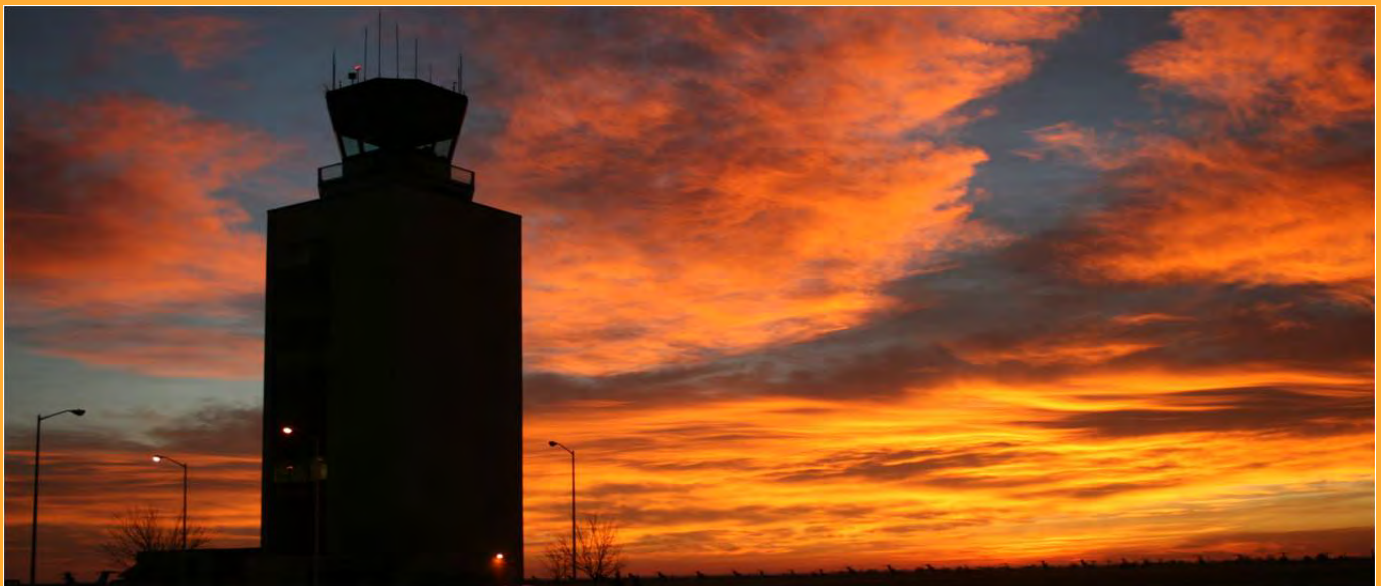




The City of Roswell

Annual Financial Report

June 30, 2013



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INTRODUCTORY SECTION

STATE OF NEW MEXICO

City of Roswell

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June 30, 2013

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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, 2013

<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 Jr.		Councilor
Jason Perry		Councilor
Barry Foster		Councilor
Elena Velasquez		Councilor

Administration

Larry Fry	City Manager
Stacye Hunter	Assistant City Manager
Sharon Coll	City Clerk
Debra Morsey	Finance Officer
Toni Reeves	Budget Director
Barbara Patterson	City Attorney

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FINANCIAL SECTION



Accounting & Consulting Group, LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
City Mayor, City Manager and City Council Members
City of Roswell
Roswell, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and the major special revenue fund of the City of Roswell, New Mexico (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds and the budgetary comparisons for the major capital projects fund, major proprietary funds and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roswell, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with the cash basis of accounting and more fully described in Note 2, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the City's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The *Schedule of Expenditures of Federal Awards* as required by Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations, the introductory section, and Supporting Schedules I through IV* required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV* required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards and Supporting Schedules I through IV* required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
February 19, 2014

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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, 2013. 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 \$159,037,991 (*net position*). Of this amount, \$31,742,665 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,208,773. 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 \$34,534,995, an increase of \$2,396,164 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$15,747,547 or 47 percent of total general fund expenditures.
- The City's total debt decreased slightly by \$235,000 (1.30 percent) during the current fiscal year.

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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused 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, 2013

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 39-64 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 68-106 of this report.

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Government-wide Financial Analysis

As noted earlier, net position 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 \$159,037,991 at the close of the most recent fiscal year.

The largest portion of the City of Roswell's net position (\$110,421,414 or 69 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 position for the fiscal years ended June 30, 2013 and June 30, 2012.

CITY OF ROSWELL'S NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 37,178	\$ 34,538	\$ 19,174	\$ 16,983	\$ 56,352	\$ 51,521
Noncurrent assets other than capital assets	215	383	594	1,092	809	1,475
Capital assets, net	64,804	66,796	63,420	63,696	128,224	130,492
Total assets	<u>102,197</u>	<u>101,717</u>	<u>83,188</u>	<u>81,771</u>	<u>185,385</u>	<u>183,488</u>
Current liabilities	5,194	4,401	2,341	2,073	7,535	6,474
Noncurrent liabilities	6,587	6,755	12,224	13,430	18,811	20,185
Total liabilities	<u>11,781</u>	<u>11,156</u>	<u>14,565</u>	<u>15,503</u>	<u>26,346</u>	<u>26,659</u>
Net investment in capital assets	58,957	61,851	51,464	38,468	110,421	100,319
Restricted	16,874	13,726	-	-	16,874	13,726
Unrestricted	14,584	14,984	17,159	27,800	31,743	42,784
Total net position	<u>\$ 90,415</u>	<u>\$ 90,561</u>	<u>\$ 68,623</u>	<u>\$ 66,268</u>	<u>\$ 159,038</u>	<u>\$ 156,829</u>

An additional portion of the City of Roswell's net position of \$16,873,912 (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$31,742,665 or 19 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Roswell is able to report positive balances in all three categories of net position, 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, 2013

Governmental Activities. Governmental activities decreased the City of Roswell's net position by \$146 (in thousands). Key elements of this decrease are as follows:

- Revenues were down \$2,231 (in thousands), with \$3,038 (in thousands) of this decrease due to decreases in federal and state grants.
- Tax revenues were up by \$445 (in thousands).

Business-type Activities. Business-type activities increased the City's net position by \$2,355 (in thousands). Key elements of this increase are as follows:

- Revenues increased significantly by \$3,556 (in thousands) while expenditures increased by \$2,881 (in thousands).

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Taxes	\$ 35,284	\$ 34,839	\$ 695	\$ 641	\$ 35,979	\$ 35,480
Intergovernmental	3,423	6,461	2,471	878	5,894	7,339
Charges for services	4,617	755	17,408	15,617	22,025	16,372
Other	554	4,054	1,466	1,348	2,020	5,402
Total revenues	<u>43,878</u>	<u>46,109</u>	<u>22,040</u>	<u>18,484</u>	<u>65,918</u>	<u>64,593</u>
Expenses						
General government	8,600	6,093	-	-	8,600	6,093
Public safety	18,567	19,410	-	-	18,567	19,410
Public works	9,497	9,660	-	-	9,497	9,660
Culture and recreation	7,715	7,258	-	-	7,715	7,258
Health and welfare	7	21	-	-	7	21
Interest on long-term debt	195	204	-	-	195	204
Airport	-	-	2,532	2,318	2,532	2,318
Solid waste	-	-	5,025	4,644	5,025	4,644
Water and sewer	-	-	11,571	9,285	11,571	9,285
Total expenses	<u>44,581</u>	<u>42,646</u>	<u>19,128</u>	<u>16,247</u>	<u>63,709</u>	<u>58,893</u>
Transfers	<u>557</u>	<u>664</u>	<u>(557)</u>	<u>(664)</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>\$ (146)</u>	<u>\$ 4,127</u>	<u>\$ 2,355</u>	<u>\$ 1,573</u>	<u>\$ 2,209</u>	<u>\$ 5,700</u>

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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 \$34,534,995, an increase of \$2,396,164 in comparison with the prior year. Approximately 45.61 percent of this total amount, \$15,747,547, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. Approximately 1.78 percent of the total amount, \$616,412 is *assigned for subsequent year's* expenditures which is an internal designation of spendable fund balance. Approximately 3.01 percent of the total amount, \$1,041,010 is *committed for subsequent year's* expenditures which is an internal limitation of spendable fund balance. Approximately 48.29 percent of the total amount, \$16,677,204 is *restricted for subsequent year's* expenditures which have externally enforceable limitations imposed on the spendable fund balance. The remaining \$452,822 or approximately 1.31% 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 \$19,317,001, of which \$15,747,547 was unassigned. This represents 47.55 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$796,845 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 position of the three Enterprise Funds at the end of the year amounted to \$68,622,622, an increase of \$2,354,519 from the prior fiscal year.

General Fund Budgetary Highlights

There were several amendments to the City of Roswell's fiscal year 2013 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 an unfavorable variance of \$1,902,985 in the general fund revenues. This was primarily due to a favorable variance of \$107,759 in licenses and fees, and unfavorable variances of \$1,973,668 in charges for services and \$230,553 in miscellaneous.

The net favorable variance of \$8,598,952 in general fund expenditures was primarily due to not expending all the funds budgeted. There was \$2,203,396 not expended in general government, \$1,687,041 not expended in public safety, \$796,954 not expended in culture and recreation, and \$3,911,561 not expended in capital outlays.

STATE OF NEW MEXICO
City of Roswell
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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, 2013, amounts to \$128,224 (in thousands, 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 \$7,737 (in thousands) during the year, were as follows:

- \$245,887 for roof at the Police Station
- \$1,309,175 for improvements at the Wool Bowl softball complex
- \$230,607 for busses for Pecos Trails Transit
- \$683,812 for pavement reconstruction on runway 17/35 at Airport
- \$520,348 for new parking lot at Airport
- \$819,688 for improvements to Taxiway Charlie at Airport
- \$509,018 for rubber removal equipment at the Airport
- \$240,916 for automated sideloader equipment at Sanitation

CITY OF ROSWELL'S CAPITAL ASSETS
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 3,280	\$ 3,272	\$ 4,582	\$ 4,581	\$ 7,862	\$ 7,853
Land-right of way	5,143	5,143	-	-	5,143	5,143
Construction in progress	268	52	33	8	301	60
Library collection	2,903	3,031	-	-	2,903	3,031
Historical treasures	437	437	-	-	437	437
Water rights - Intangible assets	-	-	11,786	11,782	11,786	11,782
Land improvements	12,080	11,284	8,474	7,938	20,554	19,222
Buildings and improvements	31,343	30,396	77,399	75,976	108,742	106,372
Machinery and equipment	11,800	11,031	16,935	16,334	28,735	27,365
Furniture and fixtures	162	164	121	120	283	284
Vehicles	14,061	14,271	7,516	6,744	21,577	21,015
Infrastructure	164,695	164,237	53,487	51,967	218,182	216,204
Total capital assets	<u>246,172</u>	<u>243,318</u>	<u>180,333</u>	<u>175,450</u>	<u>426,505</u>	<u>418,768</u>
Less: accumulated depreciation	<u>181,368</u>	<u>176,522</u>	<u>116,913</u>	<u>111,754</u>	<u>298,281</u>	<u>288,276</u>
Capital assets, net	<u>\$ 64,804</u>	<u>\$ 66,796</u>	<u>\$ 63,420</u>	<u>\$ 63,696</u>	<u>\$ 128,224</u>	<u>\$ 130,492</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, 2013

Debt Administration. At the end of the current fiscal year, the City of Roswell had total debt from outstanding bonds of \$15,205,000 and capital leases outstanding of \$2,597,671, 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	
	2013	2012	2013	2012	2013	2012
Bonds	\$ 3,980	\$ 4,595	\$ 11,225	\$ 12,140	\$ 15,205	\$ 16,735
Loans	-	71	-	-	-	71
Capital leases	1,867	278	731	954	2,598	1,232
Total debt outstanding	<u>\$ 5,847</u>	<u>\$ 4,944</u>	<u>\$ 11,956</u>	<u>\$ 13,094</u>	<u>\$ 17,803</u>	<u>\$ 18,038</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 approximately \$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 55-59 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 2012 to 2013. 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 five years.

The adopted combined operating and capital expenditure budget for the fiscal year 2014 totals \$91,074,116, an increase of \$4,168,921 or 4.80% more than fiscal year 2013. 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.

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.

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
City of Roswell
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 28,370,852	\$ 16,236,363	\$ 44,607,215
Receivables:			
Property taxes receivable	354,071	-	354,071
Other taxes receivable	4,889,498	-	4,889,498
Other receivables, net of allowance of \$367,752 and \$0, respectively	3,155,637	-	3,155,637
Customer receivables, net of allowance of \$0 and \$315,211, respectively	-	1,515,838	1,515,838
Note receivable	90,000	243,483	333,483
Inventory	107,822	1,178,592	1,286,414
Total current assets	36,967,880	19,174,276	56,142,156
Noncurrent assets			
Restricted cash and cash equivalents	210,460	115,745	326,205
Notes receivable	184,881	477,850	662,731
Capital assets	246,172,416	180,333,028	426,505,444
Less: accumulated depreciation	(181,368,553)	(116,912,806)	(298,281,359)
Total noncurrent assets	65,199,204	64,013,817	129,213,021
Total assets	\$ 102,167,084	\$ 83,188,093	\$ 185,355,177

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 1,109,897	\$ 575,220	\$ 1,685,117
Accrued payroll expenses	929,684	166,198	1,095,882
Other accrued expenses	70,962	43,933	114,895
Accrued compensated absences	933,365	183,700	1,117,065
Accrued interest	101,492	41,080	142,572
Meter and other deposits	210,460	115,745	326,205
Deferred revenue	-	32,549	32,549
Workers' compensation liability	970,336	-	970,336
Bonds and notes payable	838,773	1,182,898	2,021,671
Total current liabilities	<u>5,164,969</u>	<u>2,341,323</u>	<u>7,506,292</u>
Noncurrent liabilities			
Accrued compensated absences	9,924	878	10,802
Landfill closure	-	1,224,514	1,224,514
Workers' compensation liability	1,569,034	-	1,569,034
Bond premiums, net of amortization of \$150,943	-	225,544	225,544
Bonds and notes payable	5,007,788	10,773,212	15,781,000
Total noncurrent liabilities	<u>6,586,746</u>	<u>12,224,148</u>	<u>18,810,894</u>
Total liabilities	<u>11,751,715</u>	<u>14,565,471</u>	<u>26,317,186</u>
Net Position			
Net investment in capital assets	58,957,302	51,464,112	110,421,414
Restricted for (Note 15)			
Debt service	701,717	-	701,717
Capital projects	9,613,499	-	9,613,499
Other purposes - special revenue	6,558,696	-	6,558,696
Unrestricted	14,584,155	17,158,510	31,742,665
Total net position	<u>90,415,369</u>	<u>68,622,622</u>	<u>159,037,991</u>
Total liabilities and net position	<u>\$ 102,167,084</u>	<u>\$ 83,188,093</u>	<u>\$ 185,355,177</u>

STATE OF NEW MEXICO
City of Roswell
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 8,600,337	\$ 3,721,268	\$ 1,058,092	\$ -
Public safety	18,567,293	180,450	957,208	-
Public works	9,496,450	522,213	596,898	640,677
Culture and recreation	7,714,579	192,875	163,060	-
Health and welfare	7,080	-	7,000	-
Interest on long-term debt	195,133	-	-	-
<i>Total governmental activities</i>	44,580,872	4,616,806	2,782,258	640,677
Business-type Activities:				
Airport	2,531,886	2,627,754	2,470,645	-
Solid waste	5,025,187	4,646,354	-	-
Water and sewer	11,571,588	10,133,957	-	-
<i>Total business-type activities</i>	19,128,661	17,408,065	2,470,645	-
<i>Total primary government</i>	\$ 63,709,533	\$ 22,024,871	\$ 5,252,903	\$ 640,677

General Revenues and transfers:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Investment income

Miscellaneous income

Donated assets

(Loss) gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (3,820,977)	\$ -	\$ (3,820,977)
(17,429,635)	-	(17,429,635)
(7,736,662)	-	(7,736,662)
(7,358,644)	-	(7,358,644)
(80)	-	(80)
(195,133)	-	(195,133)
<u>(36,541,131)</u>	<u>-</u>	<u>(36,541,131)</u>
-	2,566,513	2,566,513
-	(378,833)	(378,833)
-	(1,437,631)	(1,437,631)
<u>-</u>	<u>750,049</u>	<u>750,049</u>
<u>(36,541,131)</u>	<u>750,049</u>	<u>(35,791,082)</u>
4,441,411	-	4,441,411
796,278	-	796,278
28,043,338	695,454	28,738,792
1,030,404	-	1,030,404
972,756	-	972,756
60,762	94,161	154,923
968,557	375,276	1,343,833
-	953,101	953,101
(474,906)	43,263	(431,643)
556,785	(556,785)	-
<u>36,395,385</u>	<u>1,604,470</u>	<u>37,999,855</u>
<u>(145,746)</u>	<u>2,354,519</u>	<u>2,208,773</u>
<u>90,561,115</u>	<u>66,268,103</u>	<u>156,829,218</u>
<u>\$ 90,415,369</u>	<u>\$ 68,622,622</u>	<u>\$ 159,037,991</u>

STATE OF NEW MEXICO

City of Roswell
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Road Fund</u>	<u>Capital Improvements Fund</u>
<i>Assets</i>			
Cash, cash equivalents and investments	\$ 14,331,907	\$ 591,292	\$ 8,684,810
Receivables			
Property taxes	316,756	-	-
Other taxes receivable	4,773,535	115,963	-
Other receivables (net of allowance of \$367,752)	1,726,980	2,171	1,165,117
Inventory	107,822	-	-
Due from other funds	29,498	-	-
	<u>21,286,498</u>	<u>709,426</u>	<u>9,849,927</u>
<i>Total assets</i>	<u>\$ 21,286,498</u>	<u>\$ 709,426</u>	<u>\$ 9,849,927</u>
<i>Liabilities and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 744,851	\$ 54,590	\$ 182,498
Accrued payroll expenses	789,214	33,522	31,208
Accrued sales tax payable	16,097	50,362	-
Deposits payable	210,460	-	-
Deferred property tax revenue	208,875	-	-
Due to other funds	-	-	-
	<u>1,969,497</u>	<u>138,474</u>	<u>213,706</u>
<i>Total liabilities</i>	<u>1,969,497</u>	<u>138,474</u>	<u>213,706</u>
<i>Fund balances</i>			
Nonspendable	107,822	-	-
Spendable			
Restricted	3,461,632	-	9,636,221
Committed	-	570,952	-
Assigned	-	-	-
Unassigned	15,747,547	-	-
	<u>19,317,001</u>	<u>570,952</u>	<u>9,636,221</u>
<i>Total fund balances</i>	<u>19,317,001</u>	<u>570,952</u>	<u>9,636,221</u>
<i>Total liabilities and fund balances</i>	<u>\$ 21,286,498</u>	<u>\$ 709,426</u>	<u>\$ 9,849,927</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 4,973,303	\$ 28,581,312
37,315	354,071
-	4,889,498
261,369	3,155,637
-	107,822
-	29,498
<u>\$ 5,271,987</u>	<u>\$ 37,117,838</u>
\$ 127,958	\$ 1,109,897
75,740	929,684
4,503	70,962
-	210,460
23,467	232,342
29,498	29,498
<u>261,166</u>	<u>2,582,843</u>
345,000	452,822
3,579,351	16,677,204
470,058	1,041,010
616,412	616,412
-	15,747,547
<u>5,010,821</u>	<u>34,534,995</u>
<u>\$ 5,271,987</u>	<u>\$ 37,117,838</u>

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STATE OF NEW MEXICO

City of Roswell

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2013

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 34,534,995
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	64,803,863
Notes receivable used in governmental activities are not financial resources and, therefore, are not reported in the funds	274,881
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	232,342
Certain liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest	(101,492)
Workers' compensation liability	(2,539,370)
Accrued compensated absences	(943,289)
Bonds and notes payable	<u>(5,846,561)</u>
Net position of governmental activities	<u>\$ 90,415,369</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Roswell
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Road Fund	Capital Improvements Fund
<i>Revenues</i>			
Taxes			
Property	\$ 4,466,496	\$ -	\$ -
Gross receipts	28,033,831	582	-
Gasoline and motor vehicle	181,277	849,127	-
Other	-	-	-
Intergovernmental			
Federal operating grants	319,139	-	-
Federal capital grants	-	-	-
State operating grants	881,041	-	-
State capital grants	-	-	220,194
Charges for services	224,007	-	-
Licenses and fees	2,872,147	-	-
Investment income	22,339	1,147	13,674
Fines, forfeitures, and penalties	624,696	-	-
Miscellaneous	834,830	6,468	639
<i>Total revenues</i>	<u>38,459,803</u>	<u>857,324</u>	<u>234,507</u>
<i>Expenditures</i>			
Current			
General government	5,112,913	-	-
Public safety	18,237,844	-	-
Public works	-	3,216,257	1,466,726
Culture and recreation	5,962,796	-	-
Health and welfare	-	-	-
Capital outlay	3,680,710	505,425	125,716
Debt service:			
Principal	106,209	-	-
Interest	15,349	-	-
<i>Total expenditures</i>	<u>33,115,821</u>	<u>3,721,682</u>	<u>1,592,442</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,343,982</u>	<u>(2,864,358)</u>	<u>(1,357,935)</u>
<i>Other financing sources (uses)</i>			
Proceeds from loans	-	-	-
Transfers in	3,431,197	2,994,321	2,541,260
Transfers out	(8,054,235)	(314,903)	-
Proceeds from sale of capital assets	75,901	13,280	-
<i>Total other financing sources (uses)</i>	<u>(4,547,137)</u>	<u>2,692,698</u>	<u>2,541,260</u>
<i>Net change in fund balance</i>	796,845	(171,660)	1,183,325
<i>Fund balance - beginning of year</i>	<u>18,520,156</u>	<u>742,612</u>	<u>8,452,896</u>
<i>Fund balance - end of year</i>	<u>\$ 19,317,001</u>	<u>\$ 570,952</u>	<u>\$ 9,636,221</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 791,416	\$ 5,257,912
8,925	28,043,338
-	1,030,404
972,756	972,756
33,082	352,221
235,954	235,954
1,548,996	2,430,037
184,529	404,723
558,038	782,045
287,946	3,160,093
118,587	155,747
49,972	674,668
28,656	870,593
<u>4,818,857</u>	<u>44,370,491</u>
317,825	5,430,738
837,189	19,075,033
2,032,183	6,715,166
1,573,941	7,536,737
7,080	7,080
273,746	4,585,597
615,000	721,209
165,589	180,938
<u>5,822,553</u>	<u>44,252,498</u>
<u>(1,003,696)</u>	<u>117,993</u>
1,623,422	1,623,422
2,278,342	11,245,120
(2,319,197)	(10,688,335)
8,783	97,964
<u>1,591,350</u>	<u>2,278,171</u>
587,654	2,396,164
4,423,167	32,138,831
<u>\$ 5,010,821</u>	<u>\$ 34,534,995</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, 2013

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	\$	2,396,164
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		4,585,597
Depreciation expense		(6,102,395)

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		(20,223)
Decrease in notes receivable		(94,985)

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

Increase in accrued compensated absences		(26,734)
Increase in accrued interest		(14,195)
Loss on sale of capital assets		(474,906)
Decrease in workers' compensation liability		508,144

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

Loan Proceeds		(1,623,422)
Principal payments on bonds and notes payable		721,209

Change in net position of governmental activities	\$	(145,746)
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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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 4,450,777	\$ 4,450,777	\$ 4,476,711	\$ 25,934
Gross receipts	27,750,063	27,750,063	27,886,779	136,716
Gasoline and motor vehicle	165,000	165,000	181,277	16,277
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	241,918	283,178	319,139	35,961
Federal capital grants	-	-	-	-
State operating grants	770,442	919,956	881,041	(38,915)
State capital grants	-	-	-	-
Charges for services	2,208,775	2,197,325	223,657	(1,973,668)
Licenses and fees	2,768,850	2,768,900	3,087,119	318,219
Fines, forfeitures and penalties	280,200	280,200	299,340	19,140
Investment income	23,900	23,975	22,339	(1,636)
Miscellaneous	529,415	1,008,672	778,119	(230,553)
<i>Total revenues</i>	<u>39,189,340</u>	<u>39,848,046</u>	<u>38,155,521</u>	<u>(1,692,525)</u>
<i>Expenditures</i>				
Current:				
General government	7,271,668	7,370,997	5,275,423	2,095,574
Public safety	20,438,916	20,197,174	18,510,133	1,687,041
Public works	-	-	-	-
Culture and recreation	6,631,305	6,708,868	5,911,914	796,954
Health and welfare	-	-	-	-
Capital outlay	6,149,117	7,187,868	3,276,307	3,911,561
Debt service:				
Principal	71,360	71,360	71,360	-
Interest	3,322	3,322	3,322	-
<i>Total expenditures</i>	<u>40,565,688</u>	<u>41,539,589</u>	<u>33,048,459</u>	<u>8,491,130</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,376,348)</u>	<u>(1,691,543)</u>	<u>5,107,062</u>	<u>6,798,605</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	7,705,432	7,677,540	-	(7,677,540)
Transfers in	1,717,775	1,970,647	3,431,197	1,460,550
Transfers out	(8,049,859)	(7,959,644)	(8,054,235)	(94,591)
Proceeds from sale of capital assets	3,000	3,000	75,901	72,901
<i>Total other financing sources (uses)</i>	<u>1,376,348</u>	<u>1,691,543</u>	<u>(4,547,137)</u>	<u>(6,238,680)</u>
<i>Net change in fund balance</i>	-	-	559,925	559,925
<i>Fund balance - beginning of year</i>	-	-	13,801,480	13,801,480
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,361,405</u>	<u>\$ 14,361,405</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 559,925
Adjustments to revenues for receivables and deferred property tax revenue				304,282
Adjustments to expenditures for prepaid expenses, accounts payable and accrued payroll				(67,362)
Net change in fund balance (GAAP)				<u>\$ 796,845</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	200	200	582	382
Gasoline and motor vehicle	730,000	774,902	795,832	20,930
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Investment income	2,450	2,450	1,147	(1,303)
Miscellaneous	-	112	6,468	6,356
<i>Total revenues</i>	<u>732,650</u>	<u>777,664</u>	<u>804,029</u>	<u>26,365</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	4,180,750	4,035,837	3,520,982	514,855
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	139,097	143,704	143,618	86
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,319,847</u>	<u>4,179,541</u>	<u>3,664,600</u>	<u>514,941</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,587,197)</u>	<u>(3,401,877)</u>	<u>(2,860,571)</u>	<u>541,306</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	759,166	717,574	-	(717,574)
Transfers in	3,094,031	2,948,585	2,994,321	45,736
Transfers out	(270,000)	(270,000)	(314,903)	(44,903)
Proceeds from sale of capital assets	4,000	5,718	13,280	7,562
<i>Total other financing sources (uses)</i>	<u>3,587,197</u>	<u>3,401,877</u>	<u>2,692,698</u>	<u>(709,179)</u>
<i>Net change in fund balance</i>	-	-	(167,873)	(167,873)
<i>Fund balance - beginning of year</i>	-	-	759,165	759,165
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,292</u>	<u>\$ 591,292</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (167,873)
Adjustments to revenues for other taxes receivables and other receivables				53,295
Adjustments to expenditures for accounts payable and accrued payroll				(57,082)
Net change in fund balance (GAAP)				<u>\$ (171,660)</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 Position
Proprietary Funds
June 30, 2013

	Enterprise Funds			Total
	Airport	Solid Waste	Water and Sewer	
<i>Assets</i>				
<i>Current assets</i>				
Cash, cash equivalents and investments	\$ 4,927,531	\$ 3,315,142	\$ 7,993,690	\$ 16,236,363
Customer receivables, net of allowance	351,480	315,223	849,135	1,515,838
Notes receivable	243,483	-	-	243,483
Inventory	-	-	1,178,592	1,178,592
Due from other funds	-	-	424,058	424,058
<i>Total current assets</i>	<u>5,522,494</u>	<u>3,630,365</u>	<u>10,445,475</u>	<u>19,598,334</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	113,745	2,000	-	115,745
Notes receivable	477,850	-	-	477,850
Capital assets	53,694,463	15,257,791	111,380,774	180,333,028
Less: accumulated depreciation	(38,429,599)	(8,525,619)	(69,957,588)	(116,912,806)
<i>Total noncurrent assets</i>	<u>15,856,459</u>	<u>6,734,172</u>	<u>41,423,186</u>	<u>64,013,817</u>
<i>Total Assets</i>	<u>\$ 21,378,953</u>	<u>\$ 10,364,537</u>	<u>\$ 51,868,661</u>	<u>\$ 83,612,151</u>
<i>Liabilities and Net Position</i>				
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 77,289	\$ 78,136	\$ 419,795	\$ 575,220
Accrued payroll expenses	19,442	45,349	101,407	166,198
Accrued sales tax payable	2,647	6,196	35,090	43,933
Accrued compensated absences	28,219	49,786	105,695	183,700
Accrued interest	-	5,841	35,239	41,080
Meter and other deposits	113,745	2,000	-	115,745
Due to other funds	424,058	-	-	424,058
Deferred revenue	26,837	-	5,712	32,549
Current portion of workers' compensation liability	-	-	-	-
Current portion of bonds and notes payable	232,898	340,000	610,000	1,182,898
<i>Total current liabilities</i>	<u>925,135</u>	<u>527,308</u>	<u>1,312,938</u>	<u>2,765,381</u>
<i>Noncurrent liabilities</i>				
Accrued compensated absences	-	878	-	878
Landfill closure	-	1,224,514	-	1,224,514
Long-term workers' compensation liability	-	-	-	-
Bond premiums, net of amortization of \$150,943	-	1,738	223,806	225,544
Bonds and notes payable	498,212	1,480,000	8,795,000	10,773,212
<i>Total noncurrent liabilities</i>	<u>498,212</u>	<u>2,707,130</u>	<u>9,018,806</u>	<u>12,224,148</u>
<i>Total liabilities</i>	<u>1,423,347</u>	<u>3,234,438</u>	<u>10,331,744</u>	<u>14,989,529</u>
<i>Net Position</i>				
Net investment in capital assets	14,533,754	4,912,172	32,018,186	51,464,112
Unrestricted net position	5,421,852	2,217,927	9,518,731	17,158,510
<i>Total net position</i>	<u>19,955,606</u>	<u>7,130,099</u>	<u>41,536,917</u>	<u>68,622,622</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 21,378,953</u>	<u>\$ 10,364,537</u>	<u>\$ 51,868,661</u>	<u>\$ 83,612,151</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 Position

Proprietary Funds

For the Year Ended June 30, 2013

Enterprise Funds

	Enterprise Funds			Total
	Airport	Solid Waste	Water and Sewer	
<i>Operating revenues</i>				
Charges for services	\$ 2,627,754	\$ 4,646,354	\$ 10,133,957	\$ 17,408,065
Operating grants	2,470,645	-	-	2,470,645
<i>Total operating revenues</i>	<u>5,098,399</u>	<u>4,646,354</u>	<u>10,133,957</u>	<u>19,878,710</u>
<i>Operating expenses</i>				
General and administrative	34,271	166,387	603,837	804,495
Personnel services	640,473	1,415,920	3,200,747	5,257,140
Contractual services	152,158	388,330	411,487	951,975
Supplies and purchased power	33,470	228,997	1,314,488	1,576,955
Maintenance and materials	321,632	1,536,897	913,052	2,771,581
Utilities	168,179	35,446	596,654	800,279
Gross receipts tax expense	20,688	233,045	452,739	706,472
Amortization	-	(348)	(18,650)	(18,998)
Depreciation	1,090,336	932,354	3,657,098	5,679,788
<i>Total operating expenses</i>	<u>2,461,207</u>	<u>4,937,028</u>	<u>11,131,452</u>	<u>18,529,687</u>
<i>Operating income (loss)</i>	<u>2,637,192</u>	<u>(290,674)</u>	<u>(997,495)</u>	<u>1,349,023</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	48,553	5,482	40,126	94,161
Interest expense	(70,679)	(88,159)	(440,136)	(598,974)
Gross receipts tax revenue	18,124	227,269	450,061	695,454
Miscellaneous	136,993	37,788	200,495	375,276
Gain (loss) from sale of capital assets	10,350	5,353	27,560	43,263
<i>Total non-operating revenues (expenses)</i>	<u>143,341</u>	<u>187,733</u>	<u>278,106</u>	<u>609,180</u>
<i>Income (loss) before transfers</i>	<u>2,780,533</u>	<u>(102,941)</u>	<u>(719,389)</u>	<u>1,958,203</u>
Donated Assets	953,101	-	-	953,101
Transfers in	233,157	1,060,978	1,033,594	2,327,729
Transfers out	(693,573)	(706,961)	(1,483,980)	(2,884,514)
<i>Net transfers</i>	<u>492,685</u>	<u>354,017</u>	<u>(450,386)</u>	<u>396,316</u>
<i>Change in net position</i>	<u>3,273,218</u>	<u>251,076</u>	<u>(1,169,775)</u>	<u>2,354,519</u>
<i>Net position, beginning</i>	<u>16,682,388</u>	<u>6,879,023</u>	<u>42,706,692</u>	<u>66,268,103</u>
<i>Net position, ending</i>	<u>\$ 19,955,606</u>	<u>\$ 7,130,099</u>	<u>\$ 41,536,917</u>	<u>\$ 68,622,622</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, 2013

Exhibit D-3

	Enterprise Funds			
	Airport	Solid Waste	Water and Sewer	Total
<i>Cash flows from operating activities</i>				
Cash received from user charges	\$ 5,118,210	\$ 4,623,569	\$ 9,877,593	\$ 19,619,372
Cash payments for gross receipts taxes	(20,688)	(233,045)	(452,739)	(706,472)
Cash payments to employees for services	(640,175)	(1,405,117)	(3,190,847)	(5,236,139)
Cash payments to suppliers for goods and services	(658,618)	(2,402,705)	(3,633,848)	(6,695,171)
<i>Net cash provided by operating activities</i>	3,798,729	582,702	2,600,159	6,981,590
<i>Cash flows from noncapital financing activities</i>				
Operating grants	-	-	-	-
Gross receipt taxes received	18,124	227,269	450,061	695,454
Fines, forfeitures and penalties received	-	-	-	-
Net miscellaneous income and expenses	136,993	37,788	200,495	375,276
Internal transfers and loans	(606,972)	354,017	(303,830)	(556,785)
<i>Net cash provided (used) by noncapital financing activities</i>	(451,855)	619,074	346,726	513,945
<i>Cash flows from capital and related financing activities</i>				
Gain from sale of capital assets	10,350	5,353	27,560	43,263
Acquisition of capital assets	(3,519,742)	(272,757)	(658,609)	(4,451,108)
Principal paid on capital debt	(222,720)	(325,000)	(590,000)	(1,137,720)
Interest paid on capital debt	(70,679)	(89,107)	(441,857)	(601,643)
<i>Net cash (used) by capital and related financing activities</i>	(3,802,791)	(681,511)	(1,662,906)	(6,147,208)
<i>Cash flows from investing activities</i>				
Interest on investments	48,553	5,482	40,126	94,161
Payments received on notes receivable	256,080	-	-	256,080
Net (acquisition) disposition of investments	-	-	-	-
<i>Net cash provided by investing activities</i>	304,633	5,482	40,126	350,241
<i>Net (decrease) increase in cash and cash equivalents</i>	(151,284)	525,747	1,324,105	1,698,568
<i>Cash, cash equivalents and investments - beginning of year</i>	5,192,560	2,791,395	6,669,585	14,653,540
<i>Cash, cash equivalents and investments - end of year</i>	\$ 5,041,276	\$ 3,317,142	\$ 7,993,690	\$ 16,352,108
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>				
Operating income (loss)	\$ 2,637,192	\$ (290,674)	\$ (997,495)	\$ 1,349,023
Adjustments to reconcile operating (loss) to net cash (used) by operating activities				
Depreciation	1,090,336	932,354	3,657,098	5,679,788
Amortization	-	(348)	(18,650)	(18,998)
Changes in assets and liabilities				
Receivables	25,745	(22,785)	(256,364)	(253,404)
Inventory	-	-	3,377	3,377
Accounts payable	50,752	(36,149)	247,827	262,430
Accrued payroll expenses	(306)	1,786	2,049	3,529
Other accrued expenses	340	(10,499)	(45,534)	(55,693)
Accrued compensated absences	604	9,017	7,851	17,472
Meter other refundable deposits	607	-	-	607
Deferred revenue	(6,541)	-	-	(6,541)
<i>Net cash provided (used) by operating activities</i>	\$ 3,798,729	\$ 582,702	\$ 2,600,159	\$ 6,981,590

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, 2013

Assets

Cash

\$ 473,710

Liabilities

Deposits held in trust for others

\$ 473,710

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, 2013

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.

This summary of significant accounting policies of the City is presented to assist in the understanding of City’s financial statements. The financial statements and notes are the representation of City’s management who is responsible for their integrity and objectivity.

During the year ended June 30, 2013, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The City does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

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. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City of Roswell and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the 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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

In the government-wide Statement of Net Position, 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 position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, 2013

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, 2013

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 Statement 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, 2013

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 Position 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, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position 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. Inventory at June 30, 2013 in the proprietary funds was \$1,178,592.

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. The City was a phase III government for purposes of implementing GASB 34 and therefore was not required to include the historical cost of infrastructure assets retroactive to 1980. Since the implementation of GASB 34, the City includes infrastructure in its capital assets. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction related interest is capitalized only in the proprietary funds.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position 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>
Building and Improvements	20
Infrastructure	20
Machinery and equipment	7
Furniture and fixtures	7
Vehicles	5

Accrued Expenses: Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2013, 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 position. For bonds issued after the City implemented GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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, 2013 on the governmental funds balance sheet is \$1,041,010.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position 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, 2013 on the governmental funds balance sheet is \$616,412.

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, 2013, 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 legally required to be maintained intact and not available to be expended..

Restricted Fund Balance: At June 30, 2013, the restricted fund balance on the governmental funds balance sheet is made up of \$16,677,204 for purposes mandated by externally enforceable limitations.

Equity Classifications

Government-wide Statements

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

- a. *Net investment in capital assets*
Net position 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 position*
Consists of net position 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. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 42 and 66-67.
- c. *Unrestricted net position*
All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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, the allowance for uncollectible accounts, and landfill liabilities.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

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 except for amortization and depreciation that is not budgeted for. 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	\$ (1,376,348)	\$ (1,691,543)
Road Fund	(3,587,197)	(3,401,877)
Capital Improvements	(5,775,219)	(6,180,734)
Other Governmental Funds	(3,127,447)	(3,229,901)
	Change in Net Position	
	Original Budget	Final Budget
Proprietary Funds:		
Airport	\$ (4,407,694)	\$ (4,205,762)
Solid Waste	273,049	(236,779)
Water and Sewer	(1,046,946)	(664,187)

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.

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, 2013 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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

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, 2013.

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 financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess 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.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

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, 2013, \$34,165,885 of the City's bank balances of \$35,165,885 was exposed to custodial credit risk. \$17,277,540 was uninsured and collateralized by securities held by the pledging bank's trust department, not in the City's name and \$16,888,345 was uninsured and uncollateralized.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 3. Deposits and Investments (continued)

	Bank of the Southwest	Pioneer Bank	Washington Federal Bank	Total
Amount of deposits	\$ 1,000,000	\$ 18,572,490	\$ 15,593,395	\$ 35,165,885
FDIC Coverage	(250,000)	(500,000)	(250,000)	(1,000,000)
Total uninsured public funds	750,000	18,072,490	15,343,395	34,165,885
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	375,000	9,205,892	7,696,648	17,277,540
Uninsured and uncollateralized	\$ 375,000	\$ 8,866,598	\$ 7,646,747	\$ 16,888,345
Collateral requirement (50% of uninsured public funds)	\$ 375,000	\$ 9,036,245	\$ 7,671,698	\$ 17,082,943
Pledged collateral	375,000	9,205,892	7,696,648	17,277,540
Over (under) collateralized	\$ -	\$ 169,647	\$ 24,950	\$ 194,597

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, 2013 include the following:

Investments	Rated	Weighted Average Maturity	Fair Market Value
LGIP	*AAAm	59 Days	\$ 11,246,152
Reserve Contingency Fund	Unrated	No interest	8,348
			<u>\$ 11,254,500</u>

**Based off Standard & Poor's rating*

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, 2013

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	\$ 44,607,215
Restricted cash and cash equivalents per Exhibit A-1	326,205
Agency funds cash per Exhibit E-1	473,710
Plus outstanding checks	1,185,341
Less: deposits in transit	(137,573)
Less: petty cash	(4,389)
Less: investments	(11,254,500)
Less: NMFA deposits	<u>(30,124)</u>
 Bank balance of deposits	 <u><u>\$ 35,165,885</u></u>

NOTE 4. Receivables

Governmental funds receivables as of June 30, 2013 are shown as follows:

	General	Road Fund	Capital Improvements	Nonmajor Governmental Funds	Total
Property taxes	\$ 316,756	\$ -	\$ -	\$ 37,315	\$ 354,071
Other taxes:					
Gross receipts taxes	4,773,535	-	-	-	4,773,535
Gasoline and oil taxes	-	115,963	-	-	115,963
Other receivables:					
Intergovernmental grants:					
State	226,456	-	1,165,117	138,871	1,530,444
Licenses and fees	1,868,276	2,171	-	122,498	1,992,945
Allowance for doubtful accounts	<u>(367,752)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(367,752)</u>
 Totals by category	 <u><u>\$ 6,817,271</u></u>	 <u><u>\$ 118,134</u></u>	 <u><u>\$ 1,165,117</u></u>	 <u><u>\$ 298,684</u></u>	 <u><u>\$ 8,399,206</u></u>

In accordance with GASB 33 property tax revenues in the amount of \$232,342 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements.

Proprietary fund receivables are shown as follows:

	Airport	Solid Waste	Water and Sewer	Total
Customer receivables	374,181	381,080	1,075,788	1,831,049
Allowance for doubtful accounts	<u>(22,701)</u>	<u>(65,857)</u>	<u>(226,653)</u>	<u>(315,211)</u>
 Totals by category	 <u><u>\$ 351,480</u></u>	 <u><u>\$ 315,223</u></u>	 <u><u>\$ 849,135</u></u>	 <u><u>\$ 1,515,838</u></u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

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, 2013 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Water and Sewer Fund	Airport Fund	\$ 424,058
General Fund	Beautification Grant	6,016
General Fund	HIDTA Grant	23,482
		<u>\$ 453,556</u>

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General fund	Fire Protection	\$ 1,623,422
General fund	Airport	462,000
General fund	Lodgers' Tax	695,775
General fund	Water and Sewer	350,000
General fund	Solid Waste	300,000
South Park Cemetary	General fund	201,165
Mass Transit	General fund	286,497
Mass Transit	Road Fund	314,903
Recreation	General fund	1,475,777
Road	General fund	353,059
Road	General fund	2,541,260
Road	Water and Sewer	100,002
Capital Improvement	General fund	2,541,260
Airport	General fund	1,200
Airport	Airport	231,573
Airport	Water and Sewer	384
Solid Waste	General fund	654,017
Solid Waste	Solid Waste	406,961
Water and Sewer	Water and Sewer	1,033,594
		<u>\$ 13,572,849</u>
Total Transfers		<u>\$ 13,572,849</u>

All interfund balances are intended to be repaid within one year.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

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, 2013</u>	<u>Due Within One Year</u>
Millenium Transit Services, LLC	\$ 724,993	prime + 2.25%	2004-2017	\$ 274,881	\$ 90,000
				<u>\$ 274,881</u>	<u>\$ 90,000</u>
Business-Type Activities	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Dean Baldwin Painting	\$ 528,406	4.00%	2006-2016	\$ 171,697	\$ 58,588
Millenium Transit Services, LLC	1,345,007	prime + 2.25%	2004-2017	509,958	160,000
Mistic, Inc.	74,001	2.25%	2012-2015	39,678	24,895
				<u>\$ 721,333</u>	<u>\$ 243,483</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>
2014	\$ 90,000	\$ 22,500	\$ 112,500
2015	90,000	22,500	112,500
2016	90,000	22,500	112,500
2017	4,881	1,220	6,101
Total	<u>\$ 274,881</u>	<u>\$ 68,720</u>	<u>\$ 343,601</u>
Business-type Activities			
Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 243,483	\$ 46,247	\$ 289,730
2015	235,758	43,593	279,351
2016	212,134	40,793	252,927
2017	29,958	7,490	37,448
Total	<u>\$ 721,333</u>	<u>\$ 138,123</u>	<u>\$ 859,456</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013, 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, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 3,271,740	\$ 8,142	\$ -	\$ 3,279,882
Land-right of way	5,143,067	-	-	5,143,067
Construction in progress	52,282	268,027	52,282	268,027
Library collection	3,031,137	204,390	332,536	2,902,991
Historical treasures	437,204	-	-	437,204
	<u>11,935,430</u>	<u>480,559</u>	<u>384,818</u>	<u>12,031,171</u>
Total				
Capital assets being depreciated:				
Land improvements	11,284,419	816,940	21,480	12,079,879
Buildings and improvements	30,396,001	962,142	15,246	31,342,897
Machinery and equipment	11,030,487	1,027,579	258,136	11,799,930
Furniture and fixtures	163,734	-	1,751	161,983
Vehicles	14,270,594	891,936	1,101,267	14,061,263
Infrastructure	164,236,570	458,723	-	164,695,293
	<u>231,381,805</u>	<u>4,157,320</u>	<u>1,397,880</u>	<u>234,141,245</u>
Total				
Less accumulated depreciation:				
Land improvements	5,761,102	401,018	1,488	6,160,632
Buildings and improvements	16,946,687	1,122,752	3,239	18,066,200
Machinery and equipment	7,884,318	918,996	347,717	8,455,597
Furniture and fixtures	164,153	-	2,170	161,983
Vehicles	9,876,967	1,477,235	900,894	10,453,308
Infrastructure	135,888,441	2,182,394	2	138,070,833
	<u>176,521,668</u>	<u>6,102,395</u>	<u>1,255,510</u>	<u>181,368,553</u>
Total				
Total capital assets, net	<u>\$ 66,795,567</u>	<u>\$(1,464,516)</u>	<u>\$ 527,188</u>	<u>\$ 64,803,863</u>

Depreciation expense for the year ended June 30, 2013 was charged to governmental activities as follows:

General government	\$ 3,169,609
Public works	2,776,292
Culture and recreation	<u>156,494</u>
Total depreciation expense	<u><u>\$ 6,102,395</u></u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 7. Capital Assets (continued)

	Balance June 30, 2012	Adjustments to Estimate	Additions	Deletions	Balance June 30, 2013
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 4,581,474	\$ -	\$ -	\$ -	\$ 4,581,474
Construction in progress	8,275	-	33,217	8,275	33,217
Water rights - Intangible assets	11,782,278	-	4,132	-	11,786,410
Total	16,372,027	-	37,349	8,275	16,401,101
Capital assets being depreciated:					
Land improvements	7,937,651	-	535,981	-	8,473,632
Buildings and improvements	75,975,811	-	1,543,884	120,720	77,398,975
Machinery and equipment	16,333,353	-	649,339	47,451	16,935,241
Furniture and fixtures	119,939	-	1,054	-	120,993
Vehicles	6,744,101	-	1,124,529	352,481	7,516,149
Infrastructure	51,966,589	-	1,520,348	-	53,486,937
Total	159,077,444	-	5,375,135	520,652	163,931,927
Less accumulated depreciation:					
Land improvements	2,089,768	-	403,972	-	2,493,740
Buildings and improvements	53,611,017	-	1,633,339	120,720	55,123,636
Machinery and equipment	14,523,735	-	506,151	47,451	14,982,435
Furniture and fixtures	(356,099)	436,749	18,735	-	99,385
Vehicles	5,933,131	(417,164)	609,720	352,481	5,773,206
Infrastructure	35,952,118	1,708,550	779,736	-	38,440,404
Total	111,753,670	1,728,135	3,951,653	520,652	116,912,806
Total capital assets, net of depreciation	<u>\$ 63,695,801</u>	<u>\$(1,728,135)</u>	<u>\$ 1,460,831</u>	<u>\$ 8,275</u>	<u>\$ 63,420,222</u>

During the year ended June 30, 2013, the City has reassessed the accumulated depreciation of its roads and has made a correction of an error in the depreciation calculation for the current year. As a result, a change in estimate adjustment has been recorded to adjust accumulated depreciation balances. The effect of the adjustment was a decrease in net capital assets by \$1,728,135. Also, the City received donated assets in the amount of \$953,101 in the Airport fund during the year ended June 30, 2013.

Depreciation expense for the year ended June 30, 2013 was charged to business-type activities as follows:

Airport Fund	\$ 1,090,336
Solid Waste Fund	932,354
Water and Sewer Fund	<u>3,657,098</u>
Total	<u>\$ 5,679,788</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 8. Long-term Debt

Governmental Activities

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Bonds payable	\$ 4,595,000	\$ -	\$ 615,000	\$ 3,980,000	\$ 655,000
Notes payable	71,360	-	71,360	-	-
Capital leases payable	277,988	1,623,422	34,849	1,866,561	183,773
Workers' compensation	3,047,514	462,192	970,336	2,539,370	970,336
Compensated absences	916,555	960,099	933,365	943,289	933,365
Totals	<u>\$ 8,908,417</u>	<u>\$ 3,045,713</u>	<u>\$ 2,624,910</u>	<u>\$ 9,329,220</u>	<u>\$ 2,742,474</u>

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year 2013, compensated absences increased \$26,734 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities.

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, 2013
General Obligation Series 1999	\$ 6,600,000	8/1/2014	4.85-4.90%	\$ 775,000
General Obligation Series 2008	4,100,000	8/1/2022	3.05-5.30%	<u>3,205,000</u>
				<u>\$ 3,980,000</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

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. On September 14, 2012 the City negotiated a lease purchase agreement with Suntrust Equipment Finance & Leasing Corp. for three 2012 Fire Trucks in the amount of \$1,623,422 with an interest rate of 2.125%. The lease calls for annual payments of \$181,914 and will be paid in full in fiscal year 2023.

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

Description	Original Issue	Final Maturity	Interest Rate	Balance June 30, 2013
Sun Trust Equipment Finance (fire truck)	\$ 375,052	7/3/2018	4.28%	\$ 243,139
Sun Trust Equipment Finance (fire trucks)	1,623,422	9/14/2022	2.13%	<u>1,623,422</u>
				<u><u>\$ 1,866,561</u></u>

Debt Service Requirements

Debt service requirements on long-term debt for governmental activities at June 30, 2013 are as follows:

Bonds Payable			
Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
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	310,000	73,298	383,298
2019-2023	<u>1,795,000</u>	<u>180,420</u>	<u>1,975,420</u>
Total	<u><u>\$ 3,980,000</u></u>	<u><u>\$ 681,669</u></u>	<u><u>\$ 4,661,669</u></u>

Capital Leases Payable			
Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2014	\$ 183,773	\$ 45,017	\$ 228,790
2015	188,479	40,311	228,790
2016	193,319	35,471	228,790
2017	198,297	30,492	228,789
2018	203,421	25,369	228,790
2019-2023	<u>899,274</u>	<u>57,172</u>	<u>956,446</u>
Total	<u><u>\$ 1,866,563</u></u>	<u><u>\$ 233,832</u></u>	<u><u>\$ 2,100,395</u></u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 8. Long-term Debt (continued)

Governmental Activities (continued)

Worker's Compensation

The Worker's Compensation liability of \$2,539,370 reported at June 30, 2013 is based on the requirements of GASB Statements No. 10 and No. 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability also includes an estimate for claims incurred but not reported.

Changes in the Worker's Compensation liability amount in fiscal year 2012 and 2013 are summarized below:

	Worker's Compensation
Claims liability, June 30, 2011	\$ 3,102,760
Current year claims, insurance	
And changes in estimates	497,832
Claims and insurance payments	(553,078)
Claims liability, June 30, 2012	\$ 3,047,514
Current year claims, insurance	
And changes in estimates	462,192
Claims and insurance payments	(970,336)
Claims liability, June 30, 2013	\$ 2,539,370

Business-Type Activities

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the proprietary funds statement of net position:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
Bonds payable	\$ 12,140,000	\$ -	\$ 915,000	\$ 11,225,000	\$ 950,000
Capital leases payable	953,830	-	222,720	731,110	232,898
Landfill closure and postclosure	1,224,514	-	-	1,224,514	-
Compensated absences	167,106	201,172	183,700	184,578	183,700
Totals	\$ 14,485,450	\$ 201,172	\$ 1,321,420	\$ 13,365,202	\$ 1,366,598

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During the fiscal year 2013, compensated absences increased \$17,472 from the prior year. Long-term compensated absences are paid out of the fund that incurs the related payroll expense.

Revenue Bonds

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

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

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

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

Description	Original Issue	Final Maturity	Interest Rate	Balance June 30, 2013
Joint Utility System Series 2005	\$ 13,710,000	6/1/2025	3.125-5.00%	\$ 9,405,000
Gross Receipts Tax Improvement Series 2008	3,190,000	6/1/2018	3.00-4.10%	1,820,000
				<u>\$ 11,225,000</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:

Description	Original Issue	Final Maturity	Interest Rate	Balance June 30, 2013
Sun Trust Equipment Finance (fire truck)	\$ 2,100,000	6/28/2016	4.57%	<u>\$ 731,110</u>

Debt Service Requirements

Debt service requirements on long-term debt for business-type activities at June 30, 2013 are as follows:

Bonds Payable			
Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2014	\$ 950,000	\$ 492,959	\$ 1,442,959
2015	985,000	458,184	1,443,184
2016	1,025,000	421,771	1,446,771
2017	1,065,000	374,171	1,439,171
2018	1,115,000	324,671	1,439,671
2019-2023	4,140,000	1,034,105	5,174,105
2024-2025	1,945,000	121,069	2,066,069
Total	<u>\$ 11,225,000</u>	<u>\$ 3,226,930</u>	<u>\$ 14,451,930</u>

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 8. Long-term Debt (continued)

Business-Type Activities (continued)

Capital Leases Payable

Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2014	\$ 232,898	\$ 33,412	\$ 266,310
2015	243,541	22,768	266,309
2016	254,671	11,638	266,309
Total	<u>\$ 731,110</u>	<u>\$ 67,818</u>	<u>\$ 798,928</u>

Landfill Closure and Post-Closure Care Costs

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

Estimated closure construction	\$ 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>1,224,514</u>
Total current year addition to liability	<u>-</u>
 Estimated liability for the year ended June 30, 2013	 <u>\$ 1,224,514</u>

NOTE 9. 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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 9. Risk Management (continued)

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 \$2,539,370 is recorded on the government-wide financial statements. These liabilities are based on actuarial information provided by the Fund.

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

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

NOTE 10. 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, 2013, 2012, and 2011 were \$2,973,844, \$2,800,331, and \$2,732,355, respectively, which were equal to the amount of the required contributions for each year.

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

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

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

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

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

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$416,674, \$375,723 and \$333,866, respectively, which equaled the required contribution for each year.

NOTE 12. Contingent Liabilities

The City is a defendant in a number of lawsuits as of June 30, 2013. 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 13. 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, 2013

NOTE 14. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. There were not any funds that had a deficit fund balance as of June 30, 2013.
- B. Excess of expenditures over revenues. There were not any funds that exceeded approved budgetary authority for the year ended June 30, 2013.
- C. Designated cash appropriations exceeded prior year available balances. The following fund exceeded approved budgetary authority for the year ended June 30, 2013:

	Designated Cash	Beginning Year & AR Available	Cash Appropriation in excess of available balances
JAG Grant Special Revenue Fund	\$ 24,278	\$ 23,540	\$ (738)

NOTE 15. Restricted Net Position

The government-wide statement of net position reports \$16,873,912 of restricted net position, of which \$701,717 is restricted for debt service, \$9,613,499 is restricted for capital projects and \$6,558,696 is restricted by enabling legislation referred to in the special revenue fund descriptions on pages 42 and 66 to 67.

NOTE 16. Commitments

The following is a summary of construction in progress as of June 30, 2013:

Description	Contractor	Amount of Commitment	Completion Year
N. Main Pavement Rehab & ADA Project	Mountain States Constructors.	\$ 936,379	FY2014
Main St. Red Brick & Sidewalk Rehab	Abraham's Construction, Inc	73,252	FY2014
Engineering Fee-SRE Building	Armstrong Consultants Inc	86,135	FY2014
Reroof Building 239 at RIAC	Custom Construction	42,375	FY2014
RIAC new Long Term Parking Lot	Constructors Inc	5,356	FY2014
New Wastewater Treatment System	VM Technology, Inc	55,154	FY2014
Dean Baldwin Hanger 1083	WH Pacific Inc	31,021	FY2014
Dean Baldwin Hanger 1083 Improvements	Stoven Construction, Inc	1,744,436	FY2014
Total		\$ 2,974,108	

NOTE 17. 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.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 18. Subsequent Events

Subsequent to June 30, 2013, the City entered into the following Debt Agreement:

- The City has entered into an NMFA Loan on August 8, 2013, for \$440,894. The purpose of the loan shall be used for the purchase of police vehicles.

The date to which events occurring after June 30, 2013, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is February 19, 2014 which is the date on which the financial statements were issued.

NOTE 19. Subsequent Pronouncements

In March 2012, GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The City will implement this standard during fiscal year June 30, 2014.

In March 2012, GASB Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The City will implement this standard during fiscal year June 30, 2014.

In June 2012, GASB Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The City will implement this standard during the fiscal year June 30, 2015.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, was issued. Effective Date: The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The City is still evaluating how this standard will affect the City.

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, was issued. Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The City is still evaluating how this reporting standard will affect the City.

NOTE 20. Governmental Fund Balance

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

STATE OF NEW MEXICO
City of Roswell
Notes to the Financial Statements
June 30, 2013

NOTE 20. Governmental Fund Balance (continued)

In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or change the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Detail relating to the fund balance classifications is displayed below:

Fund balances:	<u>General Fund</u>	<u>Road Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Inventory	\$ 107,822	\$ -	\$ -	\$ -	\$ 107,822
South park cemetary	-	-	-	345,000	345,000
Restricted:					
Housing of prisoners	-	-	-	259,537	259,537
Law enforcement	-	-	-	7,735	7,735
Emergency services	-	-	-	21,299	21,299
Fire department	-	-	-	826,068	826,068
Public safety	-	-	-	110,776	110,776
Culture & recreation	-	-	-	974,410	974,410
Civic center	-	-	-	623,533	623,533
Capital projects	-	-	9,636,221	14,081	9,650,302
Debt service	-	-	-	741,912	741,912
Government operations	3,461,632	-	-	-	3,461,632
Committed:					
Roads	-	570,952	-	-	570,952
Transit services	-	-	-	470,058	470,058
Assigned:	-	-	-	616,412	616,412
Unassigned:	<u>15,747,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,747,547</u>
<i>Total fund balances:</i>	<u>\$ 19,317,001</u>	<u>\$ 570,952</u>	<u>\$ 9,636,221</u>	<u>\$ 5,010,821</u>	<u>\$ 34,534,995</u>

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
City of Roswell
Nonmajor Governmental Fund Descriptions
June 30, 2013

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.

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.

STATE OF NEW MEXICO
City of Roswell
Nonmajor Governmental Fund Descriptions
June 30, 2013

SPECIAL REVENUE FUNDS (continued)

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.

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.

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, 2013

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	\$ 3,682	\$ 456,153	\$ 421,087	\$ 367,095
Receivables:				
Property taxes	-	-	-	-
Other receivables	-	92,382	98,967	30,116
<i>Total assets</i>	<u>\$ 3,682</u>	<u>\$ 548,535</u>	<u>\$ 520,054</u>	<u>\$ 397,211</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 1,549	\$ 22,081	\$ 64,430
Accrued payroll expenses	-	14,404	27,915	32,792
Accrued sales tax payable	-	245	-	4,258
Deferred property tax revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>16,198</u>	<u>49,996</u>	<u>101,480</u>
<i>Fund balances</i>				
Nonspendable	-	345,000	-	-
Spendable:				
Restricted	3,682	-	-	-
Committed	-	-	470,058	-
Assigned	-	187,337	-	295,731
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>3,682</u>	<u>532,337</u>	<u>470,058</u>	<u>295,731</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,682</u>	<u>\$ 548,535</u>	<u>\$ 520,054</u>	<u>\$ 397,211</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Correction Fees	Lodger's Tax	Unemployment Compensation	NMRHCA - Buy in Payments	Community Development Revolving Loan	Beautification Grant
\$ 291,712	\$ 623,533	\$ 133,344	\$ -	\$ 970,728	\$ -
-	-	-	-	-	-
-	-	-	-	-	6,016
<u>\$ 291,712</u>	<u>\$ 623,533</u>	<u>\$ 133,344</u>	<u>\$ -</u>	<u>\$ 970,728</u>	<u>\$ 6,016</u>
\$ 32,175	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	6,016
<u>32,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,016</u>
-	-	-	-	-	-
259,537	623,533	-	-	970,728	-
-	-	-	-	-	-
-	-	133,344	-	-	-
-	-	-	-	-	-
<u>259,537</u>	<u>623,533</u>	<u>133,344</u>	<u>-</u>	<u>970,728</u>	<u>-</u>
<u>\$ 291,712</u>	<u>\$ 623,533</u>	<u>\$ 133,344</u>	<u>\$ -</u>	<u>\$ 970,728</u>	<u>\$ 6,016</u>

STATE OF NEW MEXICO
City of Roswell
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

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	\$ 7,735	\$ -	\$ -	\$ 524
Receivables:				
Property taxes	-	-	-	-
Other receivables	-	33,888	-	-
<i>Total assets</i>	<u>\$ 7,735</u>	<u>\$ 33,888</u>	<u>\$ -</u>	<u>\$ 524</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 1,241	\$ -	\$ -
Accrued payroll expenses	-	629	-	-
Accrued sales tax payable	-	-	-	-
Deferred property tax revenue	-	-	-	-
Due to other funds	-	23,482	-	-
<i>Total liabilities</i>	<u>-</u>	<u>25,352</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Spendable:				
Restricted	7,735	8,536	-	524
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>7,735</u>	<u>8,536</u>	<u>-</u>	<u>524</u>
<i>Total liabilities and fund balances</i>	<u>\$ 7,735</u>	<u>\$ 33,888</u>	<u>\$ -</u>	<u>\$ 524</u>

The accompanying notes are an integral part of these financial statements

Hazardous Materials Emergency Response	Special Revenue				Debt Service
	Fire Protection	Federal Narcotic Seizure	State Narcotic Seizure	JAG Grant	GO Bonds
\$ 20,775	\$ 832,343	\$ 97,932	\$ 1,164	\$ 3,351	\$ 400,232
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 20,775</u>	<u>\$ 832,343</u>	<u>\$ 97,932</u>	<u>\$ 1,164</u>	<u>\$ 3,351</u>	<u>\$ 400,232</u>
\$ -	\$ 6,275	\$ 150	\$ 57	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,275	150	57	-	-
-	-	-	-	-	-
20,775	826,068	97,782	1,107	3,351	400,232
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>20,775</u>	<u>826,068</u>	<u>97,782</u>	<u>1,107</u>	<u>3,351</u>	<u>400,232</u>
<u>\$ 20,775</u>	<u>\$ 832,343</u>	<u>\$ 97,932</u>	<u>\$ 1,164</u>	<u>\$ 3,351</u>	<u>\$ 400,232</u>

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STATE OF NEW MEXICO
City of Roswell
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

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	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	2008 GO Bonds	2008 GO Bonds Construction	Community Development Block Grant	
<i>Assets</i>				
Cash, cash equivalents and investments	\$ 327,832	\$ 14,081	\$ -	\$ 4,973,303
Receivables:				
Property taxes	37,315	-	-	37,315
Other receivables	-	-	-	261,369
<i>Total assets</i>	<u>\$ 365,147</u>	<u>\$ 14,081</u>	<u>\$ -</u>	<u>\$ 5,271,987</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 127,958
Accrued payroll expenses	-	-	-	75,740
Accrued sales tax payable	-	-	-	4,503
Deferred property tax revenue	23,467	-	-	23,467
Due to other funds	-	-	-	29,498
<i>Total liabilities</i>	<u>23,467</u>	<u>-</u>	<u>-</u>	<u>261,166</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	345,000
Spendable:				
Restricted	341,680	14,081	-	3,579,351
Committed	-	-	-	470,058
Assigned	-	-	-	616,412
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>341,680</u>	<u>14,081</u>	<u>-</u>	<u>5,010,821</u>
<i>Total liabilities and fund balances</i>	<u>\$ 365,147</u>	<u>\$ 14,081</u>	<u>\$ -</u>	<u>\$ 5,271,987</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, 2013

	Special Revenue			
	Library Grants	South Park Cemetery	Mass Transit	Recreation
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	245	194	8,472
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	12,339	-	596,898	-
State capital grants	-	-	184,529	-
Charges for services	-	250,206	114,957	192,875
Licenses and fees	-	157,050	-	-
Investment income	-	1,160	563	427
Fines, forfeitures, and penalties	-	-	-	-
Miscellaneous	-	-	-	25,264
<i>Total revenues</i>	<u>12,339</u>	<u>408,661</u>	<u>897,141</u>	<u>227,038</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	496,753	1,216,710	-
Culture and recreation	8,673	-	-	1,543,490
Health and welfare	-	-	-	-
Capital outlay	-	34,631	230,607	8,508
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,673</u>	<u>531,384</u>	<u>1,447,317</u>	<u>1,551,998</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,666</u>	<u>(122,723)</u>	<u>(550,176)</u>	<u>(1,324,960)</u>
<i>Other financing sources (uses)</i>				
Proceeds from loans	-	-	-	-
Transfers in	-	201,165	601,400	1,475,777
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	4,893	3,890	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>206,058</u>	<u>605,290</u>	<u>1,475,777</u>
<i>Net change in fund balance</i>	3,666	83,335	55,114	150,817
<i>Fund balance - beginning of year</i>	<u>16</u>	<u>449,002</u>	<u>414,944</u>	<u>144,914</u>
<i>Fund balance - end of year</i>	<u>\$ 3,682</u>	<u>\$ 532,337</u>	<u>\$ 470,058</u>	<u>\$ 295,731</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	14	-	-	-	-
-	972,756	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	21,778
-	-	-	-	-	-
130,896	-	-	-	-	-
-	1,187	248	-	112,542	-
-	418	-	-	-	-
-	3,392	-	-	-	-
<u>130,896</u>	<u>977,767</u>	<u>248</u>	<u>-</u>	<u>112,542</u>	<u>21,778</u>
-	265,957	43,858	-	-	-
232,261	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	21,778
-	-	-	-	-	-
-	-	-	-	-	-
<u>232,261</u>	<u>265,957</u>	<u>43,858</u>	<u>-</u>	<u>-</u>	<u>21,778</u>
<u>(101,365)</u>	<u>711,810</u>	<u>(43,610)</u>	<u>-</u>	<u>112,542</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	(695,775)	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>(695,775)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(101,365)	16,035	(43,610)	-	112,542	-
<u>360,902</u>	<u>607,498</u>	<u>176,954</u>	<u>-</u>	<u>858,186</u>	<u>-</u>
<u>\$ 259,537</u>	<u>\$ 623,533</u>	<u>\$ 133,344</u>	<u>\$ -</u>	<u>\$ 970,728</u>	<u>\$ -</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, 2013

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	72,600	122,775	-	19,500
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>72,600</u>	<u>122,775</u>	<u>-</u>	<u>19,500</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	101,471	113,541	-	19,166
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	210	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>101,471</u>	<u>113,541</u>	<u>210</u>	<u>19,166</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(28,871)</u>	<u>9,234</u>	<u>(210)</u>	<u>334</u>
<i>Other financing sources (uses)</i>				
Proceeds from loans	-	-	-	-
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 balance</i>	(28,871)	9,234	(210)	334
<i>Fund balance - beginning of year</i>	<u>36,606</u>	<u>(698)</u>	<u>210</u>	<u>190</u>
<i>Fund balance - end of year</i>	<u>\$ 7,735</u>	<u>\$ 8,536</u>	<u>\$ -</u>	<u>\$ 524</u>

The accompanying notes are an integral part of these financial statements

Hazardous Materials Emergency Response	Special Revenue				Debt Service
	Fire Protection	Federal Narcotic Seizure	State Narcotic Seizure	JAG Grant	GO Bonds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,265
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	33,082	-
-	-	-	-	-	-
7,000	696,106	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,595	9	-	1	373
-	-	48,991	563	-	-
-	-	-	-	-	-
<u>7,000</u>	<u>697,701</u>	<u>49,000</u>	<u>563</u>	<u>33,083</u>	<u>405,638</u>
-	-	-	-	-	4,123
-	286,342	29,844	1,292	53,272	-
-	-	-	-	-	-
-	-	-	-	-	-
6,870	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	375,000
-	-	-	-	-	47,116
<u>6,870</u>	<u>286,342</u>	<u>29,844</u>	<u>1,292</u>	<u>53,272</u>	<u>426,239</u>
<u>130</u>	<u>411,359</u>	<u>19,156</u>	<u>(729)</u>	<u>(20,189)</u>	<u>(20,601)</u>
-	1,623,422	-	-	-	-
-	-	-	-	-	-
-	(1,623,422)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>130</u>	<u>411,359</u>	<u>19,156</u>	<u>(729)</u>	<u>(20,189)</u>	<u>(20,601)</u>
<u>20,645</u>	<u>414,709</u>	<u>78,626</u>	<u>1,836</u>	<u>23,540</u>	<u>420,833</u>
<u>\$ 20,775</u>	<u>\$ 826,068</u>	<u>\$ 97,782</u>	<u>\$ 1,107</u>	<u>\$ 3,351</u>	<u>\$ 400,232</u>

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STATE OF NEW MEXICO

City of Roswell

Statement A-2

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Debt Service		Capital Projects		Total Nonmajor Governmental Funds
	2008 GO Bonds	2008 GO Bonds Construction	2008 GO Bonds	Community Development Block Grant	
<i>Revenues</i>					
Taxes:					
Property	\$ 386,151	\$ -	\$ -	\$ -	\$ 791,416
Gross receipts	-	-	-	-	8,925
Other	-	-	-	-	972,756
Intergovernmental:					
Federal operating grants	-	-	-	-	33,082
Federal capital grants	-	-	-	235,954	235,954
State operating grants	-	-	-	-	1,548,996
State capital grants	-	-	-	-	184,529
Charges for services	-	-	-	-	558,038
Licenses and fees	-	-	-	-	287,946
Investment income	482	-	-	-	118,587
Fines, forfeitures, and penalties	-	-	-	-	49,972
Miscellaneous	-	-	-	-	28,656
<i>Total revenues</i>	<u>386,633</u>	<u>-</u>	<u>235,954</u>	<u>-</u>	<u>4,818,857</u>
<i>Expenditures</i>					
Current:					
General government	3,887	-	-	-	317,825
Public safety	-	-	-	-	837,189
Public works	-	82,766	235,954	-	2,032,183
Culture and recreation	-	-	-	-	1,573,941
Health and welfare	-	-	-	-	7,080
Capital outlay	-	-	-	-	273,746
Debt service:					
Principal	240,000	-	-	-	615,000
Interest	118,473	-	-	-	165,589
<i>Total expenditures</i>	<u>362,360</u>	<u>82,766</u>	<u>235,954</u>	<u>-</u>	<u>5,822,553</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>24,273</u>	<u>(82,766)</u>	<u>-</u>	<u>-</u>	<u>(1,003,696)</u>
<i>Other financing sources (uses)</i>					
Proceeds from loans	-	-	-	-	1,623,422
Transfers in	-	-	-	-	2,278,342
Transfers out	-	-	-	-	(2,319,197)
Proceeds from sale of capital assets	-	-	-	-	8,783
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,591,350</u>
<i>Net change in fund balance</i>	<u>24,273</u>	<u>(82,766)</u>	<u>-</u>	<u>-</u>	<u>587,654</u>
<i>Fund balance - beginning of year</i>	<u>317,407</u>	<u>96,847</u>	<u>-</u>	<u>-</u>	<u>4,423,167</u>
<i>Fund balance - end of year</i>	<u>\$ 341,680</u>	<u>\$ 14,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,010,821</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	6,217	12,340	12,339	(1)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>6,217</u>	<u>12,340</u>	<u>12,339</u>	<u>(1)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	6,233	12,356	8,673	3,683
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>6,233</u>	<u>12,356</u>	<u>8,673</u>	<u>3,683</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16)</u>	<u>(16)</u>	<u>3,666</u>	<u>3,682</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	16	16	-	(16)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>16</u>	<u>16</u>	<u>-</u>	<u>(16)</u>
<i>Net change in fund balance</i>	-	-	3,666	3,666
<i>Fund balance - beginning of year</i>	-	-	16	16
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,682</u>	<u>\$ 3,682</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 3,666
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 3,666</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	50	50	245	195
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	250,000	250,000	244,497	(5,503)
Licenses and fees	165,000	165,000	157,050	(7,950)
Investment income	1,110	1,110	1,160	50
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>416,160</u>	<u>416,160</u>	<u>402,952</u>	<u>(13,208)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	579,668	581,612	495,147	86,465
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	30,700	35,639	34,631	1,008
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>610,368</u>	<u>617,251</u>	<u>529,778</u>	<u>87,473</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(194,208)</u>	<u>(201,091)</u>	<u>(126,826)</u>	<u>74,265</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	28,353	(1,074)	-	1,074
Transfers in	164,855	201,165	201,165	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	1,000	1,000	4,893	3,893
<i>Total other financing sources (uses)</i>	<u>194,208</u>	<u>201,091</u>	<u>206,058</u>	<u>4,967</u>
<i>Net change in fund balance</i>	-	-	79,232	79,232
<i>Fund balance - beginning of year</i>	-	-	376,921	376,921
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456,153</u>	<u>\$ 456,153</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 79,232
Adjustments to revenues for other receivables				5,709
Adjustments to expenditures for accounts payable and accrued payroll				(1,606)
Net change in fund balance (GAAP)				<u>\$ 83,335</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	194	194
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	560,000	560,000	554,366	(5,634)
State capital grants	396,000	396,000	184,529	(211,471)
Charges for services	100,500	100,500	114,957	14,457
Licenses and fees	-	-	-	-
Investment income	785	785	563	(222)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,057,285</u>	<u>1,057,285</u>	<u>854,609</u>	<u>(202,676)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,480,373	1,412,159	1,207,190	204,969
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	595,000	600,607	230,607	370,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,075,373</u>	<u>2,012,766</u>	<u>1,437,797</u>	<u>574,969</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,018,088)</u>	<u>(955,481)</u>	<u>(583,188)</u>	<u>372,293</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	398,986	398,984	-	(398,984)
Transfers in	619,102	556,497	601,400	44,903
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	3,890	3,890
<i>Total other financing sources (uses)</i>	<u>1,018,088</u>	<u>955,481</u>	<u>605,290</u>	<u>(350,191)</u>
<i>Net change in fund balance</i>	-	-	22,102	22,102
<i>Fund balance - beginning of year</i>	-	-	398,985	398,985
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,087</u>	<u>\$ 421,087</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 22,102
Adjustments to revenues for other receivables				42,532
Adjustments to expenditures for accounts payable and accrued payroll				(9,520)
Net change in fund balance (GAAP)				<u>\$ 55,114</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	7,700	7,700	8,472	772
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	133,950	148,050	182,548	34,498
Licenses and fees	-	-	-	-
Investment income	410	410	427	17
Miscellaneous	-	28,929	25,264	(3,665)
<i>Total revenues</i>	<u>142,060</u>	<u>185,089</u>	<u>216,711</u>	<u>31,622</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	1,712,581	1,787,202	1,509,791	277,411
Health and welfare	-	-	-	-
Capital outlay	31,503	88,203	27,578	60,625
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,744,084</u>	<u>1,875,405</u>	<u>1,537,369</u>	<u>338,036</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,602,024)</u>	<u>(1,690,316)</u>	<u>(1,320,658)</u>	<u>369,658</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	207,773	214,539	-	(214,539)
Transfers in	1,394,251	1,475,777	1,475,777	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,602,024</u>	<u>1,690,316</u>	<u>1,475,777</u>	<u>(214,539)</u>
<i>Net change in fund balance</i>	-	-	155,119	155,119
<i>Fund balance - beginning of year</i>	-	-	211,976	211,976
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,095</u>	<u>\$ 367,095</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 155,119
Adjustments to revenues for other receivables				10,327
Adjustments to expenditures for accounts payable				(14,629)
Net change in fund balance (GAAP)				<u>\$ 150,817</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	130,000	130,000	130,896	896
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>130,000</u>	<u>130,000</u>	<u>130,896</u>	<u>896</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	512,872	350,000	222,056	127,944
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>512,872</u>	<u>350,000</u>	<u>222,056</u>	<u>127,944</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(382,872)</u>	<u>(220,000)</u>	<u>(91,160)</u>	<u>128,840</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	382,872	382,872	-	(382,872)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(162,872)	-	162,872
<i>Total other financing sources (uses)</i>	<u>382,872</u>	<u>220,000</u>	<u>-</u>	<u>(220,000)</u>
<i>Net change in fund balance</i>	-	-	(91,160)	(91,160)
<i>Fund balance - beginning of year</i>	-	-	382,872	382,872
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,712</u>	<u>\$ 291,712</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (91,160)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(10,205)
Net change in fund balance (GAAP)				<u>\$ (101,365)</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	9	14	5
Other	855,000	855,000	972,756	117,756
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	995	995	1,187	192
Fines, forfeitures, and penalties	-	-	418	418
Miscellaneous	-	184	3,392	3,208
<i>Total revenues</i>	<u>855,995</u>	<u>856,188</u>	<u>977,767</u>	<u>121,579</u>
<i>Expenditures</i>				
Current:				
General government	166,177	404,977	285,957	119,020
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>166,177</u>	<u>404,977</u>	<u>285,957</u>	<u>119,020</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>689,818</u>	<u>451,211</u>	<u>691,810</u>	<u>240,599</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(84,043)	244,564	-	(244,564)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(605,775)	(695,775)	(695,775)	-
<i>Total other financing sources (uses)</i>	<u>(689,818)</u>	<u>(451,211)</u>	<u>(695,775)</u>	<u>(244,564)</u>
<i>Net change in fund balance</i>	-	-	(3,965)	(3,965)
<i>Fund balance - beginning of year</i>	-	-	627,498	627,498
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,533</u>	<u>\$ 623,533</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (3,965)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				20,000
Net change in fund balance (GAAP)				<u>\$ 16,035</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	(Unfavorable) Favorable Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	100	250	248	(2)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>100</u>	<u>250</u>	<u>248</u>	<u>(2)</u>
<i>Expenditures</i>				
Current:				
General government	80,100	80,100	43,858	36,242
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>80,100</u>	<u>80,100</u>	<u>43,858</u>	<u>36,242</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(80,000)</u>	<u>(79,850)</u>	<u>(43,610)</u>	<u>36,240</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	80,000	79,850	-	(79,850)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>80,000</u>	<u>79,850</u>	<u>-</u>	<u>(79,850)</u>
<i>Net change in fund balance</i>	-	-	(43,610)	(43,610)
<i>Fund balance - beginning of year</i>	-	-	176,954	176,954
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,344</u>	<u>\$ 133,344</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (43,610)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (43,610)</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
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	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted 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>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ -</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	109,800	109,800	112,542	2,742
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>109,800</u>	<u>109,800</u>	<u>112,542</u>	<u>2,742</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>109,800</u>	<u>109,800</u>	<u>112,542</u>	<u>2,742</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(109,800)	(109,800)	-	109,800
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(109,800)</u>	<u>(109,800)</u>	<u>-</u>	<u>109,800</u>
<i>Net change in fund balance</i>	-	-	112,542	112,542
<i>Fund balance - beginning of year</i>	-	-	858,186	858,186
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 970,728</u>	<u>\$ 970,728</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 112,542
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 112,542</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	26,900	26,900	18,662	(8,238)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>26,900</u>	<u>26,900</u>	<u>18,662</u>	<u>(8,238)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	24,000	24,000	21,778	2,222
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>24,000</u>	<u>24,000</u>	<u>21,778</u>	<u>2,222</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,900</u>	<u>2,900</u>	<u>(3,116)</u>	<u>(6,016)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(2,900)	(2,900)	-	2,900
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(2,900)</u>	<u>(2,900)</u>	<u>-</u>	<u>2,900</u>
<i>Net change in fund balance</i>	-	-	(3,116)	(3,116)
<i>Fund balance - beginning of year</i>	-	-	(2,900)	(2,900)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,016)</u>	<u>\$ (6,016)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (3,116)
Adjustments to revenues for other receivables				3,116
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-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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	78,000	78,000	72,600	(5,400)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>78,000</u>	<u>78,000</u>	<u>72,600</u>	<u>(5,400)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	115,824	107,431	99,694	7,737
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	2,995	2,995	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>115,824</u>	<u>110,426</u>	<u>102,689</u>	<u>7,737</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(37,824)</u>	<u>(32,426)</u>	<u>(30,089)</u>	<u>2,337</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	37,824	32,426	-	(32,426)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>37,824</u>	<u>32,426</u>	<u>-</u>	<u>(32,426)</u>
<i>Net change in fund balance</i>	-	-	(30,089)	(30,089)
<i>Fund balance - beginning of year</i>	-	-	37,824	37,824
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,735</u>	<u>\$ 7,735</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (30,089)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				1,218
Net change in fund balance (GAAP)				<u>\$ (28,871)</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	183,637	183,637	145,843	(37,794)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>183,637</u>	<u>183,637</u>	<u>145,843</u>	<u>(37,794)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	126,140	114,923	112,369	2,554
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	540	12,205	-	12,205
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>126,680</u>	<u>127,128</u>	<u>112,369</u>	<u>14,759</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>56,957</u>	<u>56,509</u>	<u>33,474</u>	<u>(23,035)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(56,957)	(56,509)	-	56,509
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(56,957)</u>	<u>(56,509)</u>	<u>-</u>	<u>56,509</u>
<i>Net change in fund balance</i>	-	-	33,474	33,474
<i>Fund balance - beginning of year</i>	-	-	(56,956)	(56,956)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,482)</u>	<u>\$ (23,482)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 33,474
Adjustments to revenues for other receivables				(23,068)
Adjustments to expenditures for accounts payable				(1,172)
Net change in fund balance (GAAP)				<u>\$ 9,234</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

City of Roswell

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	7,000	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	9,962	2,962	2,962	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,962</u>	<u>2,962</u>	<u>2,962</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,962)</u>	<u>(2,962)</u>	<u>(2,962)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	2,962	2,962	-	(2,962)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,962</u>	<u>2,962</u>	<u>-</u>	<u>(2,962)</u>
<i>Net change in fund balance</i>	-	-	(2,962)	(2,962)
<i>Fund balance - beginning of year</i>	-	-	2,962	2,962
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (2,962)
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	20,000	20,000	19,500	(500)
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>19,500</u>	<u>(500)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	20,590	20,590	19,566	1,024
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20,590</u>	<u>20,590</u>	<u>19,566</u>	<u>1,024</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(590)</u>	<u>(590)</u>	<u>(66)</u>	<u>524</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	590	590	-	(590)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>590</u>	<u>590</u>	<u>-</u>	<u>(590)</u>
<i>Net change in fund balance</i>	-	-	(66)	(66)
<i>Fund balance - beginning of year</i>	-	-	590	590
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524</u>	<u>\$ 524</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (66)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				400
Net change in fund balance (GAAP)				<u>\$ 334</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	7,000	7,000	7,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	27,674	21,214	440	20,774
Capital outlay	1,160	7,620	7,620	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>28,834</u>	<u>28,834</u>	<u>8,060</u>	<u>20,774</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(21,834)</u>	<u>(21,834)</u>	<u>(1,060)</u>	<u>20,774</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	21,834	21,834	-	(21,834)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>21,834</u>	<u>21,834</u>	<u>-</u>	<u>(21,834)</u>
<i>Net change in fund balance</i>	-	-	(1,060)	(1,060)
<i>Fund balance - beginning of year</i>	-	-	21,835	21,835
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,775</u>	<u>\$ 20,775</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (1,060)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				1,190
Net change in fund balance (GAAP)				<u>\$ 130</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	616,140	696,106	696,106	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	875	1,594	1,595	1
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>617,015</u>	<u>697,700</u>	<u>697,701</u>	<u>1</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	860,103	826,261	227,512	598,749
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	214,636	328,878	95,570	233,308
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,074,739</u>	<u>1,155,139</u>	<u>323,082</u>	<u>832,057</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(457,724)</u>	<u>(457,439)</u>	<u>374,619</u>	<u>832,058</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	457,724	457,439	-	(457,439)
Loan proceeds	-	-	1,623,422	1,623,422
Transfers in	-	-	-	-
Transfers out	-	-	(1,623,422)	(1,623,422)
<i>Total other financing sources (uses)</i>	<u>457,724</u>	<u>457,439</u>	<u>-</u>	<u>(457,439)</u>
<i>Net change in fund balance</i>	-	-	374,619	374,619
<i>Fund balance - beginning of year</i>	-	-	457,724	457,724
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 832,343</u>	<u>\$ 832,343</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 374,619
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				36,740
Net change in fund balance (GAAP)				<u>\$ 411,359</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	8	8	9	1
Fines, forfeitures, and penalties	-	48,991	48,991	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>8</u>	<u>48,999</u>	<u>49,000</u>	<u>1</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	78,634	111,681	24,048	87,633
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	15,944	5,646	10,298
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>78,634</u>	<u>127,625</u>	<u>29,694</u>	<u>97,931</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(78,626)</u>	<u>(78,626)</u>	<u>19,306</u>	<u>97,932</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	78,626	78,626	-	(78,626)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>78,626</u>	<u>78,626</u>	<u>-</u>	<u>(78,626)</u>
<i>Net change in fund balance</i>	-	-	19,306	19,306
<i>Fund balance - beginning of year</i>	-	-	78,626	78,626
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,932</u>	<u>\$ 97,932</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 19,306
No adjustments to revenues				-
Adjustments to expenditures for public safety expenses				(150)
Net change in fund balance (GAAP)				<u>\$ 19,156</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1	1	-	(1)
Fines, forfeitures, and penalties	-	562	563	1
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1</u>	<u>563</u>	<u>563</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	1,837	2,399	1,235	1,164
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,837</u>	<u>2,399</u>	<u>1,235</u>	<u>1,164</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,836)</u>	<u>(1,836)</u>	<u>(672)</u>	<u>1,164</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,836	1,836	-	(1,836)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,836</u>	<u>1,836</u>	<u>-</u>	<u>(1,836)</u>
<i>Net change in fund balance</i>	-	-	(672)	(672)
<i>Fund balance - beginning of year</i>	-	-	1,836	1,836
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,164</u>	<u>\$ 1,164</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (672)
No adjustments to revenues				-
Adjustments to expenditures for public safety expenses				(57)
Net change in fund balance (GAAP)				<u>\$ (729)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	33,082	33,082	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	4	4	1	(3)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4</u>	<u>33,086</u>	<u>33,083</u>	<u>(3)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	3,791	16,945	12,853	4,092
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	19,752	40,419	40,419	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>23,543</u>	<u>57,364</u>	<u>53,272</u>	<u>4,092</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(23,539)</u>	<u>(24,278)</u>	<u>(20,189)</u>	<u>4,089</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	23,539	24,278	-	(24,278)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>23,539</u>	<u>24,278</u>	<u>-</u>	<u>(24,278)</u>
<i>Net change in fund balance</i>	-	-	(20,189)	(20,189)
<i>Fund balance - beginning of year</i>	-	-	23,540	23,540
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,351</u>	<u>\$ 3,351</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (20,189)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (20,189)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 408,285	\$ 409,858	\$ 405,265	\$ (4,593)
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	435	435	373	(62)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>408,720</u>	<u>410,293</u>	<u>405,638</u>	<u>(4,655)</u>
<i>Expenditures</i>				
Current:				
General government	4,100	4,153	4,123	30
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	375,000	375,000	375,000	-
Interest	47,116	47,116	47,116	-
<i>Total expenditures</i>	<u>426,216</u>	<u>426,269</u>	<u>426,239</u>	<u>30</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(17,496)</u>	<u>(15,976)</u>	<u>(20,601)</u>	<u>(4,625)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	17,496	15,976	-	(15,976)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>17,496</u>	<u>15,976</u>	<u>-</u>	<u>(15,976)</u>
<i>Net change in fund balance</i>	-	-	(20,601)	(20,601)
<i>Fund balance - beginning of year</i>	-	-	420,833	420,833
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,232</u>	<u>\$ 400,232</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (20,601)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ (20,601)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 392,284	\$ 392,284	\$ 381,657	\$ (10,627)
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	370	370	482	112
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>392,654</u>	<u>392,654</u>	<u>382,139</u>	<u>(10,515)</u>
<i>Expenditures</i>				
Current:				
General government	3,600	3,917	3,887	30
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	240,000	240,000	240,000	-
Interest	118,473	118,473	118,473	-
<i>Total expenditures</i>	<u>362,073</u>	<u>362,390</u>	<u>362,360</u>	<u>30</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>30,581</u>	<u>30,264</u>	<u>19,779</u>	<u>(10,485)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(30,581)	(30,264)	-	30,264
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(30,581)</u>	<u>(30,264)</u>	<u>-</u>	<u>30,264</u>
<i>Net change in fund balance</i>	-	-	19,779	19,779
<i>Fund balance - beginning of year</i>	-	-	308,053	308,053
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,832</u>	<u>\$ 327,832</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 19,779
Adjustments to revenues for property taxes receivable				4,494
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<u>\$ 24,273</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 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	100	100	-	(100)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	100	116	116	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	97,864	97,848	83,667	14,181
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>97,964</u>	<u>97,964</u>	<u>83,783</u>	<u>14,181</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(97,864)</u>	<u>(97,864)</u>	<u>(83,783)</u>	<u>14,081</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	97,864	97,864	-	(97,864)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>97,864</u>	<u>97,864</u>	<u>-</u>	<u>(97,864)</u>
<i>Net change in fund balance</i>	-	-	(83,783)	(83,783)
<i>Fund balance - beginning of year</i>	-	-	97,864	97,864
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,081</u>	<u>\$ 14,081</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (83,783)
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				1,017
Net change in fund balance (GAAP)				<u>\$ (82,766)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	2,910,306	2,913,389	220,194	(2,693,195)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	13,460	13,460	13,674	214
Miscellaneous	300	931	639	(292)
<i>Total revenues</i>	<u>2,924,066</u>	<u>2,927,780</u>	<u>234,507</u>	<u>(2,693,273)</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,505,175	1,491,505	976,620	514,885
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	7,194,110	7,617,009	600,230	7,016,779
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,699,285</u>	<u>9,108,514</u>	<u>1,576,850</u>	<u>7,531,664</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,775,219)</u>	<u>(6,180,734)</u>	<u>(1,342,343)</u>	<u>4,838,391</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	3,279,693	3,685,208	-	(3,685,208)
Loan proceeds	-	-	-	-
Transfers in	2,495,526	2,495,526	2,541,260	45,734
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,775,219</u>	<u>6,180,734</u>	<u>2,541,260</u>	<u>(3,639,474)</u>
<i>Net change in fund balance</i>	-	-	1,198,917	1,198,917
<i>Fund balance - beginning of year</i>	-	-	7,485,893	7,485,893
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,684,810</u>	<u>\$ 8,684,810</u>
Net change in fund balance (non-GAAP budgetary basis)				
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(15,592)
Net change in fund balance (GAAP)				<u>\$ 1,183,325</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	235,954	235,954	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>235,954</u>	<u>235,954</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	235,954	235,954	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>235,954</u>	<u>235,954</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted 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>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP)				<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 Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 2,535,000	\$ 2,350,000	\$ 2,623,655	\$ 273,655
Operating grants	2,906,343	3,592,135	2,470,645	(1,121,490)
<i>Total operating revenues</i>	<u>5,441,343</u>	<u>5,942,135</u>	<u>5,094,300</u>	<u>(847,835)</u>
<i>Operating expenses:</i>				
General and administrative	49,387	52,063	34,271	17,792
Personnel services	777,451	720,387	640,473	79,914
Contractual services	265,129	252,819	152,158	100,661
Supplies and purchased power	7,502,906	7,791,081	33,470	7,757,611
Maintenance and materials	493,009	590,007	321,632	268,375
Utilities	248,675	248,675	168,179	80,496
<i>Total operating expenses</i>	<u>9,336,557</u>	<u>9,655,032</u>	<u>1,350,183</u>	<u>8,304,849</u>
<i>Operating income (loss)</i>	<u>(3,895,214)</u>	<u>(3,712,897)</u>	<u>3,744,117</u>	<u>7,457,014</u>
<i>Non-operating revenues (expenses):</i>				
Interest income	273,985	284,308	48,553	(235,755)
Interest expense	(432,311)	(440,868)	(70,679)	370,189
Gross receipts tax revenue	16,600	16,600	18,124	1,524
Gross receipts tax expense	(22,000)	(22,020)	(20,688)	1,332
Fines, forfeitures and penalties	4,900	4,900	4,099	(801)
Miscellaneous	80,650	124,631	136,993	12,362
Donated assets	-	-	953,101	953,101
Proceeds from sale of capital assets	-	-	10,350	10,350
<i>Total non-operating revenues (expenses)</i>	<u>(78,176)</u>	<u>(32,449)</u>	<u>1,079,853</u>	<u>1,112,302</u>
<i>Income (loss) before transfers</i>	<u>(3,973,390)</u>	<u>(3,745,346)</u>	<u>4,823,970</u>	<u>8,569,316</u>
Transfers in	27,696	233,156	233,157	1
Transfers out	<u>(462,000)</u>	<u>(693,572)</u>	<u>(693,573)</u>	<u>(1)</u>
<i>Capital grants and net transfers</i>	<u>(434,304)</u>	<u>(460,416)</u>	<u>(460,416)</u>	<u>-</u>
<i>Change in net position</i>	<u>(4,407,694)</u>	<u>(4,205,762)</u>	<u>4,363,554</u>	<u>8,569,316</u>
Designated cash	<u>4,407,694</u>	<u>4,205,762</u>	<u>-</u>	<u>(4,205,762)</u>
<i>Beginning net position</i>	<u>-</u>	<u>-</u>	<u>18,378,492</u>	<u>18,378,492</u>
<i>Net position, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,742,046</u>	<u>\$ 22,742,046</u>
<i>Change in net position, above</i>			<u>\$ 4,363,554</u>	
Amortization and depreciation			<u>(1,090,336)</u>	
<i>Change in net position, Exhibit D-2</i>			<u>\$ 3,273,218</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 Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 4,600,000	\$ 4,600,000	\$ 4,646,354	\$ 46,354
<i>Total operating revenues</i>	<u>4,600,000</u>	<u>4,600,000</u>	<u>4,646,354</u>	<u>46,354</u>
<i>Operating expenses:</i>				
General and administrative	178,233	202,613	166,387	36,226
Personnel services	1,427,077	1,451,588	1,415,920	35,668
Contractual services	939,019	564,103	388,330	175,773
Supplies and purchased power	453,662	926,710	228,997	697,713
Maintenance and materials	1,315,091	1,692,304	1,536,897	155,407
Utilities	34,603	37,842	35,446	2,396
<i>Total operating expenses</i>	<u>4,347,685</u>	<u>4,875,160</u>	<u>3,771,977</u>	<u>1,103,183</u>
<i>Operating income (loss)</i>	<u>252,315</u>	<u>(275,160)</u>	<u>874,377</u>	<u>1,149,537</u>
<i>Non-operating revenues (expenses):</i>				
Interest income	4,305	4,305	5,482	1,177
Interest expense	(406,465)	(406,465)	(88,159)	318,306
Gross receipts tax revenue	230,000	230,000	227,269	(2,731)
Gross receipts tax expense	(234,000)	(226,029)	(233,045)	(7,016)
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	75,000	84,676	37,788	(46,888)
Proceeds from sale of capital assets	1,000	1,000	5,353	4,353
<i>Total non-operating revenues (expenses)</i>	<u>(330,160)</u>	<u>(312,513)</u>	<u>(45,312)</u>	<u>267,201</u>
<i>Income (loss) before transfers</i>	<u>(77,845)</u>	<u>(587,673)</u>	<u>829,065</u>	<u>1,416,738</u>
Transfers in	1,055,855	1,057,855	1,060,978	3,123
Transfers out	(704,961)	(706,961)	(706,961)	-
<i>Capital grants and net transfers</i>	<u>350,894</u>	<u>350,894</u>	<u>354,017</u>	<u>3,123</u>
<i>Change in net position</i>	<u>273,049</u>	<u>(236,779)</u>	<u>1,183,082</u>	<u>1,419,861</u>
Designated cash	(273,049)	236,779	-	(236,779)
<i>Beginning net position</i>	<u>-</u>	<u>-</u>	<u>10,303,727</u>	<u>10,303,727</u>
<i>Net position, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,486,809</u>	<u>\$ 11,486,809</u>
<i>Change in net position, above</i>			\$ 1,183,082	
Amortization and depreciation			(932,006)	
<i>Change in net position, Exhibit D-2</i>			<u>\$ 251,076</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 Position

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2013

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 9,539,500	\$ 9,592,500	\$ 10,068,312	\$ 475,812
<i>Total operating revenues</i>	<u>9,539,500</u>	<u>9,592,500</u>	<u>10,068,312</u>	<u>475,812</u>
<i>Operating expenses:</i>				
General and administrative	667,104	679,998	603,837	76,161
Personnel services	3,889,130	3,575,505	3,200,747	374,758
Contractual services	601,588	552,218	411,487	140,731
Supplies and purchased power	2,546,792	2,458,767	1,314,488	1,144,279
Maintenance and materials	1,058,748	1,256,727	913,052	343,675
Utilities	703,580	641,080	596,654	44,426
<i>Total operating expenses</i>	<u>9,466,942</u>	<u>9,164,295</u>	<u>7,040,265</u>	<u>2,124,030</u>
<i>Operating income (loss)</i>	<u>72,558</u>	<u>428,205</u>	<u>3,028,047</u>	<u>2,599,842</u>
<i>Non-operating revenues (expenses):</i>				
Interest income	39,850	39,850	40,126	276
Interest expense	(1,033,519)	(1,033,519)	(440,136)	593,383
Gross receipts tax revenue	435,000	435,000	450,061	15,061
Gross receipts tax expense	(454,800)	(454,800)	(452,739)	2,061
Fines, forfeitures and penalties	67,000	67,000	65,645	(1,355)
Miscellaneous	164,461	165,461	200,495	35,034
Proceeds from sale of capital assets	1,000	1,000	27,560	26,560
<i>Total non-operating revenues (expenses)</i>	<u>(781,008)</u>	<u>(780,008)</u>	<u>(108,988)</u>	<u>671,020</u>
<i>Income (loss) before transfers</i>	<u>(708,450)</u>	<u>(351,803)</u>	<u>2,919,059</u>	<u>3,270,862</u>
Transfers in	1,171,594	1,171,594	1,033,594	(138,000)
Transfers out	(1,510,090)	(1,483,978)	(1,483,980)	(2)
<i>Capital grants and net transfers</i>	<u>(338,496)</u>	<u>(312,384)</u>	<u>(450,386)</u>	<u>(138,002)</u>
<i>Change in net position</i>	<u>(1,046,946)</u>	<u>(664,187)</u>	<u>2,468,673</u>	<u>3,132,860</u>
Designated cash	1,046,946	664,187	-	(664,187)
<i>Beginning net position</i>	<u>-</u>	<u>-</u>	<u>46,498,026</u>	<u>46,498,026</u>
<i>Net position, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,966,699</u>	<u>\$ 48,966,699</u>
<i>Change in net position, above</i>			\$ 2,468,673	
Amortization and depreciation			(3,638,448)	
<i>Change in net position, Exhibit D-2</i>			<u>\$ (1,169,775)</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, 2013

Bank Account Type/Name	Deposits		
	Bank of the Southwest	Pioneer Bank	Washington Federal Bank
Pooled Cash - Interest bearing checking	\$ -	\$ 11,364,468	\$ -
1999 GO Bond Debt Service - Money Market	-	400,232	-
1993 Sales Tax Industrial Revenue Bond - Money Market	-	3,351	-
Federal Narcotic Seizure Fund - Interest bearing checking	-	101,008	-
State Narcotic Seizure Fund - Interest bearing checking	-	1,265	-
2005 WWTP Debt Service Res. - Interest bearing checking	-	164,018	-
Municipal Court Bail Bonds - Non-interest bearing checking	-	59,648	-
GP Bond Proceeds 2008 - Non-interest bearing checking	-	14,081	-
GO Bond Debt Service Series 2008 - Money Market	-	327,832	-
GRT Improve. Rev. Bond Series 2008 - Checking	-	1,997	-
Payroll - Non-interest bearing checking	-	10,992	-
Airport Passenger Facility Charge - Interest bearing checking	-	73,598	-
Certificates of Deposit	-	6,050,000	-
Certificates of Deposit	-	-	15,593,395
Certificate of Deposit	1,000,000	-	-
Local Government Investment Pool Fund	-	-	-
Local Government Investment Pool Fund	-	-	-
NMFA - Interest bearing checking	-	-	-
Total on deposit	1,000,000	18,572,490	15,593,395
Reconciling items	-	(1,052,142)	-
Reconciled balance	\$ 1,000,000	\$ 17,520,348	\$ 15,593,395

*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
\$ -	\$ -	\$ 11,364,468
-	-	400,232
-	-	3,351
-	-	101,008
-	-	1,265
-	-	164,018
-	-	59,648
-	-	14,081
-	-	327,832
-	-	1,997
-	-	10,992
-	-	73,598
-	-	6,050,000
-	-	15,593,395
-	-	1,000,000
11,246,152	-	11,246,152
8,348	-	8,348
-	30,124	30,124
11,254,500	30,124	46,450,509
-	4,374	(1,047,768)
<u>\$ 11,254,500</u>	<u>\$ 34,498</u>	45,402,741

4,389
<u>\$ 45,407,130</u>
\$ 44,607,215
326,205
473,710
<u>\$ 45,407,130</u>

STATE OF NEW MEXICO

Schedule II

City of Roswell

Schedule of Collateral Pledged By Depository for Public Funds

June 30, 2013

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2013</u>	<u>Location of Safekeeper</u>
Bank of the Southwest					
	FHLB Letter of Credit	06/06/14	N/A	<u>\$ 375,000</u>	Federal Home Loan Bank, Dallas, TX
Pioneer Bank					
	FHLB FIXED	12/10/21	313381AV7	3,947,787	Federal Home Loan Bank, Dallas, TX
	FNMA 1 YR CMT	01/01/34	31403VWN5	396,793	Federal Home Loan Bank, Dallas, TX
	FHLMC H15T1Y	01/01/33	31342AG29	238,549	Federal Home Loan Bank, Dallas, TX
	FHLMC 1 YR TR	12/01/33	31349SF32	653,238	Federal Home Loan Bank, Dallas, TX
	FNMA 1 YR LIBOR	12/01/35	31408ALJ7	1,832,383	Federal Home Loan Bank, Dallas, TX
	FNMA	10/01/26	3138ASYU0	<u>2,137,142</u>	Federal Home Loan Bank, Dallas, TX
	Total Pioneer Bank			<u>9,205,892</u>	
Washington Federal Bank					
	FHLMC Gold PC A94288	08/20/61	3620E0NW2	<u>7,696,648</u>	Federal Home Loan Bank, Dallas, TX
	Total Pledged Collateral			<u><u>\$ 17,277,540</u></u>	

See accompanying independent auditors' report

STATE OF NEW MEXICO
City of Roswell
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

Schedule III

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Water & Sewer Meter Deposits				
Assets				
Cash and cash equivalents	\$ 341,292	\$ 188,571	\$ 159,265	\$ 370,598
<i>Total assets</i>	<u>341,292</u>	<u>188,571</u>	<u>159,265</u>	<u>370,598</u>
Liabilities				
Deposits held and due to others	341,292	188,571	159,265	370,598
<i>Total liabilities</i>	<u>\$ 341,292</u>	<u>\$ 188,571</u>	<u>\$ 159,265</u>	<u>\$ 370,598</u>
Bail Bonds Deposits				
Assets				
Cash and cash equivalents	\$ 57,961	\$ 17,304	\$ 13,306	\$ 61,959
<i>Total assets</i>	<u>57,961</u>	<u>17,304</u>	<u>13,306</u>	<u>61,959</u>
Liabilities				
Deposits held and due to others	57,961	17,304	13,306	61,959
<i>Total liabilities</i>	<u>\$ 57,961</u>	<u>\$ 17,304</u>	<u>\$ 13,306</u>	<u>\$ 61,959</u>
Payroll Payables				
Assets				
Cash and cash equivalents	\$ 39,703	\$ 16,227,344	\$ 16,225,894	\$ 41,153
<i>Total assets</i>	<u>39,703</u>	<u>16,227,344</u>	<u>16,225,894</u>	<u>41,153</u>
Liabilities				
Deposits held and due to others	39,703	16,227,344	16,225,894	41,153
<i>Total liabilities</i>	<u>\$ 39,703</u>	<u>\$ 16,227,344</u>	<u>\$ 16,225,894</u>	<u>\$ 41,153</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 438,956	\$ 16,433,219	\$ 16,398,465	\$ 473,710
<i>Total assets</i>	<u>438,956</u>	<u>16,433,219</u>	<u>16,398,465</u>	<u>473,710</u>
Liabilities				
Deposits held and due to others	438,956	16,433,219	16,398,465	473,710
<i>Total liabilities</i>	<u>\$ 438,956</u>	<u>\$ 16,433,219</u>	<u>\$ 16,398,465</u>	<u>\$ 473,710</u>

See accompanying independent auditors' report

State of New Mexico
City of Roswell
Schedule of Joint Powers Agreements and
Memorandums of Understanding
June 30, 2013

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



Accounting & Consulting Group, LLP
Certified Public Accountants

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

Independent Auditors' Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
Mayor, City Manager and City Council Members
City of Roswell
Roswell, New Mexico

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the City of Roswell (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplementary information, and have issued our report thereon dated February 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items FS 2012-02, FS 2012-04, FS 2013-002, and FS 2013-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 an instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FS 2012-01, FS 2013-001, and FS 2013-004.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
February 19, 2014

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditors' Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
Mayor, City Manager and City Council Members
City of Roswell
Roswell, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the City of Roswell's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2013. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item FA 2013-001. Our opinion on the major federal program is not modified with respect to this matter. The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
February 19, 2014

STATE OF NEW MEXICO
City of Roswell
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor Program Title	Federal CFDA Number	Federal or Pass Through Grant / Project Number	Federal Expenditures
Federal Grantor/Pass Through Grantor/Program or Cluster Title			
U.S. Department of Transportation			
Passed through NM Highway and Transportation:			
Federal Transit Capital Investment Grant	20.500	M01055/1	\$ 78,869
Federal Transit Capital Investment Grant	20.500	M01152/1	162,682
Formula Grants for Other than Urbanized Areas	20.509	M01116	153,378
Formula Grants for Other than Urbanized Areas	20.509	M01179	590,348
Highway Planning and Construction	20.205	L2068	49,060
Highway Planning and Construction	20.205	2100690	239,806
Direct Programs:			
Airport Improvement Program	* 20.106	3-35-0035-024-2011	542,630
Airport Improvement Program	* 20.106	3-35-0035-024-2012	1,425,715
Total U.S. Department of Transportation			<u>3,242,488</u>
U.S. Department of Justice			
Passed through Office of Justice Programs:			
Edward Bryne Memorial Justice Assistance Grant	16.738	2006-DJ-BX-1384	2,434
Edward Bryne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-2284	19,752
Edward Bryne Memorial Justice Assistance Grant Programs: Local Solicitation	16.738	2012-DJ-BX-0544	31,085
Passed through Office of National Drug Control Policy-NM HIDTA Reprogramming:			
Law Enforcement Assistance-Narcotics and Dangerous Drugs-Laboratory Analysis	16.001	G11SN0017A	12,808
Law Enforcement Assistance-Narcotics and Dangerous Drugs-Laboratory Analysis	16.001	G12SN0017A	94,987
Total U.S. Department of Justice			<u>161,066</u>
U.S. Department of Housing and Urban Development			
Passed through State of New Mexico Programs:			
Community Development Block Grant	14.228	10-C-NR-I-04-G-38	170,095
Total U.S. Department of Housing and Urban Development			<u>170,095</u>
U.S. Department of Homeland Security			
Passed through NM Department of Homeland Security and Emergency Management:			
Homeland Security Grant Program	97.067	2010-SS-TO-0011	71,913
Homeland Security Grant Program	97.067	EMW-2011-SS-00094-S01	83,653
Homeland Security Grant Program	97.067	EMW-2012-SS-00097-S01	1,171
Emergency Management Performance Grant	97.042	EMW-2011-SS-00051	30,808
Hazard Mitigation Grant	97.039	FEMA-1936-DR-NM	6,000
Total U.S. Department of Homeland Security			<u>193,545</u>
Total Expenditures of Federal Awards			<u>\$3,767,194</u>

* Major Program

See independent auditors' report
See accompanying notes to schedule of expenditures of federal awards

Notes to Schedule of Expenditures of Federal Awards1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Roswell, New Mexico (City) and is presented on the modified 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. Subrecipients

The City did not provide any federal awards to subrecipients during the year.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 3,767,194
Total expenditures funded by other sources	<u>59,613,965</u>
Total expenditures (governmental and proprietary fund expenditures)	<u><u>\$ 63,381,159</u></u>

STATE OF NEW MEXICO
City of Roswell
Schedule of Findings and Questioned Costs
June 30, 2013

Section I – Summary of Audit Results

Financial Statements:

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

<u>CFDA</u> <u>Number</u> 20.106		<u>Federal Program</u> Airport Improvement Program
--	--	---

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

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2012-01 – Late Audit Report – Other Matter (Repeated)

Condition: The City's 2013 audit report was not submitted by the December 1, 2013 deadline.

Criteria: The City of Roswell is required to submit their audit report for the year ended June 30, 2013 on or before December 1, 2013 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.

Agency's Response: The City of Roswell strives to meet this deadline, as set forth in the State Auditors Rule. The audit for the fiscal year ended June 30, 2013 was planned to meet the State Auditor's December 1, 2013 submission deadline. However, an issue arose late in the audit preparation process regarding leave and time sheet preparation for Fire Department personnel. As a result, the Accounting and Consulting Group determined the need for additional procedures. The City sought the authority from the State Auditor's office for these additional procedures, and the audited financial statements should be submitted shortly. It is the intention of the City to have its June 30, 2014 report submitted by the deadline of December 1, 2014.

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 (Repeated/Modified)

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:

- The two samples out of 10 that were pulled from the fire department did not have supervisor approval. All Absentee Reports filed with the payroll department were signed by the department secretary.
- Of one sample out of 10 did not have documentation for the vacation request nor an Absentee Report in the personnel file.

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 2013 management did not ensure that internal controls were in place and working properly. The numerous departments did not submit all annual leave requests in writing to a supervisor prior to vacation leave and have a supervisor sign approval for the requests.

Auditors’ Recommendation: We recommend that the City follow all policies regarding annual leave requests and ensure that the proper approvals are obtained prior to vacation being taken.

Agency’s Response: The City has re-educated department heads to ensure compliance with the City policy regarding documentation of written annual leave requests. This action took place after the 2012 audit report was submitted in March 2013, which means it was done late in fiscal year 2013. The City concurs with the need for the documentation of written annual leave requests, and believes the situation is resolved and should not be repeated.

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 (Repeated/Modified)

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. The total amount of receipts tested was \$90.00.
- In one instance out of five, only the first name of the customer paying was written down on the receipt totaling \$5.00.
- In three instances out of five, receipts were not deposited in a timely manner. The dates ranged from one to 14 days. The total amount of these receipts is \$65.00.
- In one instance out of five, the amount of the receipt that should have been included in the City's deposit totaled \$15. However, the spreadsheet given to the City only had six dollars. The other \$9 was not deposited.
- The Yucca Center used three 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.

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 2013 management did not have a documented policy in place to follow to ensure internal controls were in place and working properly.

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) ensure that each customer's first and last name are written on the receipt, (2) include copies of the receipts and concession tapes (if feasible) that show totals when giving the deposit sheet to the City, (3) 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, (4) ensure that all money is being deposited at the City, and (5) use consecutive receipt books.

Agency's Response: The following corrective actions have been taken:

- 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.

The City has re-educated the department to ensure compliance with the City's procedures regarding cash receipts and deposits. This action took place after the 2012 audit report was submitted in March 2013, which means it was done late in fiscal year 2013. The City believes the situation is resolved and should not be repeated.

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2013-001 Capital Asset Certification – Other Matter

Condition: It was noted in the testwork over capital assets that the client conducted an annual capital asset inventory that was recorded in a written report, but was not certified as to correctness and signed by the City Council.

Criteria: The New Mexico Administrative Code (NMAC) 2.20.1.16A & E states that “At the end of the fiscal year, each agency shall conduct a physical inventory of its fixed assets and the results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing body of the agency”.

Effect: Because the City Council is not certifying the physical inventory annually the City may have assets they are unaware of or may have assets that have been lost or stolen that they did not know about.

Cause: Management was not aware of the certification part of this statute. An annual inventory was conducted and approved by department heads, but this inventory was not certified by the governing body.

Auditors’ Recommendation: The City should ensure that when they perform an annual physical inventory over capital assets that the City Council certifies the inventory as to correctness at the end of each year.

Agency’s Response: The City does comply with the above code in conducting an annual capital asset physical inventory. Each department head certifies their inventory in writing, which is available for the Auditors. The City was unaware of the requirement for the inventory to be certified by the governing body. The City will work toward implementing this final procedure for the fiscal year 2014 inventory to comply with the requirement.

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2013-002 Deficiencies in Internal Control Structure Design, Operation, and Oversight – Significant Deficiency

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

- The City does not maintain an accurate accounts payable listing. It was noted during testwork of subsequent disbursements, that seven out of twenty five transactions were not accrued correctly. These transactions total \$240,408.56.

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 2013 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. In addition, the City should review transactions for a certain time period subsequent to the balance sheet to determine if any additional accruals are needed for the fiscal year.

Agency's Response: The City adjusted its procedures in accounting for the accounts payable listing last year to comply with the auditors' request. Additional requirements were looked at this year of which the City is limited by its computer accounting system to be able to tract invoices with extended work performance dates associated with them. The City will evaluate the feasibility of hiring additional staff and/or an outside accountant to prepare the information for the IPA to audit. It will take individually going through all checks and invoices, for the subsequent three months following the year end, to calculate percentage amounts to accrue by hand on any invoices where work performed overlapped the two fiscal years but was not invoiced separately. The City will work toward complying with the requirement and at that time develop written procedures.

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2013-003 Internal Control Deficiencies – Timesheet Preparation – Significant Deficiency

Condition: In response to abuse identified over timesheets the auditors' performed extended procedures over timesheets in all departments of the City. The identified abuse occurred in the Fire Department. Two employees entered their time as being away at Fire School, but in actuality were gone for a wedding. One of the two employees is the first cousin of the Fire Chief. This was brought to the City's attention the next week, and one employee's time was changed to vacation, but the other employee, the Fire Chief's first cousin, did not have his time changed. This is a reflection of management not setting the tone that high-quality and transparent financial reporting is expected. In response to this abuse we determined to test 48 timesheets, 24 randomly selected from all departments, and 24 from the fire department. During this testwork, it was found that in 2 of the 24 timesheets tested in all departments, the daily logs prepared by the supervisors at the police department were not present. Out of the 24 timesheets tested from the fire department, it was noted that 3 of the 24 had exceptions. Two had no employee signature for the copies sent to City Hall, and one did not have any preparer/supervisor signature on the copy sent to City Hall.

Criteria: Segregation of duties in payroll, the existence of an appropriate pay rate schedule, a review of employee timesheets, a review of payroll reports, and proper authorization and approval for wages, as indicated in NMSA 1978 Section 6-6-3 are required to be maintained in order to have proper and sufficient internal controls to reduce the risk of abusive activities.

Effect: Due to the lack of monitoring by the City, time sheets could be, and have been falsified by City employees.

Cause: Those charged with governance and management were not monitoring internal controls to ensure they were being followed.

Auditors' Recommendation: Those charged with governance and management of the City should monitor the controls put in place by the City in a manner to ensure that they are operating effectively by performing periodic reviews of supporting documentation.

Agency's Response: The City concurs with the auditor's recommendation. Management will monitor more closely the controls put in place and ensure more efficiency and effectiveness by performing periodic reviews. The specific incident cited above in the Fire Department was addressed immediately, prior to the additional auditing procedures and finding, to help mitigate the impact to the City.

STATE OF NEW MEXICO
 City of Roswell
 Schedule of Findings and Questioned Costs
 June 30, 2013

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2013-004 Cash Appropriations in Excess of Available Cash Balances – Other Matter

Condition: The City rebudgeted “cash balances” in excess of available cash balances in the following fund:

	Designated Cash	Beginning Year & AR Available	Cash Appropriation in excess of available balances
JAG Grant Special Revenue Fund	\$ 24,278	\$ 23,540	\$ (738)

Criteria: Section 2.2.2.10.(P)(1)(b), NMAC, requires all City’s to be budgeted by the local governing body and submitted to the Department of Finance and Administration for approval. Cash balances re-budgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior period.

Effect: The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the City incurring debt to pay for current year budgeted expenditures, which would result in noncompliance with the Bateman Act.

Cause: Inadequate monitoring of cash available to be budgeted in subsequent year caused this noncompliance.

Auditors’ Recommendation: Greater attention should be given throughout the year to the cash balances actually available to cover budgeted revenues, which include proper monitoring of yearend cash balances.

Agency’s Response: The City understands the severity of this one time incident. It occurred while the Budget Supervisor was assisting in covering a vacant position during this budget cycle along with the Finance Officer position, which assists in the budget process, being vacant at the same time. No actual expenditures were made that exceeded the funds available.

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

B. Federal Awards Findings

FA 2013-001 Failure to Submit the Data Collection Form in a Timely Manner - Noncompliance

Federal Program Information:

Funding Agency: U.S. Department of Transportation

Title: Airport Improvement Program

CFDA Number: 20.106

Condition: The data collection form for the June 30, 2012 year end was not submitted to the Federal Audit Clearinghouse or to the applicable federal agencies within 30 days after receipt of the auditor's report as required by OMB Circular A-133.320.

Criteria: According to OMB A-133.320 the City is required to submit the data collection form as well as the reporting package to the Federal Audit Clearinghouse and federal agencies within earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Questioned Costs: None

Effect: The effect of this condition is that the City was not in compliance with OMB A-133 and was in violation of federal compliance standards.

Cause: There was a miscommunication between the City and the auditor as to the process, timing and respective responsibilities surrounding the completion and submission of the data collection form.

Auditors' Recommendation: The City and the audit firm will work together to ensure that respective parts of the data collection form are completed within the required timeline, thus ensuring compliance in the future.

Agency's Response: The City concurs with the requirement to ensure the timely completion and submission of the data collection form, and will work together with the audit firm to ensure that respective parts of the data collection form will be completed within the required timeline on future required submissions.

STATE OF NEW MEXICO
City of Roswell
Schedule of Findings and Questioned Costs
June 30, 2013

Section III - Schedule of Prior Year Audit Findings

FS 2012-01	Late Audit Report	Repeated
FS 2012-02	Lack of Internal Controls Over Annual Leave Requests	Repeated/Modified
FS 2012-03	Deficiencies in Internal Control Structure Design, Operation, and Oversight - Convention Center	Resolved
FS 2012-04	Deficiencies in Internal Control Structure Design, Operation, and Oversight - Yucca Center	Repeated/Modified
FA 2012-01	Inaccurate Reimbursement Requests	Resolved

STATE OF NEW MEXICO

City of Roswell
Other Disclosures
June 30, 2013

Exit Conference

An exit conference was held on February 19, 2014. In attendance were the following:

Representing the City of Roswell

Steve Henderson
Larry Fry
Stacye Hunter
Debra Morsey
Monica Garcia

Councilor
City Manager
Assistance City Manager
Finance Officer
Finance Director

Representing Accounting & Consulting Group, LLP

Shelley Olson, CPA
Ryan Miller, CPA

Supervisor
Director

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. The responsibility remains with the City.