	\$ (240,850)	\$ 795,034	\$ 1,173,374
Adjustments to reconcile operating (loss) to net cash (used) by operating activities				
Depreciation	953,852	1,056,335	1,821,687	3,831,874
Amortization	-	(348)	(18,651)	(18,999)
Changes in assets and liabilities				
Receivables	17,713	(43,507)	156,354	130,560
Inventory	-	-	(98,805)	(98,805)
Accounts payable	(1,026,736)	(219,138)	(1,174,499)	(2,420,373)
Accrued payroll expenses	2,487	2,951	28,490	33,928
Other accrued expenses	2,307	16,695	46,661	65,663
Accrued compensated absences	(2,780)	(2,900)	369	(5,311)
Meter other refundable deposits	(25,541)	-	-	(25,541)
Deferred revenue	(20,095)	-	-	(20,095)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 520,397</u>	<u>\$ 569,238</u>	<u>\$ 1,556,640</u>	<u>\$ 2,646,275</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit E-1

City of Roswell

Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2012

Assets

Cash

\$ 438,956

Liabilities

Deposits held in trust for others

\$ 438,956

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, 2012

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, 2012

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, 2012

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.

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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 *Capital Projects Funds* account for the overall administration and construction as well as other activities necessary to manage and complete capital projects.

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.

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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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, 2012, 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.

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, 2012 on the governmental funds balance sheet is \$1,157,556.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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, 2012 on the governmental funds balance sheet is \$425,870.

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

Nonspendable Fund Balance: At June 30, 2012, the Nonspendable fund balance in the general fund is made up of inventory in the amount of \$107,822 that is not in spendable form. The Nonspendable fund balance in the South Park Cemetery special revenue fund is segregated for the Perpetual Care Fund in the amount of \$345,000 that is not in spendable form.

Restricted Fund Balance: At June 30, 2012, the restricted fund balance on the governmental funds balance sheet is made up of \$11,690,059 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.

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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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	\$ (1,776,533)	\$ 4,626,109
Road Fund	(4,147,991)	(3,632,993)
Capital Improvements	(6,550,075)	(2,757,813)
Other Governmental Funds	(3,973,098)	(2,008,945)
	Change in Net Assets	
	Original Budget	Final Budget
Proprietary Funds:		
Airport	\$ (4,210,004)	\$ 235,883
Solid Waste	(176,389)	51,039
Water and Sewer	(2,864,714)	(1,095,386)

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.

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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 2. Stewardship, Compliance and Accountability (continued)

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, 2012 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, 2012.

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 will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. 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 July 21, 2011 to December 31, 2012 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 December 31, 2012, 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, 2012

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, 2012, \$22,621,163 of the City’s bank balances of \$31,130,153 was exposed to custodial credit risk. \$12,669,499 was uninsured and collateralized by securities held by the pledging bank’s trust department, not in the City’s name and \$9,951,664 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	\$ 14,538,972	\$ 15,591,181	\$ 1,000,000	\$ 31,130,153
FDIC Coverage	<u>(8,008,990)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(8,508,990)</u>
Total uninsured public funds	<u>6,529,982</u>	<u>15,341,181</u>	<u>750,000</u>	<u>22,621,163</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>3,569,917</u>	<u>8,649,582</u>	<u>450,000</u>	<u>12,669,499</u>
Uninsured and uncollateralized	<u>\$ 2,960,065</u>	<u>\$ 6,691,599</u>	<u>\$ 300,000</u>	<u>\$ 9,951,664</u>
Collateral requirement (50% of uninsured public funds)	\$ 3,264,991	\$ 7,670,591	\$ 375,000	\$ 11,310,582
Pledged collateral	<u>3,569,917</u>	<u>8,649,582</u>	<u>450,000</u>	<u>12,669,499</u>
Over (under) collateralized	<u>\$ 304,926</u>	<u>\$ 978,992</u>	<u>\$ 75,000</u>	<u>\$ 1,358,918</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, 2012 include the following:

<u>Investments</u>	<u>Rated</u>	<u>Weighted Average Maturity</u>	<u>Fair Market Value</u>
LGIP	AAAm	36 Days	\$ 11,228,661
Reserve Contingency Fund	Unrated	No interest	8,348
			<u>\$ 11,237,009</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, 2012

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	\$ 41,161,516
Restricted cash and cash equivalents per Exhibit A-1	127,889
Agency funds cash per Exhibit E-1	438,956
Plus outstanding checks	826,925
Less deposits in transit	(141,390)
Less petty cash	(4,250)
Less investments	(11,237,009)
Less NMFA amounts	<u>(42,484)</u>
 Bank balance of deposits	 <u><u>\$ 31,130,153</u></u>

NOTE 4. Receivables

Governmental funds receivables as of June 30, 2012 are shown as follows:

	General	Road Fund	Capital Improvements	Nonmajor Governmental Funds	Total
Property taxes	\$ 352,056	\$ -	\$ -	\$ 27,959	\$ 380,015
Other taxes:					
Gross receipts taxes	4,626,483	-	-	-	4,626,483
Gasoline and oil taxes	-	62,668	-	-	62,668
Other receivables:					
Intergovernmental grants:					
State	-	-	1,165,117	116,291	1,281,408
Federal	-	-	-	-	-
Licenses and fees	1,694,277	2,171	-	106,462	1,802,910
Allowance for doubtful accounts	<u>(345,932)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(345,932)</u>
 Totals by category	 <u><u>\$ 6,326,884</u></u>	 <u><u>\$ 64,839</u></u>	 <u><u>\$ 1,165,117</u></u>	 <u><u>\$ 250,712</u></u>	 <u><u>\$ 7,807,552</u></u>

Proprietary fund receivables are shown as follows:

	Airport	Solid Waste	Water and Sewer	Total
Customer receivables	396,360	348,725	786,002	1,531,087
Allowance for doubtful accounts	<u>(19,135)</u>	<u>(56,287)</u>	<u>(193,231)</u>	<u>(268,653)</u>
 Totals by category	 <u><u>\$ 377,225</u></u>	 <u><u>\$ 292,438</u></u>	 <u><u>\$ 592,771</u></u>	 <u><u>\$ 1,262,434</u></u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

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, 2012 is as follows:

Due from Other Funds	Due to Other Funds	Amount
Water and Sewer Fund	Airport Fund	\$ 570,614

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	462,000
Mass Transit	Road	275,170
Recreation	General fund	1,269,427
Road	General fund	2,528,723
Road	Water and Sewer	100,000
Unemployment Compensation	General fund	19,200
Unemployment Compensation	Road	19,200
Unemployment Compensation	Capital Improvement	19,200
Unemployment Compensation	Airport	19,200
Unemployment Compensation	Solid Waste	19,200
Unemployment Compensation	Water and Sewer	19,200
NMRHCA - Buy in Payments	General fund	15,776
NMRHCA - Buy in Payments	Road	15,783
NMRHCA - Buy in Payments	Capital Improvement	15,783
NMRHCA - Buy in Payments	Airport	15,783
NMRHCA - Buy in Payments	Solid Waste	15,783
NMRHCA - Buy in Payments	Water and Sewer	15,783
Capital Improvement	General fund	2,528,723
2003 Sales Tax Revenue Bonds	Lodgers' Tax	23,170
Airport	General fund	1,200
Airport	Airport	60,221
Airport	Water and Sewer	26,496
Solid Waste	General fund	651,200
Solid Waste	Solid Waste	402,665
Water and Sewer	Water and Sewer	1,035,884
Total Transfers		\$ 10,760,724

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, 2012

NOTE 6. Notes Receivable

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

Governmental Activities	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Outstanding Receivable June 30, 2012</u>	<u>Due Within One Year</u>
Millenium Transit Services, LLC	\$ 724,993	prime + 2.25%	2004-2017	\$ 369,866	\$ 90,000
				<u>\$ 369,866</u>	<u>\$ 90,000</u>
Business-Type Activities	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
Dean Baldwin Painting	\$ 528,406	4.00%	2006-2016	\$ 223,214	\$ 56,294
Millenium Transit Services, LLC	1,345,007	prime + 2.25%	2004-2017	686,175	170,000
Mistic, Inc.	74,001	2.25%	2012-2015	68,024	24,342
				<u>\$ 977,413</u>	<u>\$ 250,636</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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 90,000	\$ 22,500	\$ 112,500
2014	90,000	22,500	112,500
2015	90,000	22,500	112,500
2016	90,000	22,500	112,500
2017	9,866	2,467	12,333
Total	<u>\$ 369,866</u>	<u>\$ 92,467</u>	<u>\$ 462,333</u>

Business-type Activities			
Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 250,636	\$ 51,594	\$ 302,230
2014	253,483	48,747	302,230
2015	249,762	46,093	295,855
2016	217,356	43,293	260,649
2017	6,175	1,544	7,719
Total	<u>\$ 977,412</u>	<u>\$ 191,271</u>	<u>\$ 1,168,683</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2012, 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, 2011	Restatement	Additions	Deletions	Balance June 30, 2012
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 3,271,740	\$ -	\$ -	\$ -	\$ 3,271,740
Land-right of way	5,143,067	-	-	-	5,143,067
Construction in progress	655,894	-	52,282	655,894	52,282
Library collection	3,041,427	-	223,824	234,114	3,031,137
Historical treasures	437,204	-	-	-	437,204
Total	12,549,332	-	276,106	890,008	11,935,430
Capital assets being depreciated:					
Land improvements	11,021,956	-	262,997	534	11,284,419
Buildings and improvements	29,075,882	-	1,320,119	-	30,396,001
Machinery and equipment	10,341,356	(12,211)	1,035,797	334,455	11,030,487
Furniture and fixtures	178,618	2,408	-	17,292	163,734
Vehicles	12,019,809	10,594	2,759,187	518,996	14,270,594
Infrastructure	159,371,907	-	4,864,663	-	164,236,570
Total	222,009,528	791	10,242,763	871,277	231,381,805
Less accumulated depreciation:					
Land improvements	5,374,472	-	386,781	151	5,761,102
Buildings and improvements	15,846,011	-	1,100,676	-	16,946,687
Machinery and equipment	7,462,978	(12,211)	768,006	334,455	7,884,318
Furniture and fixtures	178,261	2,408	776	17,292	164,153
Vehicles	9,266,657	10,594	1,100,119	500,403	9,876,967
Infrastructure	133,882,823	-	2,005,618	-	135,888,441
Total	172,011,202	791	5,361,976	852,301	176,521,668
Total capital assets, net	<u>\$ 62,547,658</u>	<u>\$ -</u>	<u>\$ 5,156,893</u>	<u>\$ 908,984</u>	<u>\$ 66,795,567</u>

Depreciation expense for the year ended June 30, 2012 was charged to governmental activities as follows:

General government	\$ 2,653,363
Public works	2,549,647
Culture and recreation	158,966
Total depreciation expense	<u>\$ 5,361,976</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 7. Capital Assets (continued)

	Balance June 30, 2011	Restatement	Additions	Deletions	Balance June 30, 2012
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 4,581,474	\$ -	\$ -	\$ -	\$ 4,581,474
Construction in progress	19,519	-	8,275	19,519	8,275
Water rights	11,742,598	-	39,680	-	11,782,278
Total	16,343,591	-	47,955	19,519	16,372,027
Capital assets being depreciated:					
Land improvements	7,490,438	-	447,213	-	7,937,651
Buildings and improvements	75,503,677	-	472,134	-	75,975,811
Machinery and equipment	16,386,727	(482,513)	473,006	43,867	16,333,353
Furniture and fixtures	119,939	-	-	-	119,939
Vehicles	6,665,315	-	516,758	437,972	6,744,101
Infrastructure	50,546,938	(1,417,408)	2,845,359	8,300	51,966,589
Total	156,713,034	(1,899,921)	4,754,470	490,139	159,077,444
Less accumulated depreciation:					
Land improvements	1,707,992	-	381,776	-	2,089,768
Buildings and improvements	52,023,144	-	1,587,873	-	53,611,017
Machinery and equipment	14,509,612	(482,513)	540,438	43,802	14,523,735
Furniture and fixtures	71,628	-	10,245	437,972	(356,099)
Vehicles	5,333,310	-	602,657	2,836	5,933,131
Infrastructure	35,520,401	(296,167)	727,884	-	35,952,118
Total	109,166,087	(778,680)	3,850,873	484,610	111,753,670
Total capital assets, net of depreciation	<u>\$ 63,890,538</u>	<u>\$(1,121,241)</u>	<u>\$ 951,552</u>	<u>\$ 25,048</u>	<u>\$ 63,695,801</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2012 was \$3,850,873.

NOTE 8. Intangible Assets

A summary of intangible assets recorded in the proprietary funds for the year ended June 30, 2012 follows. Intangible assets are not subject to depreciation.

Airport Master Plan	\$ 351,973
Water Rights	<u>11,782,278</u>
	<u>\$ 12,134,251</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 9. Long-term Debt

Governmental Activities

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within
Bonds payable	\$ 5,226,000	\$ -	\$ 631,000	\$ 4,595,000	\$ 615,000
Notes payable	233,778	-	162,418	71,360	71,360
Capital leases payable	311,392	-	33,404	277,988	34,849
Workers' compensation	3,102,760	497,832	553,078	3,047,514	553,078
Compensated absences	937,246	860,981	881,672	916,555	878,904
Totals	<u>\$ 9,811,176</u>	<u>\$ 1,358,813</u>	<u>\$ 2,261,572</u>	<u>\$ 8,908,417</u>	<u>\$ 2,153,191</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 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.

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

Description	Original Issue	Final Maturity	Interest Rate	Balance June 30, 2012
General Obligation Series 1999	\$ 6,600,000	8/1/2014	4.85-4.90%	\$ 1,150,000
General Obligation Series 2008	4,100,000	8/1/2022	3.05-5.30%	<u>3,445,000</u>
				<u>\$ 4,595,000</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 9. Long-term Debt (continued)

Governmental Activities (continued)

Notes Payable

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:

<u>Description</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2012</u>
NMFA Loan (fire truck)	\$ 296,026	5/1/2013	3.95-5.20%	<u>\$ 71,360</u>

Capital Leases

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:

<u>Description</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2012</u>
Sun Trust Equipment Finance (fire truck)	\$ 375,052	7/3/2018	4.28%	<u>\$ 277,988</u>

Debt Service Requirements

Debt service requirements on long-term debt for governmental activities at June 30, 2012 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Debt Service</u>
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	295,000	83,811	378,811
2018-2022	1,710,000	237,918	1,947,918
2023-2027	<u>395,000</u>	<u>15,800</u>	<u>410,800</u>
Total	<u>\$ 4,595,000</u>	<u>\$ 847,260</u>	<u>\$ 5,442,260</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 9. Long-term Debt (continued)

Governmental Activities (continued)

Notes Payable

Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2013	\$ 71,360	\$ 3,322	\$ 74,682
Total	<u>\$ 71,360</u>	<u>\$ 3,322</u>	<u>\$ 74,682</u>

Capital Leases Payable

Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
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	41,282	5,593	46,875
2018-2022	<u>87,999</u>	<u>11,344</u>	<u>99,343</u>
Total	<u>\$ 277,988</u>	<u>\$ 55,734</u>	<u>\$ 333,722</u>

Business-Type Activities

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the proprietary funds statement of net assets:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within
Bonds payable	\$ 13,025,000	\$ -	\$ 885,000	\$ 12,140,000	\$ 915,000
Capital leases payable	1,410,398	-	456,568	953,830	222,720
Landfill closure and postclosure	1,498,794	-	274,280	1,224,514	-
Compensated absences	<u>174,061</u>	<u>178,219</u>	<u>185,174</u>	<u>167,106</u>	<u>161,788</u>
Totals	<u>\$ 16,108,253</u>	<u>\$ 178,219</u>	<u>\$ 1,801,022</u>	<u>\$ 14,485,450</u>	<u>\$ 1,299,508</u>

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

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 9. Long-term Debt (continued)

Business-Type Activities (continued)

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:

Joint Utility System Series 2005	\$ 13,710,000	6/1/2025	3.125-5.00%	\$ 9,995,000
Gross Receipts Tax Improvement Series 2008	3,190,000	6/1/2018	3.00-4.10%	<u>2,145,000</u>
				<u><u>\$ 12,140,000</u></u>

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.

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

<u>Description</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2012</u>
Sun Trust Equipment Finance (fire truck)	\$ 2,100,000	6/28/2016	4.57%	<u><u>\$ 953,830</u></u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 9. Long-term Debt (continued)

Business-Type Activities (continued)

Debt Service Requirements

Debt service requirements on long-term debt for business-type activities at June 30, 2012 are as follows:

Bonds Payable			
Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2013	\$ 915,000	\$ 524,983	\$ 1,439,983
2014	950,000	492,959	1,442,959
2015	985,000	458,188	1,443,188
2016	1,025,000	421,772	1,446,772
2017	1,065,000	374,172	1,439,172
2018-2022	4,345,000	1,233,050	5,578,050
2023-2027	2,855,000	246,799	3,101,799
Total	<u>\$ 12,140,000</u>	<u>\$ 3,751,923</u>	<u>\$ 15,891,923</u>

Capital Leases Payable			
Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2013	\$ 222,720	\$ 43,590	\$ 266,310
2014	232,898	33,412	266,310
2015	243,541	22,768	266,309
2016	254,671	11,638	266,309
Total	<u>\$ 953,830</u>	<u>\$ 111,408</u>	<u>\$ 1,065,238</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:

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 9. Long-term Debt (continued)

Business-Type Activities (continued)

Landfill Closure and Post-Closure Care Costs (continued)

Estimated closure construction	\$ 283,009
Landfill maintenance	752,400
Environmental monitoring	1,153,440
Phase I & II assessment	<u>1,521,800</u>
Total estimated closure and postclosure costs	<u>3,710,649</u>
Total capacity used to date (approximately 74.61 acres) as a % of total capacity (229 acres)	33.00%
Estimated closure and postclosure care costs	1,224,514
Prior liability recognized	<u>1,498,794</u>
Total current year addition to liability	<u>(274,280)</u>
Estimated liability for the year ended June 30, 2012	<u>\$ 1,224,514</u>

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 \$3,047,514 is recorded on the government-wide financial statements. These liabilities are based on actuarial information provided by the Fund.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 10. Risk Management (continued)

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.

Funding Policy. Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement, 6.2% for 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, 2012, 2011, and 2010 were \$2,800,331, \$2,732,355, and \$2,556,806, 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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

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

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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending 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>
FY 13	2.000%	1.000%

(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]), during the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 2.292% of each participating employee's annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for both employees and employers will rise as follows: the contribution rates will be:

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

Also, employers joining the program after January 1, 1998 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, 2012, 2011 and 2010 were \$375,723, \$333,866 and \$115,645, 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, 2012. 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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

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. The following fund had a deficit fund balance as of June 30, 2012:

HIDTA Grant Special Revenue Fund	\$ 698
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- B. Excess of expenditures over revenues. There were not any funds that exceeded approved budgetary authority for the year ended June 30, 2012.
- 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, 2012.

NOTE 16. Restatements

The City has restated business-type activity net assets due to the correction of errors in the presentation of the prior year financial statements accounts payable and capital assets as follows:

Fund Name	Net Assets June 30, 2011	Prior Year Accounts Payable	Prior Year Capital Assets	Restated Net Assets June 30, 2011
Business-type Activities	\$ 63,525,455	\$ 2,291,248	\$ (1,121,241)	\$ 64,695,462

The City has restated net assets at the fund level due to the correction of errors in the presentation of the prior year financial statements accounts payable and capital assets as follows:

Fund Name	Net Assets June 30, 2011	Prior Year Accounts Payable	Prior Year Capital Assets	Restated Net Assets June 30, 2011
Proprietary Funds:				
Airport	14,520,572	976,525	-	15,497,097
Solid Waste	6,325,247	240,916	-	6,566,163
Water and Sewer	42,679,636	1,073,807	(1,121,241)	42,632,202
Total	<u>\$ 63,525,455</u>	<u>\$ 2,291,248</u>	<u>\$ (1,121,241)</u>	<u>\$ 64,695,462</u>

The City has restated net assets at the budgetary level due to the correction of errors in the presentation of the prior year financial statements accounts payable and capital assets as follows:

Fund Name	Budgetary Fund Balance June 30, 2011	Prior Year Accounts Payable	Prior Year Capital Assets	Restated Budgetary Fund Balance June 30, 2011
Airport	\$ 15,262,824	\$ 976,525	\$ -	\$ 16,239,349
Solid Waste	8,967,896	240,916	-	9,208,812
Water and Sewer	44,649,283	1,073,807	(1,121,241)	44,601,849
Total	<u>\$ 68,880,003</u>	<u>\$ 2,291,248</u>	<u>\$ (1,121,241)</u>	<u>\$ 70,050,010</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 17. Subsequent Pronouncements

In November 2010 the Governmental Accounting Standards Board (GASB) issued GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangement*, effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The City is analyzing the effects that this pronouncement will have on their financial statements.

In December 2010 the Governmental Accounting Standards Board (GASB) issued GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations,
2. Accounting Principles Board Opinions, and
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

The City is analyzing the effects that this pronouncement will have on their financial statements.

In April 2011 the Financial Accounting Standards Board (FASB) issued FASB Codification Accounting Standards Update No. 2011-03, *Reconsideration of Effective Control for Repurchase Agreements*, effective for periods beginning on or after December 15, 2011. The main objective of this Update is to improve the accounting for repurchase agreements (repos) and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. The amendments in this Update remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. The City is analyzing the effects that this pronouncement will have on their financial statements.

In June 2011 the Governmental Accounting Standards Board (GASB) issued GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The City is analyzing the effects that this pronouncement will have on their financial statements.

In March 2012 the Governmental Accounting Standards Board (GASB) issued GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City is analyzing the effects that this pronouncement will have on their financial statements.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2012

NOTE 18. Restricted Net Assets

The government-wide statement of net assets reports \$13,726,307 of restricted net assets, of which \$738,240 is restricted for debt service, \$8,549,743 is restricted for capital projects and \$4,438,324 is restricted by enabling legislation referred to in the special revenue fund descriptions on pages 43 and 69 to 71.

NOTE 19. Commitments

The following is a summary of construction in progress as of June 30, 2012:

Description	Contractor	Amount of Commitment	Completion Year
Replace Police Roof	Van Winkle Roofing, Inc.	\$ 157,938	FY 2013
Wool Bowl Softball Complex	NPSR Architects Inc.	12,737	FY 2013
Golf Course Fence Project	Custom Wrought Iron & Welding	22,858	FY 2013
Fire Station #3	Smith Engineering Company	2,303	FY 2013
Fire Station #3	Vantage Eng. & Const. Inc.	60,823	FY 2013
West College Extension	Mountain States Constructors, Inc.	99,800	FY 2013
Sidewalk Repair	Villalobos Constuction Co., Inc.	5,017	FY 2013
South Garden Improvement	FNF New Mexico, LLC	131,293	FY 2013
Replace Airport Roof #524	H Construction Systems, Inc.	88,874	FY 2013
Total		<u>\$ 581,643</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, 2012

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, 2012

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, 2012

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.

Community Development Block Grant

To account for the receipt of grant proceeds to help fund neighborhood improvement projects to provide adequate services to the community. Authority for creation of this fund is Section 9-14-4 NMSA 1978.

STATE OF NEW MEXICO
City of Roswell
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

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	\$ 16	\$ 376,921	\$ 398,985	\$ 211,976
Receivables				
Property taxes	-	-	-	-
Other receivables	-	86,673	56,435	19,789
<i>Total assets</i>	<u>\$ 16</u>	<u>\$ 463,594</u>	<u>\$ 455,420</u>	<u>\$ 231,765</u>
<i>Liabilities</i>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	1,129	15,951	59,133
Accrued payroll expenses	-	13,337	24,525	26,892
Other accrued expenses	-	126	-	826
Deferred property tax revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>14,592</u>	<u>40,476</u>	<u>86,851</u>
<i>Fund balances</i>				
Nonspendable	-	345,000	-	-
Spendable				
Restricted	16	-	-	-
Committed	-	-	414,944	-
Assigned	-	104,002	-	144,914
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>16</u>	<u>449,002</u>	<u>414,944</u>	<u>144,914</u>
<i>Total liabilities and fund balances</i>	<u>\$ 16</u>	<u>\$ 463,594</u>	<u>\$ 455,420</u>	<u>\$ 231,765</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Correction Fees</u>	<u>Lodger's Tax</u>	<u>Unemployment Compensation</u>	<u>NMRHCA - Buy in Payments</u>	<u>Community Development Revolving Loan</u>	<u>Beautification Grant</u>
\$ 382,872	\$ 627,498	\$ 176,954	\$ -	\$ 858,186	\$ -
-	-	-	-	-	-
-	-	-	-	-	2,900
<u>\$ 382,872</u>	<u>\$ 627,498</u>	<u>\$ 176,954</u>	<u>\$ -</u>	<u>\$ 858,186</u>	<u>\$ 2,900</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,900
21,970	20,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>21,970</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,900</u>
-	-	-	-	-	-
360,902	607,498	-	-	858,186	-
-	-	-	-	-	-
-	-	176,954	-	-	-
-	-	-	-	-	-
<u>360,902</u>	<u>607,498</u>	<u>176,954</u>	<u>-</u>	<u>858,186</u>	<u>-</u>
<u>\$ 382,872</u>	<u>\$ 627,498</u>	<u>\$ 176,954</u>	<u>\$ -</u>	<u>\$ 858,186</u>	<u>\$ 2,900</u>

STATE OF NEW MEXICO
City of Roswell
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

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	\$ 37,824	\$ -	\$ 2,962	\$ 590
Receivables				
Property taxes	-	-	-	-
Other receivables	-	56,956	-	-
<i>Total assets</i>	<u>\$ 37,824</u>	<u>\$ 56,956</u>	<u>\$ 2,962</u>	<u>\$ 590</u>
<i>Liabilities</i>				
Cash overdraft	\$ -	\$ 56,956	\$ -	\$ -
Accounts payable	1,218	698	2,752	400
Accrued payroll expenses	-	-	-	-
Other accrued expenses	-	-	-	-
Deferred property tax revenue	-	-	-	-
<i>Total liabilities</i>	<u>1,218</u>	<u>57,654</u>	<u>2,752</u>	<u>400</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Spendable				
Restricted	36,606	(698)	210	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	190
<i>Total fund balances</i>	<u>36,606</u>	<u>(698)</u>	<u>210</u>	<u>190</u>
<i>Total liabilities and fund balances</i>	<u>\$ 37,824</u>	<u>\$ 56,956</u>	<u>\$ 2,962</u>	<u>\$ 590</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
\$ 21,835	\$ 457,724	\$ -	\$ 78,626	\$ 1,836	\$ 23,540
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 21,835</u>	<u>\$ 457,724</u>	<u>\$ -</u>	<u>\$ 78,626</u>	<u>\$ 1,836</u>	<u>\$ 23,540</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,190	43,015	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,190</u>	<u>43,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
20,645	414,709	-	78,626	1,836	23,540
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>20,645</u>	<u>414,709</u>	<u>-</u>	<u>78,626</u>	<u>1,836</u>	<u>23,540</u>
<u>\$ 21,835</u>	<u>\$ 457,724</u>	<u>\$ -</u>	<u>\$ 78,626</u>	<u>\$ 1,836</u>	<u>\$ 23,540</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
June 30, 2012

	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	\$ 420,833	\$ 308,053	\$ -	\$ 97,864
Receivables				
Property taxes	-	27,959	-	-
Other receivables	-	-	-	-
<i>Total assets</i>	\$ 420,833	\$ 336,012	\$ -	\$ 97,864
<i>Liabilities</i>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	1,017
Accrued payroll expenses	-	-	-	-
Other accrued expenses	-	-	-	-
Deferred property tax revenue	-	18,605	-	-
<i>Total liabilities</i>	-	18,605	-	1,017
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Spendable				
Restricted	420,833	317,407	-	96,847
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	420,833	317,407	-	96,847
<i>Total liabilities and fund balances</i>	\$ 420,833	\$ 336,012	\$ -	\$ 97,864

<u>Capital Projects</u>	
<u>Community Development Block Grant</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 4,485,095
-	27,959
-	222,753
<u>\$ -</u>	<u>\$ 4,735,807</u>
\$ -	\$ 59,856
-	168,473
-	64,754
-	952
-	18,605
<u>-</u>	<u>312,640</u>
-	345,000
-	3,237,163
-	414,944
-	425,870
-	190
<u>-</u>	<u>4,423,167</u>
<u>\$ -</u>	<u>\$ 4,735,807</u>

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, 2012

	Special Revenue			
	Library Grants	South Park Cemetery	Mass Transit	Recreation
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	126	-	8,174
Other	-	-	-	28
Intergovernmental				
Federal operating grants	-	-	-	5,000
Federal capital grants	-	-	-	-
State operating grants	5,977	-	583,521	-
Charges for services	-	217,560	104,952	178,185
Licenses and fees	-	166,065	-	-
Investment income	-	1,217	928	313
Fines, forfeitures, and penalties	-	-	-	-
Miscellaneous	-	220	-	19,660
<i>Total revenues</i>	5,977	385,188	689,401	211,360
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	473,600	1,240,691	-
Culture and recreation	5,965	-	-	1,550,979
Health and welfare	-	-	-	-
Capital outlay	-	67,535	-	45,227
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	5,965	541,135	1,240,691	1,596,206
<i>Excess (deficiency) of revenues over expenditures</i>	12	(155,947)	(551,290)	(1,384,846)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	275,170	1,269,427
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	2,517	-	4
<i>Total other financing sources (uses)</i>	-	2,517	275,170	1,269,431
<i>Net change in fund balances</i>	12	(153,430)	(276,120)	(115,415)
<i>Fund balances - beginning of year</i>	4	602,432	691,064	260,329
<i>Fund balances - end of year</i>	\$ 16	\$ 449,002	\$ 414,944	\$ 144,914

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	896,640	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	11,934
-	-	-	-	-	-
134,941	-	-	-	-	-
-	876	210	-	169,679	-
-	2,508	-	-	-	-
-	22,751	-	-	-	-
<u>134,941</u>	<u>922,775</u>	<u>210</u>	<u>-</u>	<u>169,679</u>	<u>11,934</u>
-	291,697	25,374	-	-	-
208,318	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	19,974
-	-	-	-	-	-
-	-	-	94,144	-	-
-	-	-	3,868	-	-
<u>208,318</u>	<u>291,697</u>	<u>25,374</u>	<u>98,012</u>	<u>-</u>	<u>19,974</u>
<u>(73,377)</u>	<u>631,078</u>	<u>(25,164)</u>	<u>(98,012)</u>	<u>169,679</u>	<u>(8,040)</u>
-	-	115,200	94,691	-	-
-	(559,124)	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>(559,124)</u>	<u>115,200</u>	<u>94,691</u>	<u>-</u>	<u>-</u>
<u>(73,377)</u>	<u>71,954</u>	<u>90,036</u>	<u>(3,321)</u>	<u>169,679</u>	<u>(8,040)</u>
434,279	535,544	86,918	3,321	688,507	8,040
<u>\$ 360,902</u>	<u>\$ 607,498</u>	<u>\$ 176,954</u>	<u>\$ -</u>	<u>\$ 858,186</u>	<u>\$ -</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, 2012

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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	78,000	103,892	18,954	20,000
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>78,000</u>	<u>103,892</u>	<u>18,954</u>	<u>20,000</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	58,875	125,543	-	20,690
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	18,744	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>58,875</u>	<u>125,543</u>	<u>18,744</u>	<u>20,690</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>19,125</u>	<u>(21,651)</u>	<u>210</u>	<u>(690)</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>	<u>19,125</u>	<u>(21,651)</u>	<u>210</u>	<u>(690)</u>
<i>Fund balances - beginning of year</i>	17,481	20,953	-	880
<i>Fund balances - end of year</i>	<u>\$ 36,606</u>	<u>\$ (698)</u>	<u>\$ 210</u>	<u>\$ 190</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	40,866
-	-	-	-	-	-
7,000	626,941	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,149	-	12	-	12
-	-	-	23,836	436	-
-	-	-	-	-	-
<u>7,000</u>	<u>628,090</u>	<u>-</u>	<u>23,848</u>	<u>436</u>	<u>40,878</u>
-	-	-	-	-	-
-	317,514	-	25,685	1,994	90,540
-	-	-	-	-	-
2,340	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,340</u>	<u>317,514</u>	<u>-</u>	<u>25,685</u>	<u>1,994</u>	<u>90,540</u>
<u>4,660</u>	<u>310,576</u>	<u>-</u>	<u>(1,837)</u>	<u>(1,558)</u>	<u>(49,662)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,660</u>	<u>310,576</u>	<u>-</u>	<u>(1,837)</u>	<u>(1,558)</u>	<u>(49,662)</u>
15,985	104,133	-	80,463	3,394	73,202
<u>\$ 20,645</u>	<u>\$ 414,709</u>	<u>\$ -</u>	<u>\$ 78,626</u>	<u>\$ 1,836</u>	<u>\$ 23,540</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, 2012

	Debt Service			Capital Projects
	GO Bonds	2008 GO Bonds	2003 Sales Tax Revenue Bonds	2008 GO Bonds Construction
<i>Revenues</i>				
Taxes				
Property	\$ 448,000	\$ 375,898	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	529	420	87	570
Fines, forfeitures, and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	448,529	376,318	87	570
<i>Expenditures</i>				
Current				
General government	4,552	3,736	24	-
Public safety	-	-	-	-
Public works	-	-	-	6,422
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	350,000	235,000	46,000	-
Interest	64,788	128,008	1,734	-
<i>Total expenditures</i>	419,340	366,744	47,758	6,422
<i>Excess (deficiency) of revenues over expenditures</i>	29,189	9,574	(47,671)	(5,852)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	23,170	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	23,170	-
<i>Net change in fund balances</i>	29,189	9,574	(24,501)	(5,852)
<i>Fund balances - beginning of year</i>	391,644	307,833	24,501	102,699
<i>Fund balances - end of year</i>	\$ 420,833	\$ 317,407	\$ -	\$ 96,847

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	
Community Development Block Grant	Total Nonmajor Governmental Funds
\$ -	\$ 823,898
-	8,300
-	896,668
-	45,866
307,274	307,274
-	1,456,219
-	500,697
-	301,006
-	176,002
-	26,780
-	42,631
<u>307,274</u>	<u>4,585,341</u>
-	325,383
-	849,159
307,274	2,027,987
-	1,576,918
-	21,084
-	112,762
-	725,144
-	198,398
<u>307,274</u>	<u>5,836,835</u>
<u>-</u>	<u>(1,251,494)</u>
-	1,777,658
-	(559,124)
<u>-</u>	<u>2,521</u>
<u>-</u>	<u>1,221,055</u>
<u>-</u>	<u>(30,439)</u>
-	4,453,606
<u>\$ -</u>	<u>\$ 4,423,167</u>

The accompanying notes are an integral part of these financial statements

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, 2012

	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	5,977	5,977	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,000</u>	<u>5,977</u>	<u>5,977</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	3,217	4,826	4,810	16
Health and welfare	-	-	-	-
Capital outlay	-	1,368	1,368	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,217</u>	<u>6,194</u>	<u>6,178</u>	<u>16</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(217)</u>	<u>(217)</u>	<u>(201)</u>	<u>16</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	217	217	-	(217)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>217</u>	<u>217</u>	<u>-</u>	<u>(217)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(201)</u>	<u>(201)</u>
<i>Fund balance - beginning of year</i>	-	-	217	217
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (201)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				213
Net change in fund balance (GAAP)				<u>\$ 12</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	50	50	126	76
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	260,000	260,000	232,873	(27,127)
Licenses and fees	165,000	171,000	166,065	(4,935)
Investment income	1,930	1,250	1,217	(33)
Miscellaneous	-	-	220	220
<i>Total revenues</i>	<u>426,980</u>	<u>432,300</u>	<u>400,501</u>	<u>(31,799)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	559,007	561,345	492,412	68,933
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	43,195	71,480	70,484	996
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>602,202</u>	<u>632,825</u>	<u>562,896</u>	<u>69,929</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(175,222)</u>	<u>(200,525)</u>	<u>(162,395)</u>	<u>38,130</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	174,222	199,525	-	(199,525)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	1,000	1,000	2,517	1,517
<i>Total other financing sources (uses)</i>	<u>175,222</u>	<u>200,525</u>	<u>2,517</u>	<u>(199,525)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(159,878)</u>	<u>(159,878)</u>
<i>Fund balance - beginning of year</i>	-	-	536,799	536,799
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,921</u>	<u>\$ 376,921</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (159,878)
Adjustments to revenues for other receivables				(15,313)
Adjustments to expenditures for accounts payable and accrued payroll				21,761
Net change in fund balance (GAAP)				<u>\$ (153,430)</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, 2012

	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	575,000	575,000	630,768	55,768
State capital grants	100,000	100,000	-	(100,000)
Charges for services	89,150	100,750	104,952	4,202
Licenses and fees	-	-	-	-
Investment income	1,855	1,330	928	(402)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>766,005</u>	<u>777,080</u>	<u>736,648</u>	<u>(40,432)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,494,756	1,441,865	1,246,313	195,552
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	225,000	225,000	-	225,000
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,719,756</u>	<u>1,666,865</u>	<u>1,246,313</u>	<u>420,552</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(953,751)</u>	<u>(889,785)</u>	<u>(509,665)</u>	<u>380,120</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	633,480	619,785	-	(619,785)
Transfers in	320,271	270,000	275,170	5,170
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>953,751</u>	<u>889,785</u>	<u>275,170</u>	<u>(614,615)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(234,495)</u>	<u>(234,495)</u>
<i>Fund balance - beginning of year</i>	-	-	633,480	633,480
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,985</u>	<u>\$ 398,985</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (234,495)
Adjustments to revenues for other receivables				(47,247)
Adjustments to expenditures for accounts payable and accrued payroll				5,622
Net change in fund balance (GAAP)				<u>\$ (276,120)</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	8,000	7,700	8,174	474
Gasoline and motor vehicle	-	-	-	-
Other	-	28	28	-
Intergovernmental				
Federal operating grants	-	5,000	5,000	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	162,735	154,407	173,474	19,067
Licenses and fees	-	-	-	-
Investment income	995	495	313	(182)
Miscellaneous	-	12,695	19,660	6,965
<i>Total revenues</i>	<u>171,730</u>	<u>180,325</u>	<u>206,649</u>	<u>26,324</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	1,667,139	1,700,092	1,550,513	149,579
Health and welfare	-	-	-	-
Capital outlay	68,825	86,092	54,218	31,874
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,735,964</u>	<u>1,786,184</u>	<u>1,604,731</u>	<u>181,453</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,564,234)</u>	<u>(1,605,859)</u>	<u>(1,398,082)</u>	<u>207,777</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	336,423	336,432	-	(336,432)
Transfers in	1,227,811	1,269,427	1,269,427	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	4	4
<i>Total other financing sources (uses)</i>	<u>1,564,234</u>	<u>1,605,859</u>	<u>1,269,431</u>	<u>(336,432)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(128,651)</u>	<u>(128,651)</u>
<i>Fund balance - beginning of year</i>	-	-	340,627	340,627
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,976</u>	<u>\$ 211,976</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (128,651)
Adjustments to revenues for other receivables				4,711
Adjustments to expenditures for accounts payable				8,525
Net change in fund balance (GAAP)				<u>\$ (115,415)</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, 2012

	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	175,000	129,000	134,941	5,941
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>175,000</u>	<u>129,000</u>	<u>134,941</u>	<u>5,941</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	652,894	606,894	229,963	376,931
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>652,894</u>	<u>606,894</u>	<u>229,963</u>	<u>376,931</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(477,894)</u>	<u>(477,894)</u>	<u>(95,022)</u>	<u>382,872</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	477,894	477,894	-	(477,894)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>477,894</u>	<u>477,894</u>	<u>-</u>	<u>(477,894)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(95,022)</u>	<u>(95,022)</u>
<i>Fund balance - beginning of year</i>	-	-	477,894	477,894
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 382,872</u>	<u>\$ 382,872</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (95,022)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				21,645
Net change in fund balance (GAAP)				<u>\$ (73,377)</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, 2012

	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	855,000	855,000	896,640	41,640
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1,695	1,390	876	(514)
Fines, forfeitures, and penalties	1,000	2,011	2,508	497
Miscellaneous	-	-	22,751	22,751
<i>Total revenues</i>	<u>857,695</u>	<u>858,401</u>	<u>922,775</u>	<u>64,374</u>
<i>Expenditures</i>				
Current				
General government	344,224	349,389	276,518	72,871
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>344,224</u>	<u>349,389</u>	<u>276,518</u>	<u>72,871</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>513,471</u>	<u>509,012</u>	<u>646,257</u>	<u>137,245</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	45,625	50,084	-	(50,084)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(559,096)	(559,096)	(559,124)	(28)
<i>Total other financing sources (uses)</i>	<u>(513,471)</u>	<u>(509,012)</u>	<u>(559,124)</u>	<u>(50,112)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>87,133</u>	<u>87,133</u>
<i>Fund balance - beginning of year</i>	-	-	540,365	540,365
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 627,498</u>	<u>\$ 627,498</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 87,133
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(15,179)
Net change in fund balance (GAAP)				<u>\$ 71,954</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, 2012

	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	65	215	210	(5)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>65</u>	<u>215</u>	<u>210</u>	<u>(5)</u>
<i>Expenditures</i>				
Current				
General government	202,183	202,183	25,374	176,809
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>202,183</u>	<u>202,183</u>	<u>25,374</u>	<u>176,809</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(202,118)</u>	<u>(201,968)</u>	<u>(25,164)</u>	<u>176,804</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	86,918	86,768	-	(86,768)
Loan proceeds	-	-	-	-
Transfers in	115,200	115,200	115,200	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>202,118</u>	<u>201,968</u>	<u>115,200</u>	<u>(86,768)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>90,036</u>	<u>90,036</u>
<i>Fund balance - beginning of year</i>	-	-	86,918	86,918
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,954</u>	<u>\$ 176,954</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 90,036
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 90,036</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, 2012

	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	94,144	94,144	94,144	-
Interest	3,869	3,869	3,868	1
<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)	3,315	3,315	-	(3,315)
Loan proceeds	-	-	-	-
Transfers in	94,698	94,698	94,691	(7)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>98,013</u>	<u>98,013</u>	<u>94,691</u>	<u>(3,322)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(3,321)</u>	<u>(3,321)</u>
<i>Fund balance - beginning of year</i>	-	-	3,321	3,321
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (3,321)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (3,321)</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, 2012

	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	203,370	169,644	169,679	35
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>203,370</u>	<u>169,644</u>	<u>169,679</u>	<u>35</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>203,370</u>	<u>169,644</u>	<u>169,679</u>	<u>35</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(203,370)	(169,644)	-	169,644
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(203,370)</u>	<u>(169,644)</u>	<u>-</u>	<u>169,644</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>169,679</u>	<u>169,679</u>
<i>Fund balance - beginning of year</i>	-	-	688,507	688,507
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858,186</u>	<u>\$ 858,186</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 169,679
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 169,679</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, 2012

	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	23,553	23,553	20,627	(2,926)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>23,553</u>	<u>23,553</u>	<u>20,627</u>	<u>(2,926)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	20,000	20,000	19,974	26
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20,000</u>	<u>20,000</u>	<u>19,974</u>	<u>26</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,553</u>	<u>3,553</u>	<u>653</u>	<u>(2,900)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(3,553)	(3,553)	-	3,553
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3,553)</u>	<u>(3,553)</u>	<u>-</u>	<u>3,553</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>653</u>	<u>653</u>
<i>Fund balance - beginning of year</i>	-	-	(3,553)	(3,553)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,900)</u>	<u>\$ (2,900)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 653
Adjustments to revenues for other receivables				(8,693)
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (8,040)</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, 2012

	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	78,000	78,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>78,600</u>	<u>78,000</u>	<u>78,000</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	114,395	110,799	75,971	34,828
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	2,996	-	2,996
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>114,395</u>	<u>113,795</u>	<u>75,971</u>	<u>37,824</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(35,795)</u>	<u>(35,795)</u>	<u>2,029</u>	<u>37,824</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	35,795	35,795	-	(35,795)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>35,795</u>	<u>35,795</u>	<u>-</u>	<u>(35,795)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>2,029</u>	<u>2,029</u>
<i>Fund balance - beginning of year</i>	-	-	35,795	35,795
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,824</u>	<u>\$ 37,824</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 2,029
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				17,096
Net change in fund balance (GAAP)				<u>\$ 19,125</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, 2012

	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	115,891	173,209	114,780	(58,429)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>115,891</u>	<u>173,209</u>	<u>114,780</u>	<u>(58,429)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	70,000	103,534	101,680	1,854
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	23,626	24,165	(539)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>70,000</u>	<u>127,160</u>	<u>125,845</u>	<u>1,315</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>45,891</u>	<u>46,049</u>	<u>(11,065)</u>	<u>(57,114)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(45,891)	(46,049)	-	46,049
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(45,891)</u>	<u>(46,049)</u>	<u>-</u>	<u>46,049</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(11,065)</u>	<u>(11,065)</u>
<i>Fund balance - beginning of year</i>	-	-	(45,891)	(45,891)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,956)</u>	<u>\$ (56,956)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (11,065)
Adjustments to revenues for other receivables				(10,888)
Adjustments to expenditures for accounts payable				302
Net change in fund balance (GAAP)				<u>\$ (21,651)</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, 2012

	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	7,000	18,954	18,954	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,000</u>	<u>18,954</u>	<u>18,954</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	7,000	18,954	15,992	2,962
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,000</u>	<u>18,954</u>	<u>15,992</u>	<u>2,962</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,962</u>	<u>2,962</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>2,962</u>	<u>2,962</u>
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,962</u>	<u>\$ 2,962</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 2,962
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(2,752)
Net change in fund balance (GAAP)				<u>\$ 210</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, 2012

	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	21,163	21,162	20,573	589
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,163</u>	<u>21,162</u>	<u>20,573</u>	<u>589</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,163)</u>	<u>(1,162)</u>	<u>(573)</u>	<u>589</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,163	1,162	-	(1,162)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,163</u>	<u>1,162</u>	<u>-</u>	<u>(1,162)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(573)</u>	<u>(573)</u>
<i>Fund balance - beginning of year</i>	-	-	1,163	1,163
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 590</u>	<u>\$ 590</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (573)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(117)
Net change in fund balance (GAAP)				<u>\$ (690)</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, 2012

	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	35,984	33,984	600	33,384
Capital outlay	-	2,000	550	1,450
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>35,984</u>	<u>35,984</u>	<u>1,150</u>	<u>34,834</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(15,984)</u>	<u>(15,984)</u>	<u>5,850</u>	<u>21,834</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	15,984	15,984	-	(15,984)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>15,984</u>	<u>15,984</u>	<u>-</u>	<u>(15,984)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>5,850</u>	<u>5,850</u>
<i>Fund balance - beginning of year</i>	-	-	15,985	15,985
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,835</u>	<u>\$ 21,835</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 5,850
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(1,190)
Net change in fund balance (GAAP)				<u>\$ 4,660</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, 2012

	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	662,778	706,941	626,941	(80,000)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	2,135	1,560	1,149	(411)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>664,913</u>	<u>708,501</u>	<u>628,090</u>	<u>(80,411)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	646,746	628,499	254,300	374,199
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	396,843	458,677	294,742	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,043,589</u>	<u>1,087,176</u>	<u>549,042</u>	<u>374,199</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(378,676)</u>	<u>(378,675)</u>	<u>79,048</u>	<u>293,788</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	378,676	378,675	-	(378,675)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>378,676</u>	<u>378,675</u>	<u>-</u>	<u>(378,675)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>79,048</u>	<u>79,048</u>
<i>Fund balance - beginning of year</i>	-	-	378,676	378,676
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 457,724</u>	<u>\$ 457,724</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 79,048
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				231,528
Net change in fund balance (GAAP)				<u>\$ 310,576</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, 2012

	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	-	21,345	-	(21,345)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>21,345</u>	<u>-</u>	<u>(21,345)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>21,345</u>	<u>-</u>	<u>(21,345)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	(21,345)	-	21,345
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(21,345)</u>	<u>-</u>	<u>21,345</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<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, 2012

	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	35	15	12	(3)
Fines, forfeitures, and penalties	-	5,842	23,836	17,994
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>35</u>	<u>5,857</u>	<u>23,848</u>	<u>17,991</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	80,498	72,782	12,589	60,193
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	13,538	13,096	442
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>80,498</u>	<u>86,320</u>	<u>25,685</u>	<u>60,635</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(80,463)</u>	<u>(80,463)</u>	<u>(1,837)</u>	<u>78,626</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	80,463	80,463	-	(80,463)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>80,463</u>	<u>80,463</u>	<u>-</u>	<u>(80,463)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(1,837)</u>	<u>(1,837)</u>
<i>Fund balance - beginning of year</i>	-	-	80,463	80,463
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,626</u>	<u>\$ 78,626</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,837)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (1,837)</u>

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, 2012

	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	3	1	-	(1)
Fines, forfeitures, and penalties	-	435	436	1
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3</u>	<u>436</u>	<u>436</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	3,397	2,829	994	1,835
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	1,000	1,000	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,397</u>	<u>3,829</u>	<u>1,994</u>	<u>1,835</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,394)</u>	<u>(3,393)</u>	<u>(1,558)</u>	<u>1,835</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	3,394	3,393	-	(3,393)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,394</u>	<u>3,393</u>	<u>-</u>	<u>(3,393)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(1,558)</u>	<u>(1,558)</u>
<i>Fund balance - beginning of year</i>	-	-	3,394	3,394
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,836</u>	<u>\$ 1,836</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,558)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (1,558)</u>

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, 2012

	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	-	40,866	40,866	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	55	15	12	(3)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>55</u>	<u>40,881</u>	<u>40,878</u>	<u>(3)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	73,257	62,414	58,625	3,789
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	51,668	31,915	19,753
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>73,257</u>	<u>114,082</u>	<u>90,540</u>	<u>23,542</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(73,202)</u>	<u>(73,201)</u>	<u>(49,662)</u>	<u>23,539</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	73,202	73,201	-	(73,201)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>73,202</u>	<u>73,201</u>	<u>-</u>	<u>(73,201)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(49,662)</u>	<u>(49,662)</u>
<i>Fund balance - beginning of year</i>	-	-	73,202	73,202
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,540</u>	<u>\$ 23,540</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (49,662)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (49,662)</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property	\$ 441,338	\$ 441,338	\$ 448,000	\$ 6,662
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	435	435	529	94
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>441,773</u>	<u>441,773</u>	<u>448,529</u>	<u>6,756</u>
<i>Expenditures</i>				
Current				
General government	5,100	5,100	4,552	548
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	350,000	350,000	350,000	-
Interest	64,788	64,788	64,788	-
<i>Total expenditures</i>	<u>419,888</u>	<u>419,888</u>	<u>419,340</u>	<u>548</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>21,885</u>	<u>21,885</u>	<u>29,189</u>	<u>7,304</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(21,885)	(21,885)	-	21,885
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(21,885)</u>	<u>(21,885)</u>	<u>-</u>	<u>21,885</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>29,189</u>	<u>29,189</u>
<i>Fund balance - beginning of year</i>	-	-	391,644	391,644
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,833</u>	<u>\$ 420,833</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 29,189
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 29,189</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, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes				
Property	\$ 376,029	\$ 376,029	\$ 366,544	\$ (9,485)
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	370	370	420	50
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>376,399</u>	<u>376,399</u>	<u>366,964</u>	<u>(9,435)</u>
<i>Expenditures</i>				
Current				
General government	3,860	3,860	3,736	124
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	235,000	235,000	235,000	-
Interest	128,008	128,008	128,008	-
<i>Total expenditures</i>	<u>366,868</u>	<u>366,868</u>	<u>366,744</u>	<u>124</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>9,531</u>	<u>9,531</u>	<u>220</u>	<u>(9,311)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(9,531)	(9,531)	-	9,531
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(9,531)</u>	<u>(9,531)</u>	<u>-</u>	<u>9,531</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>220</u>	<u>220</u>
<i>Fund balance - beginning of year</i>	-	-	307,833	307,833
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,053</u>	<u>\$ 308,053</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 220
Adjustments to revenues for property taxes receivable				9,354
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 9,574</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, 2012

	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	225	150	87	(63)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>225</u>	<u>150</u>	<u>87</u>	<u>(63)</u>
<i>Expenditures</i>				
Current				
General government	50	50	24	26
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	46,000	46,000	46,000	-
Interest	1,735	1,735	1,734	1
<i>Total expenditures</i>	<u>47,785</u>	<u>47,785</u>	<u>47,758</u>	<u>27</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(47,560)</u>	<u>(47,635)</u>	<u>(47,671)</u>	<u>(36)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	24,418	24,493	-	(24,493)
Loan proceeds	-	-	-	-
Transfers in	23,142	23,142	23,170	28
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>47,560</u>	<u>47,635</u>	<u>23,170</u>	<u>(24,465)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(24,501)</u>	<u>(24,501)</u>
<i>Fund balance - beginning of year</i>	-	-	24,501	24,501
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (24,501)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (24,501)</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, 2012

	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	200	500	570	70
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>200</u>	<u>500</u>	<u>570</u>	<u>70</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	200	4,508	4,458	50
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	663,113	659,104	561,361	97,743
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>663,313</u>	<u>663,612</u>	<u>565,819</u>	<u>97,793</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(663,113)</u>	<u>(663,112)</u>	<u>(565,249)</u>	<u>97,863</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	663,113	663,112	-	(663,112)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>663,113</u>	<u>663,112</u>	<u>-</u>	<u>(663,112)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(565,249)</u>	<u>(565,249)</u>
<i>Fund balance - beginning of year</i>	-	-	663,113	663,113
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,864</u>	<u>\$ 97,864</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (565,249)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				559,397
Net change in fund balance (GAAP)				<u>\$ (5,852)</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, 2012

	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	3,915,816	4,418,595	2,693,412	(1,725,183)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	23,060	17,260	10,521	(6,739)
Miscellaneous	500	3,061	2,908	(153)
<i>Total revenues</i>	<u>3,939,376</u>	<u>4,438,916</u>	<u>2,706,841</u>	<u>(1,732,075)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,345,532	1,430,260	1,029,357	400,903
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	9,143,919	9,168,797	4,435,948	4,732,849
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,489,451</u>	<u>10,599,057</u>	<u>5,465,305</u>	<u>5,133,752</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,550,075)</u>	<u>(6,160,141)</u>	<u>(2,758,464)</u>	<u>3,401,677</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	4,088,789	3,698,855	-	(3,698,855)
Loan proceeds	-	-	-	-
Transfers in	2,496,269	2,496,269	2,528,723	32,454
Transfers out	(34,983)	(34,983)	(34,983)	-
<i>Total other financing sources (uses)</i>	<u>6,550,075</u>	<u>6,160,141</u>	<u>2,493,740</u>	<u>(3,666,401)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(264,724)</u>	<u>(264,724)</u>
<i>Fund balance - beginning of year</i>	-	-	7,750,617	7,750,617
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,485,893</u>	<u>\$ 7,485,893</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (264,724)
Adjustments to revenues for other receivables				1,163,334
Adjustments to expenditures for accounts payable				(35,519)
Net change in fund balance (GAAP)				<u>\$ 863,091</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-26

City of Roswell

Community Development Block Grant 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, 2012

	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	-	307,275	307,274	(1)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>307,275</u>	<u>307,274</u>	<u>(1)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	307,275	307,274	1
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>307,275</u>	<u>307,274</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ -</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, 2012

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 2,608,000	\$ 2,754,500	\$ 2,863,904	\$ 109,404
<i>Total operating revenues</i>	<u>2,608,000</u>	<u>2,754,500</u>	<u>2,863,904</u>	<u>109,404</u>
<i>Operating expenses:</i>				
General and administrative	38,993	47,454	34,105	13,349
Personnel services	748,912	693,194	634,033	59,161
Contractual services	281,854	239,405	148,528	90,877
Supplies and purchased power	7,540,050	8,281,499	59,337	8,222,162
Maintenance and materials	443,600	593,427	213,901	379,526
Utilities	204,825	248,675	200,958	47,717
<i>Total operating expenses</i>	<u>9,258,234</u>	<u>10,103,654</u>	<u>1,290,862</u>	<u>8,812,792</u>
<i>Operating income (loss)</i>	<u>(6,650,234)</u>	<u>(7,349,154)</u>	<u>1,573,042</u>	<u>8,922,196</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	2,860,087	2,990,707	428,406	(2,562,301)
Interest income	348,950	283,544	55,995	(227,549)
Interest expense	(407,431)	(439,845)	(85,046)	354,799
Gross receipts tax revenue	17,800	17,800	16,530	(1,270)
Gross receipts tax expense	(22,000)	(22,000)	(19,726)	2,274
Fines, forfeitures and penalties	4,900	4,900	4,749	(151)
Miscellaneous	118,483	176,989	168,721	(8,268)
Proceeds from sale of capital assets	2,000	2,000	16,854	14,854
<i>Total non-operating revenues (expenses)</i>	<u>2,922,789</u>	<u>3,014,095</u>	<u>586,483</u>	<u>(2,427,612)</u>
Capital grants	-	165,117	448,905	283,788
Transfers in	14,424	87,918	87,917	(1)
Transfers out	(496,983)	(557,205)	(557,204)	1
<i>Capital grants and net transfers</i>	<u>(482,559)</u>	<u>(304,170)</u>	<u>(20,382)</u>	<u>283,788</u>
<i>Change in net assets</i>	<u>(4,210,004)</u>	<u>(4,639,229)</u>	<u>2,139,143</u>	<u>6,778,372</u>
Designated cash	4,210,004	4,639,229	-	(4,639,229)
<i>Beginning net assets</i>	-	-	15,262,824	15,262,824
<i>Restatement</i>	-	-	976,525	976,525
<i>Beginning net assets, as restated</i>	<u>-</u>	<u>-</u>	<u>16,239,349</u>	<u>16,239,349</u>
<i>Net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,378,492</u>	<u>\$ 18,378,492</u>
<i>Change in net assets, above</i>			\$ 2,139,143	
Amortization and depreciation			(953,852)	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ 1,185,291</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, 2012

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 4,232,000	\$ 4,237,000	\$ 4,331,153	\$ 94,153
<i>Total operating revenues</i>	<u>4,232,000</u>	<u>4,237,000</u>	<u>4,331,153</u>	<u>94,153</u>
<i>Operating expenses:</i>				
General and administrative	136,095	167,913	147,742	20,171
Personnel services	1,440,822	1,395,911	1,356,147	39,764
Contractual services	629,813	589,138	406,399	182,739
Supplies and purchased power	944,901	932,319	307,805	624,514
Maintenance and materials	1,159,838	1,493,510	1,264,641	228,869
Utilities	33,535	34,460	32,934	1,526
<i>Total operating expenses</i>	<u>4,345,004</u>	<u>4,613,251</u>	<u>3,515,668</u>	<u>1,097,583</u>
<i>Operating income (loss)</i>	<u>(113,004)</u>	<u>(376,251)</u>	<u>815,485</u>	<u>1,191,736</u>
<i>Non-operating revenues (expenses):</i>				
Interest income	8,470	5,980	3,767	(2,213)
Interest expense	(406,703)	(406,703)	(116,496)	290,207
Gross receipts tax revenue	209,000	209,000	212,466	3,466
Gross receipts tax expense	(227,800)	(229,465)	(229,712)	(247)
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	49,500	57,800	85,218	27,418
Proceeds from sale of capital assets	1,000	1,000	7,970	6,970
<i>Total non-operating revenues (expenses)</i>	<u>(366,533)</u>	<u>(362,388)</u>	<u>(36,787)</u>	<u>325,601</u>
Capital grants	-	-	-	-
Transfers in	1,040,796	1,040,796	1,053,865	13,069
Transfers out	(737,648)	(737,648)	(737,648)	-
<i>Capital grants and net transfers</i>	<u>303,148</u>	<u>303,148</u>	<u>316,217</u>	<u>13,069</u>
<i>Change in net assets</i>	<u>(176,389)</u>	<u>(435,491)</u>	<u>1,094,915</u>	<u>1,530,406</u>
Designated cash	176,389	435,491	-	(435,491)
<i>Beginning net assets</i>	-	-	8,967,896	8,967,896
<i>Restatement</i>	-	-	240,916	240,916
<i>Beginning net assets, as restated</i>	<u>-</u>	<u>-</u>	<u>9,208,812</u>	<u>9,208,812</u>
<i>Net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,303,727</u>	<u>\$ 10,303,727</u>
<i>Change in net assets, above</i>			\$ 1,094,915	
Landfill closure and postclosure care			274,280	
Amortization and depreciation			(1,056,335)	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ 312,860</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, 2012

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 8,761,558	\$ 9,264,432	\$ 9,161,932	\$ (102,500)
<i>Total operating revenues</i>	<u>8,761,558</u>	<u>9,264,432</u>	<u>9,161,932</u>	<u>(102,500)</u>
<i>Operating expenses:</i>				
General and administrative	556,240	609,059	576,835	32,224
Personnel services	3,963,583	3,454,212	3,189,673	264,539
Contractual services	605,282	464,037	428,415	35,622
Supplies and purchased power	3,983,006	4,267,447	903,058	3,364,389
Maintenance and materials	797,001	1,015,868	832,922	182,946
Utilities	634,985	665,633	614,308	51,325
<i>Total operating expenses</i>	<u>10,540,097</u>	<u>10,476,256</u>	<u>6,545,211</u>	<u>3,931,045</u>
<i>Operating income (loss)</i>	<u>(1,778,539)</u>	<u>(1,211,824)</u>	<u>2,616,721</u>	<u>3,828,545</u>
<i>Non-operating revenues (expenses):</i>				
Interest income	74,415	52,745	45,195	(7,550)
Interest expense	(1,033,469)	(1,033,469)	(461,807)	571,662
Gross receipts tax revenue	393,000	413,000	412,310	(690)
Gross receipts tax expense	(405,800)	(416,400)	(456,008)	(39,608)
Fines, forfeitures and penalties	70,000	67,000	68,342	1,342
Miscellaneous	138,611	166,484	183,587	17,103
Proceeds from sale of capital assets	1,000	1,000	(684)	(1,684)
<i>Total non-operating revenues (expenses)</i>	<u>(762,243)</u>	<u>(749,640)</u>	<u>(209,065)</u>	<u>540,575</u>
Capital grants	-	-	-	-
Transfers in	1,210,159	1,175,389	1,035,884	(139,505)
Transfers out	(1,534,091)	(1,547,363)	(1,547,363)	-
<i>Capital grants and net transfers</i>	<u>(323,932)</u>	<u>(371,974)</u>	<u>(511,479)</u>	<u>(139,505)</u>
<i>Change in net assets</i>	<u>(2,864,714)</u>	<u>(2,333,438)</u>	<u>1,896,177</u>	<u>4,229,615</u>
Designated cash	2,864,714	2,333,438	-	(2,333,438)
<i>Beginning net assets</i>	-	-	44,649,283	44,649,283
<i>Restatement</i>	-	-	(47,434)	(47,434)
<i>Beginning net assets, as restated</i>	-	-	44,601,849	44,601,849
<i>Net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,498,026</u>	<u>\$ 46,498,026</u>
<i>Change in net assets, above</i>			\$ 1,896,177	
Amortization and depreciation			(1,821,687)	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ 74,490</u>	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Roswell
Schedule of Deposit and Investment Accounts
June 30, 2012

Bank Account Type/Name	Deposits		
	Pioneer Bank	Washington Federal Bank	Bank of the Southwest
Pooled Cash - Interest bearing checking	\$ 7,150,867	\$ -	\$ -
1999 GO Bond Debt Service - Money Market	420,833	-	-
JAG Grant - Interest bearing checking	24,357	-	-
Federal Narcotic Seizure Fund - Interest bearing checking	78,626	-	-
State Narcotic Seizure Fund - Interest bearing checking	1,836	-	-
2005 WWTP Debt Service Res. - Interest bearing checking	162,486	-	-
Municipal Court Bail Bonds - Non-interest bearing checking	57,961	-	-
GP Bond Proceeds 2008 - Non-interest bearing checking	97,864	-	-
GO Bond Debt Service Series 2008 - Money Market	308,053	-	-
GRT Improve. Rev. Bond Series 2008 - Money Market	1,096	-	-
Payroll - Non-interest bearing checking	4,022	-	-
Airport Passenger Facility Charge - Interest bearing checking	180,971	-	-
Certificates of Deposit	6,050,000	-	-
Certificates of Deposit	-	15,591,181	-
Certificate of Deposit	-	-	1,000,000
Local Government Investment Pool Fund	-	-	-
Local Government Investment Pool Fund	-	-	-
NMFA - Interest bearing checking	-	-	-
NMFA - Interest bearing checking	-	-	-
Total on deposit	14,538,972	15,591,181	1,000,000
Reconciling items	(685,535)	-	-
Reconciled balance	\$ 13,853,437	\$ 15,591,181	\$ 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
\$ -	\$ -	\$ 7,150,867
-	-	420,833
-	-	24,357
-	-	78,626
-	-	1,836
-	-	162,486
-	-	57,961
-	-	97,864
-	-	308,053
-	-	1,096
-	-	4,022
-	-	180,971
-	-	6,050,000
-	-	15,591,181
-	-	1,000,000
11,228,661	-	11,228,661
8,348	-	8,348
-	12,750	12,750
-	29,734	29,734
11,237,009	42,484	42,409,646
-	-	(685,535)
<u>\$ 11,237,009</u>	<u>\$ 42,484</u>	41,724,111

4,250
<u>\$ 41,728,361</u>
\$ 41,161,516
127,889
438,956
<u>\$ 41,728,361</u>

STATE OF NEW MEXICO
City of Roswell
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2012

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2012	Location of Safekeeper
Pioneer Bank					
	FNMA 1 YR CMT	01/01/34	31403VWN5	\$ 454,256	Federal Home Loan Bank, Dallas, TX
	FHLMC H15T1Y	01/01/33	31342AG29	260,285	Federal Home Loan Bank, Dallas, TX
	FHLMC 1 YR TR	12/01/33	31349SF32	757,131	Federal Home Loan Bank, Dallas, TX
	FNMA 1 YR LIBOR	12/01/35	31408ALJ7	<u>2,098,245</u>	Federal Home Loan Bank, Dallas, TX
	Total Pioneer Bank			<u>3,569,917</u>	
Washington Federal Bank					
	FHLMC Gold PC A94288	10/01/40	312942XR1	<u>8,649,582</u>	Federal Home Loan Bank, Dallas, TX
Bank of the Southwest					
	FHLB Letter of Credit	06/06/13	N/A	<u>450,000</u>	Federal Home Loan Bank, Dallas, TX
	Total Pledged Collateral			<u><u>\$ 12,669,499</u></u>	

STATE OF NEW MEXICO
City of Roswell
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

Schedule III

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Water & Sewer Meter Deposits				
Assets				
Cash and cash equivalents	\$ 293,231	\$ 48,061	\$ -	\$ 341,292
<i>Total assets</i>	<u>293,231</u>	<u>48,061</u>	<u>-</u>	<u>341,292</u>
Liabilities				
Deposits held and due to others	293,231	48,061	-	341,292
<i>Total liabilities</i>	<u>\$ 293,231</u>	<u>\$ 48,061</u>	<u>\$ -</u>	<u>\$ 341,292</u>
Bail Bonds Deposits				
Assets				
Cash and cash equivalents	\$ 60,718	\$ -	\$ 2,757	\$ 57,961
<i>Total assets</i>	<u>60,718</u>	<u>-</u>	<u>2,757</u>	<u>57,961</u>
Liabilities				
Deposits held and due to others	60,718	-	2,757	57,961
<i>Total liabilities</i>	<u>\$ 60,718</u>	<u>\$ -</u>	<u>\$ 2,757</u>	<u>\$ 57,961</u>
Payroll Payables				
Assets				
Cash and cash equivalents	\$ 40,841	\$ -	\$ 1,138	\$ 39,703
<i>Total assets</i>	<u>40,841</u>	<u>-</u>	<u>1,138</u>	<u>39,703</u>
Liabilities				
Deposits held and due to others	40,841	-	1,138	39,703
<i>Total liabilities</i>	<u>\$ 40,841</u>	<u>\$ -</u>	<u>\$ 1,138</u>	<u>\$ 39,703</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 394,790	\$ 48,061	\$ 3,895	\$ 438,956
<i>Total assets</i>	<u>394,790</u>	<u>48,061</u>	<u>3,895</u>	<u>438,956</u>
Liabilities				
Deposits held and due to others	394,790	48,061	3,895	438,956
<i>Total liabilities</i>	<u>\$ 394,790</u>	<u>\$ 48,061</u>	<u>\$ 3,895</u>	<u>\$ 438,956</u>

See accompanying independent auditors' report

State of New Mexico
City of Roswell
Schedule of Joint Powers Agreements and
Memorandums of Understanding
June 30, 2012

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.
City of Roswell and Immigration and Customs Enforcement and Homeland Security Investigations	Both	To establish the responsibilities of both parties and the procedures for the reimbursement of certain overtime expenses and other law enforcement
Roswell International Air Center (RIAC) and 58th Special Operations Wing (SOW)	Both	To set forth the parties respective responsibilities and establish procedures support the 58th SOW operations at the RIAC.

<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
7/1/2011	Indefinitely	Unknown	Unknown	Region VI Drug Task Force	None	Region VI Drug Task Force
7/1/2011	Indefinitely	Unknown	Unknown	None	None	None

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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,
Mayor, City Manager and
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 and the 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 28, 2013. 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 funds 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, 2012 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

Management of the City of Roswell is responsible for establishing and maintaining effective 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting as findings FS 2012-02, FS 2012-03, FS 2012-04 and FA 2012-01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 Section 12-6-5, NMSA 1978, which is described in the accompanying Schedule of Findings and Questioned Costs as finding FS 2012-01.

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
March 28, 2013

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,
Mayor, City Manager and
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, 2012. 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.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

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 deficiencies, 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 a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 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 FA 2012-01 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
March 28, 2013

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STATE OF NEW MEXICO
City of Roswell
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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
Highway Planning and Construction	* 20.205
Direct Programs:	
Airport Improvement Program	20.106
Airport Improvement Program	20.106
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 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:	
Emergency Communications Grant Program	97.001
Homeland Security Grant Program	97.067
Homeland Security Grant Program	97.067
Homeland Security Grant Program	97.067
Emergency Management Performance Grant	97.067
Emergency Management Performance Grant	97.042
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.

<u>Federal or Pass Through Grant / Project Number</u>	<u>Federal Expenditures</u>
M00984	\$ 114,509
M01116	453,721
L2068	2,002,950
3-35-0035-024-2010	51,816
3-35-0035-024-2011	<u>58,736</u>
	<u>2,681,732</u>
2006-DJ-BX-1384	36,206
2011-DJ-BX-2284	20,073
2010-DJ-BX-0122	34,241
G10SN0017A	12,723
G11SN0017A	<u>113,124</u>
	<u>216,367</u>
2009-IP-T0-0007	28,944
2007-GE-T7-0023	119,844
2010-SS-TO-0011	103,379
EMW-2011-SS-TO-00094-S01	16,817
2008-GE-T8-0030	375
2010-EP-EO-0022	17,151
EMW-2011-SS-00051	<u>17,152</u>
	<u>303,662</u>
	<u>\$3,201,761</u>

STATE OF NEW MEXICO
City of Roswell
Schedule of Findings and Questioned Costs
June 30, 2012

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? | No |
| 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

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2012-01 – Late Audit Report – Other

Condition: The City's 2012 audit report was not submitted by the December 1, 2012 deadline.

Criteria: The City of Roswell is required to submit their audit report for the year ended June 30, 2012 on or before December 1, 2012 in accordance with Subsection A of 2.2.2.9 NMAC.

Effect: The City could be affected by having state and federal funding withdrawn due to the late audit report. The financial statements are not available for use by the City in a timely fashion for making financial decisions.

Cause: Additional procedures were required to be performed due to issues raised during the course of the audit.

Auditors' Recommendations: We recommend that the City ensure their audit report is submitted by the December 1 deadline.

Views of Responsible Officials and Planned Corrective Actions: The City of Roswell strives to meet each deadline as set forth. The audit for the fiscal year ended June 30, 2012 was on schedule to meet the State Auditor's December 1, 2012 submission deadline. However, as part of the Accounting and Consulting Group's efforts in performing the City's audit, certain confirmations/inquiries were sent to elected officials. At least one such form was returned late to the auditors, questioning the City's practices on several issues. This caused the auditors to request additional funding for additional fieldwork to review such allegations. The City requested authorization from the State Auditor's Office in November 2012 to engage the auditors to do such additional work. The request to the State Auditor's office could not be located by the State Auditor's Office in January 2013, at which time the City re-submitted the request. The request was finally approved by the State Auditor's Office in February 2012, and the additional fieldwork could commence at that time. It is anticipated that the audit for the fiscal year ended June 30, 2013 will be submitted on a timely basis.

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2012-02 Lack of Internal Controls Over Annual Leave Requests – Significant Deficiency

Condition: The City’s policy regarding annual leave is documented as “an employee shall submit an annual leave request in writing to his supervisor for approval. Such request shall be submitted sufficiently in advance to allow for the scheduling and reassignment of work by the supervisor. Annual leave requests will be considered by the supervisor on a first-come/first-served basis based on the needs of the department.” It was found during the extended procedures testwork for annual leave requests that:

- In 17 instances out of 29, a documented leave request either never existed or was not available at the time of the audit request. In six of these instances, leave requests are not maintained for more than six months which resulted in documented approved leave requests not being able to be tested.
- In three instances out of 29, an Absentee Report was not filed with Human Resources.

Criteria: Systems of internal control with the most favorable designs include procedures designed to prevent or detect errors due to misclassification of transactions in the accounting records. (AU 325.21 appdx.) Section 12-6-5, NMSA 1978 requires the audit report to set out in detail any violation of good accounting practices found by the audit.

Effect: Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

Cause: For the fiscal year 2012 management did not ensure that internal controls were in place and working properly. The numerous departments were not aware of City policy to submit all annual leave requests in writing to a supervisor prior to vacation leave.

Auditors’ Recommendation: We recommend that the City either revise its current personnel policy to reflect the leave request process for each individual department or to ensure that each department is aware of City policy to submit all leave requests in writing.

Views of Responsible Officials and Planned Corrective Actions: The City will re-educate department heads to ensure they are following City policy regarding documentation of written annual leave requests. If the department’s leave process is unique to that department, the employee and the supervisor must follow the policy set forth by that department.

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2012-03 Deficiencies in Internal Control Structure Design, Operation, and Oversight – Convention Center – Significant Deficiency

Condition: The City does not have a comprehensive documented internal control structure at the Convention Center. We noted the following areas in which the City does not have sufficient key internal controls in place.

- In one instance out of 20 when reviewing event receipts, one deposit did not have the initials of the Event Service Director & Office Administrator.
- In three instances out of 10 when reviewing merchandise receipts, each deposit with the City did not have the signature of the Visitor Center Supervisor.
- In three instances out of 10 when reviewing merchandise receipts, supporting documentation for \$346 of deposits tested could not be located.
- In two instances out of 10 when reviewing merchandise receipts, supporting documentation included \$9 more in sales that was not deposited to the City.

Criteria: *The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Effect: Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

Cause: For the fiscal year 2012 management did not have a documented policy in place to follow to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under SAS 115 to provide effective oversight of internal control and the financial reporting process.

Auditors' Recommendation: The City should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process. Management should ensure that all deposits have been initialed by the appropriate personnel, all supporting documentation is maintained with each deposit, and all receipts are accounted for.

Views of Responsible Officials and Planned Corrective Action: New procedures were implemented in September 2012 when a new Visitor Center Supervisor took over in this area. Management believes the new procedures are adequate to safeguard the City's interest. Merchandise for sale is no longer being purchased and the City will continue to monitor the situation until all remaining inventory has been sold.

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2012-04 Deficiencies in Internal Control Structure Design, Operation, and Oversight – Yucca Center – Significant Deficiency

Condition: The City does not have a comprehensive documented internal control structure at the Yucca Center. We noted the following areas in which the City does not have sufficient key internal controls in place.

- Individual receipts could not be tied to the deposits at the City due to the fact that only totals are provided to the City without copies of supporting documentation attached.
- In 13 instances out of 30, only the first or last name of the customer providing the money was written down on the receipt.
- There were several instances where the writing on the receipt was difficult to read, one of which where it was not possible to read the amount of the deposit.
- The Yucca Center used six different receipt books during the fiscal year, none of which were in a consecutive order.

Criteria: *The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Cause: For the fiscal year 2012 management did not have a documented policy in place to follow to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under SAS 115 to provide effective oversight of internal control and the financial reporting process.

Effect: Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

Auditors' Recommendation: The City should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process. Management is recommended to do the following: (1) write out each receipt in a legible manner, (2) ensure that each customer's first and last name are written on the receipt, (3) include copies of the receipts and concession tapes (if feasible) that show totals when giving the deposit sheet to the City, (4) initials of both leaders that verify deposit counts on the deposit sheet as well as the Director's initials when the deposit is made at the City, and (5) use consecutive receipt books.

Views of Responsible Officials and Planned Corrective Action: The following corrective actions are in progress:

- Write out each receipt in a legible manner and ensure that carbon copies can be read.
- Ensure that each customer's first and last name are written on all receipts, along with the child's name (when applicable), date, program it is for, form of payment, and full signature of staff.
- Include copies of the receipts and concession tapes, if feasible, that show totals when giving the deposit sheet to the bookkeeping department.
- Both Leader I employees, that verify deposit counts, will initial on the deposit sheet as well as the Supervisor's or Recreation Leader III's initials when the deposit is made at City Hall.
- Use consecutive receipt books. The completed receipt book will be given to the center supervisor to be filed.

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

B. Federal Awards Findings

FA 2012-01 Inaccurate Reimbursement Requests (Significant Deficiency)

Federal Program Information:

Funding Agency: U.S. Department of Transportation
Title: Highway Planning and Construction
CFDA Number: 20.205
Award Number: D12296/1
Award Period: 8/29/2011-6/30/2012

Questioned Costs: None

Condition: On June 22, 2012, the City received a letter stating that the matching requirements for the GRIP II grant from the State of New Mexico had not been complied with. This resulted in the New Mexico Department of Transportation putting a hold on funds being transferred to the City for this grant as well as the Highway Planning and Construction grant. Both of these grants were being used for the same project and the Highway Planning and Construction funds were being used to help the City meet its matching requirement for the GRIP II grant as well as covering any project costs not covered by the GRIP II grant. The City had actually complied with matching requirements for the GRIP II grant and the Highway Planning and Construction grant, but the reimbursement requests were not prepared accurately and gave the appearance of noncompliance with matching requirements.

Criteria: The City's grant agreement with the State of New Mexico Department of Transportation requires an accurate reimbursement request be submitted after the City has incurred costs for the project to assist NMDOT in its evaluation of the project and allow the City to be reimbursed for its costs in a timely manner.

Effect: Because of the erroneous calculation the City's reimbursements were delayed .

Cause: The City's internal controls over tracking and reporting matching requirements 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 NMDOT to ensure that expenditures are being reported accurately.

Views of Responsible Officials and Planned Corrective Actions: The City Engineering Department was responsible for reviewing and tracking reimbursement requests through the New Mexico Department of Transportation for the West College Project. There were delays in reimbursements and accuracy of funding requests due to having to deal with two separate NMDOT offices, the Southern Division Office in Las Cruces and the District Office in Roswell. The NMDOT offices were unable to agree how the two funding sources were to be used and calculated as leverage toward each other for matching fund requirements. The City agrees that future projects need to be dealt with more efficiently and the City Engineering Department will request that only one NMDOT office be the point of communication and processing for NMDOT funding. This will minimize any confusion and increase the efficiency and accuracy of funding requests by the City of Roswell.

STATE OF NEW MEXICO
City of Roswell
Schedule of Findings and Questioned Costs
June 30, 2012

Schedule VI
Page 7 of 7

Section III - Schedule of Prior Year Audit Findings

FS 2006-2	Late Budget Filing	Resolved
FA 2011-1	Over-reporting of Expenditures	Resolved

STATE OF NEW MEXICO

City of Roswell
Other Disclosures
June 30, 2012

Exit Conference

An exit conference was held on March 28, 2013. In attendance were the following:

Representing the City of Roswell

Del Journey
Steve Henderson
Larry Fry
Stacy Hunter
Debra Morsey

Mayor
Councilor/Finance Committee Chair
City Manager
Assistance City Manager
Finance Officer

Representing Accounting & Consulting Group, LLP

Jeff McWhorter, CPA
Shelley Olson
Jessica Huff

Partner
Supervisor
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.