

Application

Application: Section 5311 Program (Rural/Non-Urbanized Public Transportation) FY 2021

Organization: City of Roswell

Application Deadline: 8/23/2019 11:59:00 PM

Year: 2021 **Status:** Submitted

Application Form(s)

Before you can submit this application, you must upload all required documents.

		<u>Documents</u>	
	Download	2021 Application Guide	
		Articles of Incorporation	View
		501(C)3 Certification (Required for Non-Profits)	Attach
		SAM.gov Debarment and Suspension Search Verification	View
		Current Audit (FY 18)	View
		Transit Related Audit Finding Documentation (If Applicable)	Attach
		Procurement Policy (New Applicants and Updated Policies)	Attach
		Historical and Application Year Budget Information	View
		Map of Service Area	View
		Demographic Information	View
		Ridership and Transit System Statistics	View
		Civil Rights Complaints/Review Activities Documentation	Attach
		Program Coordination	View
		Letter(s) of Resolution of Financial Commitment of Local Match (Include Dollar Amount)	Re-Upload
		Letter(s) of Program Support from Municipality, Board, or Council	View
		Program Justification	View
		Operations Profile	View

Requires Upload Optional Upload Complete

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Project(s)

Line Item	Year	Description	Net Project Cost
117900	2021	Project Administration - Project Administration	\$334,485.00
300901	2021	Operating Assistance up to 50% Federal Share	\$1,607,414.66
111202	2021	Buy Replacement - Bus STD 35 FT	\$148,230.00
111215	2021	Buy Replacement - Vans	\$44,218.00
113207	2021	Acquisition - Surveillance / Security Equipment	\$21,528.00
114402	2021	Rehab / Renovation - Maintenance Facility	\$28,886.00

Budget Request Summary

Budget Category	Net Project Cost	Total FTA Portion of Net Project Cost (max. allowed)	Total Minimum Required Local Match	Additional Local Funds
Administration	\$334,485.00	\$267,588.00	\$66,897.00	\$0.00
Less 20% Local Match				
Capital	\$242,862.00	\$194,289.60	\$48,572.40	\$0.00
Less 20% Local Match				
Operating	\$1,607,414.66	\$803,707.33	\$803,707.33	\$0.00
Less 50% Local Match				
Total	\$2,184,761.66	\$1,265,584.93	\$919,176.73	\$0.00

Budget Summary

Expense
Supplies

Mr. John Capps,
City Manager -
Attorney

lowest thing we
have to do
Articles of Incorporation

PART I.

Proclamation.

Official Publication.

PROCLAMATION

TERRITORY OF NEW MEXICO, EXECUTIVE OFFICE

WHEREAS, The Town of Roswell, an incorporated village in the Territory of New Mexico, has applied through its Board of Trustees to the Governor of the Territory to make, issue and publish a proclamation of the fact that such village is entitled to and desires to become a city; and

WHEREAS, There has been filed in this office, as required by law, a sworn statement in writing, made and executed by the Chairman of the Board of Trustees of said town of Roswell; and

WHEREAS, Said application and sworn statement are deemed to be in proper form and are accompanied by an accurate map or plat showing the boundaries of the proposed city and the center thereof as established; and

WHEREAS, It appears from said statement and application and the official data and information submitted therewith:

1. That the Town of Roswell is now an incorporated village heretofore organized and now existing under the laws of the Territory of New Mexico,

2. That the said Town desires to change the character of its municipal government to that of a city as now provided by law,

3. That said Town has a bona fide population of more than two thousand,

4. That the Board of Trustees of the Town of Roswell have heretofore established a center of such proposed city and the boundary lines thereof, which said boundaries do not extend to exceed one mile and a half each way from such center, and

ROSWELL CITY CODE

5. That the assessed valuation of all the property situated within the limits as such proposed city for the year 1903 as the same appears from the rolls of the assessor of the County of Chaves, is \$914,849.00:

NOW THEREFORE, I, Miguel A. Otero, Governor of the Territory of New Mexico, by virtue of the authority in me vested by the laws of said Territory, do proclaim and declare:

I.

That under and by virtue of the provisions of Chapter III of the laws of the Thirty-fifth Legislative Assembly of the Territory of New Mexico, entitled "An Act to Enable Towns or Villages in the Territory of New Mexico to Change the Character of Their Municipal Government, and for other purposes," approved March 19th, 1903, the Town of Roswell is entitled to become a city.

II.

That the name of such city shall be The City of Roswell.

III.

That the center of such proposed city shall be at a point heretofore established and ordained by the Board of Trustees of the Town of Roswell, and designated as the center of the intersection of Main and Fifth Streets in said town.

IV.

That the boundaries of such proposed city, as the same have been heretofore established and ordained by the Board of Trustees of the Town of Roswell, shall be as follows:

Beginning at the southeast corner of section thirty-three in township ten south of range twenty-four east (New Mexico

PROCLAMATION

Meridian), thence north along the section lines to the one-fourth section corner, situated between sections twenty-seven and twenty-eight in township ten south of range twenty-four east, thence west through the centers of sections twenty-eight and twenty-nine, in township ten south of range twenty-four east to the one-fourth corner between sections twenty-nine and thirty, township ten south of range twenty-four east, thence south along the section lines to the one-fourth corner between sections thirty-one and thirty-two, in township ten south of range twenty-four east, thence west along the center to section thirty-one to the northwest corner of the northeast quarter of the southeast quarter of section thirty-one in township ten south of range twenty-four east, thence south along the sub-division line to the southwest corner of the northeast quarter of the southeast quarter of section thirty-one in township ten south of range twenty-four east, thence east along the subdivision line to the southeast corner of the northeast quarter of the southeast quarter of section thirty-one in township ten south of range twenty-four east, thence south along the section lines to the one-fourth corner between sections five and six in township eleven south of range twenty-four east, thence east along the center of the section to the center of section five in township eleven south of range twenty-four east, thence south along the subdivision line to the southwest corner of the northwest quarter of the northeast quarter of section eight in township eleven south of range twenty-four east, thence east along the subdivision line to the southeast corner of the northwest quarter of the northeast quarter of section nine in township eleven south of range twenty-four east, thence north along the subdivision line to the northeast corner of the northwest quarter of the northeast quarter of section nine, in township eleven south of range twenty-four east, thence east along the section line to the corner common to sections three, four, nine and ten in township eleven south of range twenty-four east, thence north along the section lines between sections three and four in township eleven south of range twenty-four east to the point of beginning.

ROSWELL CITY CODE

V.

That after the publication and posting of this proclamation as provided by law, the Board of Trustees of the Town of Roswell shall proceed to organize said Town into a city under the provisions of said Chapter III of the Acts of the Thirty-fifth Legislative Assembly of the Territory of New Mexico, and after such organization the said Town of Roswell shall be a city with all the powers, privileges, duties and liabilities of cities in the Territory of New Mexico, and the boundary lines as herein described shall be the boundaries of such city, and all the territory included therein shall constitute and be known as the City of Roswell, and shall be governed as such by the officers thereof, under the laws applicable thereto.

Done at the Executive Office this 25th day of September, A. D., 1903. Witness my hand and the great seal of the Territory of New Mexico.

By the Governor:

MIGUEL A. OTERO.

(GREAT SEAL)

J. W. RAYNOLDS,

Secretary of New Mexico.

I hereby certify that the above and foregoing is a full, true and correct copy of the original proclamation this day made and issued by me.

Witness my hand and the great seal of the Territory of New Mexico, this 25th day of September, 1903.

MIGUEL A. OTERO,

Governor.

(SEAL)

J. W. RAYNOLDS,

Secretary of New Mexico.

-  **ALERT:** SAM.gov will be down for scheduled maintenance Saturday, 08/10/2019, from 8:00 AM to 1:00 PM (EDT).
-  **ALERT:** CAGE is currently experiencing a high volume of registrations, and is working them in the order in which they are received. When your registration is assigned to a CAGE Technician, you will be contacted by CAGE, if necessary, for any additional information.
-  **ALERT:** Due to an SBA service interruption, SAM registrants may encounter an error validating the SBA Supplemental Information page. If this happens, please contact the Federal Service Desk (fsd.gov) for help submitting your registration.

Entity Dashboard

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ROSWELL, CITY OF
DUNS: 064121205 CAGE Code: 0SFM3
Status: Active
Expiration Date: 04/09/2020
Purpose of Registration: All Awards

425 N RICHARDSON ST
 ROSWELL, NM, 88201-4730 ,
 UNITED STATES

Entity Overview

Entity Registration Summary

Name: ROSWELL, CITY OF
Business Type: US Local Government
Last Updated By: Rebecka Hicks
Registration Status: Active
Activation Date: 04/10/2019
Expiration Date: 04/09/2020

Exclusion Summary

Active Exclusion Records? No

STATE OF NEW MEXICO

CITY OF ROSWELL

ANNUAL FINANCIAL REPORT

FOR THE PERIOD ENDED JUNE 30, 2018



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INTRODUCTORY SECTION

**STATE OF NEW MEXICO
CITY OF ROSWELL
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JUNE 30, 2018**

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**STATE OF NEW MEXICO
CITY OF ROSWELL
OFFICIAL ROSTER
JUNE 30, 2018**

City Council

<u>Name</u>	<u>Title</u>
Dennis J. Kintigh	Mayor
Juan Oropesa	Mayor Pro-Tem/Councilor
Jacob R. Roebuck	Councilor
Caleb T. Grant	Councilor
Steve Henderson	Councilor
Jeanine Best	Councilor
Judy Stubbs	Councilor
George Peterson	Councilor
Savino Sanchez Jr.	Councilor
Angela Moore	Councilor
Barry Foster	Councilor

Administration

Joe Neeb	City Manager
Sharon Coll	City Clerk
Monica Garcia	Finance Officer
Frank Montoya	Budget Director
Aaron Holloman	City Attorney

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To Wayne Johnson
New Mexico State Auditor
and
The Mayor, City Manager, and City Council Members
City of Roswell
Roswell, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Roswell ("City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

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NEW MEXICO | Albuquerque



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.

Emphasis of Matter

As discussed in Note 22, during the year ended June 30, 2018 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No 75 *Accounting and Financial Reporting for postemployment Benefits Other Than Pension*. The beginning balance of Net Position has been restated due to the implementation. Our opinions are not modified with respect to this matter.

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, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11, the schedule of the City's proportionate share of the net pension liability, the schedule of City's contributions, the schedule of the City's proportionate share of the OPEB liability, and the schedule of City's contributions on pages 66-70 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 financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements 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 as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2 NMAC as noted in the

table of contents are also 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 other schedules required by 2.2.2 NMAC as noted in the table of contents, 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 auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by 2.2.2 NMAC as noted in the table of contents, are fairly stated, in all material respects, in related to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 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 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.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
December 17, 2018

**STATE OF NEW MEXICO
CITY OF ROSWELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018. 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 approximately \$104,269,000 (*net position*).
- The City's total net position decreased by approximately \$30,700,000. The majority of this decrease is due Implementation of new accounting pronouncement (GASB 75) also contributed to the decrease in total net position. The City also issued Joint Water and Sewer Improvements Revenue Bonds in the current year.
- At of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$59,000,000, an increase of \$13,653,201 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was a positive \$15,303,917. This decrease is due to an increase in restricted fund balances for several projects underway in the City and for debt service payments.
- The City's total debt increased by \$19,337,173 (45 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).

**STATE OF NEW MEXICO
CITY OF ROSWELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 on pages 12-15 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.

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-three 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 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 on pages 16-19 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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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

The basic proprietary fund financial statements can be found on pages 20-23 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 25-64 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 71-86 of this report.

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 \$104,269,619 at the close of the most recent fiscal year.

The largest portion of the City of Roswell's net position, \$103,818,208, reflects its net 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, 2018 and June 30, 2017.

**STATE OF NEW MEXICO
CITY OF ROSWELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CITY OF ROSWELL'S NET POSITION
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 59,408	\$ 43,950	\$ 32,127	\$ 41,275	\$ 91,535	\$ 85,225
Noncurrent assets other than capital assets	11,451	20,532	1,760	791	13,211	5,134
Capital assets, net	62,485	58,329	105,556	91,909	168,041	144,531
Total assets	133,344	122,811	139,443	133,975	256,786	256,786
Current liabilities	11,091	9,515	3,384	3,764	14,475	13,279
Noncurrent liabilities	105,380	74,816	48,662	33,680	154,043	107,659
Total liabilities	116,4722	84,331	52,046	37,444	168,518	120,938
Net investment in capital assets	31,330	44,436	72,488	60,749	103,818	105,185
Restricted	39,662	16,941	-	-	39,662	16,941
Unrestricted	(54,120)	(22,897)	14,909	35,749	(39,211)	12,852
Total net position	\$ 16,872	\$ 38,480	\$ 87,397	\$ 96,498	\$ 104,269	\$ 134,978

A portion of the City of Roswell's net position of \$39,661,840 (38 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$54,119,526) 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.

Governmental Activities. Governmental activities decreased the City of Roswell's net position by \$20,647,250. Key element of this decrease is as follows:

- An increase in non-current liabilities due to issuance of revenue bonds and an increase in workmen's compensation liability.

Business-type Activities. Business-type activities decreased the City's net position by \$8,875,839. The key element of this increase is as follows:

- An increase in water, sewer, and other infrastructure of approximately \$14M.

**STATE OF NEW MEXICO
CITY OF ROSWELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CITY OF ROSWELL'S CHANGES IN NET POSITION							
(In Thousands)							
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		
	2018	2017	2018	2017	2018	2017	
Revenues							
Taxes	\$ 42,837	\$ 34,846	\$ 935	\$ 902	\$ 43,772	\$ 35,748	
Intergovernmental	4,749	-	1,360	5,646	6,109	5,646	
Charges for services	2,188	3,983	23,411	22,498	25,599	26,481	
Other	1,592	405	3,252	722	4,844	1,127	
Total revenues	51,366	39,234	28,958	29,768	80,324	69,002	
Expenses							
General government	11,259	7,241	-	-	11,259	7,241	
Public safety	25,993	29,868	-	-	25,993	29,868	
Public works	7,635	4,331	-	-	7,635	4,331	
Culture and recreation	7,905	9,390	-	-	7,905	9,390	
Health and welfare	2	2	-	-	2	2	
Interest on long term debt	568	130	1,042	792	1,610	923	
Other	-	-	127	-	127	-	
Airport	-	-	7,157	4,432	7,157	44,432	
Solid waste	-	-	7,050	4,966	7,050	4,966	
Water and sewer	-	-	12,769	12,585	12,769	12,585	
Total expenses	53,362	50,962	28,145	22,775	81,507	73,737	
Transfers	1,036	1,268	(1,036)	(1,268)	-	-	
Changes in net position	\$ (960)	\$ (10,460)	\$ (225)	\$ 5,725	\$ (1,183)	\$ (4,735)	

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 \$55,049,851, an increase of \$13,653,201 in comparison with the prior year. All balances are either restricted or unassigned as of June 30, 2018.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance totaled \$21,689,308. \$84,094 of this balance is in non-spendable form and the remainder is unassigned balance for discretionary purposes as of June 30, 2018.

The fund balance of the City's general fund decreased by \$2,334,973 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 \$87,397,127, a decrease of \$9,101,209 from the prior fiscal year.

General Fund Budgetary Highlights

There were several amendments to the City of Roswell's fiscal year 2018 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 on page 20.

The net favorable variance of \$1,828,165 in general fund expenditures was primarily due to not expending all the funds budgeted. There was \$4,005,255 under expended in general government, \$1,341,249 not expended in culture and recreation, \$30,644 not expended for public safety, and \$3,548,983 over expended for capital outlay.

**STATE OF NEW MEXICO
CITY OF ROSWELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018, amounts to \$168,042 (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 \$17,804 (in thousands) during the year, were as follows:

- Approximately \$11,349,000 in depreciation
- Approximately \$23,490,000 for construction in progress

CITY OF ROSWELL'S CAPITAL ASSETS

(In thousands)

	Governmental		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 3,580	\$ 3,575	\$ 4,609	\$ 4,609	\$ 8,189	\$ 8,184
Land-right of way	5,149	5,149	-	-	5,149	5,149
Construction in progress	7,813	701	22,561	6,883	30,374	7,584
Library collection	3,109	3,060	-	-	3,109	3,060
Historical treasures	437	437	-	-	437	437
Water rights- intangible assets	-	-	12,145	12,145	12,145	12,145
Land improvements	18,477	18,314	11,006	10,905	29,483	29,219
Buildings and improvements	33,395	33,395	86,088	85,826	119,483	119,221
Machinery and equipment	13,491	12,673	18,379	17,253	31,870	29,926
Furniture and fixtures	102	135	116	116	218	251
Vehicles	15,902	15,845	9,506	8,467	25,4082	24,312
Infrastructure	168,213	167,394	79,501	78,308	247,714	245,702
Total capital assets	269,6688	260,678	243,911	224,512	513,579	485,190
Less: accumulated depreciation	207,182	202,348	138,355	132,604	345,537	334,952
Capital assets, net	\$ 62,486	\$ 58,330	\$ 105,556	\$ 91,908	\$ 168,042	\$ 150,238

**STATE OF NEW MEXICO
CITY OF ROSWELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Debt Administration. At the end of the current fiscal year, the City of Roswell had total debt from outstanding bonds and capital leases (see schedule below), 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		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Bonds	\$ 30,185	\$ 12,791	\$ 27,822	\$ 31,159	\$ 58,007	\$ 43,950
Loans	-	-	2,579	-	2,579	-
Capital Leases	970	1,103	-	-	970	1,103
Total debt outstanding	\$ 31,155	\$ 13,894	\$ 30,401	\$ 31,159	\$ 61,556	\$ 45,053

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 8 on pages 42-47 of this report.

Economic Factors and Next Year's Budget

The City of Roswell, located in Chaves County, is the commercial hub for the region and maintains a comparatively strong and balanced economy. Roswell serves as the county seat, and is the largest city in Eastern New Mexico. The area has a diversified economy encompassing agriculture, medical, dairy, oil and gas, aviation, tourism, service industry, government, 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.

Approximately 60% of the City of Roswell's annual operating budget for governmental funds is received from gross receipts taxes. Roswell has been one of few municipalities in the state that has maintained a positive level of gross receipts revenues over the past five years. Diversity within the area job market bodes well for the city's ability to weather future financial challenges. However, conservative approaches in operations, budgeting and financial forecasting remain key components to the long term viability of the city's financial success. The city is poised for moderate to potentially strong economic growth in the foreseeable future.

The adopted combined operating and capital budgets for fiscal year 2018 total \$146,685,884 which is an increase of \$29,620,999 over fiscal year 2017, due in large part to capital construction relating to airport and general infrastructure enhancements which occurred in fiscal year 2018.

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, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash, cash equivalents and investments	\$ 44,327,238	29,349,452	73,676,690
Cash, restricted	6,301,297	-	6,301,297
Receivables:			
Property taxes receivable	413,630	-	413,630
Other taxes receivable	7,270,291	-	7,270,291
Grants Receivable	1,011,481	-	1,011,481
Customer receivables, net of allowance of \$0 and \$395,591, respectively	-	1,696,645	1,696,645
Inventory	84,094	1,081,359	1,165,453
Total current assets	<u>59,408,031</u>	<u>32,127,456</u>	<u>91,535,487</u>
Noncurrent assets			
Capital assets	269,667,661	243,912,775	513,580,436
Less: accumulated depreciation	<u>(207,182,311)</u>	<u>(138,356,107)</u>	<u>(345,538,418)</u>
Total noncurrent assets	<u>62,485,350</u>	<u>105,556,668</u>	<u>168,042,018</u>
Total Assets	<u>121,893,381</u>	<u>137,684,124</u>	<u>259,577,505</u>
Deferred Outflows			
OPEB related	341,814	146,938	488,752
Pension Related	<u>11,109,057</u>	<u>1,613,689</u>	<u>12,722,746</u>
Total Deferred Outflows	11,450,871	1,760,627	13,211,498

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF ROSWELL
STATEMENT OF NET POSITION
June 30, 2018**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Liabilities			
Current liabilities			
Accounts payable	3,075,489	980,549	4,056,038
Accrued payroll expenses	749,009	155,882	904,891
Accrued compensated absences	1,525,830	217,527	1,743,357
Accrued interest	79,173	120,129	199,302
Meter and other deposits	196,358	179,824	376,182
Workers' compensation liability	3,930,411	-	3,930,411
Current portion of bonds and notes payable	1,590,742	1,730,195	3,320,937
	<u>11,147,012</u>	<u>3,384,106</u>	<u>14,531,118</u>
Total current liabilities			
Noncurrent liabilities			
Landfill closure	-	1,522,141	1,522,141
Bonds and notes payable	29,564,430	28,670,786	58,235,216
Net OPEB liability	17,382,168	7,472,246	24,854,414
Net pension liability	45,217,121	6,081,030	51,298,151
	<u>92,163,719</u>	<u>43,746,203</u>	<u>135,909,922</u>
Total noncurrent liabilities			
	<u>103,310,731</u>	<u>47,130,309</u>	<u>150,441,040</u>
Total liabilities			
Deferred Inflows			
Debt reacquisition price in excess of carrying value	1,754,439	2,667,657	4,422,096
OPEB related	3,956,141	1,700,665	5,656,806
Pension related	7,450,449	548,993	7,999,442
Total Deferred Inflows	<u>13,161,029</u>	<u>4,917,315</u>	<u>18,078,344</u>
Net Position			
Net investment in capital assets	31,330,178	72,488,030	103,818,208
Restricted for			
Debt service	1,512,144	-	1,512,144
Capital projects	8,719,832	-	8,719,832
Other purposes - special revenue	28,993,772	-	28,993,772
Unrestricted	<u>(53,683,434)</u>	<u>14,909,097</u>	<u>(38,774,337)</u>
Total Net Position	<u>\$ 16,872,492</u>	<u>87,397,127</u>	<u>104,269,619</u>

STATE OF NEW MEXICO
CITY OF ROSWELL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 11,259,770	2,188,685	3,569,602	-
Public safety	25,993,333			-
Public works	7,635,005		678,235	500,905
Culture and recreation	7,904,717			-
Health and welfare	2,490	-		-
Interest on long-term debt	568,928	-	-	-
<i>Total government Activities</i>	<u>53,364,242</u>	<u>2,188,685</u>	<u>4,247,837</u>	<u>500,905</u>
Business-type Activities				
Airport	7,157,549	3,475,541	-	1,359,754
Solid Waste	7,050,978	6,519,043	-	-
Water and sewer	12,769,670	13,416,675	-	-
<i>Total business-type activities</i>	<u>26,978,197</u>	<u>23,411,259</u>	<u>-</u>	<u>1,359,754</u>
<i>Total primary government</i>	<u>\$ 80,342,439</u>	<u>25,599,944</u>	<u>4,247,837</u>	<u>1,860,659</u>
General Revenues				
Taxes:				
Property taxes, levied				
Gross receipts taxes				
Gasoline and motor vehicle taxes				
Other taxes				
Investment Income				
Fines, forfeitures, and penalties				
Miscellaneous income				
(Loss) gain on sale of capital assets				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Prior period adjustment (see note 22)				
Net position, beginning as restated				
Net position, ending				

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
(5,501,483)	-	(5,501,483)
(25,993,333)	-	(25,993,333)
(6,455,865)	-	(6,455,865)
(7,904,717)	-	(7,904,717)
(2,490)	-	(2,490)
<u>(568,928)</u>	<u>(1,042,519)</u>	<u>(1,611,447)</u>
<u>(46,426,815)</u>	<u>(1,042,519)</u>	<u>(47,469,334)</u>
-	(2,322,254)	(2,322,254)
-	(531,935)	(531,935)
-	647,005	647,005
<u>-</u>	<u>(2,207,184)</u>	<u>(2,207,184)</u>
<u>(46,426,815)</u>	<u>(3,249,703)</u>	<u>(49,676,518)</u>
5,441,581	-	5,441,581
33,768,495	934,818	34,703,313
220,481	-	220,481
3,407,100	-	3,407,100
342,180	136,211	478,391
762,577	-	762,577
615,580	3,116,577	3,732,157
(127,015)	(127,652)	(254,667)
<u>1,035,622</u>	<u>(1,035,622)</u>	<u>-</u>
<u>45,466,601</u>	<u>3,024,332</u>	<u>48,490,933</u>
<u>(960,214)</u>	<u>(225,371)</u>	<u>(1,185,585)</u>
38,479,956	96,498,337	134,978,293
<u>(20,647,250)</u>	<u>(8,875,839)</u>	<u>(29,523,089)</u>
<u>17,832,706</u>	<u>87,622,498</u>	<u>105,455,204</u>
\$ <u>16,872,492</u>	<u>87,397,127</u>	<u>104,269,619</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	General Fund 101	Capital Improvement Fund 301	2017 Recreation Bond Construction 217	Other Governmental Funds	Total Governmental Funds
<i>Assets</i>					
Cash, cash equivalents and investments	\$ 8,916,340	8,745,012	17,591,159	9,074,727	44,327,238
Cash, restricted	6,301,297	-	-	-	6,301,297
Receivables:					
Property taxes	408,034	-	-	5,596	413,630
Other taxes receivable	7,270,291	-	-	-	7,270,291
Grants Receivable- State	520,640	22,500	-	468,341	1,011,481
Inventory	84,094	-	-	-	84,094
Due from other funds	5,193	-	-	-	5,193
<i>Total assets</i>	<u>\$ 23,505,889</u>	<u>8,767,512</u>	<u>17,591,159</u>	<u>9,548,664</u>	<u>59,413,224</u>
<i>Liabilities and Fund Balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 651,105	10,848	2,334,807	78,729	3,075,489
Accrued payroll expenses	631,794	36,832	-	80,383	749,009
Deposits payable	196,358	-	-	-	196,358
Due to other funds	-	-	-	5,193	5,193
<i>Total liabilities</i>	<u>1,479,257</u>	<u>47,680</u>	<u>2,334,807</u>	<u>164,305</u>	<u>4,026,049</u>
<i>Deferred Inflows</i>					
Unearned revenue - property taxes	337,324	-	-	-	337,324
<i>Total Deferred Inflows</i>	<u>337,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,324</u>
<i>Total Liabilities and Deferred Inflows</i>	<u>1,816,581</u>	<u>47,680</u>	<u>2,334,807</u>	<u>164,305</u>	<u>4,363,373</u>
<i>Fund balances</i>					
Nonspendable	84,094	-	-	436,092	520,186
Spendable					
Restricted	6,301,297	8,719,832	15,256,352	8,948,267	39,225,748
Unassigned	15,303,917	-	-	-	15,303,917
<i>Total fund balances</i>	<u>21,689,308</u>	<u>8,719,832</u>	<u>15,256,352</u>	<u>9,384,359</u>	<u>55,049,851</u>
<i>Total liabilities and fund balances</i>	<u>\$ 23,505,889</u>	<u>8,767,512</u>	<u>17,591,159</u>	<u>9,548,664</u>	<u>59,413,224</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF ROSWELL
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2018**

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

Fund balances - total governmental funds	\$ 55,049,851
Defined benefit pension plan deferred outflows are not financial resources and therefore are not reported in the funds	11,109,057
OPEB deferred outflows are not financial resources and therefore are not reported in the funds	341,814
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	62,485,350
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered unearned revenue in the fund financial statements, but are considered revenue in the Statement of Activities	337,324
Defined benefit pension plan deferred inflows are not payable in the current period and, therefore, not reported in the funds.	(7,450,449)
OPEB deferred inflows are not payable in the current period and, therefore, not reported in the funds.	(3,956,141)
Certain liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(45,217,121)
Net OPEB liability	(17,382,168)
Accrued interest	(79,173)
Worker's comp liability	(3,930,411)
Accrued compensated absences	(1,525,830)
Bonds and notes payable	<u>(32,909,611)</u>
Net position of governmental activities	<u>\$ 16,872,492</u>

See Notes to 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, 2018**

	General Fund 101	Capital Improvement Fund 301	2017 Recreation Bond Construction 217	Other Governmental Funds	Total Governmental Funds
<i>Revenues</i>					
<i>Taxes:</i>					
Property	\$ 4,968,578	-	-	397,830	5,366,408
Gross receipts	33,019,077	-	-	749,418	33,768,495
Gasoline and motor vehicle	220,481	-	-	-	220,481
Other taxes	2,001,793	-	-	1,405,307	3,407,100
<i>Intergovernmental</i>					
Federal operating grants	604,046	-	-	678,235	1,282,281
State operating grants	1,412,438	-	-	1,553,118	2,965,556
State capital grants	-	500,905	-	-	500,905
Charges for services	880,239	-	-	1,308,446	2,188,685
Licenses and fees	710,899	-	-	-	710,899
Fines, forfeitures, and penalties	51,678	-	-	-	51,678
Investment income (loss)	83,786	41,240	166,296	50,858	342,180
Miscellaneous	452,457	49,777	-	113,346	615,580
<i>Total revenues</i>	<u>44,405,472</u>	<u>591,922</u>	<u>166,296</u>	<u>6,256,558</u>	<u>51,420,248</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	7,771,477	2,170,657	-	573,252	10,515,386
Public safety	22,232,366	-	-	1,013,639	23,246,005
Public works	-	1,601,241	-	5,225,726	6,826,967
Culture and recreation	5,235,267	-	113,956	1,639,718	6,988,941
Health and welfare	-	-	-	2,490	2,490
Capital outlay	3,253,138	862,242	4,905,427	705,132	9,725,939
<i>Debt service</i>					
Principal	245,889	-	-	847,500	1,093,389
Interest and other charges	25,369	-	-	543,559	568,928
<i>Total expenditures</i>	<u>38,763,506</u>	<u>4,634,140</u>	<u>5,019,383</u>	<u>10,551,016</u>	<u>58,968,045</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>5,641,966</u>	<u>(4,042,218)</u>	<u>(4,853,087)</u>	<u>(4,294,458)</u>	<u>(7,547,797)</u>
<i>Other Financing Sources (Uses)</i>					
Proceeds from loans	-	-	20,109,439	-	20,109,439
Transfers, in	1,243,790	2,728,367	-	6,658,554	10,630,711
Transfers, out	(9,276,666)	(6,000)	-	(312,423)	(9,595,089)
Proceeds from sale of capital assets	55,937	-	-	-	55,937
<i>Total other financing sources (uses)</i>	<u>(7,976,939)</u>	<u>2,722,367</u>	<u>20,109,439</u>	<u>6,346,131</u>	<u>21,200,998</u>
<i>Net change in fund balances</i>	<u>(2,334,973)</u>	<u>(1,319,851)</u>	<u>15,256,352</u>	<u>2,051,673</u>	<u>13,653,201</u>
<i>Fund balances - beginning of year</i>	<u>24,024,281</u>	<u>10,039,683</u>	<u>-</u>	<u>7,332,686</u>	<u>41,396,650</u>
<i>Fund balances, end of year</i>	<u>\$ 21,689,308</u>	<u>8,719,832</u>	<u>15,256,352</u>	<u>9,384,359</u>	<u>55,049,851</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF ROSWELL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$ 13,653,201
Defined benefit pension plan and OPEB deferred outflows are not financial resources and therefore are not reported in the funds	
Increase in Pension expense	367,948
Decrease in OPEB	(349,245)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital expenditures recorded in capital outlay	9,725,939
Depreciation expense	(5,386,917)
Loss on disposal of assets	(182,952)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds:	
Increase in deferred revenue	75,173
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	281,128
Increase in worker's comp liability	(128,439)
The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Principal payments on bonds, leases and notes payable	1,093,389
Proceeds from bond issuance	(20,109,439)
Change in net position of governmental activities	<u>\$ (960,214)</u>

STATE OF NEW MEXICO
CITY OF ROSWELL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
General Fund-101
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	
Revenues:				
Taxes:				
Property	\$ 5,058,043	5,058,043	5,154,404	96,361
Gross Receipts	29,241,268	29,895,316	33,019,077	3,123,761
Other Taxes	2,063,500	2,240,000	2,222,274	(17,726)
Intergovernmental				
Federal Operating Grants	334,381	879,381	604,046	(275,335)
State Operating Grants	725,000	860,000	1,412,438	552,438
Charges for Services	633,580	611,918	880,239	268,321
Licenses and Fees	431,140	394,140	922,393	528,253
Fines, Forfeitures, and Penalties	300,000	330,000	19,741	(310,259)
Investment Income	25,000	25,000	193,059	168,059
Miscellaneous	81,650	334,650	452,457	117,807
Total Revenues	<u>38,893,562</u>	<u>40,628,448</u>	<u>44,880,128</u>	<u>4,251,680</u>
Expenditures:				
Current:				
General Government	9,501,419	10,704,498	6,699,243	4,005,255
Public Safety	20,784,578	22,263,010	22,232,366	30,644
Culture and Recreation	5,965,062	6,576,516	5,235,267	1,341,249
Capital Outlay	726,102	726,102	4,275,085	(3,548,983)
Total Expenditures	<u>36,977,161</u>	<u>40,270,126</u>	<u>38,441,961</u>	<u>1,828,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,916,401</u>	<u>358,322</u>	<u>6,438,167</u>	<u>6,079,845</u>
Other Financing Sources (Uses):				
Transfers, In	1,243,790	1,243,790	1,243,790	-
Transfers, Out	(7,707,461)	(8,869,340)	(9,276,666)	(407,326)
Proceeds from sale of Capital Assets			55,937	55,937
Total Other Financing sources (Uses):	<u>(6,463,671)</u>	<u>(7,625,550)</u>	<u>(7,976,939)</u>	<u>(351,389)</u>
Net Change in Fund Balances	<u>\$ (4,547,270)</u>	<u>(7,267,228)</u>	<u>(1,538,772)</u>	<u>5,728,456</u>
Reconciliation to GAAP Basis:				
Adjustments to Revenues			(474,656)	
Adjustments to Expenditures			(321,545)	
NET CHANGE IN FUND BALANCE			<u>\$ (2,334,973)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF ROSWELL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018**

	Airport	Solid Waste	Water and Sewer	Total
Assets				
Current Assets				
Cash, cash equivalents and investments	\$ 6,108,743	5,943,276	17,297,433	29,349,452
Customer receivables, net of allowance	332,295	536,477	827,873	1,696,645
Inventory	2,601	-	1,078,758	1,081,359
Total current assets	<u>6,443,639</u>	<u>6,479,753</u>	<u>19,204,064</u>	<u>32,127,456</u>
Noncurrent assets				
Capital assets	81,728,518	19,302,930	142,881,327	243,912,775
Less: accumulated depreciation	<u>(46,771,382)</u>	<u>(12,090,095)</u>	<u>(79,494,630)</u>	<u>(138,356,107)</u>
Total noncurrent assets	<u>34,957,136</u>	<u>7,212,835</u>	<u>63,386,697</u>	<u>105,556,668</u>
Total assets	<u>41,400,775</u>	<u>13,692,588</u>	<u>82,590,761</u>	<u>137,684,124</u>
Deferred Outflows				
Pension Related	191,656	444,858	977,175	1,613,689
OPEB	<u>17,471</u>	<u>40,510</u>	<u>88,957</u>	<u>146,938</u>
Total Deferred Outflows	209,127	485,368	1,066,132	1,760,627
Liabilities				
Current Liabilities				
Accounts payable	35,042	366,845	578,662	980,549
Accrued payroll expenses	18,116	47,825	89,941	155,882
Accrued compensated absences	28,253	49,344	139,930	217,527
Accrued interest	24,411	-	95,718	120,129
Meter and other deposits	178,024	-	1,800	179,824
Current portion of bonds and notes payable	<u>194,346</u>	<u>-</u>	<u>1,535,849</u>	<u>1,730,195</u>
Total current liabilities	<u>478,192</u>	<u>464,014</u>	<u>2,441,900</u>	<u>3,384,106</u>
Noncurrent Liabilities				
Landfill closure	-	1,522,141	-	1,522,141
Bonds and notes payable	2,385,000	-	26,285,786	28,670,786
Net OPEB Liability	888,451	2,060,079	4,523,716	7,472,246
Net Pension Liability	<u>722,237</u>	<u>1,676,403</u>	<u>3,682,390</u>	<u>6,081,030</u>
Total noncurrent liabilities	<u>3,995,688</u>	<u>5,258,623</u>	<u>34,491,892</u>	<u>43,746,203</u>
Total Liabilities	<u>4,473,880</u>	<u>5,722,637</u>	<u>36,933,792</u>	<u>47,130,309</u>
Deferred Inflows				
Pension Related	65,203	151,345	332,445	548,993
OPEB	202,209	468,869	1,029,587	1,700,665
Debt reacquisition price in excess of carrying value	-	-	2,667,657	2,667,657
Total Deferred Inflows	<u>267,412</u>	<u>620,214</u>	<u>4,029,689</u>	<u>4,917,315</u>
Net Position				
Net investment in capital assets	32,377,790	7,212,835	32,897,405	72,488,030
Unrestricted net position	<u>4,490,820</u>	<u>622,270</u>	<u>9,796,007</u>	<u>14,909,097</u>
Total Net Position	<u>\$ 36,868,610</u>	<u>7,835,105</u>	<u>42,693,412</u>	<u>87,397,127</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF ROSWELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018**

	Airport	Solid Waste	Water and Sewer	Total
<i>Operating Revenues</i>				
Charges for Services	\$ 3,475,541	6,519,043	13,416,675	23,411,259
Operating Grants	1,359,754	-	-	1,359,754
Total operating revenues	4,835,295	6,519,043	13,416,675	24,771,013
<i>Operating Expenses</i>				
General and administrative	452,934	348,126	778,795	1,579,855
Personnel services	1,225,039	2,790,999	5,837,495	9,853,533
Contractual services	127,321	735,669	514,032	1,377,022
Supplies and purchased power	6,002	488,272	1,498,774	1,993,048
Maintenance and materials	2,688,592	1,308,653	364,608	4,361,853
Utilities	153,955	31,111	631,717	816,783
Gross receipts tax expense	6,620	316,890	604,678	928,188
Closure costs	-	104,142	-	104,142
Depreciation	2,497,086	927,116	2,539,571	5,963,773
<i>Total operating expenses</i>	<i>7,157,549</i>	<i>7,050,978</i>	<i>12,769,670</i>	<i>26,978,197</i>
<i>Operation income (loss)</i>	<i>(2,322,254)</i>	<i>(531,935)</i>	<i>647,005</i>	<i>(2,207,184)</i>
<i>Non-operating revenues (expenses)</i>				
Interest income	23,154	31,361	81,696	136,211
Interest expense	(48,679)	(14,310)	(979,530)	(1,042,519)
Gross receipts tax revenue	19,466	313,483	601,869	934,818
Miscellaneous	769,179	30,971	2,316,427	3,116,577
Gain (loss) from sale of capital assets	-	-	(127,652)	(127,652)
Total non-operating revenues (expenses)	763,120	361,505	1,892,810	3,017,435
Income (Loss) Before Contributions and Transfers	(1,559,134)	(170,430)	2,539,815	810,251
<i>Other Financing Sources (Uses)</i>				
Transfers in	561,580	629,001	1,915,009	3,105,590
Transfers out	(1,022,645)	(769,848)	(2,348,719)	(4,141,212)
<i>Net transfers</i>	<i>(461,065)</i>	<i>(140,847)</i>	<i>(433,710)</i>	<i>(1,035,622)</i>
Change in net position	(2,020,199)	(311,277)	2,106,105	(225,371)
<i>Beginning net position, as previously reported</i>	<i>39,944,147</i>	<i>10,593,428</i>	<i>45,960,762</i>	<i>96,498,337</i>
<i>Prior period adjustment (see Note 22)</i>	<i>(1,055,338)</i>	<i>(2,447,046)</i>	<i>(5,373,455)</i>	<i>(8,875,839)</i>
<i>Beginning net position, as restated</i>	<i>38,888,809</i>	<i>8,146,382</i>	<i>40,587,307</i>	<i>87,622,498</i>
<i>Net position, end of year</i>	<i>\$ 36,868,610</i>	<i>7,835,105</i>	<i>42,693,412</i>	<i>87,397,127</i>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF ROSWELL
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2018**

	Airport	Solid Waste	Water Sewer	Total
Cash Flows From Operating Activities				
Cash received from customers and others	\$ 4,985,758	6,426,443	13,515,119	24,927,320
Cash paid for goods and services	(3,752,061)	(2,950,847)	(5,090,401)	(11,793,309)
Cash paid to employees	(781,083)	(1,788,205)	(3,761,011)	(6,330,299)
Net cash provided by operating activities	452,614	1,687,391	4,663,707	6,803,712
Cash Flows From Investing Activities				
Interest income	23,154	31,361	81,696	136,211
Net cash provided by investing activities	23,154	31,361	81,696	136,211
Cash Flows From Non-Capital Financing				
Other revenue	788,645	344,454	2,918,296	4,051,395
Internal transfers and loans	(461,065)	(140,847)	(433,710)	(1,035,622)
Net cash provided (used) by non-capital financing activities	327,580	203,607	2,484,586	3,015,773
Cash Flows From Capital and Related Financing Activities				
Proceeds from debt	-	-	-	-
Purchases of capital assets	(974,718)	(2,100,913)	(16,536,134)	(19,611,765)
Debt payment	2,579,346	(390,000)	(113,784)	2,075,562
Interest paid	(48,679)	(14,310)	(1,145,917)	(1,208,906)
Net cash provided (used) by capital and related financing activities	1,555,949	(2,505,223)	(17,795,835)	(18,745,109)
Net increase (decrease) in cash and cash equivalents	2,359,297	(582,864)	(10,565,846)	(8,789,413)
Cash and restricted cash and cash equivalents, beginning of year	3,749,446	6,526,140	27,863,279	38,138,865
Cash and restricted cash and cash equivalents, end of year	\$ 6,108,743	5,943,276	17,297,433	29,349,452
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ (2,322,254)	(531,935)	647,005	(2,207,184)
Adjustments to operating (loss) income to net cash provided by operating activities:				
Depreciation	2,497,086	927,116	2,539,571	5,963,773
Loss on disposition of assets	-	-	(127,652)	(127,652)
Change in assets and liabilities:				
Receivables	125,537	(92,600)	226,096	259,033
Inventory	36,981	53,983	7,979	98,943
Accounts payable	(353,618)	225,223	(705,507)	(833,902)
Accrued payroll	160	9,664	(39,273)	(29,449)
Accrued interest	-	-	(269)	(269)
Accrued compensated absences	7,768	(11,354)	4,413	827
Meter other refundable deposits	24,411	(1,332)	-	23,079
Due to other funds	515	-	-	515
Landfill closure	-	104,142	-	104,142
Net pension and OPEB liability, deferred inflows and outflows	436,028	1,004,484	2,111,344	3,551,856
Net cash provided by operating activities	\$ 452,614	1,687,391	4,663,707	6,803,712

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF ROSWELL
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2018**

Assets

Cash	\$	<u>549,585</u>
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Liabilities

Deposits held in trust for others	\$	<u>549,585</u>
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See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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*.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Measurement focus, basis of accounting, and financial statement presentation. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Under the requirements of GASB 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 (101)* 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 *2017 Recreation Bond Construction Fund (217)* accounts for the receipt of bond proceeds to fund the Roswell Recreation Center project to provide adequate services to the community. Overall administration and construction as well as all other activities necessary to manage and complete these projects are accounted for in this fund.

The *Capital Improvement Capital Projects Fund (301)* accounts for the construction of street, sidewalks and curbs, parking lot paving, ADA improvements to intersections, channel reconstruction and related activities for the City. Overall administration and construction as well as all other activities necessary to manage and complete these projects are accounted for in this fund.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Airport Fund (610)* 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 (620)* 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 (630)* accounts for the provisions of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Additionally, the government reports the following fund types:

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

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

The *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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2018, the City reported deferred outflows for the defined pension plan and other post-employment benefits. Deferred inflows are reported in the governmental funds regarding property taxes and the defined pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after 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 City 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, 2018 in the proprietary funds was \$1,081,359 and \$84,094 in the governmental funds.

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.

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

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Expenses. Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2018, along with applicable PERA and Retiree Health Care benefits.

Unearned Revenue. There are two types of unearned 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 unearned revenue. The other type of unearned 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 unearned 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. Bond premiums and discounts, as well as issuance costs related to insurance, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs other than related insurance are expensed in the year incurred. 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.

Pension. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA’s. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. At June 30, 2018, there were no committed fund balances.

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. At June 30, 2018, there were no assigned fund balances.

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, 2018, the Nonspendable fund balance in the general fund is made up of inventory in the amount of \$84,094 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 \$436,092 that is legally required to be maintained intact and not available to be expended.

Restricted Fund Balance. At June 30, 2018, the restricted fund balance on the governmental funds balance sheet is made up of \$39,225,748 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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 page 45.
- 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.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY

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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY (CONTINUED)

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, 2018 is presented. The proprietary funds budgetary comparisons are presented in accordance with generally accepted accounting principles. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis, by fund, can be found on each individual budgetary statement.

NOTE 3 – DEPOSITS AND INVESTMENTS

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2018.

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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$25,632,893 of the City’s bank balances of \$32,875,983 were exposed to custodial credit risk. \$30,389,499 was collateralized by securities held by the pledging bank’s trust department, not in the City’s name, and \$5,030,037 was uninsured and uncollateralized.

	Pioneer Bank	Washington Federal Bank	New Mexico Finance Authority	Total
Amount of Deposits	\$ 15,218,029	10,414,864	7,243,089	32,875,982
Less: FDIC Coverage	250,000	250,000	-	500,000
Total uninsured public funds	14,968,029	10,164,864	7,243,089	32,375,982
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City’s name	25,254,672	5,134,827	-	30,389,499
Uninsured and uncollateralized	0	5,030,037	-	5,030,037
Collateral requirement (50% of uninsured public funds)	7,484,015	5,082,432	-	12,566,447
Pledged collateral	25,254,672	5,134,827	-	30,389,499
Over (under) collateralized	\$ 17,770,657	52,395	-	17,823,052

Deposits with the New Mexico Finance Authority. The City has deposits with the New Mexico Finance Authority which is a State Agency that has its funds deposited with the New Mexico State Treasurer. 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. These funds are not subject to the collateralization requirements.

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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The City’s investments in LGIP at June 30, 2018 include the following:

Investments	Rated	Weighted Average Maturity (R)	Weighted Average Maturity (F)	Fair Market Value
LGIP	*AAAm	50 Days	100 Days	\$ 4,473,602

**Based off Standard & Poor’s rating*

In addition to the investment in LGIP above the City has \$45,075,400 invested in mutual funds with Moreton Capital Markets. See below for basis of fair value measurement of these investments.

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).

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 9% of the investment portfolio and investments held by Moreton Capital represent 91% pf the investment portfolio. Since the City only purchases 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	\$ 73,676,690
Agency funds cash	549,585
Restricted cash – New Mexico Finance Authority	6,301,297
Plus outstanding checks	2,023,660
Less: deposits in transit	(121,164)
Less: petty cash	(5,084)
Less: investments	<u>(49,549,002)</u>
Bank balance of deposits	<u>\$ 32,875,982</u>

GASB Statement No. 72 requires investment to be presented at fair value. This statement provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Basis of Fair Value Measurement –

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the City's assets had a fair value as of June 30, 2018:

	Investment Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investment in				
LGIP	\$ 4,473,602	-	-	4,473,602
Moreton Capital	45,75,400			45,075,400
Total Assets at fair value	\$ 49,549,002	-	-	49,549,002

NOTE 4 – RECEIVABLES

Governmental funds receivables as of June 30, 2018 are shown as follows:

	General	Capital Improvements	Nonmajor	Total
			Governmental Funds	
Property Taxes	\$ 408,034	-	5,596	413,630
Other Taxes	7,270,291	-	-	7,270,291
Intergovernmental grants:				
State	520,640	22,500	468,341	1,011,481
Licenses and fees	-	-	-	-
Totals by category	\$ 8,198,965	22,500	473,937	8,695,402

In accordance with GASB 33 property tax revenues in the amount of \$337,324 that were not collected within the period of availability have been reclassified as deferred inflows in the governmental fund financial statements.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 – RECEIVABLES (CONTINUED)

Proprietary fund receivables as of June 30, 2018 are shown as follows:

	<u>Airport</u>	<u>Solid Waste</u>	<u>Water and Sewer</u>	<u>Total</u>
Customer receivables	\$ 380,524	644,134	1,402,367	2,427,025
Less: Allowance for doubtful accounts	<u>(48,229)</u>	<u>(107,657)</u>	<u>(574,494)</u>	<u>(730,380)</u>
Total by category	<u>\$ 332,295</u>	<u>536,477</u>	<u>827,873</u>	<u>1,696,645</u>

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, 2018 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
HIDTA	General Fund	\$ 5,193

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

<u>Major Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<i>Governmental Activities</i>		
General	\$ 1,243,790	\$ 9,276,666
Capital Improvement	2,728,367	6,000
Cemetery	199,448	-
Mass Transit	660,923	-
Recreation	1,210,486	-
Correction Fees	431,138	-
Road	2,890,867	312,423
Unemployment Compensation	36,000	-
2015 GRT Bond	99,192	-
2017 Recreation Bond	1,130,500	-
Total Governmental Activities	<u>10,630,711</u>	<u>9,595,089</u>
 <i>Business-type Activities</i>		
Airport	561,580	1,022,645
Solid Waste	629,001	769,848
Water and Sewer	1,915,009	2,348,719
Total Business-Type Activities	<u>3,105,590</u>	<u>4,141,212</u>
	<u>\$ 13,736,301</u>	<u>\$ 13,736,301</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, 2018**

NOTE 6 – CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018, 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, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$ 3,574,883	5,176	-	3,580,059
Land-right of way	5,148,605	-	-	5,148,605
Construction in Progress	700,862	7,132,016	(20,318)	7,812,560
Library Collection	3,059,563	206,824	(157,750)	3,108,637
Historical Treasures	437,204	-	-	437,204
Total	12,921,117	7,344,016	(178,068)	20,087,065
Capital Assets being depreciated:				
Land improvements	18,314,442	201,761	(39,008)	18,477,195
Buildings and improvements	33,394,767	-	-	33,394,767
Machinery and equipment	12,672,524	1,056,582	(238,244)	13,490,862
Furniture and fixtures	134,759	19,741	(52,336)	102,164
Vehicles	15,845,499	284,235	(227,455)	15,902,279
Infrastructure	167,393,725	819,604	-	168,213,329
Total	247,755,716	2,381,923	(557,043)	249,580,596
Less accumulated depreciation:				
Land improvements	(9,256,850)	(629,169)	7,463	(9,878,556)
Buildings and improvements	(21,840,536)	(1,119,217)	-	(22,959,753)
Machinery and equipment	(10,353,916)	(800,872)	238,244	(10,916,544)
Furniture and fixtures	(128,488)	(3,389)	52,336	(79,541)
Vehicles	(14,262,124)	(760,925)	254,116	(14,768,933)
Infrastructure	(146,505,639)	(2,073,345)	-	(148,578,984)
Total	(202,347,553)	(5,386,917)	552,159	(207,182,311)
Total capital assets, net	\$ 58,329,280	4,339,022	(182,952)	62,485,350

Depreciation expense for the year ended June 30, 2018 was charged to governmental activities as follows:

General government	\$ 915,776
Public safety	2,747,328
Public works	808,038
Culture and recreation	915,776
Total depreciation expense	\$ 5,386,917

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 4,609,059	-	-	4,609,059
Construction in progress	6,882,820	15,678,657	-	22,561,477
Water rights- intangible assets	12,145,238	-	-	12,145,238
Total	23,637,117	15,678,657	-	39,315,774
Capital assets being depreciated:				
Land improvements	10,905,363	100,393	-	11,005,756
Buildings and improvements	85,825,657	263,187	-	86,088,844
Machinery and equipment	17,253,033	1,366,477	(240,053)	18,379,457
Furniture and fixtures	116,403	-	-	116,403
Vehicles	8,467,012	1,137,585	(99,083)	9,505,514
Infrastructure	78,307,909	1,193,118	-	79,501,027
Total	200,875,377	4,060,760	(339,136)	204,597,001
Less accumulated depreciation:				
Land improvements	(4,438,626)	(546,957)	-	(4,985,583)
Buildings and improvements	(62,060,116)	(2,158,710)	-	(64,218,826)
Machinery and equipment	(15,484,296)	(505,789)	112,400	(15,877,685)
Furniture and fixtures	(116,403)	-	-	(116,403)
Vehicles	(6,874,928)	(630,484)	99,080	(7,406,326)
Infrastructure	(43,629,449)	(2,121,836)	-	(45,751,284)
Total	(132,603,818)	(5,963,776)	211,483	(138,356,107)
Total capital assets, net of depreciation	\$ 82,845,956	13,775,642	(127,653)	105,556,668

Depreciation expense for the year ended June 30, 2018 was charged to business-type activities as follows:

Airport	\$ 2,497,086
Solid Waste	927,117
Water	<u>2,539,572</u>
Total depreciation expense	\$ <u>5,963,775</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – LONG TERM DEBT

Governmental Activities. During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Bonds Payable	\$ 12,677,500	\$ 18,355,000	\$ (847,500)	\$ 30,185,000	\$ 1,339,583
Capital leases payable	1,216,061	-	(245,889)	970,172	251,159
Workers' Compensation	4,211,539	156,136	(437,264)	3,930,411	3,930,411
Compensated Absences	1,397,391	1,642,970	(1,514,531)	1,525,830	1,525,830
Totals	<u>\$ 19,502,491</u>	<u>\$ 20,154,106</u>	<u>\$ (3,045,184)</u>	<u>\$ 36,611,413</u>	<u>\$ 7,046,983</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 2018, compensated absences increased \$128,439 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 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.

GRT Improvement Bonds, Series December 22, 2015, were issued to provide funds to acquire, construct, and repair general infrastructure within the city. The bonds were issued pursuant to Section 7-1-6.4 NMSA 1978, and acts amendatory and supplemental thereto. Repayment of the bonds will be funded by gross receipts tax revenues collected by the city. Interest on the bonds is set at a fixed rate of 2.22 with semi-annual payments due in February and August.

Convention Center Revenue Bonds, Series 2017 were issued to provide funds for the renovation of the City of Roswell Convention Center. The bonds were issued pursuant to the New Mexico Finance Authority Act, Section 6-21-1 through 6-21-31, NMSA 1978. Interest on the bonds ranges from 0.89% to 2.112%.

GRT Improvement Revenue Bonds, Series 2017, were issued on August 22, 2017 to provide funds to replace, construct, equip, and improve the recreation centers in the City of Roswell. The bonds were issued pursuant to Section 7-1-6.4 NMSA 1978, and acts amendatory and supplemental thereto. Interest on the bonds ranges from 2.00% to 4.00%. The bonds have a maturity date of August 1, 2037.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – LONG TERM DEBT (CONTINUED)

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

Description	Original Issue	Final Maturity	Interest Rate	Balance June 30, 2018
General Obligation Series 2008	\$ 4,100,000	8/1/2022	3.05% - 5.30%	\$ 1,795,000
GRT Bond 2015	3,570,000	8/1/2027	2.22%	3,130,000
Convention Center, Series 2017	7,430,000	8/1/2032	0.89% - 2.112%	6,905,000
Recreation Bond Series 2017	18,355,000	8/1/2037	2% to 4%	18,355,000
Total				\$ <u>30,185,000</u>

Capital Leases. On July 3, 2009 the City negotiated a lease purchase agreement with Suntrust Equipment Finance & Leasing Corp. for a 2008 Fire Pumper Truck in the amount of \$375,052 with an interest rate of 4.28%. The lease calls for annual payments of \$46,876 and will be paid in full in fiscal year 2019. 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. On March 20, 2017 the City negotiated a lease purchase agreement with AVENET Financing for a Records Management System in the amount of \$127,406. The lease calls for monthly payments of \$10,617, with an interest rate of 3%, and will be paid in full in fiscal year 2018.

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, 2017
Sun Trust Equipment Finance (fire truck)	\$ 375,052	7/3/2018	4.28%	\$ 44,931
Sun Trust Equipment Finance (fire truck)	1,623,422	9/14/2022	2.13%	854,342
AVENET Financing (records mgt. system)	127,406	5/15/2018	3.00%	70,899
Total				\$ <u>970,172</u>

Debt Service Requirements. Debt service requirements on long-term debt for governmental activities at June 30, 2018 are as follows:

Bonds Payable

Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2019	\$ 1,339,583	\$ 980,280	\$ 2,319,863
2020	1,714,583	943,990	2,658,573
2021	1,764,583	898,648	2,663,231
2022	1,809,583	850,627	2,660,210
2023	1,869,167	796,157	2,665,324
2024-2028	8,075,833	3,224,224	11,300,057
2029-2033	7,511,668	1,888,034	9,399,702
2034-2038	6,100,000	629,401	6,729,401
Total	\$ <u>30,185,000</u>	\$ <u>10,211,361</u>	\$ <u>40,396,361</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – LONG TERM DEBT (CONTINUED)

Capital Leases Payable					
Fiscal Year Ending					
June 30,		Principal Payment		Interest Payment	Total Debt Service
2019	\$	251,158	\$	20,099	\$ 271,257
2020		195,669		14,675	210,344
2021		170,793		11,121	181,914
2022		174,423		7,492	181,914
2023		178,129		3,785	181,914
Total	\$	<u>970,172</u>	\$	<u>57,172</u>	<u>\$ 1,027,343</u>

Worker's Compensation. The Worker's Compensation liability of \$3,930,411 reported at June 30, 2018 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 probably 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 2017 and 2018 are summarized below:

		Compensation
Claims Liability, June 30, 2016	\$	4,018,080
Current year claims, insurance and changes in estimates		503,945
Claims and insurance payments		(310,486)
Claims liability June 30, 2017	\$	4,211,539
Current year claims insurance and changes in estimates		156,136
Claims and insurance payments		(437,264)
Claims liability, June 30, 2018	\$	<u>3,930,411</u>

Business-Type Activities. During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the proprietary funds statement of net position:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Bonds payable	\$ 26,295,000	2,579,346	(1,185,000)	27,689,346	1,609,346
Notes payable	2,030,419	681,216	-	2,711,635	120,849
Landfill closure and post closure	1,417,999	104,142	-	1,522,141	-
Compensated absences	216,700	216,744	(215,917)	217,527	217,527
Totals	\$ <u>29,960,118</u>	<u>3,581,448</u>	<u>(1,400,917)</u>	<u>32,140,649</u>	<u>1,947,722</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
NOTE 8 – LONG TERM DEBT (CONTINUED)**

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 2018, compensated absences increased \$827 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.

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.

The Joint Water and Sewer Improvement Revenue Bond Series 2014A were issued to provide funds to extend, enlarge, better, repair and otherwise improve the City's Joint Water and Sewer System. The Bonds were issued pursuant to Sections 3-3 1-1 through 3-1- 1-12 NMSA 1978, as amended. The 2014A Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenue of the joint utility system.

In June, 2015, the City issued \$7,345,000 in refunding bonds with an effective interest rate of 2.00% to advance refund the Joint Utility System Series 2005. The 2005 bond had an interest rate of 3.75%. The total refunded principal was \$8,795,000. A Series 2005 Reserve Fund of \$1,023,618, and the net 2014B proceeds of \$8,155,992, which includes a premium of \$968,466, were deposited with an escrow agent and invested in open market securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for payment of the refunded bonds on their call date of June 1, 2015. As a result the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the financial statements. The advanced refunding was undertaken to reduce the total debt service payments over the next 8 years with a net present value savings to the City of \$748,000. The 2014B Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenue of the joint utility system.

In February 2017, the City issued \$18,230,000 in revenue bonds to extend, enlarge, better, repair and otherwise improve the City's Joint Water and Sewer System. The Joint Water and Sewer Improvement Revenue Bond Series 2017 included a premium of \$1,918,998, which is being amortized over the life of the bonds. The Bonds were issued pursuant to Sections 3-3 1-1 through 3-1- 1-12 NMSA 1978, as amended. The 2017 Bonds and all payments of principal, premium, and interest thereon whether at maturity or on a redemption date shall be paid with pledged revenue of the joint utility system.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – LONG TERM DEBT (CONTINUED)

During the year ended June 30, 2018, the City issued \$2,579,346 in revenue bonds to make airport improvements. The Airport Improvement Revenue Bonds, Series 2017, were issued pursuant to Sections 3-3 1-1 through 3-1- 1-12 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, 2018
Gross Receipts Tax Improvement Series 2008	3,190,000	06/1/2018	3.00% - 4.10%	\$ -
Joint Water and Sewer Utility Improvement Bonds Series 2014A	2,500,000	06/01/2034	2.00% - 5.00%	2,055,000
Joint Water and Sewer Utility Refunding Bonds Series 2014B	7,345,000	06/01/2025	2.00% - 5.00%	4,905,000
Joint Water and Sewer Utility Revenue Bonds Series 2017	18,230,000	06/01/2037	3.00% - 5.00%	18,150,000
Airport Improvement Revenue Bonds Series 2017	2,560,000	08/1/2029	1.61% - 2.78%	2,579,346
Total				\$ <u>27,689,346</u>

During the year ended June 30, 2016, the City executed a Drinking Water State Revolving Loan with the New Mexico Finance Authority. Interest on the drawn amounts ranges from 0.250% to 2.000% over the course of the loan. Interest payments are due in June and December of each year starting in the year of the first draw on the loan. As of June 30, 2018, the City has drawn \$2,117,546 on this loan. The loan matures in June of 2036.

Debt Service Requirements. Debt service requirements on long-term debt for business-type activities at June 30, 2018 are as follows:

Bonds Payable			
Fiscal Year Ending June 30,	Principal Payment	Interest Payment	Total Debt Service
2019	\$ 1,609,346	\$ 1,150,896	\$ 2,760,242
2020	1,655,000	1,098,977	2,753,977
2021	1,750,000	1,045,051	2,795,051
2022	1,850,000	980,291	2,830,291
2023	1,970,000	904,184	2,874,184
2024-2028	8,765,000	3,294,849	12,059,849
2029-2033	5,510,000	1,772,899	7,282,899
2034-2037	4,580,000	575,387	5,155,387
Total	\$ <u>27,689,346</u>	\$ <u>10,822,534</u>	\$ <u>38,511,880</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – LONG TERM DEBT (CONTINUED)

NMFA Loan Payable			
Fiscal Year Ending			
June 30,	Principal Payment	Interest Payment	Total Debt Service
2019	\$ 120,849	\$ 43,990	\$ 164,839
2020	121,151	43,687	164,838
2021	121,154	43,685	164,839
2022	121,758	43,081	164,839
2023	122,000	42,776	164,776
2024-2028	637,140	186,745	823,885
2029-2033	703,454	120,431	823,885
thereafter	764,129	59,755	823,884
Total	\$ <u>2,711,635</u>	\$ <u>584,150</u>	\$ <u>3,295,785</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	\$	376,915
Landfill maintenance		777,425
Environmental monitoring		1,191,803
Phase I & II assessment		1,569,498
Total estimated closure and post closure costs	\$	<u>3,915,641</u>
Total capacity used to date (approx. 89.02 acres) as a % of total capacity (229 acres)	\$	38.87%
Estimated closure and post closure costs		1,522,141
Prior liability recognized		1,417,999
Total current year addition to liability		104,142
Estimated liability for the year ended June 30, 2018	\$	<u>1,522,141</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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – RISK MANAGEMENT (CONTINUED)

The City also participates in the New Mexico Self-Insurers' Fund (the Fund), which services the City's worker's compensation claims. Through this arrangement, the City retains risks associated with worker's compensation claims up to \$250,000 per accident. The City currently reports all of its risk management activities in its General Fund. The General Fund pays the worker's compensation claims and premiums, which are then reimbursed by the City's other funds.

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

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The estimated claims payable of \$3,930,411 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 – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description - Employees of the City are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2017, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	160,035
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	97,349

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the City were \$488,753 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reported a liability of \$24,854,414 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of the date. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the City’s proportion was 0.54845 percent.

For the year ended June 30, 2018, the City recognized OPEB expense of \$988,132. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 10 – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	953,781
Changes in assumptions	-	4,345,478
Net difference between projected and actual earnings on OPEB plan investments	-	357,547
Employer contributions subsequent to the measurement date	<u>488,752</u>	<u>-</u>
Total	\$ <u>488,752</u>	<u>5,656,806</u>

Deferred outflows of resources totaling \$488,752 represent City contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (1,202,677)
2020	(1,202,677)
2021	(1,202,677)
2022	(1,202,677)
2023	<u>(846,098)</u>
Total	<u>\$ (5,656,806)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 10 – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Rate of Return – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	4.1%
U.S. equity – large cap	9.1
Non U.S. – emerging markets	12.2
Non U.S. – developed equities	9.8
Private equity	13.8
Credit and structured finance	7.3
Real estate	6.9
Absolute return	6.1
U.S. equity – small/mid cap	9.1

Discount Rate – The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate; percent) than the current discount rate:

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 10 – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$	<u>30,148,017</u>	<u>24,854,414</u>	<u>20,701,107</u>

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Discount Rate	1% Increase
\$	<u>21,140,391</u>	<u>24,854,414</u>	<u>27,750,434</u>

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

Payables changes in the net OPEB liability. At June 30, 2018, the City did not accrue any payables for OPEB.

NOTE 11 – CONTINGENT LIABILITIES

The City is a defendant in a number of lawsuits as of June 30, 2018. 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 12 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

Plan Description – *Public Employees Retirement Fund* is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Tier II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. See PERA's comprehensive annual financial report for Contribution provided description.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

PERA Contribution Rates and Pension Factors as of July 1, 2017						
	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
Coverage Plan						
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the City reported a liability of \$51,298,151 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Division Municipal General, at June 30, 2018, the City reported a liability of \$20,344,696 for its proportionate share of the net pension liability. At June 30, 2017, the City’s proportion was 1.48060 % percent, which decreased 0.0603% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized PERA Fund Division Municipal General Pension expense of \$1,278,348. At June 30, 2018, the City reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 799,408	(1,041,996)
Changes in assumptions	938,193	(210,235)
Net difference between projected and actual earnings on pension plan investments	1,669,160	-
Changes in proportion and differences between City’s contributions and proportionate share of contributions	705,947	(584,484)
City’s contributions subsequent to the measurement date	<u>1,286,049</u>	<u>-</u>
Total	<u>\$ 5,398,757</u>	<u>(1,836,715)</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$1,286,049 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	679,638
2020		1,936,018
2021		148,141
2022		(487,804)
2023		-
Thereafter		-

For PERA Fund Division Municipal Police, at June 30, 2018, the City reported a liability of \$11,719,100 for its proportionate share of the net pension liability. At June 30, 2017, the City’s proportion was 2.1094% percent, which decreased .2724% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized PERA Fund Division Municipal Police pension expense of \$128,429. At June 30, 2018, the City reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 711,760	(2,189,599)
Changes in assumptions	697,247	(272,508)
Net difference between projected and actual earnings on pension plan investments	943,813	-
Changes in proportion and differences between City’s contributions and proportionate share of contributions	238,782	(1,073,508)
City’s contributions subsequent to the measurement date	<u>1,062,352</u>	<u>-</u>
Total	<u>\$ 3,653,954</u>	<u>(3,535,615)</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$1,062,352 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	(294,843)
2020		292,813
2021		(666,024)
2022		(275,959)
2023		-
Thereafter		-

For PERA Fund Municipal Fire Division, at June 30, 2018, the City reported a liability of \$19,234,355 for its proportionate share of the net pension liability. At June 30, 2017, the City’s proportion was 3.3618% percent, which increased 0.0936% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized PERA Fund Municipal Fire Division pension expense of \$1,227,165. At June 30, 2018, the City reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	628,039	(2,408,459)
Changes in assumptions		760,411	(120,590)
Net difference between projected and actual earnings on pension plan investments		722,039	-
Changes in proportion and differences between City’s contributions and proportionate share of contributions		498,863	(98,064)
City’s contributions subsequent to the measurement date		<u>1,060,682</u>	<u>-</u>
Total	\$	<u>3,670,034</u>	<u>(2,627,113)</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$1,060,682 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 147,721
2020	413,352
2021	(370,804)
2022	(208,030)
2023	-
Thereafter	-

Actuarial assumptions: The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level of percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed market value
Actuarial assumptions	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 9 years 2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for health post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	100.0%	

Discount rate: A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate: The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

PERA Fund Municipal General Division

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
City’s proportionate share of the net pension liability	\$ <u>31,886,858</u>	<u>20,344,696</u>	<u>10,745,783</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12 – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

PERA Fund Municipal Police Division

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
City's proportionate share of the net pension liability	\$ <u>18,688,713</u>	<u>11,719,100</u>	<u>5,999,501</u>

PERA Fund Municipal Fire Division

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
City's proportionate share of the net pension liability	\$ <u>25,779,013</u>	<u>19,234,355</u>	<u>13,840,959</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in separately issued PERA financial reports.

Payables to the pension plan: At June 30, 2018 the City had no outstanding contributions to the pension plan and therefore, had no payables reported as of June 30, 2018.

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.

NOTE 14 – RESTRICTED NET POSITION

The government-wide statement of net position reports \$39,661,840 of restricted net position, of which \$1,512,144 is restricted for debt service, \$8,719,832 is restricted for capital projects and \$29,429,864 is restricted by enabling legislation.

NOTE 15 – 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, 2018**

NOTE 16 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 17, 2018 which is the date on which the financial statements were issued.

NOTE 17 – RECENT PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. GASB Statement No. 75 was effective for periods after June 15, 2017. The City has adopted this statement for the year ending June 30, 2018.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest. This statement requires that a government recognize revenue when the resources become applicable to the reporting period. GASB Statement No. 81 was effective for periods beginning after December 15, 2016. The adoption of GASB Statement No. 81 had no effect on the City's financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This statement addresses practice issues that have been identified during the implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, good will, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 was effective for periods beginning after June 15, 2017. The adoption of GASB Statement No. 85 did not have a significant impact of the City's Financial Statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment issues*. This statement establishes essentially the same requirements as GASB Statement No.7, for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 17 – RECENT PRONOUNCEMENTS (CONTINUED)

resources as a separately identified gain or loss in the period of defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to the financial statements in the period of defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains at period-end should be disclosed. GASB Statement No. 86 was effective for periods beginning after June 15, 2017. The City adopted this statement; however, there were no debt extinguishments and the implementation of this statement had no effect on the City's financial statements.

NOTE 18- NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 87, *Leases*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.*

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The City believes that the above listed new GASB pronouncements will not have a significant financial impact to the City or in issuing its financial statements.

NOTE 19 – 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.

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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 19 – GOVERNMENTAL FUND BALANCE (CONTINUED)

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.

Restricted Fund Balances. Fund balances were restricted for the following purposes:

Fund Balances	2017			
	General Fund	Capital Fund	Recreation Bond Construction	Other Governmental Funds
Nonspendable:				
Inventory	\$ 89,049	-	-	-
South park cemetery	-	-	-	436,092
Restricted:				
Library	-	-	-	9,412
Mass Transit	-	-	-	313,757
Recreation	-	-	-	309,999
Correction Fees	-	-	-	1,833
Convention Center	-	-	-	834,457
Lodger's Tax	-	-	-	1,213,396
Roads	-	-	-	793,528
Unemployment compensation	-	-	-	25,326
Community Development Revolving Loan	-	-	-	1,258,759
Beautification Grant	-	-	-	1
Law Enforcement Grant	-	-	-	42,743
HIDTA Grant	-	-	-	42,385
Emergency Medical Services	-	-	-	5,775
Hazardous Materials	-	-	-	4,542
Fire Protection	-	-	-	1,738,216
Federal Narcotic Seizure	-	-	-	29
JAG Grant	-	-	-	22,745
Debt repayment	-	-	-	2,331,364
Capital projects	-	8,719,832	15,256,352	-
Government operations	6,301,297	-	-	-
Unassigned:	15,303,917	-	-	-
Total fund balances:	\$ 21,689,308	8,719,832	15,256,352	9,384,359

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 19 – GOVERNMENTAL FUND BALANCE (CONTINUED)

Subsequent Years Expenditures. The New Mexico Department of Finance and Administration (DFA) requires that 1/12th of the general fund budgeted expenditures be restricted as subsequent year expenditures to maintain an adequate cash flow until the next significant GRT collection .

NOTE 21 – TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under the City Industrial Development Revenue Bond Program Act, Sections 3-22-1 to 3-32-16, NMSA 1978. The City Industrial Development Revenue Bond Act authorizes municipalities to acquire, own, lease or sell projects for the purpose of promoting industry and trade by inducing manufacturing, industrial and commercial enterprises to locate or expand in the state.

For the fiscal year ended June 30, 2018, the City abated property taxes under the City Industrial Development Revenue Bond Act including the following tax abatement agreements:

Christmas by Krebs, Inc. was granted an abatement of property taxes under the City’s Taxable Industrial Revenue Bonds program, for purchasing equipment, expanding and furnishing an existing building and constructing a new building. The amount of the abatement will be determined by net personal and real capital asset costs less depreciation times the tax rates. Taxes are abated to a total reduction of Ad-Valorem Tax. There are no provisions for recapturing the abated taxes. The total abatement for the year ending June 30, 2018 was approximately \$50,000. A portion of the abated taxes affect Eastern New Mexico University Roswell, State of New Mexico, Roswell Independent School district, Chavez County, and CC Soil & Water Conservation.

Leprino Foods Company was granted an abatement of property taxes under the City’s Taxable Industrial Revenue Bonds program, for acquiring, expanding, construction, improving and equipping certain facilities for the manufacture, processing and storage of cheese and milk products. The amount of the abatement will be determined by net personal and real capital asset costs less depreciation times the tax rates. Taxes are abated to a total reduction of Ad-Valorem Tax. There are no provisions for recapturing the abated taxes. The total abatement for the year ending June 30, 2018 was approximately \$300,000. A portion of the abated taxes affect Eastern New Mexico University Roswell, Roswell Independent School District, State of New Mexico, Chaves County, CC Soil and Water Conservation.

Sunrise Energy Ventures New Mexico, LLC was granted an abatement of property taxes under the City’s Taxable Industrial Revenue Bonds program, for construction and equipping of a solar power facility for the purpose of generating electricity. The amount of the abatement will be determined by net personal and real capital asset costs less depreciation times the tax rates. Taxes are abated to a total reduction of Ad-Valorem Tax. There are no provisions for recapturing the abated taxes. The total abatement for the year ending June 30, 2018 was approximately \$25,000. A portion of the abated taxes affect Eastern New Mexico University Roswell, Roswell Independent School District, State of New Mexico, Chaves County, CC Soil and Water Conservation.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 22 – PRIOR PERIOD ADJUSTMENT

Beginning net position at June 30, 2018 was restated in the amount of \$29,993,987. This restatement was due to the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2018

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
Public Employees Retirement Association (PERA)
For Last 10 Fiscal Years*
(Dollars in Thousands)

Fiscal Year Measurement Date	30-Jun			
	2018 2017	2017 2016	2016 2015	2015 2014
City's Proportion of the Net Pension Liability (Asset)				
Municipal General	1.4806%	1.5409%	1.4088%	1.4316%
Municipal Police	2.1094%	2.3818%	2.2946%	2.2728%
Municipal Fire	3.3618%	3.2682%	3.2199%	3.2931%
City's Proportionate Share of Net Pension Liability (Asset)				
Municipal General	\$ 20,345	\$ 24,618	14,363	11,168
Municipal Police	11,719	17,573	11,033	7,409
Municipal Fire	19,234	21,802	16,618	13,745
	\$ 51,298	\$ 63,993	42,014	32,322
City's Covered-Employee Payroll				
Municipal General	\$ 13,466	\$ 13,506	13,196	12,721
Municipal Police	4,639	4,529	4,737	4,000
Municipal Fire	4,135	4,223	3,808	3,100
	\$ 22,240	\$ 22,258	21,741	19,821
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll				
Municipal General	151.08%	182.27%	106.35%	87.79%
Municipal Police	252.62%	388.01%	243.61%	185.23%
Municipal Fire	465.15%	516.27%	436.40%	443.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability				
Municipal General	73.74%	69.18%	76.99%	81.29%
Municipal Police	73.74%	69.18%	76.99%	81.29%
Municipal Fire	73.74%	69.18%	76.99%	81.29%

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the City is not available prior to fiscal year 2015, the year the statement's requirements became effective

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF CITY CONTRIBUTIONS
JUNE 30, 2018**

**SCHEDULE OF CITY'S CONTRIBUTIONS
Public Employees Retirement Association (PERA)
Last Ten Fiscal Years*
(Dollars in Thousands)**

	2018	2017	2016	2015
Contributions in relation to the contractually required contribution				
Municipal General	\$ 1,286	1,155	1,260	1,113
Municipal Police	1,062	1,037	893	849
Municipal Fire	1,061	1,086	1,058	794
	<u>\$ 3,409</u>	<u>3,278</u>	<u>3,210</u>	<u>2,756</u>
Contractually required contributions				
Municipal General	\$ 1,286	1,155	1,260	1,113
Municipal Police	1,062	1,037	895	849
Municipal Fire	1,061	1,086	824	794
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll				
Municipal General	\$ 13,466	13,506	13,196	12,721
Municipal Police	4,639	4,529	4,737	4,000
Municipal Fire	4,135	4,223	3,808	3,100
	<u>\$ 22,240</u>	<u>22,258</u>	<u>21,741</u>	<u>19,821</u>
Contributions "in relation" as a percentage of covered-employee payroll				
Municipal General	9.55%	8.55%	9.55%	8.43%
Municipal Police	22.89%	22.90%	18.84%	17.92%
Municipal Fire	25.66%	25.72%	27.78%	25.61%

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Employer's name is not available prior to fiscal year 2015, the year the statement's requirements became effective

** Amounts for covered payroll for 2018 are imputed using the contribution rates for the various plans

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2018**

**New Mexico Retiree Healthcare Authority
For Last 10 Fiscal Years*
(Dollars in Thousands)**

	Fiscal Year Measurement Date	30-Jun 2018 2017
City's Proportion of the Net OPEB liability (Asset)		0.54846%
City's Proportionate Share of Net Pension Liability (Asset)		\$ 24,854,414
City's Covered-Employee Payroll		\$ 22,846,909
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		108.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		11.34%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the CITY will present information for available years.*

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF CITY'S CONTRIBUTIONS
JUNE 30, 2018**

**New Mexico Retiree Healthcare Authority
Last Ten Fiscal Years*
(Dollar Amounts in Thousands)**

	<u>2018</u>
Contractually Required Contribution	\$ 1,741,618
Contributions in Relation to the Contractually Required	<u>874,098</u>
Contribution Deficiency (Excess)	<u>\$ 867,520</u>
Employer's covered-employee payroll	\$ 22,846,909
Contributions as a percentage of covered-employee payroll	3.83%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for available years.*

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018**

Changes of Benefit Terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA’s CFAR. <https://www.saonm.org>

Assumptions: The Public Employees Retirement Association of New Mexico Annual Actuarial Valuations as of June 2017 report is available at: <http://www.nmpera.org/>

Changes of Benefit Terms. The Retiree Health Care Authority (RHCA) COLA and age eligibility benefit changes in recent years are described in the Notes to the RHCA FY18 audit available at <http://saonm.org/> using the Audit Search function for agency 343.

Changes of Assumptions: The Retiree Health Care Authority (RHCA) of New Mexico Biennial Actuarial Valuation as of June 30, 2017 report is available at <http://saonm.org/> using the Audit Search function for agency 343.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF ROSWELL
NONMAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

SPECIAL REVENUE FUNDS

Library Grants

To account for grant 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 City 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.

Convention Center

To account for the operations of the Civic Center and other promotional activities for the City of Roswell. Financing is provided primarily by user fees on area motels and hotels. Authority for creation of this fund is Section 3-38-21, NMSA 1978.

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.

Road Fund

To account 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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NONMAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NONMAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NONMAJOR FUND DESCRIPTIONS
JUNE 30, 2018**

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.

GRT Bond 2015

To account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs specifically for the 2015 GRT bond. 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.

2017 Recreation Bond

To account for the accumulation of resources for the payment of a general long-term debt principal, interest, and related costs specifically for the 2017 Recreation Bond. The fund's source of revenue is a dedicated portion of the gross receipts tax approved by the city council for bond repayment.

CAPITAL PROJECTS FUNDS

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, 2018

	Special Revenue		
	Library Grants	South Park Cemetery	Mass Transit
	103	202	210
<i>Assets</i>			
Cash and cash equivalents	\$ 9,412	402,870	231,600
Receivables:			
Property taxes	-	-	-
Other receivables	-	52,808	121,373
<i>Total assets</i>	<u>\$ 9,412</u>	<u>455,678</u>	<u>352,973</u>
<i>Liabilities</i>			
Accounts payable	\$ -	8,162	18,406
Accrued payroll expenses	-	11,424	20,810
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>19,586</u>	<u>39,216</u>
<i>Deferred Inflows - Property Taxes</i>			
Unearned revenue - property taxes	-	-	-
<i>Total Deferred Inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Inflows</i>	<u>-</u>	<u>19,586</u>	<u>39,216</u>
<i>Fund balances</i>			
Nonspendable	-	436,092	-
Spendable			
Restricted	9,412	-	313,757
<i>Total fund balances</i>	<u>9,412</u>	<u>436,092</u>	<u>313,757</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,412</u>	<u>455,678</u>	<u>352,973</u>

Special Revenue

Recreation 215	Correction Fees 220	Convention Center 221	Lodger's Tax 222	Road Fund 223	Unemployment Compensation 226
340,910	1,833	771,952	1,118,847	772,729	25,326
-	-	-	-	-	-
-	-	62,505	116,281	67,255	-
<u>340,910</u>	<u>1,833</u>	<u>834,457</u>	<u>1,235,128</u>	<u>839,984</u>	<u>25,326</u>
10,998	-	-	21,732	18,220	-
19,913	-	-	-	28,236	-
-	-	-	-	-	-
<u>30,911</u>	<u>-</u>	<u>-</u>	<u>21,732</u>	<u>46,456</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>30,911</u>	<u>-</u>	<u>-</u>	<u>21,732</u>	<u>46,456</u>	<u>-</u>
-	-	-	-	-	-
309,999	1,833	834,457	1,213,396	793,528	25,326
<u>309,999</u>	<u>1,833</u>	<u>834,457</u>	<u>1,213,396</u>	<u>793,528</u>	<u>25,326</u>
<u>340,910</u>	<u>1,833</u>	<u>834,457</u>	<u>1,235,128</u>	<u>839,984</u>	<u>25,326</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF ROSWELL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue		
	Community Development Revolving Loan 230	Beautification Grant 240	Law Enforcement Grant 255
<i>Assets</i>			
Cash and cash equivalents	\$ 1,258,759	1	42,743
Receivables:			
Property taxes	-	-	-
Other receivables	-	-	-
Total assets	\$ 1,258,759	1	42,743
<i>Liabilities</i>			
Accounts payable	\$ -	-	-
Accrued payroll expenses	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
<i>Deferred Inflows - Property Taxes</i>			
Unearned revenue - property taxes	-	-	-
Total Deferred Inflows	-	-	-
Total Liabilities and Deferred Inflows	-	-	-
<i>Fund balances</i>			
Nonspendable	-	-	-
Spendable			
Restricted	1,258,759	1	42,743
Total fund balances	1,258,759	1	42,743
Total liabilities and fund balances	\$ 1,258,759	1	42,743

Special Revenue

HIDTA Grant 258	Emergency Medical Services 260	EMS Grant-Fire 261	Hazardous Materials Emergency Resp. 262	Fire Protection 265	Federal Narcotic Seizure 512
-	5,775	-	4,542	1,738,886	29
-	-	-	-	-	-
48,119	-	-	-	-	-
<u>48,119</u>	<u>5,775</u>	<u>-</u>	<u>4,542</u>	<u>1,738,886</u>	<u>29</u>
541	-	-	-	670	-
-	-	-	-	-	-
5,193	-	-	-	-	-
<u>5,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>670</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>670</u>	<u>-</u>
-	-	-	-	-	-
42,385	5,775	-	4,542	1,738,216	29
<u>42,385</u>	<u>5,775</u>	<u>-</u>	<u>4,542</u>	<u>1,738,216</u>	<u>29</u>
<u>48,119</u>	<u>5,775</u>	<u>-</u>	<u>4,542</u>	<u>1,738,886</u>	<u>29</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF ROSWELL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue		Debt Service
	State Narcotic Seizure 513	JAG Grant 514	GO Bonds 104
<i>Assets</i>			
Cash and cash equivalents	\$ -	22,745	-
Receivables:			
Property taxes	-	-	-
Other receivables	-	-	-
<i>Total assets</i>	\$ -	22,745	-
<i>Liabilities</i>			
Accounts payable	\$ -	-	-
Accrued payroll expenses	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	-	-	-
<i>Deferred Inflows - Property Taxes</i>			
Unearned revenue - property taxes	-	-	-
<i>Total Deferred Inflows</i>	-	-	-
<i>Total Liabilities and Deferred Inflows</i>	-	-	-
<i>Fund balances</i>			
Nonspendable	-	-	-
Spendable			
Restricted	-	22,745	-
<i>Total fund balances</i>	-	22,745	-
<i>Total liabilities and fund balances</i>	\$ -	22,745	-

Debt Service		Capital Project		
2008 GO Bonds 106	GRT Bond 2015 107	2017 Recreation Bond 216	Community Development Block Grant 305	Total Nonmajor Governmental Funds
364,225	1,142,323	819,220	-	9,074,727
5,596	-	-	-	5,596
-	-	-	-	468,341
<u>369,821</u>	<u>1,142,323</u>	<u>819,220</u>	<u>-</u>	<u>9,548,664</u>
-	-	-	-	78,729
-	-	-	-	80,383
-	-	-	-	5,193
-	-	-	-	<u>164,305</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	<u>164,305</u>
-	-	-	-	436,092
<u>369,821</u>	<u>1,142,323</u>	<u>819,220</u>	<u>-</u>	<u>8,948,267</u>
<u>369,821</u>	<u>1,142,323</u>	<u>819,220</u>	<u>-</u>	<u>9,384,359</u>
<u>369,821</u>	<u>1,142,323</u>	<u>819,220</u>	<u>-</u>	<u>9,548,664</u>

See Notes to 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, 2018**

	Special Revenue		
	Library Grants 103	South Park Cemetery 202	Mass Transit 210
<i>Revenues</i>			
Taxes:			
Property	\$ -	-	-
Gross Receipts	-	-	-
Other	-	-	-
Intergovernmental			
Federal operating grants	-	-	656,851
State operating grants	27,045	176,727	86,854
Charges for services	-	264,200	92,926
Investment income	-	2,170	1,944
Miscellaneous	-	11,300	9,612
<i>Total revenues</i>	<u>27,045</u>	<u>454,397</u>	<u>848,187</u>
<i>Expenditures:</i>			
Current:			
General government	-	38,258	3,333
Public safety	-	-	-
Public works	-	478,327	1,294,026
Culture and recreation	26,390	-	-
Health and welfare	-	-	-
Capital outlay	-	132,472	86,854
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>26,390</u>	<u>649,057</u>	<u>1,384,213</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>655</u>	<u>(194,660)</u>	<u>(536,026)</u>
Other Financing Sources (Uses)			
Transfers, in	-	199,448	660,923
Transfers, out	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>199,448</u>	<u>660,923</u>
<i>Net change in fund balances</i>	655	4,788	124,897
<i>Fund balances - beginning of year</i>	<u>8,757</u>	<u>431,304</u>	<u>188,860</u>
<i>Fund balances, end of year</i>	<u>\$ 9,412</u>	<u>436,092</u>	<u>313,757</u>

Special Revenue

Recreation 215	Correction Fees 220	Convention Center 221	Lodger's Tax 222	Road Fund 223	Unemployment Compensation 226
-	-	-	-	-	-
-	-	-	-	749,418	-
4,808	-	-	1,226,501	173,998	-
-	-	-	-	-	-
150,000	-	-	-	-	-
122,460	111,356	717,504	-	-	-
2,472	-	-	10,178	6,876	71
32,628	-	-	-	59,806	-
<u>312,368</u>	<u>111,356</u>	<u>717,504</u>	<u>1,236,679</u>	<u>990,098</u>	<u>71</u>
-	-	6,469	483,147	-	37,906
-	568,295	-	9,764	-	-
-	-	-	-	3,453,373	-
1,262,500	-	-	350,710	-	-
2,490	-	-	-	-	-
123,253	-	-	72,295	34,951	-
-	-	262,500	-	-	-
-	-	84,295	-	-	-
<u>1,388,243</u>	<u>568,295</u>	<u>353,264</u>	<u>915,916</u>	<u>3,488,324</u>	<u>37,906</u>
<u>(1,075,875)</u>	<u>(456,939)</u>	<u>364,240</u>	<u>320,763</u>	<u>(2,498,226)</u>	<u>(37,835)</u>
1,210,486	431,138	-	-	2,890,867	36,000
-	-	-	-	(312,423)	-
<u>1,210,486</u>	<u>431,138</u>	<u>-</u>	<u>-</u>	<u>2,578,444</u>	<u>36,000</u>
134,611	(25,801)	364,240	320,763	80,218	(1,835)
<u>175,388</u>	<u>27,634</u>	<u>470,217</u>	<u>892,633</u>	<u>713,310</u>	<u>27,161</u>
<u><u>309,999</u></u>	<u><u>1,833</u></u>	<u><u>834,457</u></u>	<u><u>1,213,396</u></u>	<u><u>793,528</u></u>	<u><u>25,326</u></u>

See Notes to 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, 2018**

	Special Revenue		
	Community Development Revolving Loan	Beautification Grant	Law Enforcement Grant
	230	240	255
<i>Revenues</i>			
Taxes:			
Property	\$ -	-	-
Gross Receipts	-	-	-
Other	-	-	-
Intergovernmental			
Federal operating grants	-	-	-
State operating grants	-	-	73,800
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>73,800</u>
<i>Expenditures:</i>			
Current:			
General government	-	-	-
Public safety	-	-	85,648
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	10,361
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>96,009</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(22,209)</u>
Other Financing Sources (Uses)			
Transfers, in	-	-	-
Transfers, out	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(22,209)
<i>Fund balances - beginning of year</i>	<u>1,258,759</u>	<u>1</u>	<u>64,952</u>
<i>Fund balances, end of year</i>	<u>\$ 1,258,759</u>	<u>1</u>	<u>42,743</u>

Special Revenue

HIDTA Grant 258	Emergency Medical Services 260	EMS Grant-Fire 261	Hazardous Materials Emergency Resp. 262	Fire Protection 265	Federal Narcotic Seizure 512
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
157,408	19,932	20,000	7,000	834,352	-
-	-	-	-	-	-
-	-	-	-	14,975	-
-	-	-	-	-	-
<u>157,408</u>	<u>19,932</u>	<u>20,000</u>	<u>7,000</u>	<u>849,327</u>	<u>-</u>
-	-	-	-	-	-
123,356	22,671	20,185	14,875	168,845	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,808	-	-	550	233,363	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>137,164</u>	<u>22,671</u>	<u>20,185</u>	<u>15,425</u>	<u>402,208</u>	<u>-</u>
<u>20,244</u>	<u>(2,739)</u>	<u>(185)</u>	<u>(8,425)</u>	<u>447,119</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,244	(2,739)	(185)	(8,425)	447,119	-
<u>22,141</u>	<u>8,514</u>	<u>185</u>	<u>12,967</u>	<u>1,291,097</u>	<u>29</u>
<u><u>42,385</u></u>	<u><u>5,775</u></u>	<u><u>-</u></u>	<u><u>4,542</u></u>	<u><u>1,738,216</u></u>	<u><u>29</u></u>

See Notes to 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, 2018**

	Special Revenue		Debt Service
	State Narcotic Seizure	JAG Grant	GO Bonds
	513	514	104
<i>Revenues</i>			
Taxes:			
Property	\$ -	-	1,192
Gross Receipts	-	-	-
Other	-	-	-
Intergovernmental			
Federal operating grants	-	21,384	-
State operating grants	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	-	21,384	1,192
<i>Expenditures:</i>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	1,192
<i>Total expenditures</i>	-	-	1,192
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	21,384	-
Other Financing Sources (Uses)			
Proceeds from loans	-	-	-
Transfers, in	-	-	-
Transfers, out	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net change in fund balances</i>	-	21,384	-
<i>Fund balances - beginning of year</i>	-	1,361	-
<i>Fund balances, end of year</i>	\$ -	22,745	-

Debt Service		Capital Project		
2008 GO Bonds 106	2015 GRT Bond 107	2017 Recreation Bond 216	Community Development Block Grant 305	Total Nonmajor Governmental Funds
396,638	-	-	-	397,830
-	-	-	-	749,418
-	-	-	-	1,405,307
-	-	-	-	678,235
-	-	-	-	1,553,118
-	-	-	-	1,308,446
486	10,545	1,141	-	50,858
-	-	-	-	113,346
<u>397,124</u>	<u>10,545</u>	<u>1,141</u>	<u>-</u>	<u>6,256,558</u>
4,115	24	-	-	573,252
-	-	-	-	1,013,639
-	-	-	-	5,225,726
-	-	118	-	1,639,718
-	-	-	-	2,490
-	(2,775)	-	-	705,132
310,000	275,000	-	-	847,500
73,298	72,471	312,303	-	543,559
<u>387,413</u>	<u>344,720</u>	<u>312,421</u>	<u>-</u>	<u>10,551,016</u>
9,711	(334,175)	(311,280)	-	(4,294,458)
-	-	-	-	-
-	99,192	1,130,500	-	6,658,554
-	-	-	-	(312,423)
-	<u>99,192</u>	<u>1,130,500</u>	<u>-</u>	<u>6,346,131</u>
9,711	(234,983)	819,220	-	2,051,673
360,110	1,377,306	-	-	7,332,686
<u>369,821</u>	<u>1,142,323</u>	<u>819,220</u>	<u>-</u>	<u>9,384,359</u>

See Notes to Financial Statements.

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SUPPORTING SCHEDULES

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
For the Year Ended June 30, 2018**

	Pioneer Bank	New Mexico Finance Authority	Washington Federal Bank	Totals
Deposits				
General (Operating)	\$ 7,253,542	-	-	7,253,542
Payroll	18,012	-	-	18,012
JAG Grant	22,745	-	-	22,745
GO Bond Debt Ser Series 2008	364,225	-	-	364,225
GRT Bond Program Series 2015	5,292	-	-	5,292
GRT Bond Program DS 2015	1,671	-	-	1,671
Federal Narcotics Seizure Fund	29	-	-	29
Airport PFC (Passenger Fac. Chg)	3,638	-	-	3,638
GRT Bond Debt Ser Series 08	1,229	-	-	1,229
2014A Bond Debt Ser Series 08	400	-	-	400
2014B WWTP Bond Refund Debt Ser	1,829	-	-	1,829
Municipal Court Bail Bonds	49,605	-	-	49,605
2017 Smart Meter Bond DS Fund	825	-	-	825
2017 Smart Meter Bond Fund	231,557	-	-	231,557
2017 GRT Recreation Bond Debt Service	819,220	-	-	819,220
2017 GRT Recreation Bond	444,210	-	-	444,210
Convention Center	-	6,739,143	-	6,739,143
Airport Improvements	-	503,946	-	503,946
Certificates of Deposit	6,000,000	-	10,414,864	16,414,864
Total on deposit	<u>15,218,029</u>	<u>7,243,089</u>	<u>10,414,864</u>	<u>32,875,982</u>
Outstanding items	(2,023,660)	-	-	(2,023,660)
Deposits in transit	121,164	-	-	121,164
Book balance	<u>\$ 13,315,533</u>	<u>7,243,089</u>	<u>10,414,864</u>	<u>30,973,486</u>
Investments				
LGIP	-	-	-	4,473,602
Moreton Capital	-	-	-	<u>45,075,400</u>
Petty Cash	-	-	-	5,070
	-	-	-	<u>\$ 80,527,558</u>
Total cash and cash equivalents governmental funds	\$ 44,327,238	-	-	44,327,238
Total restricted cash and cash equivalents	6,301,297	-	-	6,301,297
Total cash and cash equivalents enterprise funds	29,349,452	-	-	29,349,452
Total agency funds cash and cash equivalents	549,585	-	-	549,585
Total cash, cash equivalents and investments	<u>\$ 80,527,572</u>	-	-	<u>80,527,572</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF PLEDGED COLLATERAL
For the Year Ended June 30, 2018**

<u>Name of Depository</u>	<u>Description</u>	<u>Maturity</u>	<u>CUSIP or Security ID Number</u>	<u>Fair Market Value</u>	<u>Name and Location of Safe Keeper</u>
Pioneer Bank	FHLB Call After 9/27/16	6/27/2024	3130A8HU0	\$ 2,935,471	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FHLB Call After 9/27/16	6/27/2024	3130A8HU0	473,463	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FFCB Call After 7/13/17	7/13/2023	3130A8PC1	2,123,451	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FHLB Call Quarterly	5/8/2020	3133812C8	4,509,863	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FFCB Call After 1/11/17	4/11/2024	3133EGXS9	4,665,320	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FHLMC #780217 Arm	1/1/2033	31342AG29	64,423	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FHLMC Arm Pool #781086	12/1/2033	31349SF32	215,463	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FHLMC #G18636	3/1/2032	3128MMV67	3,969,780	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FHLMC #G18636	3/1/2032	3128MMV67	4,146,539	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FHLMC Gold #J15697	6/1/2026	3128PVKJ8	613,701	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FNMA AJ1622	10/1/2026	3138ASYU0	729,771	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FNMA #696460 Arm	4/1/2023	314OOSWV7	143,249	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FNMA #759453 Arm	1/1/2034	31403VWN5	124,552	Federal Home Loan Bank Dallas, TX
Pioneer Bank	FNMA #845529 Arm	12/1/2035	31408ALJ7	539,626	Federal Home Loan Bank Dallas, TX
				<u>25,254,672</u>	
Washington Federal	BC2636 PL#	11/1/2046	3140EW4W2	5,134,827	Federal Home Loan Bank Dallas, TX
	Total Collateral Pledged			<u>\$ 30,389,499</u>	

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**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2018**

	Balance <u>June 30, 2017</u>	Additions	Deletions	Balance <u>June 30, 2018</u>
<i>Water & Sewer Meter Deposits</i>				
Assets				
Cash and cash equivalents	\$ 402,204	564,351	551,726	414,829
<i>Total assets</i>	<u>\$ 402,204</u>	<u>564,351</u>	<u>551,726</u>	<u>414,829</u>
Liabilities				
Deposits held and due to others	\$ 402,204	564,351	551,726	414,829
<i>Total liabilities</i>	<u>\$ 402,204</u>	<u>564,351</u>	<u>551,726</u>	<u>414,829</u>
<i>Bail Bonds Deposits</i>				
Assets				
Cash and cash equivalents	\$ 66,589	388,732	405,716	49,605
<i>Total assets</i>	<u>\$ 66,589</u>	<u>388,732</u>	<u>405,716</u>	<u>49,605</u>
Liabilities				
Deposits held and due to others	\$ 66,589	388,732	405,716	49,605
<i>Total liabilities</i>	<u>\$ 66,589</u>	<u>388,732</u>	<u>405,716</u>	<u>49,605</u>
<i>Payroll Payables</i>				
Assets				
Cash and cash equivalents	\$ 44,832	77,245	36,926	85,151
<i>Total assets</i>	<u>\$ 44,832</u>	<u>77,245</u>	<u>36,926</u>	<u>85,151</u>
Liabilities				
Deposits held and due to others	\$ 44,832	77,245	36,926	85,151
<i>Total liabilities</i>	<u>\$ 44,832</u>	<u>77,245</u>	<u>36,926</u>	<u>85,151</u>
<i>Total Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ 513,625	1,030,328	994,368	549,585
<i>Total assets</i>	<u>\$ 513,625</u>	<u>1,030,328</u>	<u>994,368</u>	<u>549,585</u>
Liabilities				
Deposits held and due to others	\$ 513,625	1,030,328	994,368	549,585
<i>Total liabilities</i>	<u>\$ 513,625</u>	<u>1,030,328</u>	<u>994,368</u>	<u>549,585</u>

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF JOINT POWERS AGREEMENTS AND
MEMORANDUMS OF UNDERSTANDING
June 30, 2018**

Participants	Responsible Party	Description
City of Roswell and Chaves County	Both	To establish the Pecos Valley Regional Communication Center
City of Roswell and the United States Marshalls 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

INDEPENDENT AUDITORS' 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

Wayne Johnson
New Mexico State Auditor
And
The Mayor, City Manager, and the City Council Members
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, and the budgetary comparison of the general fund of the City of Roswell (City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control over Financial Reporting

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 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 item 2017-001.

City of Roswell's Response to Findings

The City's response to the findings identified in our audit are 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 the financial statements and, accordingly, we express no opinion on it.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Pattillo, Brown & Hill, LLP".

Pattillo, Brown & Hill, LLP
Albuquerque New Mexico
December 17, 2018

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FEDERAL FINANCIAL ASSISTANCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Wayne Johnson
New Mexico State Auditor
And
The 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 (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 each of its major federal programs for the year ended June 30, 2018.

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 the Uniform Guidance, 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 were not 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
December 17, 2018

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Entity #	Federal CFDA Number	Federal Expenditures
U.S. Department of Transportation			
Passed through NM Highway and Transportation:			
Formula Grants for Other than Urbanized Areas	M01461	20.509	\$ 524,795
Formula Grants for Other than Urbanized Areas	M01409	20.509	170,139
Highway Planning and Construction	2101340	20.205 (A)	1,377,268
Highway Planning and Construction	2101100	20.205 (A)	958,197
Direct Programs:			
Airport Service Development Program	2014-0113-0037	20.930	283,949
Airport Improvement Program	3-35-0035-030-2016	20.106	1,731,459
Airport Improvement Program	3-35-0035-029-2015	20.106	2,431,244
Total U.S. Department of Transportation			7,477,052
Pass through Office of Justice Programs:			
Passed through Office of National Drug Control Policy - Reprogramming:		NM HIDTA	
Law Enforcement Assistance-Narcotics and Dangerous Drugs-Laboratory Analysis	G16SN0017A	16.001	129,689
Law Enforcement Assistance-Narcotics and Dangerous Drugs-Laboratory Analysis	G15SN0017A	16.001	1,394
Total U.S. Department of Justice			131,083
Passed through NM Department of Homeland Security Management:		and Emergency	
Homeland Security Grant Program	EMW-2015-SS-00110	97.067 (A)	779,484
Emergency Management Performance Grant	EMT-2016-EP-00005-S01	97.042	36,993
Total U.S. Department of Homeland Security			816,477
Capitalization Grants for State Revolving Funds			
Safe Drinking Water State Revolving Fund	3205-DW	66.468	47,861
Total Capitalization Grants			47,861
Total Expenditures of Federal Awards			\$ 8,472,473

(A) Major Program

See Notes to the Schedule of Expenditures of Federal Awards.

**STATE OF NEW MEXICO
CITY OF ROSWELL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, and cash flows of the City. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

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

NOTE 2 – INDIRECT COST RATE

The City has elected not to use the 10% de Minimis Indirect Cost Rate.

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

I. SUMMARY OF AUDIT RESULTS

Financial Statements

<u>Type of Auditor's report issued:</u>	<u>Unmodified</u>
Internal control over financial reporting: Material Weakness reported?	No
Significant deficiencies reported not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
a. Material weaknesses reported?	No
b. Significant deficiencies reported not considered to be material weaknesses?	None
c. Known questioned costs greater than \$25,000 for a compliance requirement for a major program?	No
d. Known questioned costs greater than \$25,000 for which is not audited as a major program?	No
e. Known or likely fraud?	No
f. Significant instances of abuse relating to major programs?	No
g. Circumstances causing the auditor's report on compliance for each major program to be modified, unless otherwise reported as audit findings?	No
h. Instances where results of audit follow-up procedures disclosed that the summary schedule of prior year audit findings prepared by the auditee materially misrepresents the status of any prior audit finding?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Yes
Identification of major programs: Safe Drinking Water State Revolving Fund	CFDA 66.468
Dollar threshold used to distinguish Between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

II. FINDINGS – FINANCIAL STATEMENT

2017-001 CONTROLS SURROUNDING PAYROLL DISBURSEMENTS (Finding That Does Not Rise to The Level of Significant Deficiency) Repeated and Modified

CONDITION: During our test of controls over payroll disbursements, we noted that 3 of 40 timesheets were not signed by the employee and 1 out of 40 timesheets was not approved by the supervisor. The City has not made progress in resolving this finding.

CRITERIA: Per the City's finance policies and procedures employees are to sign off on all timesheets.

EFFECT: The City is not in compliance with their internal control policies which could lead to over/under payment of employees or payment of amounts not worked.

CAUSE: Lack of attention to detail by the supervisor approving the timesheet.

RECOMMENDATION: We recommend retrain and re-emphasizing the requirement that all employees must have a properly signed off and approved timesheet.

MANAGEMENT RESPONSE: During Fiscal Year 2018, the Finance Director will oversee that the Human Resources Director will provide training regarding the City's policies and procedures over payroll.

RESPONSIBLE PARTY/TIMELINE TO CORRECT: Finance Director to implement corrective actions by December 2018.

**STATE OF NEW MEXICO
CITY OF ROSWELL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

IV. STATUS OF PRIOR YEAR FINDINGS

2017-001 Controls Surrounding Payroll Disbursements - Repeated and Modified

2017-002 Court Segregation of Duties - Resolved

**STATE OF NEW MEXICO
CITY OF ROSWELL
EXIT CONFERENCE
JUNE 30, 2017**

EXIT CONFERENCE

An exit conference was held on December 17, 2018 with the City of Roswell. The overall results of the audit and related findings were discussed. The following individuals were present during the meeting:

Representing the City of Roswell

Steve Henderson	City Councilor
Judy Stubbs	City Councilor
Joe Neeb	City Manager
Monica Garcia	Director of Finance
Rebecca Hicks	Supervising Accounting
Frank Montoya	Budget Manager
Deanna Garcia	Budget Analysis

Pattillo, Brown and Hill, LLP

Chris Garner, CPA	Partner
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PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by Pattillo, Brown and Hill, LLP; however the financial statements are the responsibility of the management.

Historical and Application Year Budget Info

	FY19 Budget Expenditures Prorated	FY20 APPROVED BUDGET	FY21 Budget Request
ADMINISTRATION EXPENSES			
1-01-00 Salaries and Wages			
1-01-05 Director	\$ -	\$ 75,000.00	\$ 100,000.00
1-01-10 Managers	\$ -	\$ -	\$ -
1-01-12 Financial Manager	\$ -	\$ -	\$ -
1-01-15 Clerical Support Staff	\$ 30,305.84	\$ 33,900.00	\$ 34,500.00
1-01-20 Accounting Staff	\$ -	\$ -	\$ -
1-01-25 Administrative Assistant	\$ 36,663.30	\$ 37,000.00	\$ 40,500.00
1-01-30 Village Administrator	\$ -	\$ -	\$ -
1-01-35 CFO	\$ -	\$ -	\$ -
1-01-40 Salary Adjustments	\$ -	\$ -	\$ -
1-01-45 Chief Executive Officer	\$ -	\$ -	\$ -
1-01-50 Transportation Coordinator	\$ -	\$ -	\$ -
1-01-55 Public Works Director	\$ -	\$ -	\$ -
1-01-60 Janitor	\$ -	\$ -	\$ -
1-01-65 Temporary	\$ -	\$ -	\$ -
1-02-00 Fringe Benefits	\$ -		
1-02-05 FICA	\$ 4,983.93	\$ 8,300.00	\$ 13,000.00
1-02-10 PERA Retirement	\$ 6,393.96	\$ 12,700.00	\$ 15,000.00
1-02-15 Health Insurance	\$ 5,523.12	\$ 10,000.00	\$ 30,000.00
1-02-20 Unemployment Insurance	\$ -	\$ -	\$ -
1-02-25 Workmen's Compensation	\$ 20.70	\$ 15,600.00	\$ 25.00
1-02-30 Other Fringe Benefits	\$ 1,370.33	\$ 3,650.00	\$ 3,650.00
1-03-00 Communications	\$ -		
1-03-05 Fax Machine	\$ -	\$ -	\$ -
1-03-10 Internet Subscriber Services	\$ -	\$ -	\$ -
1-03-15 Postage	\$ -	\$ -	\$ -
1-03-20 Telephone	\$ 2,380.01	\$ 3,000.00	\$ 3,300.00
1-03-25 Cell Phone	\$ -	\$ -	\$ -
1-03-30 Radio	\$ -	\$ -	\$ -
1-03-35 Repeater Fees	\$ -	\$ -	\$ -
1-04-00 Contractual Services	\$ -		
1-04-05 Audit	\$ -	\$ -	\$ -
1-04-10 Advertising	\$ 450.00	\$ -	\$ 300.00
1-04-15 Equipment Rental	\$ -	\$ -	\$ -
1-04-20 Contractual Services - Other	\$ 52,648.35	\$ 12,000.00	\$ 12,000.00
1-04-25 Contractual Services - Janitorial	\$ -	\$ -	\$ -
1-05-00 Dues and Subscriptions	\$ -		
1-05-05 NMTA	\$ -	\$ 200.00	\$ 200.00
1-05-10 SWTA	\$ -	\$ 200.00	\$ 200.00
1-05-15 Transit Publications	\$ -	\$ -	\$ -
1-05-20 CTAA	\$ -	\$ -	\$ -
1-05-25 Business Registration Fees	\$ -	\$ -	\$ -
1-06-00 Equipment	\$ -		
1-06-05 Equipment Lease	\$ 916.38	\$ 2,000.00	\$ 3,500.00
1-06-10 Equipment Repair	\$ 214.14	\$ 1,815.00	\$ 1,815.00
1-06-15 Computer	\$ -	\$ -	\$ -
1-07-00 Insurance	\$ -		
1-07-05 Buildings and Contents	\$ -	\$ 1,450.00	\$ 1,450.00
1-07-10 General & Employee Liability Insurance	\$ -	\$ 4,620.00	\$ 4,620.00
1-07-15 Surety and Fidelity Bonds	\$ -	\$ -	\$ -
1-07-20 Claims Deductible	\$ -	\$ 3,150.00	\$ 3,150.00
1-07-25 Vehicle Insurance	\$ 2,061.00	\$ 14,575.00	\$ 22,575.00
1-08-00 Occupancy Costs	\$ -		
1-08-05 Office Rent	\$ -	\$ -	\$ -
1-08-10 Utilities	\$ 9,210.06	\$ 14,500.00	\$ 12,500.00
1-08-20 Building Maintenance	\$ 19,944.47	\$ 10,000.00	\$ 12,500.00
1-09-00 Personnel Costs	\$ -		
1-09-05 Drug & Alcohol Testing	\$ -		
1-09-10 Physicals	\$ -	\$ -	\$ -
1-09-15 Hepatitis Vaccinations	\$ -	\$ -	\$ -
1-10-00 Printing/Copying Costs	\$ -		
1-10-05 Printing	\$ -	\$ 2,500.00	\$ 5,600.00
1-10-10 Copying	\$ -	\$ -	\$ -
1-11-00 Supplies	\$ -		
1-11-05 Office Supplies	\$ 2,259.98	\$ 3,000.00	\$ 3,300.00
1-11-10 Furniture and Equipment under \$500	\$ 1,006.10	\$ 1,000.00	\$ 1,500.00
1-11-20 Janitorial Supplies	\$ 5,238.38	\$ 10,000.00	\$ 8,500.00
1-12-00 Training	\$ -		
1-12-05 Training	\$ -	\$ 200.00	\$ 200.00
1-13-00 Travel	\$ -		

1-13-05 Mileage	\$ -	\$ -	\$ -
1-13-10 Public Transport Fares	\$ -	\$ -	\$ -
1-13-15 Per Diem	\$ -	\$ -	\$ -
1-13-20 Registration Fees	\$ -	\$ 200.00	\$ 200.00
1-13-25 Lodging and Meals	\$ -	\$ 200.00	\$ 200.00
1-13-30 Other	\$ -	\$ -	\$ 200.00
	\$ -		
TOTAL ADMIN (Federal and Local) Awarded	\$ 181,590.02	\$ 280,760.00	\$ 334,485.00
Local Share (20%)	\$ 36,318.00	\$ 56,152.00	\$ 66,897.00
Federal Share (80%)	\$ 145,272.01	\$ 224,608.00	\$ 267,588.00
Sum of Lines 8 through 82 - Column B (Should match Line 84 Column B)	\$ 181,590.02	\$ 280,760.00	\$ 334,485.00
	\$ -		
OPERATING EXPENSES	\$ -		
2-01-00 Salaries and Wages	\$ -		
2-01-05 Supervisor	\$ 104,303.38	\$ 100,000.00	\$ 119,000.00
2-01-10 Drivers	\$ 524,650.44	\$ 550,000.00	\$ 723,891.00
2-01-15 Mechanics	\$ 17,488.02	\$ 47,000.00	\$ 47,000.00
2-01-20 Dispatcher	\$ -	\$ -	\$ -
2-01-25 Janitor	\$ 17,111.27	\$ 25,000.00	\$ -
2-01-30 Salary Adjustment	\$ -	\$ -	\$ -
2-01-35 Overtime	\$ -	\$ -	\$ -
2-01-40 Mechanic Supervisor	\$ -	\$ -	\$ -
2-01-45 Auto Parts Clerk	\$ -	\$ -	\$ -
2-01-50 Maintainer	\$ -	\$ -	\$ -
2-01-55 Accountant	\$ -	\$ -	\$ -
2-01-60 Laborer	\$ -	\$ -	\$ -
2-02-00 Fringe Benefits	\$ -		
2-02-05 FICA	\$ 47,154.47	\$ 52,500.00	\$ 62,475.00
2-02-10 PERA Retirement	\$ 53,330.60	\$ 63,000.00	\$ 97,000.00
2-02-15 Health Insurance	\$ 108,523.68	\$ 95,000.00	\$ 200,000.00
2-02-20 Unemployment Insurance	\$ -	\$ -	\$ -
2-02-25 Worker's Compensation	\$ 165.60	\$ 11,000.00	\$ 25,000.00
2-02-30 Other	\$ 11,413.02	\$ 11,000.00	\$ 11,000.00
2-03-00 Communications	\$ -		
2-03-05 Cell Phone	\$ -	\$ -	\$ -
2-03-10 Telephone	\$ -	\$ -	\$ -
2-03-15 Radio Repeater	\$ -	\$ -	\$ -
2-03-20 Mobile Radio	\$ -	\$ -	\$ -
2-03-25 Radio	\$ -	\$ -	\$ -
2-04-00 Contractual Services	\$ -		
2-04-05 Maintenance - Machinery and Equipment	\$ -	\$ -	\$ -
2-04-10 Equipment Rental	\$ -	\$ -	\$ -
2-04-15 Contractual Services - Other	\$ -	\$ -	\$ -
2-04-20 Transit Services	\$ -	\$ -	\$ -
2-05-00 Equipment	\$ -		
2-05-10 Assigned Vehicle Use	\$ -	\$ -	\$ -
2-05-95 Equipment Other	\$ 3,824.99	\$ -	\$ -
2-06-00 Occupancy Costs	\$ -		
2-06-05 Building Maintenance	\$ 15,278.88	\$ 7,500.00	\$ 12,500.00
2-06-10 Operational Rent	\$ -	\$ -	\$ -
2-06-15 Utilities	\$ 10,412.00	\$ 8,000.00	\$ 12,500.00
2-06-20 Building Insurance	\$ -	\$ -	\$ -
2-06-25 Building and Grounds	\$ -	\$ -	\$ -
2-07-00 Personnel Costs	\$ -		
2-07-05 Uniforms	\$ 4,837.32	\$ 2,000.00	\$ 3,800.00
2-07-10 Hepatitis Vaccinations	\$ -	\$ -	\$ -
2-07-15 Physicals	\$ -	\$ -	\$ -
2-08-00 Supplies	\$ -		
2-08-05 Shop Supplies	\$ -	\$ -	\$ -
2-08-10 Furniture & Equipment under \$500	\$ 3,514.29	\$ -	\$ -
2-08-15 Printing	\$ -	\$ -	\$ -
2-09-00 Training	\$ -		
2-09-05 Training	\$ 1,381.65	\$ 250.00	\$ 250.00
2-10-00 Travel	\$ -		
2-10-05 Mileage	\$ -	\$ -	\$ -
2-10-10 Public Transport Fares	\$ -	\$ -	\$ -
2-10-15 Per Diem	\$ -	\$ -	\$ -
2-10-20 Registration Fees	\$ -	\$ 600.00	\$ 500.00
2-10-25 Lodging & Meals	\$ 2,337.90	\$ 500.00	\$ 500.00
2-10-30 Other	\$ -	\$ -	\$ -
2-11-00 Vehicle Costs	\$ -		
2-11-05 Fuel	\$ 89,858.81	\$ 137,500.00	\$ 145,000.00
2-11-10 License & Fees	\$ -	\$ -	\$ -
2-11-15 Oil & Lubricants	\$ -	\$ -	\$ -
2-11-20 Replacement Parts	\$ 52,464.15	\$ 140,000.00	\$ 147,000.00
2-11-25 Tires	\$ -	\$ -	\$ -

2-11-30 Vehicle Maintenance	\$ -	\$ -	\$ -
2-11-35 Vehicle Painting	\$ -	\$ -	\$ -
2-11-40 Vehicle Interior Maintenance	\$ -	\$ -	\$ -
2-11-45 Freight	\$ -	\$ -	\$ -
2-11-50 Vehicle Repair	\$ -	\$ -	\$ -

TOTAL OPERATING (Federal and Local) Amount	\$ 1,068,050.44	\$ 1,250,850.00	\$ 1,607,416.00
REVENUE - FARES (Estimated)	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
Other Revenue - ADVERTISING (Estimated)	\$ -	\$ -	\$ -
Other Revenue = CONTRACTING (Estimated)	\$ -	\$ -	\$ -
Revenue Total	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
Total Operating Expenses	\$ 1,068,050.44	\$ 1,250,850.00	\$ 1,607,416.00
Local Share (50%)	\$ 534,025.22	\$ 625,425.00	\$ 803,708.00
Federal Share (50%)	\$ 534,025.22	\$ 625,425.00	\$ 803,708.00
TOTAL LOCAL: ADMIN & OPERATING	\$ 570,343.22	\$ 681,577.00	\$ 870,605.00
TOTAL FEDERAL: ADMIN & OPERATING	\$ 679,297.23	\$ 850,033.00	\$ 1,071,296.00
Sum of Lines 96 through 157 - Column B (Should match Line 159 Column B)	\$ 1,068,050.44	\$ 1,250,850.00	\$ 1,607,416.00

CAPITAL EXPENSES

3-01-00 Capital Expenses			
3-01-10 Computers	\$ -	\$ -	\$ -
3-01-25 Other Capital Expenses	\$ -	\$ 177,225.04	\$ 50,412.48
3-01-30 Benches/Signage	\$ -	\$ -	\$ -
3-01-35 Passenger Bus - 35 Foot Bus	\$ 113,478.39	\$ 255,972.89	\$ 148,229.09
3-01-35 Passenger Bus - 40 Foot Bus	\$ -	\$ -	\$ -
3-01-45 15 Passenger Van (W/Lift)	\$ -	\$ -	\$ -
3-01-50 15 Passenger Van (W/O Lift)	\$ -	\$ -	\$ 44,217.07
3-01-55 Bus Shelters	\$ -	\$ -	\$ -
3-01-60 Mobile Radios	\$ -	\$ -	\$ -

TOTAL CAPITAL (Federal and Local) Awarded	\$ -	\$ 433,197.93	\$ 242,858.64
LOCAL SHARE (20%)	\$ -	\$ 86,639.59	\$ 48,571.73
FEDERAL SHARE (80%)	\$ -	\$ 346,558.34	\$ 194,286.91
Sum of Lines 180 through 189 - Column B (Should match Line 199 Column B)	\$ 113,478.39	\$ 433,197.93	\$ 242,858.64

TOTAL LOCAL: ADMIN, OPERATING & CAPITAL	\$ 570,343.22	\$ 768,216.59	\$ 919,176.73
TOTAL FEDERAL: ADMIN, OPERATING & CAPITAL	\$ 679,297.23	\$ 1,196,591.34	\$ 1,265,582.91
TOTAL AWARD (Federal and Local)	\$ 1,249,640.45	\$ 1,964,807.93	\$ 2,184,759.64

Roswell New Mexico

Pecos Trails Transit
Route Map

- Bus Terminal
- Route 1 Main St.
- Route 2 West 2nd St.
- Route 3 Country Club Rd.
- Route 4 Sunset Ave.
- Route 5 Bland St.
- Route 6 College Blvd.



Pecos Trails Transit System

Demographic Information

Ethnicity Category	Population	%
Black	953	2.0%
Hispanic	27,057	56.8%
Asian or Pacific Islander	524	1.1%
American Indian or Alaskan Native	810	1.7%
White	18,197	38.2%
Other	95	0.2%
Total	47,635	100.0%

TOTAL

%	Population	Seniors & Persons with Disability Category
8.9	4,236	Seniors (no disability)
16.8	8,020	Persons with Disabilities (including seniors)
74.3	35,379	Other (everyone else)
100.0	47,635	

Ridership Stats

Line#	Category	2018	2019 Prorated	2020 Projected
1	Annual Ridership	162,670	157,607	152,701
2	Annual Mileage	324,187	375,876	435,806
3	Annual Vehicle Hours	30,063	30,586	31,658

PROGRAM COORDINATION

Pecos Trails Transit System coordinates with the city's local taxi service – Sunshine Cab – by arranging rides by them for passengers that we are unable accommodate.

We coordinate with Mission Arch Center to transfer their patients to and from dialysis treatments when Mission Arch's vans are unavailable.

We coordinate with Tobosa Developmental Center by training their developmentally challenged clients how to use our services and by providing transportation.

We coordinate with Roswell Senior Circle by transporting their members when their own vehicles are unavailable.

RESOLUTION 19-73

A RESOLUTION OF THE CITY OF ROSWELL, NEW MEXICO AUTHORIZING THE FILING OF AN APPLICATION TO THE NEW MEXICO DEPARTMENT OF TRANSPORTATION FOR FUNDING ASSISTANCE FOR THE FEDERAL FISCAL YEAR 2020-2021

WHEREAS the State of New Mexico received federal funding through the New Mexico Department of Transportation from the Federal Transit Administration (FTA) under U.S.C. 5311;

WHEREAS, the New Mexico Department of Transportation is authorized to administer this program and provide funding in assistance for local transportation programs;

WHEREAS, the City of Roswell is interested in maintaining present transportation services needed by residents of the City, and

WHEREAS, the City of Roswell supports this program and proposes to provide local matching funds in the amount of \$919,176.73

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL AS THE GOVERNING BODY OF THE CITY OF ROSWELL, NEW MEXICO, that the filing of an application to the New Mexico Department of Transportation for funding assistance for the continuation of local supplemental public transportation program for Federal Fiscal Year 2020-2021 is authorized. The City Manager is hereby authorized to act as the representative of the City of Roswell in the execution of this program.

PASSED, ADOPTED, SIGNED, and APPROVED the 8th day of August 2019.



ATTEST:

Sharon Coll
Sharon Coll, City Clerk

Dennis Kintigh
Dennis Kintigh, Mayor



City Manager

August 13, 2019

Ms. Anna M. Aragon
Transit Director
Pecos Trails Transit System
PO Box 1838
Roswell NM 88202

Dear Ms. Aragon:

Please consider this the letter of support required for the FTA 5311 operating assistance grant application for the Fiscal year ending September 30, 2021, submitted to the New Mexico Department of Transportation. I believe the financial commitment of the City of Roswell to provide public transportation service to our residents has been, and continues to be evident. You may be assured that the City's financial commitment to public transportation will continue at the highest level possible

If you have any questions, please do not hesitate to contact me at 575.637.6269.

Sincerely,

Joseph Neeb, City Manager
City of Roswell, New Mexico

Pecos Trails Transit System

Justification for Funding & Service Area Description

Roswell, New Mexico

The need for public transportation in the Roswell area was identified in the Short Range Transportation Feasibility Study conducted in 2002. Since the start-up of the Pecos Trails Transit System (PTTS) the ridership has increased. The System is vital to the quality of life our citizens enjoy. We provide the following information to illustrate the need and justify funding the system.

A. Transit Attitudes – Community support for transit is very strong. Most of those responding to the Survey, 88%, agreed with the statement “Roswell needs public transportation,” this figure compares favorably with a 70% supportive figure for transit nationally. A drop off rate of only 22% occurred between the statement of general support and the response to the statement “new additional local tax dollars should be used to subsidize transit if necessary.” A full 66% of all respondents agreed with this statement. Bus service received the highest preference of the three types of public transportation, car or van pool, dial-a-ride and bus service. A total of 67% of the respondents said they would use bus service, compared with 24% for car or van pooling, and 17% for dial-a-ride service. The most likely destinations the respondents said they would travel to by bus include the Roswell Mall/Main Place/Del Norte area, downtown Roswell, Eastern New Mexico Medical Center, K Mart, Albertsons, Plains Park, West Second Street area, New Mexico Military Institute, RIAC/ENMU-R, and East Second Street area.

The support for our system continues to grow. When operations began in 1993, our monthly average ridership was 11,500. By 2009-2010 our average ridership had increased to 16,713 per month and in the fiscal year ending September 2014 our ridership was 17,250 per month. This shows the growing support and need for transit within our community.

B. Demand – One of the most important facts in the Survey, is that at least 5% of all households lack a driver or a vehicle and require some form of alternative transportation. The use of automobiles, owned by others, fails to adequately meet the need for this alternative transportation. If 5% of the population (approximately 2,500 people) requires only one round trip per week, then the demand exists for more than 250,000 one way trips per year. The two existing demand response public carriers, RSVP and Chaves County J.O.Y. Center, provide an estimated 55,000 trips annually, leaving the need for approximately 200,000 trips per year. Pecos Trails Transit System is currently filling that gap.

C. Development Characteristics – The City of Roswell was developed on a classic grid pattern, an intersecting pair of Highways – US 285 (Main St) and US 70/380 (Second St) - establish its north-south and east-west axis. Commercial activities have been established in a nearly continuous pattern along both sides of these arterial roadways. In most locations, this commercial development extends only one block from the roadway, except the intersection of Main and Second Streets. At this location a much larger concentration of business has long been established as the Central Business District (CBD). This CBD has been expanding to the

west, north, and to the south. The area also includes many government, financial and office activities.

Activity at the Roswell International Air Center (RIAC) dominates the Southern area of Roswell. The RIAC is located at the southern end of Main Street. It is the largest concentration of industrial land in the City limits with several hundreds of acres already developed, and approximately 3,500 acres still available for development.

Some current activities at the RIAC are listed below:

Land Use	Size
Residential	300 Single Family Units
Light Industry	229 employees
Heavy Industry/Manufacturing	1,100 employees
Educational	
ENMU-Roswell	4,374
University High School	147
Sidney Gutierrez Middle School	64
NMHSHTD Training	60
Job Corps	82
City	14
Air Terminal	53
International Law Enforcement Academy	400
New Mexico Rehabilitation Center	87

There is substantial activity at the RIAC, and our fixed route transit system provides an ever increasing amount of transportation for employees, residents, and especially students travelling to and from that location. The creation of the Sidney Gutierrez Middle School at RIAC has made it necessary for PTTS to make additional runs to accommodate its students. Between the CBD and RIAC, also along the Main Street corridor, are several shopping areas and restaurants whose employees and patrons are served by PTTS.

The northern area of Roswell is anchored by the Roswell Mall (on the east side of US285) and a Super Walmart and Sam's Club directly across the street. The Mall houses a number of national stores including J.C. Penny, Marshall's, Hobby Lobby, and Footlocker as well as several local concerns and including an eight screen movie theater. Between CBD and the northern area of Roswell are two strip shopping centers, a Target Discount Store; a number of restaurants including Red Lobster, Applebee's, and Chili's; and an ever growing number of lodging facilities including Super 8 Motel, Motel 6, Hampton Inn & Suites, Candlewood Suites, and Holiday Inn. The Eastern New Mexico Medical Center, Lovelace Regional Hospital and several clinics and physician's office are also along that corridor.

There are several general locations of commercial retail and service developments in Roswell. These include East McGaffey Street, the intersection of Hobbs and Union Avenue, Union Avenue south of Second Street, and Atkinson Avenue between Bland and McGaffey Streets. A

number of very small commercial locations are scattered throughout Roswell, principally along collector streets such as Sunset and McGaffey.

The remainder of the city consists of residential areas, composed principally of single family detached houses. In older residential neighborhoods, just west of the CBD, many two-family dwellings and apartment buildings are found. Town houses, duplexes, and apartment buildings have been constructed in recent times toward the fringe areas of Roswell.

D. Socioeconomic Characteristics – The 2010 census population of Roswell was approximately 48,411 an increase of 22% over the figure used in the 1980 Short Range Public Transportation Feasibility Study. The Citywide population density is approximately 1,617 people per square mile.

Median household income in 2009 ranged from \$17,742 in an area immediately north of the CBD, to \$77,260 on the far western part of the City. Other areas having low household incomes are neighborhoods the southeast and southwest quadrants of Roswell, and the southwest area of the RIAC. Senior citizens are at least 14.5% of the population of Roswell. The areas having the largest percentage of seniors are west, northwest, and southern parts of Roswell. Young people below the driving age are concentrated in the southeastern, southern, and western areas of Roswell. Minorities are approximately 62% of the population of Roswell. The areas with the largest minority populations are the southeast and northeast quadrants of the City.

F. Goals and Objectives – The Short Range Public Transportation Feasibility Study established the following goals and objectives, and these continue to be applicable.

Goals:

- Maximize accessibility, convenience and comfort for the transit patrons, especially those who lack alternative means of transportation.
- Reduce the cost of providing accessible, convenient service.
- Improve the transportation system for all Roswell residents, transit users and nonusers.

Objectives:

- We provide direct, convenient service to major activity centers and destination points described in the section on Development Characteristics. We provide the service to maximize the mobility of those who are without private means of transportation.
- We provide convenient, frequent and speedy service at appropriate times.
- We provide the highest level of passenger amenities and customer service.
- We manage the transit system to ensure dependable operations and on-time performance; on-time performance checks are done on a daily basis, and measured against performance standards. The transit service requires highly trained mechanics and Roswell's maintenance employees receive the best training available.
- We maintain safe, comfortable, clean and pleasant environment for all patrons using our Transit System. Public information on transit services is available in our Bus Schedule and Guide booklet. This guide is available throughout the City at local businesses. We

organize the Guide for easy understanding of the system's policies and routes. The information is also available on the website maintained by the City.

- We enhance the quality of the environment by Citizen use of our service. It is estimated by the Alternative Fuel Utilization and public Transportation Project that the fixed route service will reduce personal auto usage and that will result in a reduction of 1,438,736 gallons of gasoline use per year.
- We improve the quality of transportation to non-users, the use of the transit service reduces delays experienced by motorists and reduces interference with vehicular traffic flow.
- We promote economic growth and development by improving mobility for the Citizens within Roswell. The PPTS stimulates the expansion of existing industry in Roswell. The increase mobility may attract new members to the community by attracting new industry.

G. Service Description – The fixed route service operates Monday through Friday, between the hours of 6:00 am and 10:30 pm, on Saturdays from 7:10 am to 10:10 pm and on Sundays from 10:30 am to 7:00 pm. The Monday through Sunday service consists of five fixed routes, utilizing three accessible 35' buses

The route descriptions are as follows:

Route #1 – Main – operates on Main Street from the RIAC Terminal to the Roswell Mall. Major destinations on this route include the Roswell Mall, WalMart, Sam's Club, New Mexico Military Institute, Eastern New Mexico Medical Center, several strip shopping centers, a Target Discount Store, a K Mart store, and Albertsons Supermarket, ENMU-Roswell campus, Sidney Gutierrez Middle School and our CBD.

Route #2 – West Second – services the western portion of the City. When this bus leaves the Bus Station, it travels west on Fifth St to Richardson, south to Second St, west to Wyoming, south to Hendricks, west to Sycamore, north to Second, east to Richardson, north to Fifth, east on Fifth back to the Bus Terminal. On this route the bus passes through business and housing districts, shopping areas, and various automobile dealerships.

Route #3 – Country Club – services the northern portion of the City. When this bus leaves the Terminal it travels north on Main, west on Eighth, north on Union, east on Nineteenth, north on Washington, east on Country Club, north on Garden, west on Twin Diamond, north on Main to the mall entrance through the mall and out on Pine Lodge Road. The route crosses Main making a stop at Wal-Mart then returns south on Main, east on Twin Diamond, south on Garden, west on Country Club, south on Washington, west on Nineteenth, south on Union, east on Eighth, and south on Main to the Terminal. This route passes through housing districts, past Eastern New Mexico Medical Center and other healthcare facilities, schools and many businesses.

Route #4 – Sunset – services the southwestern portion of the city. When this bus leaves the Terminal it travels west on Fifth, south on Pennsylvania, west on Alameda, south on Washington, west on Albuquerque, south on Union, west on Jaffa, north on Sunset, east on

McGaffey, north on Union, east on Albuquerque, north on Washington, east on Alameda, north on Pennsylvania, east on Fifth to the Terminal.

Route #5 – Bland – services the southeastern portion of the City. When this bus leaves the Terminal it travels east on Fifth, south on Garden, east on Bland, south on Atkinson, west on McGaffey south on Garden, west on Hobbs, north on Grand, east on Chisum north on Garden, east on McGaffey, north on Atkinson, west on Bland, north on Garden, west on Fifth to the Terminal. On this route the bus passes housing districts, businesses, the County Health offices, schools and State offices.

In FY 2019, PTTS added a sixth route to better serve areas that have undergone recent developments.

Route #6 – College Blvd – Services the northern portion of the City giving that area access to points farther east and west than the Country Club route. When this bus leaves the Terminal it travels south on Virginia, east on Second, north on Atkinson, west on Berrendo, south on Washington, West on Mescalero, south on Sycamore, east on College, south on Virginia to the Terminal. This route passes by several recreational/tourism destinations and a new apartment complex.

H. Fare Structure – Roswell's adult (14 to 59 yrs.) fare is \$0.75; for senior citizens (age 60 and up) and passengers with certified disabilities the fare is \$0.35; for youth (6 to 13 year) and students with proper ID (age 14 and up) the fare is \$0.50. We sell tokens at a reduced rate, 10 for the price of 9. Different colored tokens are available for each fare group. These tokens are useable anytime, and can be purchased at the Pecos Trails Office or in the cashier's office at ANMU-R. We require that Seniors, Disabled persons and Students have a photo ID card. PTTS issues free photo ID cards to persons with certified disabilities, and to Seniors and Students who have no State or School issued photo ID's. We also sell calendar month passes for \$27 (adult), \$18 (student), or \$12.60 (for seniors or disabled).

I. Manpower Requirements – Pecos Trails Transit System requires a total of 22 full time employees. The full time employees include a Director (who is currently a retired City employee working through a contract with ITS Quest) an Administrative Assistant, an Office Assistant, an AM Operations Supervisor a PM Operations Supervisor 16 full time Operators and one full time Custodian. We contract our vehicle repairs and scheduled maintenance out to First Vehicle Services.

J. Coordination of Fixed Route and Demand Response Services – In 1993, the City of Roswell began providing the Para-transit service directly instead of contracting with RSVP to provide this service. This change of providers resulted in no change in operations, including days and hours of operation, fare structure, radio frequency, data collection, and other related factors.

In 1997/1998 year we expanded the hours of operations so the Para-transit service is available during the same hours of operation as the Transit system.

The Dispatch operations of the Transit and Para-transit systems were combined to more efficiently utilize personnel. This provides more safety in our operation by having someone on duty for the entire time our system is in operation.

K. Ridership – During the fiscal year ending September 30, 2018 the service carried a total of 162,670 passengers.

CITY OF ROSWELL, NEW MEXICO

PECOS TRAILS TRANSIT SYSTEM

Updated 9/30/19

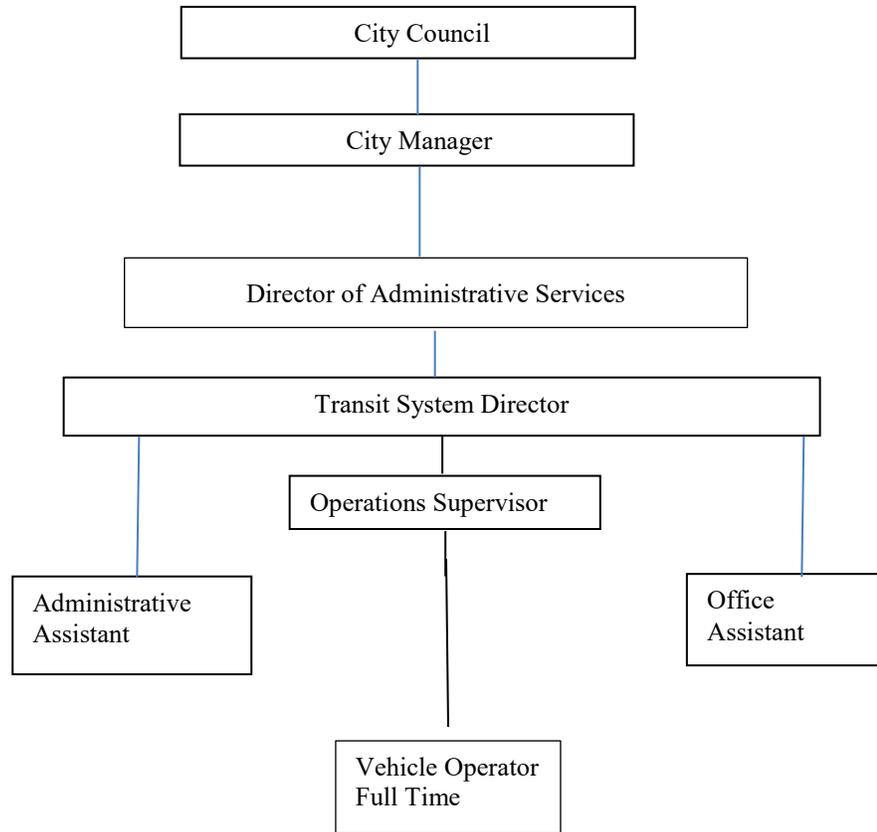
Submitted to:

New Mexico Department of Transportation
Transit and Rail Division
P.O. Box 1149
Santa Fe, New Mexico 87504-1149

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ORGANIZATIONAL CHART



City of Roswell Pecos Trails Transit System

Mission Statement

To deliver the best possible public transportation in the Roswell area in a safe and efficient manner.

Vision Statement

To improve the quality of life through economic development, cultural enjoyment, and access to medical and educational services and to all the amenities of the area.

DESCRIPTION OF TRANSIT SYSTEM

SERVICE AREA:

Transportation services are provided within the City limits of Roswell.

ROUTE DESIGN:

PTTS provides fixed route and complimentary para-transit service.

The fixed route service has five routes within the City of Roswell. There are approximately two-hundred fifty (250) bus stops on the routes within Roswell for our transit passengers.

Our complimentary para-transit system is accessed by telephone for reservations. We have a small number of subscription riders. Calls for reservations are accepted the day before or up to fourteen (14) days in advance. Our para-transit service operators are given a schedule for pickups and return trips. As the schedule allows our riders will call for trips and we will accommodate them when possible.

SCHEDULES:

The fixed route service operates Monday through Friday, between the hours of 6:00 a.m., and 10:30 p.m., on Saturdays from 7:10 a.m. to 10:10 p.m. and on Sundays from 10:30 a.m. to 7:00 p.m. The Monday through Friday service consists of six fixed routes. Saturday and Sunday service requires two buses on the Main street route only. The buses operate five routes on varying head ways of approximately 28 minutes. We use a renovated downtown intercity bus terminal as a transfer/office and maintenance facility.

FARE STRUCTURE:

Our fare structure was set with input by the City of Roswell City Council with input from citizens and design consultants in 1992 and is reviewed annually. Our Fixed Route Fares are:

	Each Ride	10 Pack of Tokens	Monthly Pass
Adult	\$0.75	\$6.75	\$27.00
Child/Student	\$0.50	\$4.50	\$18.00
Senior over age 60	\$0.35	\$3.15	\$12.60
Disabled	\$0.35	\$3.15	\$12.60

Our Complementary Para-transit Fare is \$1.00 per one-way trip.

ADVERTISING AND MARKETING:

Our marketing program consists of five components. The first component is printed media. We use the Roswell Daily Record which is our local newspaper. Posters, Bus Schedules and guides are placed in local business and service centers indicating the service and telephone numbers to contact for service and service information. The Bus Schedule and Guides indicate the service phone number, fare structure, available service and routes.

The second component we use is local radio stations which consist of paid and public service announcements.

The third component of the marketing program consist of staff presentation to community groups to include: Roswell Adult and Senior Center, the Schools, parents, teachers, student organizations and other organization meetings deemed appropriate.

The fourth component of the marketing program is our page on the City of Roswell's website: <https://www.roswell-nm.gov/287/Pecos-Trails-Transit>

The fifth component of the marketing program is our Pecos Trails Transit page on Facebook.

ADMINISTRATIVE EMPLOYEES

TRANSIT SYSTEM DIRECTOR

SUMMARY: Under administrative direction, plans and administers the operations of the transit system.

ESSENTIAL FUNCTIONS: -- Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:

Supervises the day-to-day functions of the Transit System; oversees the work of Dispatchers, Drivers, Operations Supervisor, and Transit clerical staff; participates in the hiring, training and disciplining of employees; makes recommendations for promotions.

Administers the City and State budget for the Department; oversees grant applications; prepares bids and purchases for Transit vehicles.

Manages grant monies; verifies that grant regulations are being followed.

Supports the relationship between the City of Roswell and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or GED AND seven years increasingly responsible supervisory experience, preferably with a transit system; OR an equivalent combination of education, training, and experience.

Knowledge of:

City and Department policies and procedures.

Principles and practices of effective leadership, supervision and training.

Principles and procedures of recordkeeping, reporting and retention.

Federal, State, and City regulations.

Skill in:

Establishing and maintaining effective working relationships with co-workers and the public.

Effective verbal and written communication.

Operating a personal computer utilizing standard software such as Microsoft Office and some specialized software; functioning standard equipment.

LICENSE AND CERTIFICATION REQUIREMENTS:

A New Mexico State Driver's License is required.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work is performed in a standard office environment. May be required to operate a vehicle on occasion.

PRE-EMPLOYMENT REQUIREMENTS:

This classification requires that a "Pre-Employment Release and Waiver Form" be completed and submitted along with the employment application. Candidates must pass a post-offer pre-employment limited physical given by a City-designated physician and pass a post-offer pre-employment drug screen administered by a City-designated facility.

CONDITIONS OF CONTINUED EMPLOYMENT:

Incumbents and candidates must have and maintain a satisfactory driving record and insurability in accordance with the City's insurance carrier.

ADMINISTRATIVE ASSISTANT

SUMMARY: Under general supervision, performs clerical accounting/bookkeeping duties, reviews and enters data, processes transactions, and provides customer services for the Finance Department.

ESSENTIAL FUNCTIONS: -- Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:

Posts accounting transactions to computer ledgers within designated limits; reviews source documents for compliance to rules and regulations, and for validity and accuracy of information; records, files, sorts and distributes related paperwork and documents; balances accounts, and reports discrepancies.

Maintains accounting and bookkeeping records and filing systems; enters data into computer systems; processes transactions, and updates accounts; answers questions from clients within scope of authority.

Supports the relationship between the City of Roswell and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High School Diploma or GED equivalent; AND one year of computer and clerical support experience; some accounting experience is preferred; OR an equivalent combination of education, training, and experience.

Knowledge of:

City policies and procedures.
Basic record keeping practices, and customer service standards.

Skill in:

Entering data into a computer system with speed and accuracy, and maintaining electronic records.

Establishing and maintaining cooperative working relationships with City employees.

Effective verbal and written communication.

LICENSE AND CERTIFICATION REQUIREMENTS:

A New Mexico State Driver's License is required.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work is performed in a standard office environment.

OFFICE ASSISTANT

SUMMARY: Under basic supervision, provides general and clerical support and customer service to assigned Department and the public.

ESSENTIAL FUNCTIONS: -- Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to, the following:

Processes various documents, applications, permits and paperwork; calculates and collects fees as appropriate.

Sorts and files materials; maintains records.

Prepares and assembles items for meetings and presentations as assigned; manages calendars.

Performs general clerical duties; answers phones; manage fax, mail, and email correspondence; data entry; responds to customer inquiries; provides customer service.

Inventories and orders office supplies.

Collects, sorts, and distributes mail.

May dispatch service workers.

May download, prepare, and submit purchase orders and invoices.

May be responsible for opening, closing, and maintaining building alarm system.

Supports the relationship between the City of Roswell and the general public by demonstrating courteous and cooperative behavior when interacting with visitors and City staff; maintains confidentiality of work-related issues and City information; performs other duties as required or assigned.

MINIMUM QUALIFICATIONS:

Education, Training and Experience Guidelines:

High school diploma or GED equivalent AND two years of experience; OR an equivalent combination of education, training, and experience.

Knowledge of:

City and Department policies and procedures.

Principles and procedures of recordkeeping, reporting and retention.

Basic bookkeeping principles and practices.

Skill in:

Establishing and maintaining effective working relationships with co-workers and the public.

Communicating effectively, both verbally and in writing.

Operating a personal computer utilizing standard software such as Microsoft Office and some specialized software; functioning standard office equipment.

Providing quality customer service.

LICENSE AND CERTIFICATION REQUIREMENTS:

A New Mexico State Driver's License is required.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work is performed in a standard office environment.

PRE-EMPLOYMENT REQUIREMENTS:

This classification requires that a "Pre-Employment Release and Waiver Form" be completed and submitted along with the employment application. Candidates must pass a post-offer pre-employment limited physical given by a City-designated physician and pass a post-offer pre-employment drug screen administered by a City-designated facility.

CONDITIONS OF CONTINUED EMPLOYMENT:

Incumbents and candidates must have and maintain a satisfactory driving record and insurability in accordance with the City's insurance carrier.

APPEARANCE AND CONDUCT

An employee is expected to be neat in dress and appearance. Grooming and hairstyles shall comply with department regulations. Jewelry, accessories, shoes and headgear shall be safe and functional. An employee shall dress appropriately for work, as determined by the department head.

CODE OF CONDUCT

General:

As employees of a city providing a public service to our community, we all have an obligation to conduct ourselves in a manner befitting the public trust. Employees are to be courteous to passengers and fellow employees alike, and to conduct themselves in a respectful and civil manner at all times.

Training Plan:

All City of Roswell administrative personnel are required to attend classes in Sexual Harassment in the Workplace; Accident & Incident Reporting; Drug & Alcohol Awareness; Active Shooter; and Public Liability at least once during their employment. They are also required to attend classes in CPR; First Aid; and Defensive Driving; every two years.

QUALIFIED DRIVERS AND SUPERVISORS

HIRING PROCEDURE:

The individual applies for a position by filling out the employment application on the Employment Opportunities page of the City of Roswell website:
<https://www.roswell-nm.gov/746/Employment>.

The individual fulfills the City of Roswell Pecos Trails Transit System pre-employment process and passes an interview.

After the interview, or test and appropriate background checks (d/l, etc.), the City of Roswell Human Resources Department will prepare the paperwork. After approval the Human Resources Department will contact the individual to offer them a position, contingent upon the successful results of a drug screen and/or physical exam as applicable. If they accept the position, they will continue in the selection process and the Human Resources Department will notify the applicant of the dates and times of the exams, as applicable.

The applicant reports to the HR department at City Hall where they verify status then they are given a **Collection Site Request Form (HRP-1510)** and asked to

report to a collection site and complete a urine test within one (1) hour. If the applicant wants testing procedure information, it should be readily available.

The recruiter will put the signed **Drug Testing Acknowledgment Form** and the signed **Previous Employer Drug and Alcohol Testing Release Form** for each applicant in the Drug testing log which is kept in a secure manner.

If the drug test comes back as “negative” and the **Previous Employer Drug and Alcohol Testing Release Form** has been received without any positive drug or alcohol testing history, the applicant may be hired (or begin safety sensitive duties). If the drug test comes back “positive”, the applicant cannot be hired for the position at that time. A Substance Abuse Professional (SAP) referral must be sent to the applicant as soon as possible.

If the **Previous Employer Drug and Alcohol Testing Release Form** is returned and there has been a positive test result in the past 24 months, the Designated Employer Representative (DER) must ask the applicant for paperwork showing that the applicant has completed an SAP evaluation, if a Return To Duty test has been done, and Follow Up testing recommended. If the applicant is hired, it is up to City of Roswell Pecos Trails Transit System to make sure the applicant completed an SAP evaluation and recommended treatment and passed a Return To Duty test before performing safety-sensitive duties. Additionally, it is the responsibility of City of Roswell Pecos Trails Transit System to make sure the recommended Follow Up testing is continued and completed.

The following procedures are to be followed when Pre-Employment testing a current employee in a non-safety-sensitive position that is applying for transfer to a safety-sensitive position.

The employee bids or applies for a safety-sensitive position.

The employee(s) applying for the opening are interviewed and sign the **Drug Testing Acknowledgment Form and Previous Employer Release Drug and Alcohol Testing Form** (if employee has worked less than two (2) years for the company) and tested for the safety-sensitive position for which they are applying.

The selected employee is given a **Collection Site Request Form** and asked to report to a collection site and complete a urine test within 30 minutes of the interview.

The DER will put the signed **Drug Testing Acknowledgment Form** and the signed **Previous Employer Release Drug and Alcohol Testing Form** (if employee has worked less than 2 years for the company) for each applicant in the Drug testing logbook.

When the drug test result is received from the MRO (this may take from 1 to 5 days) the DER will be able to start the employee on his/her new safety sensitive duties.

If the drug test comes back “positive”, the applicant cannot be transferred to a safety-sensitive position at that time. An SAP referral must be given to the employee as soon as possible

If the **Previous Employer Drug and Alcohol Testing Release Form** is returned and there has been a positive test result in the past 24 months, the DER must ask the applicant for paperwork showing that the applicant has completed an SAP evaluation, if a Return To Duty test has been done, and Follow Up testing recommended. If the applicant is hired, it is up to City of Roswell Pecos Trails Transit System to make sure the applicant completed an SAP evaluation and recommended treatment and passed a Return-To-Duty test before performing safety-sensitive duties. Additionally, it is the responsibility of City of Roswell Pecos Trails Transit System to make sure the recommended Follow Up testing is continued and completed.

BACKGROUND CHECK

A background check is done on all employees having contact with children or elderly.

Driver Record

An applicant for a position requiring a driver’s license shall have a driver’s license check run by the City of Roswell Human Resources Department prior to appointment. A current employee whose position requires a driver’s license shall be subject to an annual driver’s license check conducted by the City of Roswell Human Resources Department.

Valid Driver’s License

All operators are required to have and maintain a valid New Mexico CDL with a P endorsement.

Training

Required_– Pecos Trails Transit System shall ensure that all drivers of vehicles utilized shall be trained in first aid, cardiopulmonary resuscitation (CPR), defensive driving and wheelchair training. This training shall be completed and trainee(s) certified within six (6) months of the effective date of this Agreement. All drivers hired after the effective date of this Agreement must be trained in first aid, CPR,

defensive driving and wheelchair training, bloodborne pathogens, customer service and crisis management. This training must be completed and driver(s) certified within six (6) months of their date of hire. Proof of such training shall be required. All full time, part time, substitute/fill-in or volunteer vehicle operators shall have in their possession valid certifications while operating a public transportation vehicle in service of this program.

VEHICLE FLEET

CURRENT VEHICLES

VIN	ID	Year	Type
1GDE5V1G19F412742	940	2009	Bus
1GBE4V1918F402210	942	2007	Bus
1FDXE4FS1DDA02978	943	2013	Bus
1FDXE4FS3DDA08510	944	2013	Bus
1FDXE4FS5DDA08508	945	2013	Bus
1GB6G5BG3F116930	946	2015	Bus
1GB6G5BG2F1228201	947	2015	Bus
1GB6GUBG4H1184201	949	2017	Bus
1GB6G5BG9F1206700	950	2015	Bus
1HA6GUBB6KN002736	951	2019	Bus
2D4RN4DE9AR462606	PT 08	2010	Van
2C7WDGBG5FR705623	PT 10	2015	Van
2C4RDGBG7JR256562	PT 11	2018	Van

MAINTENANCE SCHEDULES:

Preventive - all buses are inspected and serviced every 5,000 miles. Vans are inspected and serviced every 3,500 miles.

Scheduled – Oil and filter changes are scheduled at the same intervals as the preventive maintenance checks.

Emergency – Any repairs turned in by the operator of a bus on defect cards are done immediately upon receipt of the defect card.

Inspection Procedures:

Inspections are done by the fleet management company contracted by the City.

Vehicle Replacement:

Buses are on a replacement schedule of approximately every seven years and

will be done when funds are available. Vans are on a five-year replacement schedule.

ACCIDENT/INCIDENT REPORTING PROCEDURES

FORMS:

Insurance forms in vehicle - yes

Accident reporting forms in vehicle – No, forms are kept in dispatch office.

ACCIDENT REPORT:

An accident report must be completed whenever you:

Collide or make contact with a fixed object.

Make contact with another vehicle (even if no apparent damage).

Near misses must be reported.

Have a passenger injury on the bus.

A passenger falls on your bus and does not appear to be injured or states that they are not injured.

A passenger's clothing is torn or damaged.

A passenger is put off your bus for any reason.

Emergency assistance is requested.

You are involved in an altercation with a passenger.

Anything out of the ordinary occurs on your bus (such as an altercation between two passengers or a fire on your bus).

WHEN TO REPORT:

You should report immediately by radio. A written report must be submitted within twenty-four (24) hours.

POLICE:

The police must be summoned at all accidents involving another vehicle.

AFTER THE ACCIDENT:

Do not talk to any insurance agent, lawyer or representative of anyone involved in the accident unless authorized to by the Safety Administrator.

ACCIDENT FOLLOW-UP:

After an accident, a supervisor will speak with you to discuss your accident.

MAJOR PREVENTABLE:

Involvement in a serious preventable accident may result in immediate suspension, re-training or discharge depending on your record and the nature and severity of the accident.

PREVENTION:

A supervisor/Safety Dept. will periodically ride your bus to observe your driving technique. Poor habits sometimes develop without the driver being aware of them. A supervisor will offer constructive criticism on any poor habits that they observe.

WITNESS CARDS:

Whenever you are involved in an accident or incident, no matter how small it may appear, you must notify the supervisor at once.

It is important to gather as much information as possible at the scene of the accident.

It is important that witness cards be obtained from as many people as possible. Certain techniques will produce a better response from your passengers. These cards can be found in the information packet in the first aid kit.

HAVE A GOOD RELATIONSHIP WITH YOUR PASSENGERS AT ALL TIMES.

KEEP CALM. You will gain the respect of your passenger's and you will do a better job.

START HANDING OUT CARDS WHERE IT IS MOST OBVIOUS THAT PERSONS CAN GIVE VALUABLE INFORMATION. Then hand them out to everyone who actually saw the accident.

SAY AS FEW WORDS AS POSSIBLE WHEN HANDING OUT A CARD. Hand

them out as though you expect everyone to fill out a card.

DO NOT WAIT WHILE EACH PERSON FILLS OUT A CARD. Hand out the cards, then, after a short wait, start picking them up.

START PICKING UP THE CARDS FROM THE REAR OF THE VEHICLE. Thank the passengers even if there is not any information on the card. If someone refuses, it is less obvious to the other passengers.

NEVER ARGUE WITH PEOPLE WHO REFUSE TO FILL OUT A CARD. Arguments may cause other riders to refuse.

ACCIDENT GRADING

Personal Injury

Personal, on duty injuries are injuries arising out of or in the course of duty.

No Damage Accidents

No damage contact accidents will not be considered an accident. However, this determination can only be made after an inspection of the bus and the other vehicle or fixed object.

Therefore, you must complete an accident report whenever you strike another vehicle or fixed object or leave the roadway. After an inspection of the bus and if there is no damage and no claim will be filed against us, the Accident Report will then become an Incident Report and will not be shown on your driving record. Any repairable damage will be considered an accident.

Exception

Any accident involving the City and another vehicle not owned by the City will be considered an accident even if no damage is done.

Unreported Accidents

If you admit that you may have had an accident and you did not report it at the time, you will receive a written reprimand or a possible suspension for not following proper procedures. Disciplinary action will depend on your past record. And will be in accordance with the Personnel Rules and Regulations.

If you deny that you had an accident and the investigation proves that you did, you may be terminated immediately.

If all drivers deny it and it cannot be proven conclusively that one person did it, then the last person to drive the bus will receive a written reprimand for not reporting the damage. A notice will be placed in the last two driver's files about the investigation.

POLICIES

Riding Pecos Trail Transit

Board the bus at the posted (designated) Bus Stop Sign. Buses stop only at posted stops.

Make sure you are not out of sight or waiting behind a shelter.

All P.T.T.S. buses are equipped with wheelchair lifts and the regular Main Street buses are equipped with front door kneeling devices which may be used if requested.

Once buses are in motion, they will not board more passengers.

Drivers may not delay their departure from a point to wait for a transferring customer.

Please be alert for your destination. Approximately one half block before your stop, signal the Driver to let you off, if you are unfamiliar with the area ask the Driver to call out your street.

To signal your stop, pull the chime cord or push the black strip around the window.

Look around your area so you don't leave anything behind.

Exit via the rear door whenever possible.

For your safety and that of others around you, hold on to the hand rails or door handles until you clear the door.

Assuring a Pleasant Ride

Our goal is to provide a safe, comfortable commute for all individuals traveling on PTTS buses.

Please Observe the Following Rules

Stay clear of the doorways and stairwells and keep your arms, hands, and head inside the bus.

Safety regulations prohibit anyone standing in front of the white line when the bus is in motion. When there are seats available, walking or standing is not allowed

while the bus is in motion.

Drivers will ask you to yield the seats immediately behind them for our senior and disabled customers. The first section of seats are designated to accommodate these customers. Please be courteous and make room for customers needing these spaces.

Do not talk to, or distract the Driver while the bus is in motion

Arrive at your bus stop 5 minutes early to ensure not missing the bus.

Shirts and shoes are required.

Children must be removed from strollers and the stroller must be collapsed to fit between the seat and the customer. Non-collapsible strollers are prohibited.

Children must not be left unattended on the buses or at the Bus Station area for any reason.

Fighting, throwing things, pushing, shouting, rough behavior, Driver harassment, and vulgar language are forbidden and is grounds for immediate ejection from the bus.

Service animals are welcome and are allowed to ride at no additional fare.

Service animals must be under the control of the passenger.

All other animals must be in a cage with a secured, covered top and will be allowed as long as space is not required for other passengers. If a seat is required for a pet, full adult fare will be charged.

It is the passenger's responsibility to be at the bus or bus stop at the time of loading for departure.

Schedule times are approximate, due to ever changing situations and conditions of the system. The buses may depart a time point up to three (3) minutes early, with the exception of the Bus Station which is the ONLY layover point.

Safety regulations prohibit Drivers from leaving their seats to assist with packages or any such items.

Additional policies and procedures of the Transit System will periodically be posted in the station lobby and on the buses.

Restricted Items

Used gasoline cans, (whether empty or not), car batteries, skateboards, skates (unless placed in a bag or container), tires, or any object too large to fit between passenger seats.

Cellular phones are permitted as long as they do not interfere with the operation of the bus.

No tricycles, tandem or motorized bicycles can be placed in the bicycle racks or inside the buses.

No weapons of any kind are allowed on the buses.

Complaint Form

If your ride was not satisfactory, download the Complaint/Incident Form and Instructions (PDF) or ask for one at our front window.

Lost & Found

If you lose an item on the bus, contact Pecos Trails at 624-6766. A Pecos Trails representative will take your report and assist you with recovering any articles which have been found.

PTTS is not responsible for any item left on the buses. Wallets, purses and medication will be given special consideration and an attempt will be made to contact the Driver immediately. All other items must wait for daily processing.

NON-DISCRIMINATION

Pecos Trails Transit operates its programs and services without regard to race, color, national origin, and disability, in accordance with Title VI of the Civil Rights Act and the Americans with Disabilities Act. Any person who believes she or he has been aggrieved by any unlawful discriminatory practice may file a complaint with Pecos Trails Transit System PO Drawer 1838, Roswell, NM 88202. For more information on Pecos Trails civil rights program and the procedures to file a complaint, please visit our office for complaint forms and procedures. You can also call (575) 624-6766 or email a.aragon@roswell-nm.gov, or download them from our website, <http://roswell-nm.gov/1103/Non-discrimination-Notice>

You may also file a complaint with the New Mexico Department of Transportation. For more information on the New Mexico Department of Transportation's civil rights program, and the procedures to file a complaint, please call 1-800-554-0936 or (505) 470-9668; email linda.ramos@state.nm.dot; or visit our administrative offices at 1590 Pacheco St., Suite A-10, Santa Fe, NM 87505. For more information, visit www.dot.state.nm.us.

A complainant may file a complaint directly with the Federal Transit Administration (FTA), Office of Civil Rights, Attention: Title VI/ADA Program Coordinator, East Building, 5th Floor-TCR, 1200 New Jersey Ave., SE, Washington, DC 20590. Phone: (202) 366-4043.

If information is needed in another language please contact us at (575) 624-6766.

DRUG AND ALCOHOL TESTING POLICY
City of Roswell, Pecos Trails Transit System
Adopted as of January 14, 2019

A. PURPOSE

- 1) The City of Roswell, Pecos Trails Transit System, provides public transit and paratransit services for the residents of Roswell, New Mexico. Part of our mission is to ensure that this service is delivered safely, efficiently, and effectively by establishing a drug and alcohol-free work environment, and to ensure that the workplace remains free from the effects of drugs and alcohol in order to promote the health and safety of employees and the general public. In keeping with this mission, City of Roswell, Pecos Trails Transit System declares that the unlawful manufacture, distribution, dispense, possession, or use of controlled substances or misuse of alcohol is prohibited for all employees.

- 2) Additionally, the purpose of this policy is to establish guidelines to maintain a drug and alcohol-free workplace in compliance with the Drug-Free Workplace Act of 1988, and the Omnibus Transportation Employee Testing Act of 1991. This policy is intended to comply with all applicable Federal regulations governing workplace anti-drug and alcohol programs in the transit industry. Specifically, the Federal Transit Administration (FTA) of the U.S. Department of Transportation has published 49 CFR Part 655, as amended, that mandates urine drug testing and breath alcohol testing for safety-sensitive positions, and prohibits performance of safety-sensitive functions when there is a positive test result, or a refusal to test. The U. S. Department of Transportation (USDOT) has also published 49 CFR Part 40, as amended, that sets standards for the collection and testing of urine and breath specimens.

- 3) Any provisions set forth in this policy that are included under the sole authority of City of Roswell, Pecos Trails Transit System and are not provided under the authority of the above named Federal regulations are underlined. Tests conducted under the sole authority of City of Roswell, Pecos Trails Transit System will be performed on non-USDOT forms and will be separate from USDOT testing in all respects.

B. APPLICABILITY

This Drug and Alcohol Testing Policy applies to all safety-sensitive employees (full- or part-time) when performing safety sensitive duties. See Attachment A for a list of employees and the authority under which they are included.

A safety-sensitive function is operation of public transit service including the operation of a revenue service vehicle (whether or not the vehicle is in revenue service), maintenance of a revenue service vehicle or equipment used in revenue service, security personnel who carry firearms, dispatchers or persons controlling the movement of revenue service vehicles and any transit employee who operates a vehicle that requires a Commercial Driver's License to operate. Maintenance functions include the repair, overhaul, and rebuild of engines, vehicles and/or equipment used in revenue service. A list of safety-sensitive positions who perform one or more of the above mentioned duties is provided in Attachment A. Supervisors are only safety sensitive if they perform one of the above functions. Volunteers are considered safety sensitive and subject to testing if they are required to hold a CDL, or receive remuneration for service in excess of actual expense.

C. DEFINITIONS

Accident: An occurrence associated with the operation of a vehicle even when not in revenue service, if as a result:

- a. An individual dies;
- b. An individual suffers a bodily injury and immediately receives medical treatment away from the scene of the accident; or,
- c. One or more vehicles incur disabling damage as the result of the occurrence and is transported away from the scene by a tow truck or other vehicle. For purposes of this definition, *disabling damage* means damage which precludes departure of any vehicle from the scene of the occurrence in its usual manner in daylight after simple repairs. Disabling damage includes damage to vehicles that could have been operated but would have been further damaged if so operated, but does not include damage which can be remedied temporarily at the scene of the occurrence without special tools or parts, tire disablement without other damage even if no spare tire is available, or damage to headlights, taillights, turn signals, horn, or windshield wipers that makes them inoperative.

Adulterated specimen: A specimen that has been altered, as evidence by test results showing either a substance that is not a normal constituent for that type of specimen or showing an abnormal concentration of an endogenous substance.

Alcohol: The intoxicating agent in beverage alcohol, ethyl alcohol, or other low molecular weight alcohols contained in any beverage, mixture, mouthwash, candy, food, preparation or medication.

Alcohol Concentration: Expressed in terms of grams of alcohol per 210 liters of breath as indicated by a breath test under 49 CFR Part 40.

Aliquot: A fractional part of a specimen used for testing, It is taken as a sample representing the whole specimen.

Canceled Test: A drug or alcohol test that has a problem identified that cannot be or has not been corrected, or which is cancelled. A canceled test is neither positive nor negative.

Confirmatory Drug Test: A second analytical procedure performed on a different aliquot of the original specimen to identify and quantify the presence of a specific drug or metabolite.

Confirmatory Validity Test: A second test performed on a different aliquot of the original urine specimen to further support a validity test result.

Covered Employee Under FTA Authority: An employee who performs a safety-sensitive function including an applicant or transferee who is being considered for hire into a safety-sensitive function (See Attachment A for a list of covered employees).

Designated Employer Representative (DER): An employee authorized by the employer to take immediate action to remove employees from safety-sensitive duties and to make required decisions in testing. The DER also receives test results and other communications for the employer, consistent with the requirements of 49 CFR Parts 40 and 655.

DOT, The Department, DOT Agency: These terms encompass all DOT agencies, including, but not limited to, the Federal Aviation Administration (FAA), the Federal Railroad Administration (FRA), the Federal Motor Carrier Safety Administration (FMCSA), the Federal Transit Administration (FTA), the National Highway Traffic Safety Administration (NHTSA), the Pipeline and Hazardous Materials Safety Administration (PHMSA), and the Office of the Secretary (OST). For purposes of 49 CFR Part 40, the United States Coast Guard (USCG), in the Department of Homeland Security, is considered to be a DOT agency for drug testing purposes. These terms include any designee of a DOT agency.

Dilute specimen: A urine specimen with creatinine and specific gravity values that are lower than expected for human urine.

Disabling damage: Damage which precludes departure of any vehicle from the scene of the occurrence in its usual manner in daylight after simple repairs. Disabling damage includes damage to vehicles that could have been operated but would have been further damaged if so operated, but does not include damage which can be remedied temporarily at the scene of the occurrence without special tools or parts, tire disablement without other damage even if no spare tire is

available, or damage to headlights, taillights, turn signals, horn, or windshield wipers that makes them inoperative.

Evidentiary Breath Testing Device (EBT): A device approved by the NHTSA for the evidential testing of breath at the 0.02 and the 0.04 alcohol concentrations, and appears on ODAPC's Web page for "Approved Evidential Breath Measurement Devices" because it conforms with the model specifications available from NHTSA.

Initial Drug Test: (Screening Drug Test) The test used to differentiate a negative specimen from one that requires further testing for drugs or drug metabolites.

Initial Specimen Validity Test: The first test used to determine if a urine specimen is adulterated, diluted, substituted, or invalid

Invalid Result: The result reported by an HHS-certified laboratory in accordance with the criteria established by the HHS Mandatory Guidelines when a positive, negative, adulterated, or substituted result cannot be established for a specific drug or specimen validity test.

Laboratory: Any U.S. laboratory certified by HHS under the National Laboratory Certification program as meeting standards of Subpart C of the HHS Mandatory Guidelines for Federal Workplace Drug Testing Programs; or, in the case of foreign laboratories, a laboratory approved for participation by DOT under this part.

Limit of Detection (LOD): The lowest concentration at which a measurand can be identified, but (for quantitative assays) the concentration cannot be accurately calculated.

Limit of Quantitation: For quantitative assays, the lowest concentration at which the identity and concentration of the measurand can be accurately established.

Medical Review Officer (MRO): A licensed physician (medical doctor or doctor of osteopathy) responsible for receiving laboratory results generated by the drug testing program who has knowledge of substance abuse disorders, and has appropriate medical training to interpret and evaluate an individual's confirmed positive test result, together with his/her medical history, and any other relevant bio-medical information.

Negative Dilute: A drug test result which is negative for the five drug/drug metabolites but has a specific gravity value lower than expected for human urine.

Negative result: The result reported by an HHS-certified laboratory to an MRO when a specimen contains no drug or the concentration of the drug is less than the cutoff concentration for the drug or drug class and the specimen is a valid specimen. An alcohol concentration of less than 0.02 BAC is a negative test result.

Non-negative test result: A urine specimen that is reported as adulterated, substituted, invalid, or positive for drug/drug metabolites.

Oxidizing Adulterant: A substance that acts alone or in combination with other substances to oxidize drugs or drug metabolites to prevent the detection of the drug or metabolites, or affects the reagents in either the initial or confirmatory drug test.

Performing (a safety-sensitive function): A covered employee is considered to be performing a safety-sensitive function and includes any period in which he or she is actually performing, ready to perform, or immediately available to perform such functions.

Positive result: The result reported by an HHS- Certified laboratory when a specimen contains a drug or drug metabolite equal or greater to the cutoff concentrations.

Prohibited drug: Identified as marijuana, cocaine, opioids, amphetamines, or phencyclidine at levels above the minimum thresholds specified in 49 CFR Part 40, as amended.

Reconfirmed: The result reported for a split specimen when the second laboratory is able to corroborate the original result reported for the primary specimen.

Rejected for Testing: The result reported by an HHS- Certified laboratory when no tests are performed for specimen because of a fatal flaw or a correctable flaw that has not been corrected.

Revenue Service Vehicles: All transit vehicles that are used for passenger transportation service.

Safety-sensitive functions: Employee duties identified as:

- (1) The operation of a transit revenue service vehicle even when the vehicle is not in revenue service.
- (2) The operation of a non-revenue service vehicle by an employee when the operation of such a vehicle requires the driver to hold a Commercial Drivers License (CDL).
- (3) Maintaining a revenue service vehicle or equipment used in revenue service.
- (4) Controlling the movement of a revenue service vehicle and
- (5) Carrying a firearm for security purposes.

Split Specimen Collection: A collection in which the urine collected is divided into two separate bottles, the primary specimen (Bottle A) and the split specimen (Bottle B).

Substance Abuse Professional (SAP): A licensed physician (medical doctor or doctor of osteopathy) or licensed or certified psychologist, social worker, employee assistance professional, state-licensed or certified marriage and family therapist, or drug and alcohol counselor (certified by an organization listed at <https://www.transportation.gov/odapc/sap>) with knowledge of and clinical experience in the diagnosis and treatment of drug and alcohol related disorders.

Substituted specimen: A urine specimen with creatinine and specific gravity values that are so diminished or so divergent that they are not consistent with normal human urine.

Test Refusal: The following are considered a refusal to test if the employee:

- (1) Fail to appear for any test (except a pre-employment test) within a reasonable time, as determined by the employer.
- (2) Fail to remain at the testing site until the testing process is complete. An employee who leaves the testing site before the testing process commences for a pre-employment test has not refused to test.
- (3) Fail to attempt to provide a breath or urine specimen. An employee who does not provide a urine or breath specimen because he or she has left the testing site before the testing process commenced for a pre-employment test has not refused to test.
- (4) In the case of a directly-observed or monitored urine drug collection, fail to permit monitoring or observation of your provision of a specimen.
- (5) Fail to provide a sufficient quantity of urine or breath without a valid medical explanation.
- (6) Fail or decline to take a second test as directed by the collector or the employer for drug testing.
- (7) Fail to undergo a medical evaluation as required by the MRO or the employer's Designated Employer Representative (DER).
- (8) Fail to cooperate with any part of the testing process.
- (9) Fail to follow an observer's instructions to raise and lower clothing and turn around during a directly-observed test.
- (10) Possess or wear a prosthetic or other device used to tamper with the collection process.
- (11) Admit to the adulteration or substitution of a specimen to the collector or MRO.
- (12) Refuse to sign the certification at Step 2 of the Alcohol Testing Form (ATF).
- (13) Fail to remain readily available following an accident.
- (14) As a covered employee, if the MRO reports that you have a verified adulterated or substituted test result, you have refused to take a drug test.

Vehicle: A bus, electric bus, van, automobile, rail car, trolley car, trolley bus, or vessel. A public transit vehicle is a vehicle used for public transportation or for ancillary services.

Verified negative test: A drug test result reviewed by a medical review officer and determined to have no evidence of prohibited drug use above the minimum cutoff levels established by the Department of Health and Human Services (HHS).

Verified positive test: A drug test result reviewed by a medical review officer and determined to have evidence of prohibited drug use above the minimum cutoff levels specified in 49 CFR Part 40 as revised.

Validity testing: The evaluation of the specimen to determine if it is consistent with normal human urine. Specimen validity testing will be conducted on all urine specimens provided for testing under DOT authority. The purpose of validity testing is to determine whether certain adulterants or foreign substances were added to the urine, if the urine was diluted, or if the specimen was substituted.

D. EDUCATION AND TRAINING

- 1) Every covered employee will receive a copy of this policy and will have ready access to the corresponding federal regulations including 49 CFR Parts 655 and 40, as amended. In addition, all covered employees will undergo a minimum of 60 minutes of training on the signs and symptoms of drug use including the effects and consequences of drug use on personal health, safety, and the work environment. The training also includes manifestations and behavioral cues that may indicate prohibited drug use.
- 2) All supervisory personnel or company officials who are in a position to determine employee fitness for duty will receive 60 minutes of reasonable suspicion training on the physical, behavioral, and performance indicators of probable drug use and 60 minutes of additional reasonable suspicion training on the physical, behavioral, speech, and performance indicators of probable alcohol misuse.

E. PROHIBITED SUBSTANCES

- 1) Prohibited substances addressed by this policy include the following.
 - a. Illegally Used Controlled Substance or Drugs Under the Drug-Free Workplace Act of 1988 any drug or any substance identified in Schedule I through V of Section 202 of the Controlled Substance Act (21 U.S.C. 812), and as further defined by 21 CFR 1300.11 through 1300.15 is

prohibited at all times in the workplace unless a legal prescription has been written for the substance. This includes, but is not limited to: marijuana, amphetamines, opioids, phencyclidine (PCP), and cocaine, as well as any drug not approved for medical use by the U.S. Drug Enforcement Administration or the U.S. Food and Drug Administration. Illegal use includes use of any illegal drug, misuse of legally prescribed drugs, and use of illegally obtained prescription drugs. Also, the medical use of marijuana, or the use of hemp related products, which cause drug or drug metabolites to be present in the body above the minimum thresholds is a violation of this policy

Federal Transit Administration drug testing regulations (49 CFR Part 655) require that all employees covered under FTA authority be tested for marijuana, cocaine, amphetamines, opioids, and phencyclidine as described in Section H of this policy. Illegal use of these five drugs is prohibited at all times and thus, covered employees may be tested for these drugs anytime that they are on duty.

- b. Legal Drugs: The appropriate use of legally prescribed drugs and non-prescription medications is not prohibited. However, the use of any substance which carries a warning label that indicates that mental functioning, motor skills, or judgment may be adversely affected must be reported to a City of Roswell, Pecos Trails Transit System supervisor and the employee is required to provide a written release from his/her doctor or pharmacist indicating that the employee can perform his/her safety-sensitive functions.
- c. Alcohol: The use of beverages containing alcohol (including any mouthwash, medication, food, candy) or any other substances such that alcohol is present in the body while performing safety-sensitive job functions is prohibited.

F. PROHIBITED CONDUCT

- 1) All covered employees are prohibited from reporting for duty or remaining on duty any time there is a quantifiable presence of a prohibited drug in the body above the minimum thresholds defined in 49 CFR Part 40, as amended.
- 2) Each covered employee is prohibited from consuming alcohol while performing safety-sensitive job functions or while on-call to perform safety-sensitive job functions. If an on-call employee has consumed alcohol, they must acknowledge the use of alcohol at the time that they are called to report for duty. The covered employee will subsequently be relieved of

his/her on-call responsibilities and subject to discipline for not fulfilling his/her on-call responsibilities.

- 3) The Transit Department shall not permit any covered employee to perform or continue to perform safety-sensitive functions if it has actual knowledge that the employee is using alcohol
- 4) Each covered employee is prohibited from reporting to work or remaining on duty requiring the performance of safety-sensitive functions while having an alcohol concentration of 0.04 or greater regardless of when the alcohol was consumed.
 - a. An employee with a breath alcohol concentration which measures 0.02-0.039 is not considered to have violated the USDOT-FTA drug and alcohol regulations, provided the employee hasn't consumed the alcohol within four (4) hours of performing a safety-sensitive duty. However, if a safety-sensitive employee has a breath alcohol concentration of 0.02-0.039, USDOT-FTA regulations require the employee to be removed from the performance of safety-sensitive duties until:
 - i. The employee's alcohol concentration measures less than 0.02; or
 - ii. The start of the employee's next regularly scheduled duty period, but not less than eight hours following administration of the test.
- 5) No covered employee shall consume alcohol for eight (8) hours following involvement in an accident or until he/she submits to the post-accident drug/alcohol test, whichever occurs first.
- 6) No covered employee shall consume alcohol within four (4) hours prior to the performance of safety-sensitive job functions.
- 7) City of Roswell, Pecos Trails Transit System, under its own authority, also prohibits the consumption of alcohol at all times the employee is on duty, or anytime the employee is in uniform.
- 8) Consistent with the Drug-free Workplace Act of 1988, all City of Roswell, Pecos Trails Transit System employees are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of prohibited substances in the work place including transit system premises and transit vehicles.

G. DRUG STATUTE CONVICTION

Consistent with the Drug Free Workplace Act of 1998, all employees are required to notify the **City of Roswell, Pecos Trails Transit System** management of any criminal drug statute conviction for a violation occurring in the workplace within five days after such conviction. Failure to comply with this provision shall result in disciplinary action as defined in Section Q of this policy.

H. TESTING REQUIREMENTS

- 1) Analytical urine drug testing and breath testing for alcohol will be conducted as required by 49 CFR Part 40 as amended. All employees covered under FTA authority shall be subject to testing prior to performing safety-sensitive duty, for reasonable suspicion, following an accident, and random as defined in Section K, L, M, and N of this policy, and return to duty/follow-up.
- 2) A drug test can be performed any time a covered employee is on duty. A reasonable suspicion or random alcohol test can only be performed just before, during, or after the performance of a safety-sensitive job function. Under City of Roswell, Pecos Trails Transit System authority, a non-DOT alcohol test can be performed any time a covered employee is on duty.
- 3) All covered employees will be subject to urine drug testing and breath alcohol testing as a condition of ongoing employment with City of Roswell, Pecos Trails Transit System. Any safety-sensitive employee who refuses to comply with a request for testing shall be removed from duty and subject to discipline as defined in Section Q of this policy.

I. DRUG TESTING PROCEDURES

- 1) Testing shall be conducted in a manner to assure a high degree of accuracy and reliability and using techniques, equipment, and laboratory facilities which have been approved by the U.S. Department of Health and Human Service (HHS). All testing will be conducted consistent with the procedures set forth in 49 CFR Part 40, as amended. The procedures will be performed in a private, confidential manner and every effort will be made to protect the employee, the integrity of the drug testing procedure, and the validity of the test result.
- 2) The drugs that will be tested for include marijuana, cocaine, opioids, amphetamines, and phencyclidine. After the identity of the donor is checked using picture identification, a urine specimen will be collected using the split specimen collection method described in 49 CFR Part 40, as amended. Each specimen will be accompanied by a DOT Custody and

Control Form and identified using a unique identification number that attributes the specimen to the correct individual. The specimen analysis will be conducted at a HHS certified laboratory. An initial drug screen and validity test will be conducted on the primary urine specimen. For those specimens that are not negative, a confirmatory Gas Chromatography/Mass Spectrometry (GC/MS) test will be performed. The test will be considered positive if the amounts of the drug(s) and/or its metabolites identified by the GC/MS test are above the minimum thresholds established in 49 CFR Part 40, as amended.

- 3) The test results from the HHS certified laboratory will be reported to a Medical Review Officer. A Medical Review Officer (MRO) is a licensed physician with detailed knowledge of substance abuse disorders and drug testing. The MRO will review the test results to ensure the scientific validity of the test and to determine whether there is a legitimate medical explanation for a confirmed positive, substitute, or adulterated test result. The MRO will attempt to contact the employee to notify the employee of the non-negative laboratory result, and provide the employee with an opportunity to explain the confirmed laboratory test result. The MRO will subsequently review the employee's medical history/medical records as appropriate to determine whether there is a legitimate medical explanation for a non-negative laboratory result. If no legitimate medical explanation is found, the test will be verified positive or refusal to test and reported to City of Roswell, Pecos Trails Transit System. If a legitimate explanation is found, the MRO will report the test result as negative.
- 4) If the test is invalid without a medical explanation, a retest will be conducted under direct observation. Employees do not have access to a test of their split specimen following an invalid result.
- 5) Any covered employee who questions the results of a required drug test under paragraphs L through P of this policy may request that the split sample be tested. The split sample test must be conducted at a second HHS-certified laboratory. The test must be conducted on the split sample that was provided by the employee at the same time as the primary sample. The method of collecting, storing, and testing the split sample will be consistent with the procedures set forth in 49 CFR Part 40, as amended. The employee's request for a split sample test must be made to the Medical Review Officer within 72 hours of notice of the original sample verified test result. Requests after 72 hours will only be accepted at the discretion of the MRO if the delay was due to documentable facts that were beyond the control of the employee. City of Roswell, Pecos Trails Transit System will ensure that the cost for the split specimen analysis is covered in order for a timely analysis of the sample, however City of Roswell, Pecos Trails Transit System will seek reimbursement for the split sample test from the employee.

- 6) If the analysis of the split specimen fails to confirm the presence of the drug(s) detected in the primary specimen, if the split specimen is not able to be analyzed, or if the results of the split specimen are not scientifically adequate, the MRO will declare the original test to be canceled.
- 7) The split specimen will be stored at the initial laboratory until the analysis of the primary specimen is completed. If the primary specimen is negative, the split will be discarded. If the primary specimen is positive, it will be retained in frozen storage for one year and the split specimen will also be retained for one year. If the primary is positive, the primary and the split will be retained for longer than one year for testing if so requested by the employee through the Medical Review Officer, or by the employer, by the MRO, or by the relevant DOT agency.
- 8) Observed collections
 - a. Consistent with 49 CFR Part 40, as amended, collection under direct observation (by a person of the same gender) with no advance notice will occur if:
 - i. The laboratory reports to the MRO that a specimen is invalid, and the MRO reports to City of Roswell, Pecos Trails Transit System that there was not an adequate medical explanation for the result;
 - ii. The MRO reports to City of Roswell, Pecos Trails Transit System that the original positive, adulterated, or substituted test result had to be cancelled because the test of the split specimen could not be performed;
 - iii. The laboratory reported to the MRO that the specimen was negative-dilute with a creatinine concentration greater than or equal to 2 mg/dL but less than or equal to 5 mg/dL, and the MRO reported the specimen as negative-dilute and that a second collection must take place under direct observation (see §40.197(b)(1)).
 - iv. The collector observes materials brought to the collection site or the employee's conduct clearly indicates an attempt to tamper with a specimen;
 - v. The temperature on the original specimen was out of range;

- vi. Anytime the employee is directed to provide another specimen because the original specimen appeared to have been tampered with.
- vii. All follow-up-tests; or
- viii. All return-to-duty tests

J. ALCOHOL TESTING PROCEDURES

- 1) Tests for breath alcohol concentration will be conducted utilizing a National Highway Traffic Safety Administration (NHTSA)-approved Evidential Breath Testing device (EBT) operated by a trained Breath Alcohol Technician (BAT). A list of approved EBTs can be found on ODAPC's Web page for "Approved Evidential Breath Measurement Devices". Alcohol screening tests may be performed using a non-evidential testing device (alcohol screening device (ASD)) which is also approved by NHTSA. A list of approved ASDs can be found on ODAPC's Web page for "Approved Screening Devices to Measure Alcohol in Bodily Fluids". If the initial test indicates an alcohol concentration of 0.02 or greater, a second test will be performed to confirm the results of the initial test. The confirmatory test must occur on an EBT. The confirmatory test will be conducted no sooner than fifteen minutes after the completion of the initial test. The confirmatory test will be performed using a NHTSA-approved EBT operated by a trained BAT. The EBT will identify each test by a unique sequential identification number. This number, time, and unit identifier will be provided on each EBT printout. The EBT printout, along with an approved alcohol testing form, will be used to document the test, the subsequent results, and to attribute the test to the correct employee. The test will be performed in a private, confidential manner as required by 49 CFR Part 40, as amended. The procedure will be followed as prescribed to protect the employee and to maintain the integrity of the alcohol testing procedures and validity of the test result.
- 2) A confirmed alcohol concentration of 0.04 or greater will be considered a positive alcohol test and in violation of this policy. The consequences of a positive alcohol test are described in Section Q. of this policy. Even though an employee who has a confirmed alcohol concentration of 0.02 to 0.039 is not considered positive, the employee shall still be removed from duty for at least eight hours or for the duration of the work day whichever is longer and will be subject to the consequences described in Section Q of this policy. An alcohol concentration of less than 0.02 will be considered a negative test.

- 3) City of Roswell, Pecos Trails Transit System affirms the need to protect individual dignity, privacy, and confidentiality throughout the testing process. If at any time the integrity of the testing procedures or the validity of the test results is compromised, the test will be canceled. Minor inconsistencies or procedural flaws that do not impact the test result will not result in a cancelled test.
- 4) The alcohol testing form (ATF) required by 49 CFR Part 40 as amended, shall be used for all FTA required testing. Failure of an employee to sign step 2 of the ATF will be considered a refusal to submit to testing.

K. PRE-EMPLOYMENT TESTING

- 1) All applicants for covered transit positions shall undergo urine drug testing prior to performance of a safety-sensitive function.
 - a. All offers of employment for covered positions shall be extended conditional upon the applicant passing a drug test. An applicant will not be allowed to perform safety-sensitive functions unless the applicant takes a drug test with verified negative results.
 - b. An employee shall not be placed, transferred or promoted into a position covered under FTA authority or company authority until the employee takes a drug test with verified negative results.
 - c. If an applicant fails a pre-employment drug test, the conditional offer of employment shall be rescinded and the applicant will be provided with a list of at least two (2) USDOT qualified Substance Abuse Professionals. Failure of a pre-employment drug test will disqualify an applicant for employment for a period of at least one year. Before being considered for future employment the applicant must provide the employer proof of having successfully completed a referral, evaluation and treatment plan as described in section 655.62 of subpart G. The cost for the assessment and any subsequent treatment will be the sole responsibility of the applicant.
 - d. When an employee being placed, transferred, or promoted from a non-covered position to a position covered under FTA authority or company authority submits a drug test with a verified positive result, the employee shall be subject to disciplinary action in accordance with Section Q herein.

- e. If a pre-employment test is canceled, City of Roswell, Pecos Trails Transit System will require the applicant to take and pass another pre-employment drug test.
- f. In instances where a FTA covered employee does not perform a safety-sensitive function for a period of 90 consecutive days or more regardless of reason, and during that period is not in the random testing pool the employee will be required to take a pre-employment drug test under 49 CFR Part 655 and have negative test results prior to the conduct of safety-sensitive job functions.
- g. Following a negative dilute the employee will be required to undergo another test. Should this second test result in a negative dilute result, the test will be considered a negative and no additional testing will be required unless directed to do so by the MRO.
- h. Applicants are required (even if ultimately not hired) to provide *City of Roswell, Pecos Trails Transit System* with signed written releases requesting USDOT drug and alcohol records from all previous, USDOT-covered, employers that the applicant has worked for within the last two years. Failure to do so will result in the employment offer being rescinded. *City of Roswell, Pecos Trails Transit System* is required to ask all applicants (even if ultimately not hired) if they have tested positive or refused to test on a pre-employment test for a USDOT covered employer within the last two years. If the applicant has tested positive or refused to test on a pre-employment test for a USDOT covered employer, the applicant must provide City of Roswell, Pecos Trails Transit System proof of having successfully completed a referral, evaluation and treatment plan as described in section 655.62 of subpart G.

L. REASONABLE SUSPICION TESTING

- 1) All City of Roswell, Pecos Trails Transit System FTA covered employees will be subject to a reasonable suspicion drug and/or alcohol test when the employer has reasonable suspicion to believe that the covered employee has used a prohibited drug and/or engaged in alcohol misuse. Reasonable suspicion shall mean that there is objective evidence, based upon specific, contemporaneous, articulable observations of the employee's appearance, behavior, speech or body odor that are consistent with possible drug use and/or alcohol misuse. Reasonable suspicion referrals must be made by one or more supervisors who are trained to detect the signs and symptoms of drug and alcohol use, and who reasonably

concludes that an employee may be adversely affected or impaired in his/her work performance due to possible prohibited substance abuse or alcohol misuse. A reasonable suspicion alcohol test can only be conducted just before, during, or just after the performance of a safety-sensitive job function. However, under City of Roswell, Pecos Trails Transit System' authority, a non-DOT reasonable suspicion alcohol test may be performed any time the covered employee is on duty. A reasonable suspicion drug test can be performed any time the covered employee is on duty.

- 2) City of Roswell, Pecos Trails Transit System shall be responsible for transporting the employee to the testing site. Supervisors should avoid placing themselves and/or others into a situation which might endanger the physical safety of those present. The employee shall be placed on administrative leave pending disciplinary action described in Section Q of this policy. An employee who refuses an instruction to submit to a drug/alcohol test shall not be permitted to finish his or her shift and shall immediately be placed on administrative leave pending disciplinary action as specified in Section Q of this policy.
- 3) A written record of the observations which led to a drug/alcohol test based on reasonable suspicion shall be prepared and signed by the supervisor making the observation. This written record shall be submitted to the City of Roswell, Pecos Trails Transit System.
- 4) When there are no specific, contemporaneous, articulable objective facts that indicate current drug or alcohol use, but the employee (who is not already a participant in a treatment program) admits the abuse of alcohol or other substances to a supervisor in his/her chain of command, the employee shall be referred for assessment and treatment consistent with Section Q of this policy. City of Roswell, Pecos Trails Transit System shall place the employee on administrative leave in accordance with the provisions set forth under Section Q of this policy. Testing in this circumstance would be performed under the direct authority of the City of Roswell, Pecos Trails Transit System. **Since the employee self-referred to management, testing under this circumstance would not be considered a violation of this policy or a positive test result under Federal authority.** However, self-referral does not exempt the covered employee from testing under Federal authority as specified in Sections L through N of this policy or the associated consequences as specified in Section Q.

M. POST-ACCIDENT TESTING

- 1) **FATAL ACCIDENTS** – A covered employee will be required to undergo urine and breath testing if they are involved in an accident with a transit vehicle, whether or not the vehicle is in revenue service at the time of the accident, that results in a fatality. This includes all surviving covered employees that are operating the vehicle at the time of the accident and any other whose performance could have contributed to the accident, as determined by the employer using the best information available at the time of the decision.

- 2) **NON-FATAL ACCIDENTS** - A post-accident test of the employee operating the public transportation vehicle will be conducted if an accident occurs and at least one of the following conditions is met:
 - a. The accident results in injuries requiring immediate medical treatment away from the scene, and the covered employee may have contributed to the accident.
 - b. One or more vehicles incurs disabling damage as a result of the occurrence and must be transported away from the scene, and the covered employee may have contributed to the accident

In addition, any other covered employee whose performance could have contributed to the accident, as determined by the employer using the best information available at the time of the decision, will be tested.

As soon as practicable following an accident, as defined in this policy, the transit supervisor investigating the accident will notify the transit employee operating the transit vehicle and all other covered employees whose performance could have contributed to the accident of the need for the test. The supervisor will make the determination using the best information available at the time of the decision.

The appropriate transit supervisor shall ensure that an employee, required to be tested under this section, is tested as soon as practicable, but no longer than eight (8) hours of the accident for alcohol, and no longer than 32 hours for drugs. If an alcohol test is not performed within two hours of the accident, the Supervisor will document the reason(s) for the delay. If the alcohol test is not conducted within (8) eight hours, or the drug test within 32 hours, attempts to conduct the test must cease and the reasons for the failure to test documented.

Any covered employee involved in an accident must refrain from alcohol use for eight (8) hours following the accident, or until he/she undergoes a post-accident alcohol test.

An employee who is subject to post-accident testing who fails to remain readily available for such testing, including notifying a supervisor of his or her location if he or she leaves the scene of the accident prior to submission to such test, may be deemed to have refused to submit to testing.

Nothing in this section shall be construed to require the delay of necessary medical attention for the injured following an accident, or to prohibit an employee from leaving the scene of an accident for the period necessary to obtain assistance in responding to the accident, or to obtain necessary emergency medical care.

In the rare event that City of Roswell, Pecos Trails Transit System is unable to perform an FTA drug and alcohol test (i.e., employee is unconscious, employee is detained by law enforcement agency), City of Roswell, Pecos Trails Transit System may use drug and alcohol post-accident test results administered by local law enforcement officials in lieu of the FTA test. The local law enforcement officials must have independent authority for the test and the employer must obtain the results in conformance with local law.

N. RANDOM TESTING

- 1) All covered employees will be subjected to random, unannounced testing. The selection of employees shall be made by a scientifically valid method of randomly generating an employee identifier from the appropriate pool of safety-sensitive employees. Employees who may be covered under company authority will be selected from a pool of non-DOT-covered employees.
- 2) The dates for administering unannounced testing of randomly selected employees shall be spread reasonably throughout the calendar year, day of the week and hours of the day.
- 3) The number of employees randomly selected for drug/alcohol testing during the calendar year shall be not less than the percentage rates set each year by the FTA administrator. The current year testing rates can be viewed online at <https://www.transportation.gov/odapc/random-testing-rates>.
- 4) Each covered employee shall be in a pool from which the random selection is made. Each covered employee in the pool shall have an equal chance of selection each time the selections are made. Employees will remain in the pool and subject to selection, whether or not the employee has been previously tested. There is no discretion on the part of management in the selection.

- 5) Covered transit employees that fall under the Federal Transit Administration regulations will be included in one random pool maintained separately from the testing pool of non-safety-sensitive employees that are included solely under City of Roswell, Pecos Trails Transit System authority.
- 6) Random tests can be conducted at any time during an employee's shift for drug testing. Alcohol random tests can only be performed just before, during, or just after the performance of a safety sensitive duty. However, under City of Roswell, Pecos Trails Transit System' authority, a non-DOT random alcohol test may be performed any time the covered employee is on duty. Testing can occur during the beginning, middle, or end of an employee's shift.
- 7) Employees are required to proceed immediately to the collection site upon notification of their random selection.

O. RETURN-TO-DUTY TESTING

City of Roswell, Pecos Trails Transit System will terminate the employment of any employee that tests positive or refuses a test as specified in section Q of this policy. However, in the rare event an employee is reinstated with court order or other action beyond the control of the transit system, the employee must complete the return-to-duty process prior to the performance of safety-sensitive functions. All covered employees who previously tested positive on a drug or alcohol test or refused a test, must test negative for drugs, alcohol (below 0.02 for alcohol), or both and be evaluated and released by the Substance Abuse Professional before returning to work. For an initial positive drug test a Return-to-Duty drug test is required and an alcohol test is allowed. For an initial positive alcohol test a Return-to-Duty alcohol test is required and a drug test is allowed. Following the initial assessment, the SAP will recommend a course of rehabilitation unique to the individual. The SAP will recommend the return-to-duty test only when the employee has successfully completed the treatment requirement and is known to be drug and alcohol-free and there are no undue concerns for public safety.

P. FOLLOW-UP TESTING

Covered employees that have returned to duty following a positive or refused test will be required to undergo frequent, unannounced drug and/or alcohol testing following their return-to-duty test. The follow-up testing will be performed for a period of one to five years with a minimum of six tests to be performed the first year. The frequency and duration of the follow-up tests (beyond the minimums) will be determined by the SAP reflecting the SAP's assessment of the employee's

unique situation and recovery progress. Follow-up testing should be frequent enough to deter and/or detect a relapse. Follow-up testing is separate and in addition to the random, post-accident, reasonable suspicion and return-to-duty testing.

In the instance of a self-referral or a management referral, the employee will be subject to non-USDOT follow-up tests and follow-up testing plans modeled using the process described in 49 CFR Part 40. However, all non-USDOT follow-up tests and all paperwork associated with an employee's return-to-work agreement that was not precipitated by a positive test result (or refusal to test) does not constitute a violation of the Federal regulations will be conducted under company authority and will be performed using non-DOT testing forms.

Q. RESULT OF DRUG/ALCOHOL TEST

- 1) Any covered employee that has a verified positive drug or alcohol test, or test refusal, will be removed from his/her safety-sensitive position, informed of educational and rehabilitation programs available, and will be provided with a list of at least two (2) USDOT qualified Substance Abuse Professionals (SAP) for assessment, and will be terminated.
- 2) Following a negative dilute the employee will be required to undergo another test. Should this second test result in a negative dilute result, the test will be considered a negative and no additional testing will be required unless directed to do so by the MRO.
- 3) Refusal to submit to a drug/alcohol test shall be considered equivalent to a positive test result and a direct act of insubordination and shall result in termination and referral to a list of USDOT qualified SAPs. A test refusal includes the following circumstances:
 - a. Fail to appear for any test (except a pre-employment test) within a reasonable time, as determined by the employer.
 - b. Fail to remain at the testing site until the testing process is complete. An employee who leaves the testing site before the testing process commences for a pre-employment test has not refused to test.
 - c. Fail to attempt to provide a breath or urine specimen. An employee who does not provide a urine or breath specimen because he or she has left the testing site before the testing process commenced for a pre-employment test has not refused to test.
 - d. In the case of a directly-observed or monitored urine drug collection, fail to permit monitoring or observation of your provision of a specimen.

- e. Fail to provide a sufficient quantity of urine or breath without a valid medical explanation.
- f. Fail or decline to take a second test as directed by the collector or the employer for drug testing.
- g. Fail to undergo a medical evaluation as required by the MRO or the employer's Designated Employer Representative (DER).
- h. Fail to cooperate with any part of the testing process.
- i. Fail to follow an observer's instructions to raise and lower clothing and turn around during a directly-observed test.
- j. Possess or wear a prosthetic or other device used to tamper with the collection process.
- k. Admit to the adulteration or substitution of a specimen to the collector or MRO.
- l. Refuse to sign the certification at Step 2 of the Alcohol Testing Form (ATF).
- m. Fail to remain readily available following an accident.

As a covered employee, if the MRO reports that you have a verified adulterated or substituted test result, you have refused to take a drug test.

- 4) An alcohol test result of ≥ 0.02 to ≤ 0.039 BAC shall result in the removal of the employee from duty for eight hours or the remainder or the work day whichever is longer. The employee will not be allowed to return to safety-sensitive duty for his/her next shift until he/she submits to a NONDOT alcohol test with a result of less than 0.02 BAC.
- 5) In the instance of a self-referral or a management referral, disciplinary action against the employee shall include:
 - a. Mandatory referral for an assessment by an employer approved counseling professional for assessment, formulation of a treatment plan, and execution of a return to work agreement;
 - b. Failure to execute, or remain compliant with the return-to-work agreement shall result in termination from City of Roswell, Pecos Trails Transit System employment.
 - i. Compliance with the return-to-work agreement means that the employee has submitted to a drug/alcohol test immediately prior to returning to work; the result of that test is negative; the employee is cooperating with his/her recommended treatment program; and, the employee has agreed to periodic unannounced follow-up testing as described in Section P of this policy; however, all follow-up testing performed as part of a return-to-work agreement required under section Q of this policy is under the sole authority of City of Roswell, Pecos

Trails Transit System and will be performed using non-DOT testing forms.

- c. Refusal to submit to a periodic unannounced follow-up drug/alcohol test shall be considered a direct act of insubordination and shall result in termination. **All tests conducted as part of the return to work agreement will be conducted under company authority and will be performed using non-DOT testing forms.**
 - d. **A self-referral or management referral to the employer's counseling professional that was not precipitated by a positive test result does not constitute a violation of the Federal regulations and will not be considered as a positive test result in relation to the progressive discipline defined in Section Q of this policy.**
 - e. Periodic unannounced follow-up drug/alcohol testing conducted as a result of a self-referral or management referral which results in a verified positive shall be considered a positive test result in relation to the progressive discipline defined in Section Q of this policy.
 - f. A Voluntary Referral does not shield an employee from disciplinary action or guarantee employment with City of Roswell, Pecos Trails Transit System.
 - g. A Voluntary Referral does not shield an employee from the requirement to comply with drug and alcohol testing.
- 6) Failure of an employee to report within five days a criminal drug statute conviction for a violation occurring in the workplace shall result in termination.

R. GRIEVANCE AND APPEAL

The consequences specified by 49 CFR Part 40.149 (c) for a positive test or test refusal is not subject to arbitration.

S. PROPER APPLICATION OF THE POLICY

City of Roswell, Pecos Trails Transit System is dedicated to assuring fair and equitable application of this substance abuse policy. Therefore, supervisors/managers are required to use and apply all aspects of this policy in an unbiased and impartial manner. Any supervisor/manager who knowingly disregards the requirements of this policy, or who is found to deliberately misuse the policy in regard to subordinates, shall be subject to disciplinary action, up to and including termination.

T. INFORMATION DISCLOSURE

- 1) Drug/alcohol testing records shall be maintained by the **City of Roswell, Pecos Trails Transit System** Drug and Alcohol Program Manager and, except as provided below or by law, the results of any drug/alcohol test shall not be disclosed without express written consent of the tested employee.
- 2) The employee, upon written request, is entitled to obtain copies of any records pertaining to their use of prohibited drugs or misuse of alcohol including any drug or alcohol testing records. Covered employees have the right to gain access to any pertinent records such as equipment calibration records, and records of laboratory certifications. Employees may not have access to SAP follow-up testing plans.
- 3) Records of a verified positive drug/alcohol test result shall be released to the Drug and Alcohol Program Manager, and other transit system management personnel on a need to know basis.
- 4) Records will be released to a subsequent employer only upon receipt of a written request from the employee.
- 5) Records of an employee's drug/alcohol tests shall be released to the adjudicator in a grievance, lawsuit, or other proceeding initiated by or on behalf of the tested individual arising from the results of the drug/alcohol test. The records will be released to the decision maker in the proceeding.
- 6) Records will be released to the National Transportation Safety Board during an accident investigation.
- 7) Information will be released in a criminal or civil action resulting from an employee's performance of safety-sensitive duties, in which a court of competent jurisdiction determines that the drug or alcohol test information is relevant to the case and issues an order to the employer to release the information. The employer will release the information to the decision maker in the proceeding with a binding stipulation that it will only be released to parties of the proceeding.
- 8) Records will be released to the DOT or any DOT agency with regulatory authority over the employer or any of its employees.
- 9) Records will be released if requested by a Federal, state or local safety agency with regulatory authority over City of Roswell, Pecos Trails Transit System or the employee.
- 10) If a party seeks a court order to release a specimen or part of a specimen contrary to any provision of Part 40 as amended, necessary legal steps to contest the issuance of the order will be taken
- 11) In cases of a contractor or sub-recipient of a state department of transportation, records will be released when requested by such agencies that must certify compliance with the regulation to the FTA.

This Policy was adopted by the *[City of Roswell, Pecos Trails System Highest ranking Official]* on [].

Month/Day/Year

Joe Neeb, City Manager

Attachment A

Safety-Sensitive Positions at Pecos Trails Transit System

All positions at Pecos Trails Transit System were reviewed for safety-sensitive duties, as defined in 49 CFR part 655, to determine the safety-sensitive positions. Additionally, any new positions created in the future will be reviewed for safety-sensitive duties. The following positions were determined to be safety-sensitive:

Operations Supervisor/Trainer

Dispatcher

Full-Time Drivers

Para-Transit Drivers

Attachment B Contacts

Any questions regarding this policy or any other aspect of the substance abuse policy should be directed to the following individual(s).

Attachment A System Contacts

City of Roswell, Pecos Trails Transit System Drug and Alcohol Program Manager

Name: Anna Aragon
Title: Transit Director
Address: 515 N. Main Street

Telephone Number: 575-624-6766

Alternate DER:

Jetta Miles, HR Director

425 N Richardson

575-624-6700 ext. 242

SAMHSA Certified Laboratory

Name: CRL Laboratory

Lenexa, Kansas

Medical Review Officer:

Name: Dr. Stephen Kracht/Preffered Alliance
Address: 8140 Ward PKWY Suite 275
Kansas City, Mo 64114

Telephone Number (555) 355-7058

Fax Number: (913) 498-50381801

Substance Abuse Professionals

Primary SAP: Constance Merrel-McDonald
Agency:
Address: 1405 San Rafael Place, NE
Albuquerque, NM 87122

Telephone Number: Phone: 505-400-4806

System Contacts, cont.

Collection Site

Name: Accurate Drug and DNA Testing Inc.
Contact: Gloria Utley
Address: 111 W. Hobbs
City: Roswell NM 88201

Telephone Number: PH: (575) 625-9610
Fax: (575)623-7038

Collection Site

Name: _____
Contact: _____
Address: _____

Telephone Number: _____

EMPLOYEE RECEIPT
DRUG AND ALCOHOL TESTING POLICY

Return this completed form to your immediate supervisor

Employee Name : _____
Print

I have received and will read Pecos Trails Transit System's Drug and Alcohol Abuse Testing Policy. I understand that I will be held responsible for the content of the policy and I agree to abide by drug and alcohol testing policy. If I need any clarification or if I have any questions regarding the substance of the policy, I will address them with the company's program administrator.

This policy adheres to the Federal Transit Administration's mandated regulations for drug and alcohol testing.

Employee Signature: _____

Date Signed: _____

