

**State of New Mexico  
City of Tucumcari**

**Financial Statements**

**For the Year Ended June 30, 2019**



**AXIOM**

*Certified Public Accountants  
and Business Advisors LLC*

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**STATE OF NEW MEXICO**

**City of Tucumcari**

**June 30, 2019**

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**STATE OF NEW MEXICO**

**City of Tucumcari**

**June 30, 2019**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**June 30, 2019**  
**Official Roster**

<u>Name</u>	<u>City Mayor and Commission</u>	<u>Title</u>
Ruth Ann Litchfield		Mayor
Robert Lumpkin		Mayo Pro-Term
Ralph Moya		Commissioner
Amy Gutierrez		Commissioner
Todd Duplantis		Commissioner
	<u>Administrative Officials</u>	
Britt Lusk		City Manager
Angelica Gray		City Clerk
Rachelle Arias		City Finance Director
Viki Riddle		Housing Authority Executive Director

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

Mr. Brian Colón  
New Mexico State Auditor and  
City Commission  
City of Tucumcari  
Tucumcari, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City of Tucumcari, New Mexico (the "City"), as of and for the year ended June 30, 2019, 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 misstatements, whether due to fraud or error.

### Auditors' Responsibility

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

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

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



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of City of Tucumcari, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 22 to the financial statements, restatements related to accounts receivable increased beginning balance of net position of the City by \$379,378. Our opinion is not modified with respect to these matters.

## Other Matters

### *Required Supplementary Information*

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that schedule of proportionate share of net pension liability and net OPEB liability, and schedules of pension and OPEB contributions and related notes on pages 69 through 75 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 financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), other schedules required by Section 2.2.2.NMAC, and Schedule Financial Data Schedule as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, other schedules required by Section 2.2.2 NMAC and the Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, other schedules required by Section 2.2.2 NMAC and the Financial Data Schedule are fairly stated, in all material respects, in relation 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 March 27, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
March 27, 2020

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 3,354,532	5,957,720	9,312,252
Investments	430,262	434,711	864,973
Receivables	784,595	726,851	1,511,446
Internal balances	543,284	(543,284)	-
Inventory	-	47,328	47,328
Prepaid expenses	51,626	25,709	77,335
<i>Total current assets</i>	<u>5,164,299</u>	<u>6,649,035</u>	<u>11,813,334</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	547,913	547,913
Capital assets	30,484,363	56,675,028	87,159,391
Less: accumulated depreciation	<u>(16,918,328)</u>	<u>(26,437,389)</u>	<u>(43,355,717)</u>
<i>Total noncurrent assets</i>	<u>13,566,035</u>	<u>30,785,552</u>	<u>44,351,587</u>
<i>Total assets</i>	<u>18,730,334</u>	<u>37,434,587</u>	<u>56,164,921</u>
<b>Deferred outflows of resources</b>			
Pension related	1,517,899	559,373	2,077,272
OPEB related	542,693	192,396	735,089
Asset retirement obligation related	-	237,500	237,500
<i>Total deferred outflows of resources</i>	<u>2,060,592</u>	<u>989,269</u>	<u>3,049,861</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 20,790,926</u>	<u>38,423,856</u>	<u>59,214,782</u>

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

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Statement of Net Position (continued)**  
**June 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Accounts payable	210,886	41,637	252,523
Accrued payroll	194,662	53,774	248,436
Accrued compensated absences	34,500	15,086	49,586
Customer/tenant deposits	1,156	247,501	248,657
Accrued interest	8,607	73,720	82,327
Unearned revenue	-	864	864
Current portion of long-term debt	187,954	216,789	404,743
<i>Total current liabilities</i>	<u>637,765</u>	<u>649,371</u>	<u>1,287,136</u>
<i>Noncurrent liabilities</i>			
Accrued compensated absences	80,403	32,951	113,354
Accrued landfill closure costs	-	4,189,765	4,189,765
Long-term debt	614,826	5,965,875	6,580,701
Net pension liability	5,429,913	1,503,746	6,933,659
Net OPEB liability	2,964,350	1,050,921	4,015,271
Asset retirement obligation	-	250,000	250,000
<i>Total noncurrent liabilities</i>	<u>9,089,492</u>	<u>12,993,258</u>	<u>22,082,750</u>
<i>Total liabilities</i>	<u>9,727,257</u>	<u>13,642,629</u>	<u>23,369,886</u>
<b>Deferred inflows of resources</b>			
Pension related	372,680	213,495	586,175
OPEB related	765,934	271,538	1,037,472
<i>Total deferred inflows of resources</i>	<u>1,138,614</u>	<u>485,033</u>	<u>1,623,647</u>
<b>Net position</b>			
Net investment in capital assets	12,763,255	24,054,975	36,818,230
Restricted for:			
Section 8 housing	-	-	-
Replacement reserve	-	89,024	89,024
Debt service	55,338	-	55,338
Capital projects	81,468	-	81,468
Special revenue	1,632,061	-	1,632,061
Unrestricted	<u>(4,607,067)</u>	<u>152,195</u>	<u>(4,454,872)</u>
<i>Total net position</i>	<u>9,925,055</u>	<u>24,296,194</u>	<u>34,221,249</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 20,790,926</u>	<u>38,423,856</u>	<u>59,214,782</u>

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

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
General government	\$ 1,598,084	974,820	410,934	-
Public safety	2,992,961	791,471	383,182	26,600
Public works	1,656,970	23,995	-	69,341
Culture and recreation	1,286,633	57,666	-	-
Health and welfare	534,344	-	274,232	-
Interest on long-term debt	58,231	-	-	-
<i>Total governmental activities</i>	<u>8,127,223</u>	<u>1,847,952</u>	<u>1,068,348</u>	<u>95,941</u>
<b>Business-Type Activities:</b>				
Airport	814,481	323,042	-	-
Joint utility	3,712,860	2,905,118	-	-
Sanitation	818,358	1,087,656	-	-
Tucumcari Housing Authority	1,101,339	204,989	838,745	77,275
<i>Total business-type activities</i>	<u>6,447,038</u>	<u>4,520,805</u>	<u>838,745</u>	<u>77,275</u>
<i>Total primary government</i>	<u>\$ 14,574,261</u>	<u>6,368,757</u>	<u>1,907,093</u>	<u>173,216</u>

**General revenues and transfers:**

Taxes:

- Property taxes
- Gross receipts taxes
- Gasoline and motor vehicle taxes
- Other taxes

Investment income

Miscellaneous revenue

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning, as previously reported

Net position, restatement (Note 22)

Net position, beginning as restated

*Net position, ending*

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

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (212,330)	-	(212,330)
(1,791,708)	-	(1,791,708)
(1,563,634)	-	(1,563,634)
(1,228,967)	-	(1,228,967)
(260,112)	-	(260,112)
(58,231)	-	(58,231)
<u>(5,114,982)</u>	<u>-</u>	<u>(5,114,982)</u>
-	(491,439)	(491,439)
-	(807,742)	(807,742)
-	269,298	269,298
-	19,670	19,670
<u>-</u>	<u>(1,010,213)</u>	<u>(1,010,213)</u>
<u>(5,114,982)</u>	<u>(1,010,213)</u>	<u>(6,125,195)</u>
483,894	-	483,894
2,847,656	323,433	3,171,089
294,049	-	294,049
858,256	-	858,256
12,356	6,318	18,674
124,552	(45,978)	78,574
(45,402)	45,402	-
<u>4,575,361</u>	<u>329,175</u>	<u>4,904,536</u>
(539,621)	(681,038)	(1,220,659)
10,758,684	24,303,846	35,062,530
(294,008)	673,386	379,378
<u>10,464,676</u>	<u>24,977,232</u>	<u>35,441,908</u>
<u>\$ 9,925,055</u>	<u>24,296,194</u>	<u>34,221,249</u>

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

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Balance Sheet - Governmental Funds**  
**June 30, 2019**

	<u>General Fund</u>	<u>EMS Fund - Special Revenue Fund</u>	<u>Lodgers Tax Executive - Special Revenue Fund</u>	<u>1/8th Executive - Special Revenue Fund</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,419,380	89,687	424,591	191,430
Investments	-	-	-	324,796
Receivables	609,762	30,779	52,834	1,954
Prepaid expenses	51,626	-	-	-
Due from other funds	994,712	-	70,000	-
<i>Total assets</i>	<u>\$ 3,075,480</u>	<u>120,466</u>	<u>547,425</u>	<u>518,180</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<i>Liabilities</i>				
Accounts payable	\$ 141,378	21,667	-	-
Accrued payroll	119,067	22,123	-	-
Deposits payable	-	-	-	-
Due to other funds	-	184	-	117,985
<i>Total liabilities</i>	<u>260,445</u>	<u>43,974</u>	<u>-</u>	<u>117,985</u>
<i>Deferred Inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
<i>Total deferred Inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>				
Nonspendable:				
Prepaid expenses	51,626	-	-	-
Spendable				
Restricted for:				
Public safety	-	76,492	-	-
Public works	-	-	-	400,195
Culture and recreation	-	-	547,425	-
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed to:				
Subsequent year's expenditures	382,401	-	-	-
Unassigned	2,381,008	-	-	-
<i>Total fund balances</i>	<u>2,815,035</u>	<u>76,492</u>	<u>547,425</u>	<u>400,195</u>
<i>Total liabilities, deferred inflows of resources and fund balances</i>	<u>\$ 3,075,480</u>	<u>120,466</u>	<u>547,425</u>	<u>518,180</u>

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



Senior Citizen's Center Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
153,461	58,278	958,274	3,295,101
-	-	105,466	430,262
-	-	89,266	784,595
-	-	-	51,626
-	-	-	1,064,712
<u>153,461</u>	<u>58,278</u>	<u>1,153,006</u>	<u>5,626,296</u>
1,911	-	35,495	200,451
8,319	-	25,432	174,941
-	-	1,156	1,156
<u>110,193</u>	<u>135,706</u>	<u>157,360</u>	<u>521,428</u>
<u>120,423</u>	<u>135,706</u>	<u>219,443</u>	<u>897,976</u>
-	-	-	-
-	-	-	-
-	-	-	51,626
-	-	383,940	460,432
-	-	82,046	482,241
-	-	108,925	656,350
33,038	-	-	33,038
-	-	81,468	81,468
-	-	55,338	55,338
-	-	-	382,401
-	(77,428)	221,846	2,525,426
<u>33,038</u>	<u>(77,428)</u>	<u>933,563</u>	<u>4,728,320</u>
<u>153,461</u>	<u>58,278</u>	<u>1,153,006</u>	<u>5,626,296</u>

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**For the Year Ended June 30, 2019**

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

Fund balances - total governmental funds	\$ 4,728,320
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	13,566,035
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in governmental activities in the Statement of Net Position	29,275
Delinquent property taxes and grants not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	-
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds	
Deferred outflows of resources related to employer pension contributions subsequent to the measurement date	1,517,899
Deferred outflows of resources related to employer OPEB contributions subsequent to the measurement date	542,693
Deferred inflows of resources related to pension	(372,680)
Deferred inflows of resources related OPEB	(765,934)
Certain liabilities, including bonds payable, net pension liability, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest	(8,607)
Accrued compensated absences	(114,903)
Long-term debt	(802,780)
Net pension liability	(5,429,913)
Net OPEB liability	(2,964,350)
<i>Net position of governmental activities</i>	<u>\$ 9,925,055</u>

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

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>General Fund</u>	<u>EMS Fund - Special Revenue Fund</u>	<u>Lodgers' Tax Executive Fund</u>	<u>1/8th Economic Development Tax Fund</u>
<i>Revenues</i>				
Taxes:				
Property	\$ 483,894	-	-	-
Gross receipts	2,718,301	-	-	129,355
Gasoline and motor vehicle	-	-	-	-
Other	188,854	-	669,402	-
Intergovernmental:				
Federal operating grants	1,767	-	-	-
State operating grants	409,167	14,889	-	-
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	974,820	766,495	363	-
Investment income	11,324	-	1,155	(208)
Miscellaneous	69,115	-	-	-
<i>Total revenues</i>	<u>4,857,242</u>	<u>781,384</u>	<u>670,920</u>	<u>129,147</u>
<i>Expenditures</i>				
Current:				
General government	1,520,226	7,622	-	-
Public safety	1,279,371	1,062,209	-	-
Public works	827,373	-	-	105,523
Culture and recreation	385,543	-	70,808	-
Health and welfare	92,335	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,104,848</u>	<u>1,069,831</u>	<u>70,808</u>	<u>105,523</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>752,394</u>	<u>(288,447)</u>	<u>600,112</u>	<u>23,624</u>
<i>Other financing sources (uses)</i>				
Transfers in	28,029	225,887	-	18,672
Transfers out	(671,164)	-	(830,810)	-
<i>Total other financing sources (uses)</i>	<u>(643,135)</u>	<u>225,887</u>	<u>(830,810)</u>	<u>18,672</u>
<i>Net change in fund balances</i>	<u>109,259</u>	<u>(62,560)</u>	<u>(230,698)</u>	<u>42,296</u>
<i>Fund balances - beginning of year, as previously reported</i>	2,999,784	139,052	778,123	357,899
<i>Fund balances - restatement (Note 22)</i>	(294,008)	-	-	-
<i>Fund balances - beginning of year, as restated</i>	<u>2,705,776</u>	<u>139,052</u>	<u>778,123</u>	<u>357,899</u>
<i>Fund balances - end of year</i>	<u>\$ 2,815,035</u>	<u>76,492</u>	<u>547,425</u>	<u>400,195</u>

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

Senior Citizen's Center Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
-	-	-	483,894
-	-	-	2,847,656
-	-	294,049	294,049
-	-	-	858,256
-	-	-	-
62,339	-	-	64,106
211,893	-	368,293	1,004,242
-	-	14,893	14,893
-	54,448	31,600	86,048
-	-	106,640	1,848,318
-	-	85	12,356
28,329	-	27,108	124,552
<u>302,561</u>	<u>54,448</u>	<u>842,668</u>	<u>7,638,370</u>
-	-	-	1,527,848
-	-	452,832	2,794,412
-	33,395	363,238	1,329,529
-	-	645,198	1,101,549
412,477	-	-	504,812
59,955	-	307,086	367,041
-	-	176,693	176,693
-	-	60,026	60,026
<u>472,432</u>	<u>33,395</u>	<u>2,005,073</u>	<u>7,861,910</u>
<u>(169,871)</u>	<u>21,053</u>	<u>(1,162,405)</u>	<u>(223,540)</u>
63,998	14,850	1,829,432	2,180,868
(9,678)	(313,654)	(400,964)	(2,226,270)
54,320	(298,804)	1,428,468	(45,402)
<u>(115,551)</u>	<u>(277,751)</u>	<u>266,063</u>	<u>(268,942)</u>
148,589	200,323	667,500	5,291,270
-	-	-	(294,008)
<u>148,589</u>	<u>200,323</u>	<u>667,500</u>	<u>4,997,262</u>
<u>33,038</u>	<u>(77,428)</u>	<u>933,563</u>	<u>4,728,320</u>

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Governmental Funds**  
**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, 2019**

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

Net Change in fund balances - total governmental funds	\$ (268,942)
--	--------------

The activity of the internal service fund is reported with the governmental activities in the statement of activities	-
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures	367,041
Depreciation expense	(909,006)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable	-
--	---

Governmental funds report City pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Pension expense	76,523
OPEB expense	15,045

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

Increase in accrued compensated absences	(4,932)
Decrease in accrued interest	1,795
Principal payments on long-term debt	182,855

<i>Change in net position of governmental activities</i>	<u>\$ (539,621)</u>
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The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes	\$ 3,394,524	3,346,185	3,346,185	-
Intergovernmental:				
Federal Operating grant	-	1,767	1,767	-
State operating grant	195,840	418,399	418,399	-
Licenses and fees and charges for services	911,750	941,681	941,681	-
Investment income	600	11,324	11,324	-
Miscellaneous	22,000	69,115	69,115	-
<i>Total revenues</i>	<u>4,524,714</u>	<u>4,788,471</u>	<u>4,788,471</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	2,430,406	1,503,947	1,503,943	4
Public safety	1,431,018	1,280,975	1,280,973	2
Public works	996,048	777,373	777,373	-
Culture and recreation	349,644	384,508	384,508	-
Health and welfare	93,517	92,564	92,564	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>5,300,633</u>	<u>4,039,367</u>	<u>4,039,361</u>	<u>6</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(775,919)</u>	<u>749,104</u>	<u>749,110</u>	<u>6</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	28,029	28,029
Transfers (out)	(773,454)	(642,036)	(671,164)	(29,128)
<i>Total other financing sources (uses)</i>	<u>(773,454)</u>	<u>(642,036)</u>	<u>(643,135)</u>	<u>(1,099)</u>
<i>Net change in fund balances</i>	<u>(1,549,373)</u>	<u>107,068</u>	<u>105,975</u>	<u>(1,093)</u>
<i>Fund balances - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>2,705,776</u>	<u>2,705,776</u>
<i>Fund balance - end of year</i>	\$ <u><u>(1,549,373)</u></u>	<u><u>107,068</u></u>	<u><u>2,811,751</u></u>	<u><u>2,704,683</u></u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 105,975	
Adjustments to revenue for taxes, grant revenues and charges for services.				68,771
Adjustments to expenditures for salaries and other expenses.				(65,487)
<i>Net change in fund balance (GAAP)</i>			\$	<u><u>109,259</u></u>

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

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**EMS Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues</i>				
Intergovernmental:				
State operating grant	\$ 14,000	14,889	14,889	-
Licenses and fees and charges for services	344,239	444,774	444,774	-
Miscellaneous	-	75	75	-
<i>Total revenues</i>	<u>358,239</u>	<u>459,738</u>	<u>459,738</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	690,078	685,625	685,625	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>690,078</u>	<u>685,625</u>	<u>685,625</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(331,839)</u>	<u>(225,887)</u>	<u>(225,887)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	331,839	225,887	225,887	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>331,839</u>	<u>225,887</u>	<u>225,887</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	139,052	139,052
<i>Fund balance - end of year</i>	\$ <u>-</u>	<u>-</u>	<u>139,052</u>	<u>139,052</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	-
Adjustments to revenue for taxes, grant revenues and charges for services.				321,646
Adjustments to expenditures for salaries and other expenses.				<u>(384,206)</u>
<i>Net change in fund balance (GAAP)</i>			\$	<u><u>(62,560)</u></u>

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

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Lodgers' Tax Executive Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variences</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues</i>				
Taxes	\$ 607,000	651,083	651,083	-
Intergovernmental:				
Federal Operating grant	-	-	-	-
State operating grant	-	-	-	-
Charges for services	-	363	363	-
Investment income	1,155	1,155	1,155	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>608,155</u>	<u>652,601</u>	<u>652,601</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Culture and recreation	22,900	73,465	73,465	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>22,900</u>	<u>73,465</u>	<u>73,465</u>	<u>-</u>
<i>Excess (deficiency) of revenues</i> <i>over expenditures</i>	<u>585,255</u>	<u>579,136</u>	<u>579,136</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	-	-
Transfers (out)	(530,810)	(525,690)	(830,810)	(305,120)
<i>Total other financing sources (uses)</i>	<u>(530,810)</u>	<u>(525,690)</u>	<u>(830,810)</u>	<u>(305,120)</u>
<i>Net change in fund balances</i>	54,445	53,446	(251,674)	(305,120)
<i>Fund balances - beginning of year</i>	-	-	778,123	778,123
<i>Fund balance - end of year</i>	\$ <u>54,445</u>	<u>53,446</u>	<u>526,449</u>	<u>473,003</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (251,674)
Adjustments to revenue for taxes, grant revenues and charges for services.				18,319
Adjustments to expenditures for salaries and other expenses.				2,657
<i>Net change in fund balance (GAAP)</i>				\$ <u>(230,698)</u>

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



**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**1/8th Economic Development Tax Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes	\$ 120,000	130,307	130,307	-
Intergovernmental:				
Federal Operating grant	-	-	-	-
State operating grant	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>120,000</u>	<u>130,307</u>	<u>130,307</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Public works	107,480	105,523	105,523	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>107,480</u>	<u>105,523</u>	<u>105,523</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>12,520</u>	<u>24,784</u>	<u>24,784</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	-	-	18,672	18,672
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>18,672</u>	<u>18,672</u>
<i>Net change in fund balances</i>	12,520	24,784	43,456	18,672
<i>Fund balances - beginning of year</i>	-	-	357,899	357,899
<i>Fund balance - end of year</i>	\$ <u>12,520</u>	<u>24,784</u>	<u>401,355</u>	<u>376,571</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	43,456
Adjustments to revenue for taxes, grant revenues and charges for services.				(1,160)
Adjustments to expenditures for salaries and other expenses.				-
<i>Net change in fund balance (GAAP)</i>			\$	<u>42,296</u>

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

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Senior Citizen's**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes	\$ -	-	-	-
Intergovernmental:				
Federal Operating grant	30,860	62,339	62,339	-
State operating grant	254,268	259,355	259,355	-
Miscellaneous	39,000	28,329	28,329	-
<i>Total revenues</i>	<u>324,128</u>	<u>350,023</u>	<u>350,023</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Health and welfare	386,239	412,477	412,452	25
Capital outlay	-	59,955	59,955	-
<i>Total expenditures</i>	<u>386,239</u>	<u>472,432</u>	<u>472,407</u>	<u>25</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(62,111)</u>	<u>(122,409)</u>	<u>(122,384)</u>	<u>25</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	62,111	63,998	63,998	-
Transfers (out)	-	-	(9,678)	(9,678)
<i>Total other financing sources (uses)</i>	<u>62,111</u>	<u>63,998</u>	<u>54,320</u>	<u>(9,678)</u>
<i>Net change in fund balances</i>	-	(58,411)	(68,064)	(9,653)
<i>Fund balances - beginning of year</i>	-	-	148,589	148,589
<i>Fund balance - end of year</i>	\$ <u>-</u>	<u>(58,411)</u>	<u>80,525</u>	<u>138,936</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	(68,064)
Adjustments to revenue for taxes, grant revenues and charges for services.				(47,462)
Adjustments to expenditures for salaries and other expenses.				(25)
<i>Net change in fund balance (GAAP)</i>			\$	<u>(115,551)</u>

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

STATE OF NEW MEXICO  
City of Tucumcari  
Statement of Net Position  
Proprietary Funds  
June 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Joint Utility</u>	<u>Sanitation</u>	<u>Tucumcari Housing Authority</u>
<i>Assets</i>				
<i>Current assets</i>				
Cash and cash equivalents	\$ 151	4,465,536	500,674	991,359
Investments	-	154,692	280,019	-
Receivables	538	538,027	186,701	1,585
Due from other funds	-	10,590	-	-
Inventory	19,688	21,123	-	6,517
Prepaid expenses	-	19,236	-	6,473
<i>Total current assets</i>	<u>20,377</u>	<u>5,209,204</u>	<u>967,394</u>	<u>1,005,934</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	-	154,692	272,990	120,231
Capital assets	8,309,346	38,099,924	4,481,872	5,783,886
Less: accumulated depreciation	(4,954,846)	(15,726,275)	(2,146,857)	(3,609,411)
<i>Total noncurrent assets</i>	<u>3,354,500</u>	<u>22,528,341</u>	<u>2,608,005</u>	<u>2,294,706</u>
<i>Total assets</i>	<u>3,374,877</u>	<u>27,737,545</u>	<u>3,575,399</u>	<u>3,300,640</u>
<i>Deferred outflows of resources</i>				
Pension related	37,141	329,298	120,877	72,057
OPEB related	12,336	109,444	40,139	30,477
Asset retirement obligation related	-	237,500	-	-
<i>Total deferred outflows of resources</i>	<u>49,477</u>	<u>676,242</u>	<u>161,016</u>	<u>102,534</u>
<i>Total assets and deferred outflows of resources</i> \$	<u><u>3,424,354</u></u>	<u><u>28,413,787</u></u>	<u><u>3,736,415</u></u>	<u><u>3,403,174</u></u>

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

<b>Total Business-Type Activities</b>	<b>Governmental Activities</b>
<b>Internal Service Funds</b>	
5,957,720	59,431
434,711	-
726,851	-
10,590	-
47,328	-
25,709	-
<u>7,202,909</u>	<u>59,431</u>
547,913	-
56,675,028	176,673
(26,437,389)	(141,927)
<u>30,785,552</u>	<u>34,746</u>
<u>37,988,461</u>	<u>94,177</u>
559,373	185,591
192,396	61,625
237,500	-
<u>989,269</u>	<u>247,216</u>
<u><u>38,977,730</u></u>	<u><u>341,393</u></u>

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Airport</b>	<b>Joint Utility</b>	<b>Sanitation</b>	<b>Tucumcari Housing Authority</b>
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 1,826	24,456	5,248	10,107
Accrued payroll	3,349	37,413	11,446	1,566
Accrued compensated absences	1,516	8,856	3,030	1,684
Customer/tenant deposits	-	234,393	-	13,108
Accrued interest	-	73,469	-	251
Unearned revenue	-	-	-	864
Due to other funds	44,665	-	509,209	-
Current portion of long-term debt	-	195,862	-	20,927
<i>Total current liabilities</i>	<u>51,356</u>	<u>574,449</u>	<u>528,933</u>	<u>48,507</u>
<i>Noncurrent liabilities</i>				
Accrued compensated absences	3,536	20,663	7,069	1,683
Accrued landfill closure costs	-	-	4,189,765	-
Long-term debt	-	5,397,358	-	568,517
Net pension liability	94,108	834,370	306,275	268,993
Net OPEB liability	67,381	597,816	219,250	166,474
Asset Retirement Obligation	-	250,000	-	-
<i>Total noncurrent liabilities</i>	<u>165,025</u>	<u>7,100,207</u>	<u>4,722,359</u>	<u>1,005,667</u>
<i>Total liabilities</i>	<u>216,381</u>	<u>7,674,656</u>	<u>5,251,292</u>	<u>1,054,174</u>
<i>Deferred inflows of resources</i>				
Pension related	15,054	133,474	48,995	15,972
OPEB related	17,410	154,464	56,650	43,014
<i>Total deferred inflows of resources</i>	<u>32,464</u>	<u>287,938</u>	<u>105,645</u>	<u>58,986</u>
<i>Net Position</i>				
Net investments in capital assets	3,354,500	16,935,121	2,608,005	1,585,031
Restricted for:				
Section 8 housing	-	-	-	-
Replacement reserve	-	-	-	89,024
Unrestricted (deficit)	<u>(178,991)</u>	<u>3,516,072</u>	<u>(4,228,527)</u>	<u>615,959</u>
<i>Total net position</i>	<u>3,175,509</u>	<u>20,451,193</u>	<u>(1,620,522)</u>	<u>2,290,014</u>
<i>Total Liabilities, deferred inflows of resources, and net position</i>	<u>\$ 3,424,354</u>	<u>28,413,787</u>	<u>3,736,415</u>	<u>3,403,174</u>

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

<b>Total Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
41,637	10,435
53,774	19,721
15,086	-
247,501	-
73,720	-
864	-
553,874	-
216,789	-
<u>1,203,245</u>	<u>30,156</u>
32,951	-
4,189,765	-
5,965,875	-
1,503,746	470,249
1,050,921	336,613
250,000	-
<u>12,993,258</u>	<u>806,862</u>
<u>14,196,503</u>	<u>837,018</u>
213,495	75,227
271,538	86,974
<u>485,033</u>	<u>162,201</u>
24,482,657	34,746
-	-
89,024	-
<u>(275,487)</u>	<u>(692,572)</u>
<u>24,296,194</u>	<u>(657,826)</u>
<u><u>38,977,730</u></u>	<u><u>341,393</u></u>

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Airport</b>	<b>Joint Utility</b>	<b>Sanitation</b>	<b>Tucumcari Housing Authority</b>
<i>Operating revenues</i>				
Charges for service	\$ 323,042	2,905,118	1,087,656	195,666
Other revenue	-	-	-	9,323
Subsidy grants	-	-	-	838,745
<b>Total operating revenues</b>	<b>323,042</b>	<b>2,905,118</b>	<b>1,087,656</b>	<b>1,043,734</b>
<i>Operating expenses</i>				
General and administrative	40,992	937,295	346,170	29,617
Personnel expenses	94,258	901,590	206,094	201,556
Contractual services	1,621	11,375	52,972	75,388
Supplies and purchased power	191,576	87,052	49,375	10,159
Repairs and maintenance	3,555	134,096	29,976	40,986
Utilities	10,444	26,549	3,007	89,466
Housing assistance payments	-	-	-	304,715
Depreciation expense	472,035	1,453,215	130,764	198,911
Miscellaneous expense	-	-	-	49,624
<b>Total operating expenses</b>	<b>814,481</b>	<b>3,551,172</b>	<b>818,358</b>	<b>1,000,422</b>
Operating income (loss)	(491,439)	(646,054)	269,298	43,312
<i>Non-operating revenues (expenses)</i>				
Taxes	-	258,750	64,683	-
Investment income	-	438	4,411	1,469
Interest expense	-	(161,688)	-	(100,917)
Miscellaneous income	3,797	(52,027)	1,390	862
<b>Total non-operating revenues (expenses)</b>	<b>3,797</b>	<b>45,473</b>	<b>70,484</b>	<b>(98,586)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(487,642)</b>	<b>(600,581)</b>	<b>339,782</b>	<b>(55,274)</b>
Capital grants	-	-	-	77,275
Transfers in	44,675	484,716	6,263	-
Transfers (out)	(5,046)	(478,943)	(6,263)	-
<b>Change in net position</b>	<b>(448,013)</b>	<b>(594,808)</b>	<b>339,782</b>	<b>22,001</b>
<i>Net position - beginning, as previously reported</i>	3,678,290	20,604,945	(2,247,402)	2,268,013
<i>Restatement (Note 22)</i>	(54,768)	441,056	287,098	-
<b>Net position - beginning, as restated</b>	<b>3,623,522</b>	<b>21,046,001</b>	<b>(1,960,304)</b>	<b>2,268,013</b>
<b>Net position - end of year</b>	<b>3,175,509</b>	<b>20,451,193</b>	<b>(1,620,522)</b>	<b>2,290,014</b>
	\$			

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

Total Business-Type Activities	Governmental Activities
	Internal Service Funds
4,511,482	569,011
9,323	-
838,745	-
<u>5,359,550</u>	<u>569,011</u>
1,354,074	42,778
1,403,498	457,793
141,356	5,647
338,162	10,520
208,613	4,816
129,466	11,448
304,715	-
2,254,925	-
49,624	46
<u>6,184,433</u>	<u>533,048</u>
(824,883)	35,963
323,433	-
6,318	-
(262,605)	-
(45,978)	-
<u>21,168</u>	<u>-</u>
<u>(803,715)</u>	<u>35,963</u>
77,275	-
535,654	-
(490,252)	-
<u>(681,038)</u>	<u>35,963</u>
24,303,846	(693,789)
673,386	-
<u>24,977,232</u>	<u>(693,789)</u>
<u>24,296,194</u>	<u>(657,826)</u>



**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Airport</b>	<b>Joint Utility</b>	<b>Sanitation</b>	<b>Tucumcari Housing Authority</b>
<i>Cash flows from operating activities</i>				
Cash received from customers	\$ 271,967	3,185,578	982,992	212,327
Cash received from subsidy grants	-	-	-	838,745
Cash payments to employees for services	(69,876)	(243,807)	(487,448)	(229,595)
Cash payments to suppliers for goods and services	(230,053)	(1,211,770)	(424,003)	(623,153)
<i>Net cash provided (used) by operating activities</i>	(27,962)	1,730,001	71,541	198,324
<i>Cash flows from noncapital financing activities</i>				
Transfers and Interfund balance settlement	39,629	5,773	-	-
Gross receipt taxes	-	258,750	64,683	-
Miscellaneous income	3,797	(52,027)	1,390	862
<i>Net cash provided (used) by noncapital financing activities</i>	43,426	212,496	66,073	862
<i>Cash flows from investing activities</i>				
Reclassification of cash to investments	-	-	-	-
Interest on investments	-	(464)	3,047	1,469
<i>Net cash provided (used) by investing activities</i>	-	(464)	3,047	1,469
<i>Cash flows from capital and related financing activities</i>				
Acquisition of capital assets	(47,056)	(238,244)	(136,647)	(68,902)
Principal payments on bonds and loans payable	-	(193,235)	-	(19,180)
Capital grants	-	-	-	77,275
Interest paid	-	(163,165)	-	(101,057)
<i>Net cash provided (used) by capital and related financing activities</i>	(47,056)	(594,644)	(136,647)	(111,864)
<i>Net (decrease) increase in cash and cash equivalents</i>	(31,592)	1,347,389	4,014	88,791
<i>Cash and cash equivalents - beginning of year</i>	31,743	3,272,839	769,650	1,022,803
<i>Cash and cash equivalents - end of year</i>	151	4,620,228	773,664	1,111,594

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

Total Business-Type Activities	Governmental Activities
	Internal Service Funds
4,652,864	569,011
838,745	-
(1,030,726)	(432,800)
<u>(2,488,979)</u>	<u>(66,950)</u>
1,971,904	69,261
45,402	-
323,433	-
<u>(45,978)</u>	<u>-</u>
322,857	-
-	-
<u>4,052</u>	<u>-</u>
4,052	-
(490,849)	(10,522)
(212,415)	-
77,275	-
<u>(264,222)</u>	<u>-</u>
<u>(890,211)</u>	<u>(10,522)</u>
1,408,602	58,739
<u>5,097,035</u>	<u>692</u>
<u><u>6,505,637</u></u>	<u><u>59,431</u></u>

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<u>Airport</u>	<u>Joint Utility</u>	<u>Sanitation</u>	<u>Tucumcari Housing Authority</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>				
Operating income (loss)	\$ (491,439)	(646,054)	269,298	43,312
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	472,035	1,453,215	130,764	198,911
Bad debt expense	-	-	-	-
Changes in assets, liabilities, and deferred Outflows:				
Receivables	3,693	(173,514)	(104,664)	7,858
Inventory	17,661	(1,046)	-	(317)
Prepaid expenses	-	(2,371)	-	(1,299)
Accounts payable	474	(11,986)	(348)	(21,582)
Accrued payroll expenses	3,349	25,004	6,705	(6,028)
Accrued compensated absences	918	4,686	264	626
Unearned revenue	-	-	-	694
Landfill liability	-	-	57,845	-
Customer deposits	-	12,918	-	(520)
Pension/OPEB and related accounts	(34,653)	1,056,649	(288,323)	(23,331)
Asset Retirement Obligation related accounts	-	12,500	-	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ (27,962)</u>	<u>1,730,001</u>	<u>71,541</u>	<u>198,324</u>

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

Total Business-Type Activities	Governmental Activities
	Internal Service Funds
(824,883)	35,963
2,254,925	-
-	-
(266,627)	-
16,298	-
(3,670)	-
(33,442)	8,305
29,030	12,908
6,494	-
694	-
57,845	-
12,398	-
710,342	12,085
12,500	-
<u>1,971,904</u>	<u>69,261</u>

**STATE OF NEW MEXICO**  
**CITY OF TUCUMCARI**  
**Notes to the Financials Statements**  
**June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

City of Tucumcari (the “City”) was incorporated in 1908 under provisions of Chapter 3, Article 1 of NMSA, 1978 as amended and regulated by the constitution of the State of New Mexico. The City operates under a commission-manager form of government and provides the following services as authorized by its charter: public safety (police, fire, emergency medical, etc.), roads, water and sewer services, refuse collection, recreation, fixed base airport, low rent housing assistance, public improvements, planning and zoning, economic development, and general administrative services.

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

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

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

During the fiscal year 2017, GASB Statement No.77, Tax Abatement Disclosures, became effective. The City does not have any agreements that require disclosures under the standards.

*A. Financial Reporting Entity*

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

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. 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 TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**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 government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the City has no component units, and is not a component unit of another governmental agency.

*B. Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

In the government-wide Statement of 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 recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is 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 TUCUMCARI**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, 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.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include costs associated with the daily operation of the City except for items included in other funds.

The *EMS Fund* special revenue fund is used to account for the operations of the City's Emergency Medical Services Unit. The source of funding is the State of New Mexico Mental Health and Environment Department, Emergency Medical Services Bureau and charges for services. Expenditures are subject to approval of the state agency and the City Commission. This fund is authorized by NMSA 1978 24-10A-1.

**STATE OF NEW MEXICO**  
**CITY OF TUCUMCARI**  
**Notes to the Financials Statements**  
**June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The *Lodgers' Tax Executive Fund* is used to account for monies received through a specific tax levy on area motels and hotels. Expenditures, including transfers to its promotion fund, are strictly subject to state statute requirements and are further subject to bond ordinance requirements. This fund is authorized by 3-38-15 NMSA 1978.

The *1/8% Economic Development Tax Fund* is used to account for funds used for Infrastructure Improvements, i.e., Debt, Economic Development Plans and Projects. This fund was created under the authority of 7-19D-11 NMSA 1978 the Gross Receipts and Compensation Tax Act.

The *Senior Citizens' Center Fund* is used to account for the operations of the City's Senior Center. The sales of ceramics, fees and dues are accounted for in this fund and a portion of the operating expenses. Authority for this fund was granted from the City Commission and budget approval.

The *Capital Projects Fund* account for the acquisition of fixed assets or construction of major capital projects not financed by proprietary or nonexpendable trust funds.

The City reports the following proprietary funds as major funds:

The *Airport Fund* accounts for all activities necessary to provide air services.

The *Joint Utility Fund* accounts for all activities necessary to provide water and sewer services for the residents of the City.

The *Solid Waste Fund* accounts for all activities necessary to provide solid waste refuse collection services provided by the City.

The *Housing Authority Fund* accounts for the revenues and expenditures for the housing department's operations that include U.S. Department of Housing and Urban Development (HUD) programs as well as rural projects through the U.S. Department of Agriculture. Included in this fund are the following individual programs:

Low Rent Public Housing Program

Capital Fund Programs

Section 8 Housing Choice Voucher Program

USDA FHA Rural Housing Program

*Internal Service Fund* accounts for administrative services in connection with billing, collecting and administering enterprise accounts receivable. Services are provided on a cost reimbursement basis.

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



**STATE OF NEW MEXICO**  
**CITY OF TUCUMCARI**  
**Notes to the Financials Statements**  
**June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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 fund is charges for services for the City's utilities. 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.

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

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 three months or less from the date of acquisition.

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

**Fair Value Measurements:** The fair value framework uses a hierarchy that prioritizes the inputs to the 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). As of June 30, 2019, there are no items are required to be valued using valuation techniques.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)*

**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 in the event they are not received within 60 days of year end.

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. Property taxes are considered to be 100% collectible.

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 and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by San Miguel City and remitted monthly to the City.

The City estimates the allowance for uncollectible accounts based off the days delinquent. The City has estimated all accounts that are greater than 120 days to be uncollectible.

**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 used.

**Inventory:** Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. 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 recognition of the expenditures until the period in which the inventories actually are consumed. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)*

**Prepaid Expenses:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide, governmental and proprietary fund financial statements.

**Capital Assets:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5- 50
Infrastructure	20
Machinery & Equipment	6
Vehicles	5-20

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has four types of items that qualify for reporting in this category in both the governmental and business-type activities.

**STATE OF NEW MEXICO**  
**CITY OF TUCUMCARI**  
**Notes to the Financials Statements**  
**June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)*

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element 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. Revenue must be susceptible to accrual (measureable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City has one item which arises under the modified accrual basis of accounting which qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Pensions**

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.

**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.

**Compensated Absences:** The City's policy regarding compensatory time permits nonexempt employees to accumulate hours worked beyond forty (40) hours of actual work in lieu of overtime payment. Nonexempt police officers, fire fighters and emergency medical personnel may accrue a maximum balance of 240 hours of compensatory time (160 hours of overtime worked) and all other nonexempt employees may accrue a maximum of 120 compensatory time (80 hours of overtime worked). Classified and unclassified full-time and part-time city employees accrue annual leave based upon a graduated scale based upon their date of hire. Employees are permitted to carryover a maximum of 80 hours annual leave from one calendar year to another. Annual leave accrued as of April 12, 1990, is not subject to the accumulated maximum of 80 hours. Sick leave is not paid to employees upon termination except for those employed on or before April 12, 1990, who are paid one-half of their accumulated sick leave. Employees with sick leave in excess of 360 hours may sell back to the City a maximum of 120 hours per year at one-half their hourly rate of pay at the end of the calendar year.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)*

**Long-term Obligations:** In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**Fund Balance Classification Policies and Procedures:** In the governmental fund financial statements, fund balance is reported in five classifications:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; for example, inventories, prepaid amounts, long term amount of loans and note receivable or (b) legally or contractually required to be maintained intact; for example, debt service reserves. The City has \$51,626 in nonspendable fund balance at June 30, 2019.

**Restricted** – This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments; (b) enabling legislation, as the term is used authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The City has \$1,768,867 in restricted fund balances at June 30, 2019.

**Committed** – This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the City Commission, the City's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specific use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit those amounts. At a minimum, the budget shall ensure that the City holds cash reserves for budgeted expenditures in excess of revenues of \$382,401.

**Assigned** – This classification includes amounts that are constrained by the City's *intent* to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The City Commission has delegated the authority to assign amounts to be used for specific purposes to the City Manager and the Finance Director. The City has no assigned fund balances at June 30, 2019.

**Unassigned** – This classification is the residual classification for the general fund. This classification 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. The general fund should be the only fund that reports a positive unassigned fund balance amount. The City has \$2,525,426 in unassigned fund balances at June 30, 2019.

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**CITY OF TUCUMCARI**  
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**June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (continued)*

**Minimum Fund Balance Policy:** The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. Per DFA – LGD at a minimum, the budget shall ensure that the City holds cash reserves of 1/12th the General Fund expenditures. The City had minimum fund balance of \$342,071 at June 30, 2019.

When expenditures are incurred for purposes for which amounts in any of the spendable fund balance classifications could be used, it is the City's policy to use committed amounts first, followed by assigned amounts and then unassigned amounts.

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

**Net Position:** 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, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 76 through 78.
- 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 non-routine 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 the allowance for uncollectible accounts in the enterprise funds, depreciation on capital assets, net pension liability calculations, the current portion of accrued compensated absences, and the estimate for landfill closure and post closure costs.

**STATE OF NEW MEXICO  
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Notes to the Financial Statements  
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**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary Information*

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Commissioners, 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 Commission Members 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 by fund.

Enterprise and internal service fund budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year end and carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Governmental fund budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non- GAAP Budgetary Basis) and Actual and Statements of Revenues, Expenses and Changes in Net Position – Budget (Non- GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

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 accounting principles generally accepted in the United States of America (GAAP), 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, 2019 is presented. 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**

Section 22-8-40, NMSA 1978 authorizes the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, the 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, 2019.

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 collateralized by the financial institution 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.

**STATE OF NEW MEXICO  
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**NOTE 3. DEPOSITS (CONTINUED)**

Excess 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 City's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, is insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$9,643,942 of the City's bank balance of \$10,853,064 was subject to custodial credit risk. \$5,987,262 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name and \$3,656,680 of the City's deposits was uninsured and uncollateralized at June 30, 2019.



**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
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June 30, 2019**

**NOTE 3. DEPOSITS (CONTINUED)**

	<u>Citizens Bank</u>	<u>Everyone's Credit Union</u>	<u>First National Bank</u>	<u>Wells Fargo Bank, N.A.</u>
Amount of deposits	\$ 1,499,370	50,000	628,496	8,613,549
FDIC Coverage	(250,000)	(50,000)	(347,473)	(500,000)
Total uninsured public funds	<u>1,249,370</u>	<u>-</u>	<u>281,023</u>	<u>8,113,549</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>700,000</u>	<u>-</u>	<u>171,919</u>	<u>5,115,343</u>
Uninsured and uncollateralized	<u>549,370</u>	<u>-</u>	<u>109,104</u>	<u>2,998,206</u>
Collateral requirement (50% of uninsured funds)	624,685	-	140,512	4,056,775
Pledged collateral	<u>700,000</u>	<u>-</u>	<u>171,919</u>	<u>5,115,343</u>
Over (Under) collateralized	<u>\$ 75,315</u>	<u>-</u>	<u>31,407</u>	<u>1,058,568</u>

	<b>Tucumcari Federal Savings &amp; Loan</b>	
	<u>Loan</u>	<u>Total</u>
Amount of deposits	\$ 61,649	10,853,064
FDIC Coverage	(61,649)	(1,209,122)
Total uninsured public funds	<u>-</u>	<u>9,643,942</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>-</u>	<u>5,987,262</u>
Uninsured and uncollateralized	<u>-</u>	<u>3,656,680</u>
Collateral requirement (50% of uninsured funds)	-	4,821,972
Pledged collateral	<u>-</u>	<u>5,987,262</u>
Over (Under) collateralized	<u>\$ -</u>	<u>1,165,290</u>

The collateral pledged is listed in page 86 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, City or political subdivision of the State of New Mexico.

**STATE OF NEW MEXICO  
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**NOTE 3. DEPOSITS (CONTINUED)**

Reconciliation to the Statement of Net Position

The carrying amount of deposits shown above are included in the City's Statement of Net Position as follows:

Primary Government

Reconciliation to the Statement of Net Position:

Cash and cash equivalents	\$ 9,860,165
Investments	864,973
Restricted cash and cash equivalents	-
Total cash and cash equivalents	<u>10,725,138</u>
Add: outstanding checks	219,713
Less: deposits in transit	(1,152)
Less: cash in NMFA	(86,713)
Less: petty cash	(3,922)
Bank balance of deposits	<u>\$ 10,853,064</u>

Investments

The City's investments at June 30, 2019 are \$864,973 of certificates of deposits with initial maturities that are greater than 90 days and therefore are considered investments in the Statement of Net Position.

**NOTE 4. RECEIVABLES**

Receivable as of June 30, 2019 are as follows:

	General	EMS Special Revenue Fund	Other Governmental Funds	Total
Property taxes	\$ 118,533	-	-	118,533
Gross receipts taxes	461,509	-	1,954	463,463
Other taxes	-	-	132,394	132,394
Intergovernmental grants:				
State	-	-	-	-
Federal	-	-	-	-
Charges for services	-	30,779	9,706	40,485
Miscellaneous	29,720	-	-	29,720
Totals	<u>\$ 609,762</u>	<u>30,779</u>	<u>144,054</u>	<u>784,595</u>

All of the above receivables are deemed to be fully collectible.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

**STATE OF NEW MEXICO  
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June 30, 2019**

**NOTE 4. RECEIVABLES (CONTINUED)**

Proprietary fund receivables as of June 30, 2019, are as follows:

	<u>Airport</u>	<u>Joint Utility</u>	<u>Sanitation</u>	<u>Tucumcari Housing Authority</u>	<u>Total</u>
Utility/tenant receivables	\$ -	767,083	254,707	25,599	1,047,389
Less: allowances	-	(283,841)	(105,694)	(24,014)	(413,549)
Other receivables:					
GRT	-	42,669	7,502	-	50,171
Miscellaneous	538	12,116	30,186	-	42,840
Totals	\$ 538	538,027	186,701	1,585	726,851

**NOTE 5. TRANSFERS AND INTERFUND RECEIVABLES**

Net operating transfers, made to close out funds and to supplement other funding sources, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Enhanced 911	\$ 2,559
General Fund	COOP	9,211
General Fund	Lodgers Tax Bonds	16,259
Lodgers' Tax Promotional Fund	Lodgers Tax Executive Fund	472,822
EMS Fund	General Fund	225,887
Fire	General Fund	9,999
Fire	Capital Projects	195,178
Recreation	General Fund	215,617
Gas Tax	General Fund	31,538
Law Enforcement GT	Senior Programs	9,678
Traffic Safety	Lodgers Tax Bonds	1,186
Dispatch	General Fund	6,713
Convention Center Operations and Maintenance	Lodgers Tax Promotional Fund	216,319
Convention Center Operations and Maintenance	Lodgers Tax Bonds	45,209
1/8th Ed/Infrastructure Tax	Lodgers Tax Bonds	18,672
Capital Projects	Airport	5,046
Capital Projects	Joint Utility Fund	9,804
Map & Coop	CDBG Fund	30,068
CDBG Fund	Coop	1,880
Convention Center Operations and Maintenance	Lodgers Tax Executive Fund	47,820
Golf Capital Improvement	CDBG Fund	44,025
Mainstreet Capital Improvement	Capital Projects	118,476
Lodgers' Tax GRT Series 2002	Lodgers Tax Executive Fund	310,168
GRT Police Building	General Fund	72,736
Seniors Citizens' Center	General Fund	63,999
Airport	General Fund	44,675
Joint Utility Fund	Joint Utility Fund	469,140
Joint Utility Fund	Recreation	15,576
Sanitation Fund	Sanitation Fund	6,263
		\$ 2,716,523

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**NOTE 5. TRANSFERS AND INTERFUND RECEIVABLES (CONTINUED)**

The City records temporary interfund receivables and payables to enable the funds to operate until monies are received. The composition of interfund balances during the year ended June 30, 2019 is as follows:

<u>Due from</u>	<u>Due To</u>	<u>Amount</u>
EMS Fund – Special Revenue Fund	General Fund	\$ 184
1/8% Economic Development Tax	General Fund	107,395
Capital Projects Fund	General Fund	135,706
Co-Op (formerly Lodger’s Tax Acquisition Project)	General Fund	11,091
Golf Course Capital Improvements	General Fund	36,536
Mainstreet & Downtown Capital Improvements	Lodgers’ Tax Executive	70,000
Airport	General Fund	44,665
Sanitation	General Fund	509,209
Seniors Citizens’ Center Fund	General Fund	110,193
		<u>\$ 1,024,979</u>

All interfund receivables and payables are required to be paid within one year.

**STATE OF NEW MEXICO  
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Notes to the Financials Statements  
June 30, 2019**

**NOTE 6. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows. Land and construction in progress are not subject to depreciation.

<b>Governmental Activities:</b>	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
Capital assets not being depreciated:				
Land	\$ 2,035,838	1,650	-	2,037,488
Art	42,296	-	-	42,296
Construction in progress	134,705	200,198	-	344,903
Total capital assets not being depreciated	<u>2,112,839</u>	<u>201,848</u>	<u>-</u>	<u>2,414,687</u>
Capital assets being depreciated:				
Buildings and improvements	10,884,539	212,443	(1,650)	11,095,332
Infrastructure	10,291,468	248,829	-	10,540,297
Machinery and equipment	2,932,090	95,148	(15,160)	3,012,078
Vehicles	3,762,505	132,976	(473,512)	3,421,969
Total capital assets being depreciated	<u>27,870,602</u>	<u>689,396</u>	<u>(490,322)</u>	<u>28,069,676</u>
Accumulated depreciation:				
Buildings and improvements	(8,986,294)	(316,515)	-	(9,302,809)
Infrastructure	(2,734,125)	(343,275)	-	(3,077,400)
Machinery and equipment	(1,651,509)	(169,008)	10,055	(1,810,462)
Vehicles	(3,120,961)	(80,208)	473,512	(2,727,657)
Total accumulated depreciation	<u>(16,492,889)</u>	<u>(909,006)</u>	<u>483,567</u>	<u>(16,918,328)</u>
Net capital assets being depreciated	<u>11,377,713</u>	<u>(219,610)</u>	<u>(6,755)</u>	<u>11,151,348</u>
Net capital assets	<u>\$ 13,590,552</u>	<u>(17,762)</u>	<u>(6,755)</u>	<u>13,566,035</u>

Depreciation expense for the year ended June 30, 2019 was charged to governmental activities as follows:

General government	\$ 90,901
Public safety	236,342
Public works	345,422
Culture and recreation	199,981
Health and welfare	36,360
Total	<u>\$ 909,006</u>

**STATE OF NEW MEXICO  
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**NOTE 6. CAPITAL ASSETS (CONTINUED)**

<b>Business-Type Activities:</b>	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
Capital assets not being Depreciated:				
Land	\$ 1,311,829	-	-	1,311,829
Construction in progress	64,908	209,379	-	274,287
Total capital assets not being depreciated	1,376,737	209,379	-	1,586,116
Capital assets being Depreciated:				
Buildings and improvements	17,981,696	37,097	-	18,018,793
Infrastructure	27,777,060	47,872	-	27,824,932
Machinery and equipment	7,414,945	203,478	-	7,618,423
Vehicles	1,633,743	-	(6,979)	1,626,764
Total capital assets being depreciated	54,807,444	288,447	(6,979)	55,088,912
Total capital assets	56,184,181	497,826	(6,979)	56,675,028
Less accumulated depreciation				
Buildings and improvements	(11,823,273)	(546,078)	-	(12,369,351)
Infrastructure	(6,012,633)	(1,372,219)	-	(7,384,852)
Machinery and equipment	(4,931,574)	(282,187)	-	(5,213,761)
Vehicles	(1,414,989)	(54,436)	-	(1,469,425)
Total accumulated depreciation	(24,182,469)	(2,254,920)	-	(26,437,389)
Net capital assets	\$ 32,001,712	(1,757,094)	(6,979)	30,237,639

Depreciation expense for the year ended June 30, 2019 was charged to business-type activities as follows:

Airport	\$ 472,035
Joint Utility	1,453,215
Sanitation	130,764
Tucumcari Housing	198,906
Total	\$ 2,254,920

**STATE OF NEW MEXICO  
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June 30, 2019**

**NOTE 7. LONG-TERM DEBT**

**Governmental Activities**

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 441,000	-	(143,000)	298,000	147,000
NMFA loans	544,635	-	(39,855)	504,780	40,954
Compensated absences	109,971	129,293	(124,361)	114,903	34,500
Total Long-Term Debt	<u>\$ 1,095,606</u>	<u>129,293</u>	<u>307,216</u>	<u>917,683</u>	<u>222,454</u>

**Bonds**

The City has the following revenue bond outstanding as of June 30, 2019:

<u>Description</u>	<u>Date of</u> <u>Issue</u>	<u>Due</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>of Issue</u>	<u>Outstanding</u> <u>June 30, 2019</u>	<u>Pledged</u> <u>Revenues</u>
Series 2011 Revenue Bond	8/5/2011	6/1/2021	.470-3.160%	1,370,000	<u>298,000</u>	Lodgers tax

Annual debt service requirements to maturity for the revenue bond is as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>
2020	\$ 147,000	9,035	156,035
2021	151,000	4,772	155,772
	<u>\$ 298,000</u>	<u>13,807</u>	<u>311,807</u>

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**NMFA Loans**

NMFA loans outstanding at June 30, 2019 are comprised of the following:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2019</u>	<u>Pledged Revenues</u>
NMFA Swimming Pool #15	11/22/2006	5/1/2026	3.420-4.200%	\$ 265,470	\$ 102,810	Gross receipts tax
NMFA Police Facility #5	2/21/2003	5/1/2031	1.390-4.960%	735,744	401,970	Gross receipts tax
					<u>\$ 504,780</u>	

The City entered into two loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue derived from gross receipts taxes to cover debt service. This revenue is subject to intercept agreements.

Annual debt service requirements to maturity for the NMFA loans are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ending June 30</u>			<u>Debt Service</u>
2020	\$ 40,954	15,641	56,595
2021	40,121	14,518	54,639
2022	43,361	13,326	56,687
2023	44,673	12,060	56,733
2024	46,064	10,722	56,786
2025-2029	206,429	31,480	237,909
2030-2031	83,178	1,689	84,867
	<u>\$ 504,780</u>	<u>99,436</u>	<u>604,216</u>

**Compensated Absences** – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased by \$4,932 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.



**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Business-Type Activities**

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2019:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 4,333,333	-	(79,890)	4,253,443	82,380
NMFA loans	1,374,847	-	(105,845)	1,269,002	105,982
NMED loans	78,275	-	(7,500)	70,775	7,500
USDA loan - FmHA	608,624	-	(19,180)	589,444	20,927
Compensated absences	41,543	45,200	(38,706)	48,037	15,086
Total Long-Term Debt	<u>\$ 6,436,622</u>	<u>45,200</u>	<u>(251,121)</u>	<u>6,230,701</u>	<u>231,875</u>

**Bonds**

The City has the following revenue bonds outstanding as of June 30, 2019:

<u>Description</u>	<u>Date of</u> <u>Issue</u>	<u>Due</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>of Issue</u>	<u>Outstanding</u> <u>June 30, 2019</u>	<u>Pledged</u> <u>Revenues</u>
USDA/RUS 2005	12/15/2009	12/15/2045	4.250%	\$ 615,200	\$ 548,347	Joint water and sanitary sewer system
USDA/RUS 2007A	12/12/2007	12/12/2047	4.250%	1,283,000	1,109,110	Joint water and sanitary sewer system
USDA/RUS 2007B	2/12/2007	12/12/2047	4.375%	250,000	216,900	Joint water and sanitary sewer system
USDA/RUS 2008A	12/17/2008	12/17/2048	4.500%	564,486	499,586	Joint water and sanitary sewer system
USDA/RUS 2010	4/2/2010	4/2/2050	2.750%	2,188,000	1,879,500	Joint water and sanitary sewer system
					<u>\$ 4,253,443</u>	

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

Annual debt service requirements to maturity for the revenue bonds are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2020	\$ 82,380	152,388	234,768
2021	84,790	149,325	234,115
2022	88,360	146,265	234,625
2023	91,070	143,111	234,181
2024	94,840	139,990	234,830
2025-2029	526,000	645,817	1,171,817
2030-2034	628,340	543,538	1,171,878
2035-2039	752,040	420,026	1,172,066
2040-2044	900,490	271,178	1,171,668
2045-2049	900,286	98,056	998,342
2050	104,847	2,467	107,314
	<u>\$ 4,253,443</u>	<u>2,712,161</u>	<u>6,965,604</u>

**NMFA Loans**

NMFA Loans outstanding at June 30, 2019 are comprised of the following:

<b>Description</b>	<b>Date of Issue</b>	<b>Due Date</b>	<b>Interest Rate</b>	<b>Amount of Issue</b>	<b>Outstanding June 30, 2019</b>	<b>Pledged Revenues</b>
NMFA Tucumcari #28	11/7/2014	6/1/2034	0.250%	\$ 222,427	\$ 171,480	Water and waste water utility system
NMFA Tucumcari #2	11/1/2001	4/1/2021	0.009%	483,617	49,362	Water and waste water utility system
NMFA Tucumcari #26	4/19/2013	6/1/2034	0.250%	394,750	318,619	Water and waste water utility system
NMFA Tucumcari #18	5/1/2009	6/1/2029	0.250%	350,000	177,189	Water and waste water utility system
NMFA Tucumcari #25	4/19/2013	6/1/2034	0.250%	225,643	194,858	Water and waste water utility system
NMFA Tucumcari #17	1/30/2009	2/1/2030	0.250%	50,480	23,730	Water and waste water utility system
NMFA Tucumcari #31	4/29/2016	5/1/2038	0.250%	363,472	333,764	Water and waste water utility system
					<u>\$ 1,296,002</u>	

**STATE OF NEW MEXICO  
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June 30, 2019**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

Annual debt service requirements to maturity for the NMFA loans are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2020	105,982	3,480	109,462
2021	103,442	3,040	106,482
2022	80,333	2,679	83,012
2023	80,533	2,478	83,011
2024	80,735	2,277	83,012
2025-2029	404,040	8,346	412,386
2030-2034	308,100	3,787	311,887
2035-2038	105,837	603	106,440
	<u>\$ 1,269,002</u>	<u>26,690</u>	<u>1,295,692</u>

**NMED Loans**

The NMED loans outstanding as of June 30, 2019 were comprised of the following:

<b>Description</b>	<b>Date of Issue</b>	<b>Due Date</b>	<b>Interest Rate</b>	<b>Amount of Issue</b>	<b>Outstanding June 30, 2019</b>	<b>Pledged Revenues</b>
NMED Water Well	6/13/2002	12/20/2023	3.00%	\$ 43,125	\$ 10,775	Water and waste water utility system
NMED ARRA 16 Phase III	1/30/2013	1/30/2031	0.000%	100,000	60,000	Water and waste water utility system
					<u>\$ 70,775</u>	

Annual debt service requirements to maturity for the NMFA loans are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2020	\$ 7,500	323	7,823
2021	7,653	246	7,899
2022	7,733	166	7,899
2023	7,814	84	7,898
2024	5,000	-	5,000
2025-2029	25,000	-	25,000
2030-2031	10,075	-	10,075
	<u>\$ 70,775</u>	<u>819</u>	<u>71,594</u>

**STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2019**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**USDA Loan**

The City had the following USDA loan outstanding as of June 30, 2019:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Subsidy Rate</u>	<u>Original Amount of Issue</u>	<u>Outstanding June 30, 2019</u>
USDA Loan FmHA	5/27/1999	5/27/2034	1.000%	8.875%	\$ 798,000	\$ 589,444

Annual debt service requirements to maturity for the USDA loan is as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	20,927	50,750	71,677
2021	22,833	48,844	71,677
2022	24,914	46,764	71,678
2023	27,183	44,494	71,677
2024	29,659	42,018	71,667
2025-2029	194,095	164,292	358,387
2030-2034	269,833	58,682	328,515
	<u>\$ 589,444</u>	<u>455,844</u>	<u>1,045,288</u>

**NOTE 8. OPERATING LEASE**

The City leases a John Deere Dozer under an operating lease. At June 30, 2019, future minimum lease payments applicable to the operating lease were as follows:

<u>Year Ending June 30,</u>	
2020	70,188
2021	70,188
2022	70,188
2023	46,792
	<u>\$ 257,356</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 and natural disasters. The City participates in the New Mexico Self- Insurers' Fund risk pool. The New Mexico Self-Insurer's Fund risk pool operates as a common risk management and insurance program for workers compensation and property and casualty coverage.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 9. RISK MANAGEMENT (CONTINUED)**

The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim

At June 30, 2019, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.

**NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

- A. Deficit fund balance and net position of individual funds. The following fund reflected a deficit fund balance or net position as of June 30, 2019:

**Governmental Funds**

Major Funds

Capital Projects Fund	\$ (77,428)
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Nonmajor Funds

Golf Course Capital Improvement Fund	(5,633)
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Co-Op Fund (Formerly Lodgers' Tax Acquisition)	(49,104)
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Mapping	(1,720)
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Total Governmental Funds	<u>\$ (133,885)</u>
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**Proprietary Funds**

Sanitation	\$ (1,620,522)
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Internal Service Fund	(657,826)
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Total Proprietary Funds	<u>\$ (2,278,348)</u>
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**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**Plan Description.** The Public Employees Retirement Fund (PERA) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, 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 PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as 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), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA 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.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

**Contributions.** See PERA’s compressive annual financial report for Contribution provided description.

<b>PERA Contribution Rates and Pension Factors in effect during FY18</b>						
<b>Coverage Plan</b>	<b>Employee Contribution Percentage</b>		<b>Employer Contribution Percentage</b>	<b>Pension Factor per year of Service</b>		<b>Pension Maximum as a Percentage of the Final Average Salary</b>
	<b>Annual Salary less than \$20,000</b>	<b>Annual Salary greater than \$20,000</b>		<b>TIER 1</b>	<b>TIER 2</b>	
<b>STATE PLAN</b>						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
<b>MUNICIPAL PLANS 1 - 4</b>						
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%
<b>MUNICIPAL POLICE PLANS 1 - 5</b>						
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%
<b>MUNICIPAL FIRE PLANS 1 - 5</b>						
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%
<b>MUNICIPAL DETENTION OFFICER PLAN 1</b>						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
<b>STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.</b>						
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 TUCUMCARI**  
**Notes to the Financials Statements**  
**June 30, 2019**

**NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

*For PERA Fund Division Municipal General*, at June 30, 2019, the City reported a liability of \$5,199,241 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. 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. At June 30, 2018, the City’s proportion was 0.3261, which was an increase of 0.0095% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$625,063. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 150,268	\$ 136,504
Changes in assumptions	471,385	29,894
Differences between actual and expected projected earnings on plan investments	385,602	-
Changes in proportion and differences between the City’s contributions and proportionate share of contributions	119,945	142,320
Contributions subsequent to the measurement date	<u>265,555</u>	<u>-</u>
Total	<u>\$ 1,392,755</u>	<u>\$ 308,718</u>

\$265,555 reported as deferred outflows of resources related to pensions resulting from 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ 535,802
2021	183,210
2022	79,833
2023	19,637
2024	-
Total	<u>\$ 818,482</u>



**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

For PERA Fund Municipal Police Division, at June 30, 2019, the City reported a liability of \$1,734,418 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. 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. At June 30, 2018, the City’s proportion was 0.2542%, which was an increase of 0.0365% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$186,679. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,909	\$ 171,926
Effect of changes in assumptions	197,899	10,603
Differences between actual and expected projected earnings on plan investments	119,353	-
Changes in proportion and differences between the City’s contributions and proportionate share of contributions	180,474	94,928
Contributions subsequent to the measurement date	<u>101,882</u>	<u>-</u>
Total	<u>\$ 684,517</u>	<u>\$ 277,457</u>

\$101,882 reported as deferred outflows of resources related to pensions resulting from 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ 162,714
2021	44,218
2022	91,494
2023	6,752
2024	-
Total	<u>\$ 305,178</u>

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
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**NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

*Actuarial assumptions.* The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

**PERA**

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates

Asset valuation method

Actuarial Assumptions:

Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	3.00%
Projected salary increases	3.25 to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years

Mortality Assumption The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups

Experience Study Dates July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

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:

<b>ALL FUNDS – Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets	20.00%	6.48%
Total	100.00%	

**STATE OF NEW MEXICO  
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Notes to the Financials Statements  
June 30, 2019**

**NOTE 11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

**Discount rate.** A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, 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 period 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 Employer’s proportionate share of the net pension liability to changes in the discount rate.** The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present The City’s net pension liability in each PERA Fund Division that The City participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
<b>PERA Fund Municipal General Division</b>			
City’s proportionate share of the net pension liability	\$ 8,011,682	5,199,241	2,874,309
	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25 %)</b>
<b>PERA Fund Municipal Police Division</b>			
City’s proportionate share of the net pension liability	\$ 2,666,823	1,734,418	975,287

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

**Payables to the pension plan.** The City remits the legally required employer and employee contributions on a monthly basis to PERA. At June 30, 2019, the City had remitted all contributions withheld in the month of June 2019.

**STATE OF NEW MEXICO**  
**CITY OF TUCUMCARI**  
**Notes to the Financials Statements**  
**June 30, 2019**

**NOTE 12. 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.

**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, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

<b>Plan Membership</b>	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
<b>Active Membership</b>	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

*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 \$69,006 for the year ended June 30, 2019.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

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

At June 30, 2019, the City reported a liability of \$4,015,271 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that 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, 2018. At June 30, 2018, the City’s proportion was 0.0923 percent.

For the year ended June 30, 2019, the City recognized OPEB expense of \$135,782. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	237,730
Changes of assumptions	-	749,633
Net difference between projected and actual earnings on OPEB plan investments	-	50,109
Changes in Proportion	666,083	-
Contributions made after the measurement date	<u>69,006</u>	<u>-</u>
Total	<u>\$ 735,089</u>	<u>1,037,472</u>

Deferred outflows of resources totaling \$69,006 represent City’s 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2020	\$ (122,480)
2021	(122,480)
2022	(122,480)
2023	(62,446)
2024	<u>58,497</u>
Total	<u>\$ (371,389)</u>

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

**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	3.25% to 12.50%, based on years of service, including inflation
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 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

**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:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed equities	7.8%
Private equity	11.8%
Credit and structured finance	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

**Discount Rate.** The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. 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, 2029. 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, 4.08% 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 (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(3.08%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(4.08%)</u>	<u>1% Increase</u> <u>(5.08%)</u>
City’s proportionate share of the OPEB liability	\$ 4,859,423	4,015,271	3,349,891

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 rates:

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rate</u>	<u>1% Increase</u>
City’s proportionate share of the OPEB liability	\$ 3,394,312	4,015,271	4,502,117

**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, 2018.

**Payable Changes in the Net OPEB Liability.** At June 30, 2019, the City reported a payable of \$0 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

**NOTE 13. ASSET RETIREMENT OBLIGATION**

The City accounts for certain costs associated with the future dismantling and removal of the Waste Water Treatment Plant in accordance with GASB Statement No. 83, Certain Asset Retirement Obligations. Under Statement No. 83, the act of placing the plant into operation required the City to recognize a liability and corresponding deferred outflow of resources equal to the estimated current cost of activities that state and federal laws requires the City to perform upon future retirement of the plant. The plant currently has an estimated 20-year remaining life.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 13. ASSET RETIREMENT OBLIGATION (CONTINUED)**

The \$250,00 reported as a liability and deferred outflow of resources at June 30, 2019 was determined based on probability-weighted engineering estimates of what it would cost to perform all dismantling and removal tasks. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**NOTE 14. CONTINGENT LIABILITIES**

The City is party to various claims and lawsuits arising in the normal course of business. The City is insured through the New Mexico Self Insurers Fund. The maximum exposure of the City is not estimable as of June 30, 2019 in the remaining cases.

**NOTE 15. 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 believed to be material.

**NOTE 16. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS**

The liability for closure and post-closure care costs reflected in the Solid Waste Fund of \$4,189,765 is an estimate of the remaining liability as of June 30, 2019 for closure and post-closure cost of the landfill currently in operation. At June 30, 2011, it was estimated that the City had utilized 99% of the landfill's total usable capacity. The City opened its new landfill during the year ended June 30, 2012. The closure and post-closure costs of the new landfill are estimated to be \$3,158,676. The total closure and post- closure costs for both landfills are estimated to be \$4,489,765.

As outlined in 20 NMAC 9.1 502.B, post closure maintenance activities will continue for a period of 30 years after original closure of the landfill. Inspection and maintenance reports will be compiled by the City of Tucumcari and submitted to the NMED in the annual monitoring reports. Periodically, the City will obtain an updated Closure and Post Closure Care plan in which the estimated liability has the potential to change due to inflation or deflation, technology, or applicable laws or regulations.

**NOTE 17. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is March 27, 2020, which is the date on which the financial statements were issued.

**NOTE 18. RESTRICTED NET POSITION**

The government-wide statement of net position reports \$1,729,236 of restricted net position, all of which is restricted by enabling legislation. See pages 75 through 77 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.



**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 19. 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 the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**NOTE 20. COMMITMENTS**

The City has various construction and purchase commitments as of June 30, 2019. The funding to cover the various commitments was grant funding, bond and/or note proceeds, including bonds, grants, and cash reserves.

**NOTE 21. JOINT POWERS AGREEMENTS**

Agreement:	Multi-Jurisdictional Task Force
Participants with City:	City of Clovis, City of Texico, Village of Melrose, County of Quay, City of Tukumcari, City of Logan, Village of San Jon, County of De Baca, City of Ft. Sumner, County of Roosevelt, City of Portales, Eastern New Mexico University, Village of Elida, Guadalupe County, City of Santa Rosa and Village of Vaughn, and New Mexico State Police
Party responsible for operation:	City of Tukumcari and Quay County Government
Description:	Establish a joint Multi-Jurisdictional Task Force for the prevention, investigation, control and prosecution as unlawful drugs, narcotics and controlled substances within a region.
Period:	February 3, 2006 until termination
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None
Agreement:	Emergency Communications Center
Participants with City:	City of Tukumcari and Quay County Government
Party responsible for operation:	All Agencies
Description:	Establish the Tukumcari/Quay 911 Regional Emergency Communications Center
Period:	Until terminated
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financials Statements  
June 30, 2019**

**NOTE 21. JOINT POWERS AGREEMENTS (CONTINUED)**

Agreement:	Water Commission
Participants with City:	City of Clovis, City of Tucumcari, City of Portales, Village of San Jon Logan, Texico, Village of Melrose, County of Quay, City of Tucumcari, City of Logan, County of De Baca, City of Ft. Sumner, County of Roosevelt, Eastern New Mexico University, Village of Elida, Guadalupe County, City of Santa Rosa and Village of Vaughn, and New Mexico State Police
Party responsible for operation:	All Agencies
Description:	Establish the Tucumcari/Quay 911 Regional Emergency Communications Center
Period:	Until terminated
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None
Agreement:	TOCRWA
Participants with City:	City of Tucumcari, San Jon, and Logan; and Quay County
Party responsible for operation:	All Agencies
Description:	Tucumcari Quay County Regional Water Authority
Period:	December 19, 2011 until terminated
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None
Agreement:	City Prisoner Housing
Participants with City:	Quay County and City of Tucumcari
Party responsible for operation:	All Agencies
Description:	Housing of City Prisoners by Quay County Detention
Period:	January 1, 2014 until terminated
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None
Agreement:	Quay County Gaming Authority
Participants with City:	City of Logan, Village of San Jon, City of Tucumcari, and Quay County
Party responsible for operation:	All Agencies
Description:	Establish the Quay County Gaming Authority in order to pursue the acquisition of license and ownership of a race track and casino to spur economic development in Quay County
Period:	April 17, 2007 until terminated
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to the Financial Statements  
June 30, 2019**

**NOTE 21. JOINT POWERS AGREEMENTS (CONTINUED)**

Agreement:	DuraPatcher Road Equipment
Participants with City:	City of Tucumcari and Quay County
Party responsible for operation:	All Agencies
Description:	Jointly purchase, operate, and maintain DuraPatcher road equipment.
Period:	December 1, 2005 until terminated
Cost to City:	Indeterminate
City contributions:	Indeterminate
Audit responsibility:	None

**NOTE 22. RESTATEMENTS**

The City recorded restatements of fund balances and net position during the fiscal year ended June 30, 2019 due to adjustments to accounts receivable of \$379,378 related to uncollectable accounts and unbilled receivables. The restatement is due to error in the calculation of uncollectable accounts and unbilled receivables. The details at fund level are as follows:

<u>Governmental Activities</u>	
General Fund	\$ (294,008)
	<u>(294,008)</u>
<u>Business-Type Activities</u>	
Airport	(54,768)
Joint Utility	441,056
Sanitation	287,098
	<u>673,386</u>
Total	\$ <u><u>379,378</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**of PERA Fund Municipal General Division**  
**Public Employees Retirement Association (PERA) Plan**  
**Last 10 Fiscal Years\***

Fiscal Year Measurement Year	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
City's proportion of the net pension liability	0.3261%	0.3166%	0.3423%	0.3336%	0.3199%
City's proportionate share of the net pension liability	\$ 5,199,241	4,350,352	5,468,802	3,401,341	2,495,563
City's covered-employee payroll	2,748,420	2,781,385	2,897,089	2,239,005	3,148,428
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.17%	156.41%	188.77%	151.91%	79.26%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.  
See notes to requires supplementary information.

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**of PERA Fund Municipal Police Division**  
**Public Employees Retirement Association (PERA) Plan**  
**Last 10 Fiscal Years\***

Fiscal Year Measurement Year	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
City's proportion of the net pension liability	0.2542%	0.2177%	0.2517%	0.2598%	0.2598%
City's proportionate share of the net pension liability	\$ 1,734,418	1,209,466	1,857,117	1,106,931	846,920
City's covered-employee payroll	542,232	450,564	512,397	723,317	545,292
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	319.87%	268.43%	362.44%	153.04%	155.31%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.  
See notes to requires supplementary information.

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Schedule of the City's Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Municipal General Division**  
**Last 10 Fiscal Years\***

	Fiscal Year Measurement Year	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Contractually required contribution	\$	261,806	262,430	265,622	276,672	213,825
Contributions in relation to the contractually required contribution		<u>(261,806)</u>	<u>(262,430)</u>	<u>(265,622)</u>	<u>(276,672)</u>	<u>(213,825)</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll		2,741,481	2,748,420	2,781,385	2,897,089	2,239,005
Contributions as a percentage of covered-employee payroll		9.55%	9.55%	9.55%	9.55%	9.55%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.  
See notes to requires supplementary information.

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Schedule of the City's Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Municipal Police Division**  
**Last 10 Fiscal Years\***

	Fiscal Year Measurement Year	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Contractually required contribution	\$	108,526	102,482	85,167	96,843	136,707
Contributions in relation to the contractually required contribution		<u>(108,526)</u>	<u>(102,482)</u>	<u>(85,167)</u>	<u>(96,843)</u>	<u>(136,707)</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll		574,163	542,232	450,564	512,397	723,317
Contributions as a percentage of covered-employee payroll		18.90%	18.90%	18.90%	18.90%	18.90%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.  
See notes to requires supplementary information.



**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**of NMRHC Fund**  
**New Mexico Retiree Health Care (NMRHC) Plan**  
**Last 10 Fiscal Years\***

	<b>Fiscal Measurement</b>	<b>2019 2018</b>	<b>2018 2017</b>
City of Tucumcari' proportion of the net OPEB liability		0.09234%	0.07783%
City of Tucumari' proportionate share of the net OPEB liability	\$	4,015,271	3,527,001
City of Tucumcari covered payroll		3,961,956	3,242,123
City of Tucumcari proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability		13.14%	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, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.  
See notes to requires supplementary information.

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Schedule of the City's Contributions**  
**New Mexico Retiree Health Care (NMRHC) Plan**  
**Last 10 Fiscal Years\***

	<b>Fiscal Measurement</b>	<b>2019 2018</b>	<b>2018 2017</b>
Contractually required contribution	\$	144,297	247,147
Contributions in relation to the contractually required contribution		<u>142,535</u>	<u>124,040</u>
Contribution deficiency (excess)	\$	<u>1,762</u>	<u>123,107</u>
City of Tucumcari' covered payroll		3,961,956	3,242,123
Contribution as a percentage of covered-employee payroll		3.60%	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, City of Tucumcari will present information for those years for which information is available.

See independent auditors' report.  
 See notes to requires supplementary information.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to Required Supplementary Information  
June 30, 2019**

**Public Employees Retirement Association (PERA)**

*Changes of benefit terms:* The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

*Changes of Assumptions:* The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmpera.org/>

**New Mexico Retiree Health Care Authority (NMRHCA) Plan**

*Changes of audit benefit terms:* The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHCA FY18 audit available at <http://www.nmrhca.org/financial-documents.aspx>

*Changes of Assumptions:* The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2018 report is available at <http://www.nmrhca.org/financial-documents.aspx>

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Nonmajor Governmental Fund and Proprietary Fund Descriptions  
June 30, 2019**

**Special Revenue Funds**

**The Fire Districts (02045)** – To account for the operation and capital expenditures of the fire department with revenues received from the State Fire Marshal. Capital expenditures must be approved in advance by the State Fire Marshal. This fund was created under the authority provided by 59A-53-2 NMSA 1978.

**Lodgers' Tax Promotional Fund (02000-041)** – To account for the operation of promotional activities for the City of Tucumcari, mostly through payment to the Tucumcari Chamber of Commerce and other promotion oriented agencies. Financing is provided primarily by a specific tax levy on area motels and hotels. This fund is authorized by NMSA 3- 38-15.

**Fire/Emergency Management Fund (02000-042)** –To account for funds provided by an Emergency Management Performance Grant and the County. The Program is for a comprehensive emergency preparedness system for all hazards via: planning, training, and exercises for emergency response. Authorized by FY2012 EMPG Program, Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)

**Corrections (0200-044)** – To account for the collection of fees and fines. Funds are expended on the incarceration of prisoners. This fund is authorized by 33-3-25 and 35-14-11 NMSA1978.

**Recreation Fund (02046)** – To account for the operations of the City Recreation Department. Revenues are derived from a portion of the cigarette tax collected by the state and fees charged for recreational activities sponsored by the City. Expenditures are subject to City Commission approval. This fund is authorized by 7-12-15 NMSA 1978.

**Gas Tax Fund (02047)** – To account for funds used to maintain roads for which the City is responsible. Financing sources include gasoline taxes imposed by Chapter 7, Article 13 NMSA 1978 and distributed to the City pursuant to 7- 1-6.9 NMSA 1978 and New Mexico State Highway Department Cooperative Agreement Funds as provided for in 67-3- 28 NMSA 1978. Expenditures are restricted for the purpose of construction, reconstruction, resurfacing or other improvement of public roads, streets, alleys or bridges, including right-of-way and materials acquisition.

**Law Enforcement Grant Fund (02000-048)** – To account for the partial maintenance and development of the City's police force. Financing is provided by a grant from the State of New Mexico. Such revenue provided for the purchase and repairs of equipment as well as training of police personnel and may be used only for these purposes. This fund is authorized by 29-13-3 through 29-13-9 Chapter 289 Laws of 1983.

**Enhanced 911 Grant Fund (02000-049)** – To account for funds used to preserve the historic Route 66 which runs through the City of Tucumcari. This is a 3 year program funded by the State of New Mexico. This program funds comprehensive history training, research, and preservation of the historic Route 66. Authority for this fund was granted from the City Commission and budget approval.

**Traffic Safety Education and Enforcement Fund (02000-051)** – To account for monies received from an allocation of traffic fines. Funds are to be used by the local law enforcement agencies to purchase equipment and support services as are necessary to establish and promote a traffic safety program. This fund is authorized by NMSA 66-7- 512.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Nonmajor Governmental Fund and Proprietary Fund Descriptions  
June 30, 2019**

**Special Revenue Funds (continued)**

**Convention Center Operations and Maintenance Fund (02053)** – To account for monies received and expended for the operations and maintenance of the Convention Center. Additional funding comes from the Lodgers' Tax Fund. This fund is authorized by NMSA 3-38-15.

**John D. Hoffman Endowment (18079)** - To account for monies received from the John D. Endowment to aid in research of materials science and engineering. Authority for this fund was granted from the City Commission and budget approval. Police Narcotics Fund. To account for monies collected as a result of police raids and other gatherings of evidence. Authority for this fund was granted from the City Commission and budget approval.

**Police Narcotics Fund (1900)** - This fund is a contingency fund for drug enforcement used to purchase equipment and confidential enforcement. Generally funded by drug enforcement recovery. Authority for the fund is the "Forfeiture Act", 31-27-1 to 31-27-8 NMSA 1978.

**Dispatch Fund (02000-052)** – To account for the operations of the City's Dispatch Services. The source of funding is the charges for dispatch services. Expenditures are subject to approval of the City Commission. This fund is authorized by NMSA 1978.

**Capital Projects Funds**

**Golf Course (03000-037)** – To account for improvement of the City's municipal golf course. Funding is primarily from rentals of golf cart sheds. Authority for this fund was granted from the City Commission and budget approval.

**CO-OP (03000-035) (formerly Lodgers' Tax Acquisition Project)** – To account for the expenditures of the proceeds of the Municipal Gross Receipts and Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2002 pursuant to Sections 3-31-1C and 3-31-4A, NMSA 1978.

**Convention Center (03000-036)** – Required by the Lodgers' Tax Improvement Bonds Ordinance. The City is required to transfer 5% of annual pledged Lodgers' Tax Revenues to this fund until \$200,000 is accumulated. This fund may only be used for improving or bettering the convention center facility. Authority for this fund was granted from the City Commission and budget approval.

**MAPPING (03000-032)** – To account for Municipal Arterial Program Fund from NMDOT, to construct or rehabilitate major arterial roads. This program is authorized under NMSA 1978, Sections 67-3-28 and 67-3-28.2 and the State Transportation Commission Policy No. 44-12, and approved by commission by resolution and agreement. This is normally a bi-annual program depending on available funding.

**CDBG (03000-034)**- To account for a Community Development Block Grant from the State of New Mexico and the Department of Housing and Urban Development to develop viable urban communities by providing decent housing and suitable living environment, and by expanding economic opportunities, principally for low- and moderate- income persons. This program is authorized under Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C.-5301 et seq.

**Mainstreet & Downtown Capital Improvements (03000-038) (Formerly NMRDRC Fund)** – To account for funds used to develop a city industrial park. Funding is primarily from an anticipated federal grant. Authority to create this fund was granted from the City Council and budget approval.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Nonmajor Governmental Fund and Proprietary Fund Descriptions  
June 30, 2019**

**Debt Service Funds**

**Lodgers' Tax GRT Series 2002 Fund (14094)** – To account for the expenditure of the proceeds of the Municipal Gross Receipts and Lodgers; Tax Refunding and Improvement Revenue Bonds, Series 2002 pursuant to Sections 3-31- 4A, NMSA 1978.

**GRT Police Building Fund (14095)** - To accumulate the intercepted Gross Receipts Tax (GRT) used to service the issue and to account for the retirement of the principal and interest of the issue as well as account for the required debt service reserve in the amount of \$35,744. The proceeds from this issue are being used for the construction of a new Tucumcari Police Department Building. The intercepted GRT funds are from the distribution of the revenues of the third one-sixteenth of one percent increment of Municipal Infrastructure Gross Receipts Tax, enacted pursuant to Section 7-19D-11 and City of Tucumcari Ordinance No. 843, adopted by the City of Tucumcari on March 30, 1992, as amended by Ordinance No. 970, adopted by the City on October 24, 2002, which distributions are made monthly by the New Mexico Taxation and Revenue Department.

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue</b>			
	<b>Fire Districts</b>	<b>Lodgers' Tax</b>	<b>Corrections</b>	<b>Recreation</b>
	<b>Fund</b>	<b>Promotional</b>	<b>Fund</b>	<b>Fund</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 217,946	47,470	24,487	54,892
Investments	105,466	-	-	-
Receivables	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 323,412</u>	<u>47,470</u>	<u>24,487</u>	<u>54,892</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 6,711	7,839	1,074	8,157
Accrued payroll	-	-	-	12,774
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>6,711</u>	<u>7,839</u>	<u>1,074</u>	<u>20,931</u>
<i>Fund balances</i>				
Restricted for:				
Public safety	316,701	-	23,413	-
Public works	-	-	-	-
Culture and recreation	-	39,631	-	33,961
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>316,701</u>	<u>39,631</u>	<u>23,413</u>	<u>33,961</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 323,412</u>	<u>47,470</u>	<u>24,487</u>	<u>54,892</u>

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



**Special Revenue**

<b>Gas Tax Fund</b>	<b>Law Enforcement Grant Fund</b>	<b>Enhanced 911 Fund</b>	<b>Traffic Safety Education and Enforcement Fund</b>	<b>Convention Center Operation and Maintenance Fund</b>
14,623	-	2,280	1,189	47,532
-	-	-	-	-
79,560	-	-	-	-
-	-	-	-	-
<u>94,183</u>	<u>-</u>	<u>2,280</u>	<u>1,189</u>	<u>47,532</u>
4,335	-	-	-	7,197
7,802	-	-	-	4,856
-	-	-	-	1,156
-	-	-	-	-
<u>12,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,209</u>
-	-	2,280	1,189	-
82,046	-	-	-	-
-	-	-	-	34,323
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>82,046</u>	<u>-</u>	<u>2,280</u>	<u>1,189</u>	<u>34,323</u>
<u>94,183</u>	<u>-</u>	<u>2,280</u>	<u>1,189</u>	<u>47,532</u>

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

STATE OF NEW MEXICO  
City of Tucumcari  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>John D. Hoffman</u>	<u>Police</u>	<u>Dispatch</u>	<u>Golf Course</u>
		<u>Fund</u>		<u>Narcotics</u>
		<u>Fund</u>	<u>Fund</u>	<u>Improvement</u>
				<u>Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 1,010	38,883	-	22,853
Investments	-	-	-	-
Receivables	-	-	1,656	8,050
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 1,010</u>	<u>38,883</u>	<u>1,656</u>	<u>30,903</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	182	-
Accrued payroll	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	36,536
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>182</u>	<u>36,536</u>
<i>Fund balances</i>				
Restricted for:				
Public safety	-	38,883	1,474	-
Public works	-	-	-	-
Culture and recreation	1,010	-	-	-
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	(5,633)
<i>Total fund balances</i>	<u>1,010</u>	<u>38,883</u>	<u>1,474</u>	<u>(5,633)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,010</u>	<u>38,883</u>	<u>1,656</u>	<u>30,903</u>

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

**Capital Projects**

Co-Op Fund (Formerly Lodgers' Tax Acquisition)	Convention Center Capital Improvements	Mapping	CDBG Grant Fund	Mainstreet & Downtown Capital Improvements
-	-	-	81,468	166,813
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	81,468	166,813
-	-	-	-	-
-	-	-	-	-
49,104	-	1,720	-	70,000
49,104	-	1,720	-	70,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	81,468	-
-	-	-	-	-
(49,104)	-	(1,720)	-	96,813
(49,104)	-	(1,720)	81,468	96,813
-	-	-	81,468	166,813

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

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<u>Debt Service</u>		
	<b>Lodgers' Tax GRT Series 2002 Fund</b>	<b>GRT Police Building</b>	<b>Total Nonmajor Governmental Funds</b>
<i>Assets</i>			
Cash and cash equivalents	\$ 181,490	55,338	958,274
Investments	-	-	105,466
Receivables	-	-	89,266
Due from other funds	-	-	-
<i>Total assets</i>	<u>\$ 181,490</u>	<u>55,338</u>	<u>1,153,006</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ -	-	35,495
Accrued payroll	-	-	25,432
Deposits payable	-	-	1,156
Due to other funds	-	-	157,360
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>219,443</u>
<i>Fund balances</i>			
Restricted for:			
Public safety	-	-	383,940
Public works	-	-	82,046
Culture and recreation	-	-	108,925
Health and welfare	-	-	-
Capital projects	-	-	81,468
Debt service	-	55,338	55,338
Unassigned	181,490	-	221,846
<i>Total fund balances</i>	<u>181,490</u>	<u>55,338</u>	<u>933,563</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 181,490</u>	<u>55,338</u>	<u>1,153,006</u>

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

STATE OF NEW MEXICO  
City of Tucumcari  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019

	Special Revenue			
	Fire Districts	Lodgers' Tax	Corrections	Recreation
	Fund	Promotional Fund	Fund	Fund
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	368,293	-	-	-
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	10,694	23,647
Investment income	-	-	-	-
Miscellaneous	102	-	-	-
<i>Total revenues</i>	<u>368,395</u>	<u>-</u>	<u>10,694</u>	<u>23,647</u>
<i>Expenditures</i>				
Current:				
Public safety	255,339	-	333	-
Public works	-	-	-	-
Culture and recreation	-	155,895	-	230,273
Health and welfare	-	-	-	-
Capital outlay	232,666	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>488,005</u>	<u>155,895</u>	<u>333</u>	<u>230,273</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(119,610)</u>	<u>(155,895)</u>	<u>10,361</u>	<u>(206,626)</u>
<i>Other financing sources (uses)</i>				
Transfers in	205,177	472,822	-	215,617
Transfers out	-	(216,319)	-	(15,576)
<i>Total other financing sources (uses)</i>	<u>205,177</u>	<u>256,503</u>	<u>-</u>	<u>200,041</u>
<i>Net change in fund balances</i>	85,567	100,608	10,361	(6,585)
<i>Fund balances - beginning of year</i>	<u>231,134</u>	<u>(60,977)</u>	<u>13,052</u>	<u>40,546</u>
<i>Fund balances - end of year</i>	<u>\$ 316,701</u>	<u>39,631</u>	<u>23,413</u>	<u>33,961</u>

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

Special Revenue				
Gas Tax Fund	Law Enforcement Grant Fund	Enhanced 911 Fund	Traffic Safety Education and Enforcement Fund	Convention Center Operation and Maintenance Fund
-	-	-	-	-
294,049	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	26,600	-	-	-
-	-	-	3	34,019
-	-	-	-	-
860	-	-	-	6,833
<u>294,909</u>	<u>26,600</u>	<u>-</u>	<u>3</u>	<u>40,852</u>
-	-	-	-	-
297,952	-	-	-	-
-	-	-	-	259,030
-	-	-	-	-
-	26,600	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>297,952</u>	<u>26,600</u>	<u>-</u>	<u>-</u>	<u>259,030</u>
<u>(3,043)</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>(218,178)</u>
31,538	9,678	-	1,186	261,528
-	-	(2,559)	-	-
<u>31,538</u>	<u>9,678</u>	<u>(2,559)</u>	<u>1,186</u>	<u>261,528</u>
28,495	9,678	(2,559)	1,189	43,350
53,551	(9,678)	4,839	-	(9,027)
<u>82,046</u>	<u>-</u>	<u>2,280</u>	<u>1,189</u>	<u>34,323</u>

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

STATE OF NEW MEXICO  
City of Tucumcari  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019

	Special Revenue			Capital Projects
	John D. Hoffman Fund	Police Narcotics Fund	Dispatch Fund	Golf Course Capital Improvement Fund
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	14,282	23,995
Investment income	-	85	-	-
Miscellaneous	-	19,313	-	-
<i>Total revenues</i>	-	19,398	14,282	23,995
<i>Expenditures</i>				
Current:				
Public safety	-	19,613	23,207	-
Public works	-	-	-	13,506
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	7,000
Interest	-	-	-	1,155
<i>Total expenditures</i>	-	19,613	23,207	21,661
<i>Excess (deficiency) of revenues over expenditures</i>	-	(215)	(8,925)	2,334
<i>Other financing sources (uses)</i>				
Transfers in	-	-	6,713	44,025
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	6,713	44,025
<i>Net change in fund balances</i>	-	(215)	(2,212)	46,359
<i>Fund balances - beginning of year</i>	1,010	39,098	3,686	(51,992)
<i>Fund balances - end of year</i>	\$ 1,010	38,883	1,474	(5,633)

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

<u>Capital Projects</u>				
<u>Co-Op Fund</u> <u>(Formerly</u> <u>Lodgers' Tax</u> <u>Acquisition)</u>	<u>Convention</u> <u>Center Capital</u> <u>Improvements</u>	<u>Mapping</u>	<u>CDBG Grant</u> <u>Fund</u>	<u>Mainstreet &amp;</u> <u>Downtown Capital</u> <u>Improvements</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	14,893	-
-	-	-	-	5,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	14,893	5,000
-	-	-	-	-
14,633	-	-	32,147	5,000
-	-	-	-	-
-	-	-	-	-
-	47,820	-	-	-
-	-	-	-	-
-	-	-	-	-
14,633	47,820	-	32,147	5,000
(14,633)	(47,820)	-	(17,254)	-
-	47,820	30,068	1,880	118,476
(11,091)	-	-	(74,093)	-
(11,091)	47,820	30,068	(72,213)	118,476
(25,724)	-	30,068	(89,467)	118,476
(23,380)	-	(31,788)	170,935	(21,663)
(49,104)	-	(1,720)	81,468	96,813

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



**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Debt Service</u>		<b>Total Nonmajor Governmental Funds</b>
	<b>Lodgers' Tax GRT Series 2002 Fund</b>	<b>GRT Police Building</b>	
<i>Revenues</i>			
Taxes:			
Gross receipts	\$ -	-	-
Gasoline and motor vehicle	-	-	294,049
Other	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
State operating grants	-	-	368,293
Federal capital grants	-	-	14,893
State capital grants	-	-	31,600
Charges for services	-	-	106,640
Investment income	-	-	85
Miscellaneous	-	-	27,108
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>842,668</u>
<i>Expenditures</i>			
Current:			
Public safety	154,340	-	452,832
Public works	-	-	363,238
Culture and recreation	-	-	645,198
Health and welfare	-	-	-
Capital outlay	-	-	307,086
Debt service:			
Principal	143,333	26,360	176,693
Interest	12,495	46,376	60,026
<i>Total expenditures</i>	<u>310,168</u>	<u>72,736</u>	<u>2,005,073</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(310,168)</u>	<u>(72,736)</u>	<u>(1,162,405)</u>
<i>Other financing sources (uses)</i>			
Transfers in	310,168	72,736	1,829,432
Transfers out	(81,326)	-	(400,964)
<i>Total other financing sources (uses)</i>	<u>228,842</u>	<u>72,736</u>	<u>1,428,468</u>
<i>Net change in fund balances</i>	(81,326)	-	266,063
<i>Fund balances - beginning of year</i>	<u>262,816</u>	<u>55,338</u>	<u>667,500</u>
<i>Fund balances - end of year</i>	<u>\$ 181,490</u>	<u>55,338</u>	<u>933,563</u>

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

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2019**

<u>Bank Name/Account Type</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Totals</u>
<b>Citizens Bank</b>					
Bank Two	Demand Account	\$ 999,784	-	-	999,784
Sanitation Capital Improvements	Demand Account	272,990	-	-	272,990
Certificate of deposit	Time Deposit	60,000	-	-	60,000
Certificate of deposit	Time Deposit	166,597	-	-	166,597
<i>Total Citizens Bank</i>		<u>1,499,371</u>	<u>-</u>	<u>-</u>	<u>1,499,371</u>
<b>Everyone's Credit Union</b>					
Certificate of deposit	Time Deposit	50,000	-	-	50,000
<i>Total Everyone's Credit Union</i>		<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<b>First National Bank</b>					
Princess Theatre Account	Demand Account	4,594	-	-	4,594
Certificate of deposit	Time Deposit	158,200	-	-	158,200
Certificate of deposit	Time Deposit	105,466	-	-	105,466
Certificate of deposit	Time Deposit	158,371	-	-	158,371
Certificate of deposit	Time Deposit	104,692	-	-	104,692
Housing Security Deposit Account	Demand Account	8,149	-	-	8,149
Housing Cash in Bank	Demand Account	5,107	-	-	5,107
Housing Reserve for Replacement	Demand Account	83,917	-	-	83,917
<i>Total First National Bank</i>		<u>628,496</u>	<u>-</u>	<u>-</u>	<u>628,496</u>
<b>Tucumcari Federal Savings &amp; Loan</b>					
Certificate of deposit	Time Deposit	61,648	-	-	61,648
<i>Total Tucumcari Federal Savings &amp; Loan</i>		<u>61,648</u>	<u>-</u>	<u>-</u>	<u>61,648</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Schedule of Deposit and Investment Accounts**  
**June 30, 2019**

<u>Bank Name/Account Type</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Totals</u>
<b>Wells Fargo Bank</b>					
General Operating Account	Demand Account	\$ 7,375,678	1,152	207,346	7,169,484
EMS Account	Demand Account	89,687	-	-	89,687
1/8% Economic Development	Demand Account	78,952	-	-	78,952
Police Department	Demand Account	24,267	-	-	24,267
John D Hoffman Endowment Account	Demand Account	1,010	-	-	1,010
Savings Account	Demand Account	2,555	-	-	2,555
TPD Narcotics Fund	Demand Account	14,616	-	-	14,616
Housing-General Operating Fund	Demand Account	1,003,342	-	12,367	990,975
Housing-CIAP Operating Account	Demand Account	384	-	-	384
Housing-Certificate of Deposit	Time Deposit	23,058	-	-	23,058
		-	-	-	-
		-	-	-	-
		-	-	-	-
<i>Total Wells Fargo Bank</i>		<u>8,613,549</u>	<u>1,152</u>	<u>219,713</u>	<u>8,394,988</u>
<i>Total Deposits</i>		<u>\$ 10,853,064</u>	<u>1,152</u>	<u>219,713</u>	<u>10,634,503</u>
Add: Petty cash					3,922
Less: Restricted cash and cash equivalents per Statement of Net Position					(547,913)
Less: Investments per Statement of Net Position					(864,973)
Add: Cash in NMFA					86,713
<i>Total cash and cash equivalents per Statement of Net Position</i>					<u>\$ 9,312,252</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
**City of Tucumcari**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2019**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2019</u>	<u>Location of Safekeeper</u>
<b>Citizens Bank</b>					
	FNMA	\$ 1/1/2027	3138EHR61	\$ 700,000	Amarillo National Bank, TX
	<i>Total Citizens Bank</i>			<u>700,000</u>	
<b>First National Bank</b>					
	FHLMC Pool #C91442	4/1/2032	3128P7S79	<u>171,919</u>	Federal Home Loan Bank
	<i>Total First National Bank</i>			<u>171,919</u>	
<b>Wells Fargo (General Operating Checking Account Collateral)</b>					
	FNMA FNMS 3.000%	11/1/2035	3138WFG5	3,967,325	Bank of New York Mellon New York, NY
	FNMA FNMS 3.000%	9/1/2042	31417DAJ2	6,694	Bank of New York Mellon New York, NY
	FNMA FNMS 3.500%	4/1/2042	3128MJRJ1	443,142	Bank of New York Mellon New York, NY
	FMAC FGPC 3.000%	12/1/2042	31292LWG6	650,318	Bank of New York Mellon New York, NY
	FMAC FGPC 3.500%	2/1/2042	3132GRLV1	6,318	Bank of New York Mellon New York, NY
	FMAC FGPC 3.500%	3/1/2042	3132GRAM6	31,618	Bank of New York Mellon New York, NY
	FMAC FGPC 2.000%	9/15/2041	3137AQT6	<u>9,928</u>	Bank of New York Mellon New York, NY
	<i>Total Wells Fargo</i>			<u>5,115,343</u>	
	<i>Total Pledged Collateral</i>			<u>\$ 5,987,262</u>	

See independent auditors' report.

STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Financial Data Schedule  
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
111	Cash - Unrestricted	\$ 743,210	-	118,712
113	Cash - Other Restricted	-	-	83,917
114	Cash - Tenant Security Deposits	8,149	-	5,107
100	<i>Total Cash</i>	<u>751,359</u>	<u>-</u>	<u>207,736</u>
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants	16,226	-	669
126.1	Allowance for Doubtful Accounts - Tenants	(15,310)	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-
120	<i>Total Receivables, Net of Allowance for Doubtful Accounts</i>	<u>916</u>	<u>-</u>	<u>669</u>
131	Investments - Unrestricted	-	-	-
130	<i>Total Investments</i>	<u>23,058</u>	<u>-</u>	<u>-</u>
142	Prepaid expenses and Other Assets	5,279	-	1,198
143	Inventories	6,517	-	-
143.1	Allowance for Obsolete Inventories	-	-	-
150	<i>Total Current Assets</i>	<u>787,129</u>	<u>-</u>	<u>209,603</u>
161	Land	68,890	-	27,120
162	Buildings	2,659,804	-	976,221
163	Furniture, Equipment & Machinery - Dwellings	388,453	-	56,721
164	Furniture, Equipment & Machinery - Administration	177,747	-	-
165	Leasehold Improvements	1,347,049	-	-
166	Accumulated Depreciation	(3,094,888)	-	(505,333)
167	Construction in progress	72,567	-	-
160	<i>Total Capital Assets, Net of Accumulated Depreciation</i>	<u>1,619,622</u>	<u>-</u>	<u>554,729</u>
180	<i>Total Non-Current Assets</i>	<u>1,619,622</u>	<u>-</u>	<u>554,729</u>
190	<i>Total Assets</i>	<u>2,406,751</u>	<u>-</u>	<u>764,332</u>
200	Deferred Outflows of Resources	87,092	-	-
290	<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 2,493,843</u>	<u>-</u>	<u>764,332</u>

See independent auditor's report.

	<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
\$	-	129,437	991,359
	-	-	83,917
	-	-	13,256
	-	129,437	1,088,532
	-	8,704	8,704
	-	-	16,895
	-	-	(15,310)
	-	(8,704)	(8,704)
	-	-	1,585
	-	-	-
	-	-	23,058
	-	-	6,477
	-	-	6,517
	-	-	-
	-	129,437	1,119,692
	-	-	96,010
	-	-	3,636,025
	-	-	445,174
	-	9,315	187,062
	-	-	1,347,049
	-	(9,195)	(3,609,416)
	-	-	72,567
	-	120	2,174,471
	-	120	2,174,471
	-	129,557	3,300,640
	-	15,442	102,534
\$	-	144,999	3,403,174

STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Financial Data Schedule  
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
312	Accounts Payable <= 90 Days	\$ 8,209	-	1,898
321	Accrued Wage/Payroll Taxes Payable	555	-	1,011
322	Accrued Compensated Absences - Current Portion	3,367	-	-
325	Accrued Interest Payable	-	-	251
341	Tenant Security Deposits	9,097	-	4,011
342	Unearned Revenues	-	-	864
343	Current Portion of Long-term Debt - Capital	-	-	-
345	Other Current Liabilities	-	-	-
310	Total Current Liabilities	21,228	-	8,035
	Long-term Debt, Net of Current - Capital Projects/			
351	Mortgage Revenue	-	-	589,444
357	Accrued Pension and OPEB Liabilities	369,886	-	-
350	Total Non-Current Liabilities	369,886	-	589,444
300	Total Liabilities	391,114	-	597,479
400	Deferred Inflows of Resources	50,103	-	-
508.1	Net investment in capital assets	1,619,622	-	554,729
511	Restricted Net Position	8,149	-	89,024
512.1	Nonrestricted Net Position	424,855	-	(476,900)
513	Total Equity/Net Position	2,052,626	-	166,853
600	Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position	\$ 2,493,843	-	764,332

See independent auditor's report.



<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
-	-	10,107
-	-	1,566
-	-	3,367
-	-	251
-	-	13,108
-	-	864
-	-	-
-	-	-
-	-	29,263
-	-	589,444
-	65,581	435,467
-	65,581	1,024,911
-	65,581	1,054,174
-	8,883	58,986
-	120	2,174,471
-	-	97,173
-	70,415	18,370
-	70,535	2,290,014
-	144,999	3,403,174

STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Financial Data Schedule  
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
70300	Net Tenant Rental Revenue	\$ 157,271	-	38,395
70400	Tenant Revenue - Other	9,271	-	52
70500	<i>Total Tenant Revenue</i>	166,542	-	38,447
70600	HUD PHA Operating Grants	380,834	-	97,119
70610	Capital Grants	-	-	-
70800	Other Governmental Grants	-	-	-
71100	Investment Income - Unrestricted	1,160	-	94
71400	Fraud Recovery	-	-	-
71500	Other Revenue	-	-	-
70000	<i>Total Revenue</i>	548,536	-	135,660
91100	Administrative Salaries	72,905	-	15,007
91200	Auditing Fees	9,406	-	5,698
91310	Book-keeping Fee	5,793	-	-
91400	Advertising and Marketing	-	-	-
91500	Employee Benefit Contributions - Administrative	14,658	-	3,242
91600	Office Expenses	6,568	-	2,095
91700	Legal Expense	-	-	110
91800	Travel	176	-	130
91900	Other Operating - Administrative	15,891	-	10,237
91000	<i>Total Operating - Administrative</i>	125,397	-	36,519
93100	Water	41,163	-	1,057
93200	Electricity	4,757	-	4,213
93300	Gas	22,095	-	-
93600	Sewer	-	-	1,354
93800	Other Utilities Expense	2,029	-	4,347
93000	<i>Total Utilities</i>	\$ 70,044	-	10,971

See independent auditor's report.

<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
-	-	195,666
-	-	9,323
-	-	204,989
-	336,566	814,519
-	-	-
101,501	-	101,501
-	215	1,469
-	140	140
-	682	682
101,501	337,603	1,123,300
-	18,605	106,517
-	3,000	18,104
-	2,300	8,093
-	-	-
-	3,143	21,043
-	10,554	19,217
-	-	110
-	-	306
-	30,830	56,958
-	68,432	230,348
-	-	42,220
-	-	8,970
-	-	22,095
-	-	1,354
-	-	6,376
-	-	81,015

STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Financial Data Schedule  
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
94100	Ordinary Maintenance & Operation - Labor	\$ 60,317	-	15,015
94200	Ordinary Maintenance & Operation - Materials and Other	29,715	-	19,722
94300	Ordinary Maintenance & Operation Contracts	23,425	-	15,539
94500	Employee Benefit Contributions - Ordinary Maintenance	7,625	-	1,322
94000	<i>Total Maintenance</i>	<u>121,082</u>	<u>-</u>	<u>51,598</u>
96110	Property Insurance	11,741	-	6,865
96120	Liability Insurance	789	-	-
96130	Workmen's Compensation	6,192	-	644
96140	All other Insurance	2,874	-	-
96100	<i>Total Insurance Premiums</i>	<u>21,596</u>	<u>-</u>	<u>7,509</u>
96200	Other General Expenses	-	-	-
96400	Bad Debt - Tenant Rents	14,262	-	456
96000	<i>Total Other General</i>	<u>14,262</u>	<u>-</u>	<u>456</u>
96720	Interest on Notes Payable (Short and Long-Term)	-	-	100,917
96700	<i>Total Interest Expense and Amortization Cost</i>	<u>-</u>	<u>-</u>	<u>100,917</u>
96900	<i>Total Operating Expenses</i>	<u>352,381</u>	<u>-</u>	<u>207,970</u>
97000	Excess Operating Revenue Over Operating Expenses	196,155	-	(72,310)
97300	Housing Assistance Payments	-	-	-
97400	Depreciation Expense	166,686	-	30,362
90000	<i>Total Expenses</i>	<u>\$ 519,067</u>	<u>-</u>	<u>238,332</u>
10010	Operating Transfers In	-	-	101,501
10020	Operating Transfers Out	-	-	-
10100	<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>101,501</u>

See independent auditor's report.

<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
-	-	75,332
-	-	49,437
-	-	38,964
-	-	8,947
-	-	172,680
-	-	18,606
-	700	1,489
-	-	6,836
-	-	2,874
-	700	29,805
-	-	-
-	-	14,718
-	-	14,718
-	-	100,917
-	-	100,917
-	69,132	629,483
101,501	268,471	493,817
-	304,715	304,715
-	1,863	198,911
-	375,710	1,133,109
-	-	101,501
(101,501)	-	(101,501)
(101,501)	-	-

STATE OF NEW MEXICO  
Tucumcari Housing Authority  
A Department of the City of Tucumcari  
Financial Data Schedule  
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	Capital Fund Program 14.872	Rural Rental Housing Loans 10.415
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ 29,352	-	(1,171)
11030	Beginning Equity	2,023,274	-	168,024
11040	Prior period adjustment, Equity Transfers and Correction	-	-	-
11170	Administrative Fee Equity	-	-	-
11180	Housing Assistance Payments Equity	-	-	-
	Ending Equity (deficit)	\$ 2,052,626	-	166,853
11190	Unit Months Available	1,080	-	636
11210	Number of Unit Months Leased	1,035	-	593
11270	Excess Cash	\$ 620,325	-	-
11650	Leasehold Improvements Purchases	\$ 18,787	-	-

See independent auditor's report.

<b>Rural Rental Assistance Payments 10.427</b>	<b>Housing Choice Vouchers Program 14.871</b>	<b>Total</b>
-	(6,180)	22,001
-	76,715	2,268,013
-	-	-
-	-	-
-	-	-
-	70,535	2,290,014
-	1,680	3,396
-	2,040	3,668
-	-	620,325
-	-	18,787

## **COMPLIANCE SECTION**



**INDEPENDENT AUDITOR'S 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**

Mr. Brian Colón  
New Mexico State Auditor and  
City Commission  
City of Tucumcari  
Tucumcari, New Mexico

We have audited, in accordance with the 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 comparisons of the general fund and major special revenue fund of the City of Tucumcari, New Mexico (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 27, 2020.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that are considered to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2018-001 to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2018-002 and 2018-003 to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as items 2017-001, 2018-004, 2018-005, 2018-006, 2019-001, and 2019-002.

## **The City's Responses to Findings**

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

## **Purpose of this Report**

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

The logo for Axiom, featuring the word "Axiom" in a stylized, cursive script font.

Albuquerque, New Mexico

March 27, 2020

**FEDERAL FINANCIAL ASSISTANCE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mr. Brian Colón  
New Mexico State Auditor and  
Office of Management and Budget  
City Commission  
City of Tucumcari  
Tucumcari, New Mexico

**Report on Compliance for the Major Federal Programs**

We have audited the City of Tucumcari, New Mexico (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' 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* 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 the major federal programs. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

## 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 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 internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Albuquerque, New Mexico  
March 27, 2020

STATE OF NEW MEXICO  
City of Tucumcari  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

Funding Source/Grant of Contact Name	CFDA Number	Pass-through Grant Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
<b>U.S. Department of Agriculture</b>					
<i>Direct Funding</i>					
Waste & Water Disposal Systems for Rural Communities					
WaterWater PER	10.760		\$ -	-	-
Siren Grant	10.760		2,750	-	-
<i>Pass-Through Programs from U.S. Department of Agriculture</i>					
Rural Rental Housing Loans - Loan Balance	* 10.415		607,023	-	-
Rural Rental housing Loans - Interest Subsidy	* 10.415		97,119	-	-
Rural Rental Assistance	10.427		101,501	-	-
<b>Total U.S. Department of Agriculture</b>			<u>808,393</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Housing and Urban Development</b>					
<i>Direct Funding</i>					
Public and Indian Housing	14.850		303,559	-	-
Section 8 Housing Choice Vouchers	14.871		336,566	-	-
<i>Pass-Through Programs from U.S. Department of Housing and Urban Development</i>					
Public Housing Capital Fund	14.872	CFP 2017	77,275	-	-
Public Housing Capital Fund	14.872	CFP 2016	-	-	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17-C-NR-I-01-G-20	6,491	-	-
<b>Total U.S. Department of Housing and Urban Development</b>			<u>723,891</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Transportation/Federal Aviation Administration (FAA)</b>					
<i>Pass-Through Programs from U.S. Department of Transportation/Federal Aviation Administration(FAA)</i>					
Airport Improvement Program	20.106	3-35-0043-017-2016	20,841	-	-
<b>Total U.S. Department of Transportation/Federal Aviation Administration (FAA)</b>			<u>20,841</u>	<u>-</u>	<u>-</u>
<b>U. S. Environmental Protection Agency</b>					
<i>Pass-Through Programs from U.S. Environmental Protection Agency</i>					
Capitalization Grants for Drinking Water State Revolving Fund - Center Street Tank	66.468	DW-3448	9,804	-	-
<b>Total U. S. Environmental Protection Agency</b>			<u>9,804</u>	<u>-</u>	<u>-</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,562,929</u>	<u>-</u>	<u>-</u>

(\*) Denotes Major Program

See independent auditor's report.  
See accompanying notes to the schedule of expenditures of federal awards.

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2019**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Tucumcari (The "City") and is presented on the full accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. Federally Funded Loans

The City has no federally funded loans or loan guarantee programs as of June 30, 2019.

3. 10% de Minimus Indirect Cost Rate

The City did not elect to use the allowed 10% indirect cost rate.

4. Loans

The City did not expend federal awards related to loans or loan guarantees during the year.

5. Federally Funded Insurance

The City has no federally funded insurance.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,562,929
Total expenditures funded by other sources	<u>13,011,332</u>
<i>Total expenditures</i>	<u>\$ 14,574,261</u>

**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Schedule of Findings and Questioned Costs  
June 30, 2019**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the financial statements?                           | No         |

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Type of auditors’ report issued on compliance for major programs   | Unmodified |
| 2. Internal control over major federal programs:  |            |
| a. Material weaknesses identified?  | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR section 200.516(a)? | No         |
| 4. Identification of major programs:  |            |

<u>CFDA Number</u>	<u>Federal Program</u>
10.415	Rural Rental Housing Loans

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                   | No        |



**STATE OF NEW MEXICO  
CITY OF TUCUMCARI  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT**

**2017-001 LATE AUDIT REPORT – (Other Non-Compliance)**

*Condition:* The City's audit report for the year ended June 30, 2019 was not submitted to the State Auditor by the required due date, December 15, 2019. The City did not make progress on this finding

*Criteria:* Audit reports not received on or before the due date, December 15, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

*Effect:* The result was the late submission of the City's audit report for the year ended June 30, 2019. The users of the audited financial statements and the City's management do not have timely information. In addition, untimely financial statements may affect federal and state funding.

*Cause:* Due to issues with the financial statements file being corrupted, the audit report for the year ended June 30, 2019 was not submitted to the State Auditor by the required due date, December 15, 2019.

*Recommendation:* We recommend that the City and the auditors work closely to ensure timely submission of the audit report. Additionally, we recommend the audit test date be scheduled earlier in the year to allow more correction time if such issues were to occur again.

*Management response:* The City of Tucumcari Finance Director will work closely with our audit team to ensure audit is on time in the future.

*Person Responsible:* Finance Director

**2018-001 FINANCIAL CLOSE AND REPORTING – (Material Weakness)**

*Condition:* During our testwork over the financial close and reporting process, it was noted that the Department has not implemented an effective financial close and reporting process for the year ended June 30, 2019. We noted multiple accounts within the trial balance were not reconciled prior to the beginning of the audit, which required significant modifications by management.

- Restatement in accounts receivable in the amount of \$379,378.
- Beginning balances in debt for enterprise funds did not agree to the prior year audited financial statements.
- Beginning balances in equity for government and enterprise funds did not agree to the prior year audited financial statements.

The City did not make progress for the year ended June 30, 2019.

*Criteria:* 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

*Effect:* Lack of proper financial close can lead to unreliable account balances and material misstatement to the financial statements. In addition, inadequate segregation of duties increases the risk that errors or fraud could occur and not be discovered timely.

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CITY OF TUCUMCARI  
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**2018-001 FINANCIAL CLOSE AND REPORTING – (Material Weakness) (Continued)**

*Cause:* Management has not completed a basic risk assessment to identify critical duties that should be segregated to reduce the risk of errors and fraud and implement a formal financial reporting close procedures.

*Recommendation:* Management should review the current assignment of accounting functions and where feasible, duties should be segregated or mitigating controls implemented that will reduce the risk of errors or fraud. We recommend that the Department development and implement policies and procedures to ensure that all reconciliations of receivables, debt, and equity are completed and done timely.

*Management's Response:* The Finance Department did not enter the adjusting journal entries from FY18 audit due to some concerns about affecting revenue and expenditures in the FY19. We have resolved the concern with our auditors and we will be entering all adjusting journal entries so that our balances will match with prior year audited financial statements. We do have a policy in place with duties segregated for financial close processes. As stated in previous audits, since the conversion of our software we have been working at getting data cleaned up.

*Person Responsible:* Finance Director

**2018-002 INTERNAL CONTROLS (Significant Deficiency)**

*Condition:* During our internal control walkthroughs and testing, we noted the following:

- In 3 out of 3 billing adjustments reviewed, the City did not have proper approval process in place for the adjustment made by the Billing Clerk.
- In 2 out of 2 bank reconciliations reviewed, the City did not have proper notation of who prepared and who reviewed the bank reconciliations.

The City did not make progress for the year ended June 30, 2019.

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

*Cause:* Due to a lack of a comprehensive and documented internal control policy in place, employees are not consistently following these new processes and management.

*Criteria:* The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring elements of internal control.

*Recommendations:* The City should complete its documented comprehensive internal control structure and ensure that it is followed. Management should follow and ensure that all staff follows the City's documented internal control procedures, and the body charged with governance should provide effective oversight of the internal control and financial reporting processes. In addition, it should implement a financial close reporting process to ensure timely posting of transactions and reconciliation of accounts.

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**2018-002 INTERNAL CONTROLS (Significant Deficiency) (Continued)**

*Management's Response:* The Finance Department has implemented a policy for the oversight of utility billing adjustments. We have also put in an approval step in our billing software so that the Deputy Finance Director or Finance Director are the only ones that approve the utility billing adjustments. Bank statements are reconciled every month by the 10th of the month by the Deputy Finance Director. The Finance Director reviews the bank reconciliation reports that are generated by our software. We have implemented a policy that will have documentation as to who prepared the bank reconciliation and who approves it. Our system does not generate this information. Both of these policies are in effect as of 7/1/19.

*Person Responsible:* Finance Director

**2018-003 IT GENERAL CONTROLS (Significant Deficiency)**

*Condition:* During our walkthroughs of the City's IT general controls as it relates to financial systems, we noted the following:

- (a) Policies and procedures are not updated with current network and application structure. In addition, there is no IT Security Plan, Incident Response Plan and Change Management policy.
- (b) There is no formal disaster recovery plan in place to ensure continued IT operations in event of disaster.
- (c) Users are added, removed and updated in the system without a formal user provisioning policy. No formal forms are in place.
- (d) Users access listing are not reviewed for systems and financial applications. For instance, Tyler has 7 administrator accounts.
- (e) Tyler is a hosted application and the City does not review the SOC report for the service provider.
- (f) Penetration test has never been performed for system and application.
- (g) Password policy is not set up in the Tyler system, meaning there is minimum password length, age or complexity requirement.

The City did not make progress for the year ended June 30, 2019.

*Criteria:* IT, including systems and infrastructure are essential and integral part to the efficiency of the County's operations. IT general controls are essential in maintaining confidentiality, integrity, and availability of data. IT internal controls are as important as the internal controls that surround the input of financial transactions into the County's general ledger.

In accordance with ISACA's Control Objectives for Information and related Technology (COBIT) framework (DS4, Continuous Service), a Disaster Recovery Plan needs to be developed and tested to reduce impact of a major disruption on key business functions and processes. Framework DS5 (Ensure System Security) provides the need to maintain integrity of information and protect IT assets requires a security management process. This process includes establishing and maintain IT security and roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weakness or incidents.

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**2018-003 IT GENERAL CONTROLS (Significant Deficiency) (Continued)**

*Effect:* The absence of a formal Disaster Recovery Plan may pose question as to the City's ability to respond and recover its critical data and applications on a reasonable time period in the event of unforeseen disaster.

Without strong internal controls over the City's IT infrastructure and applications, there a potential for the confidentiality, integrity, and or availability of data to be compromised.

*Cause:* The City's IT Department does not have enough personnel to handle day to day functions including IT security.

*Recommendation:* We recommend the following:

- (a) Update policies and procedures in line with current network and application structure. In addition, the City needs to cover the areas such as IT Security, change management, remote access and others.
- (b) Develop a formal IT Disaster Recovery Plan to address recovery issues in event of disaster.
- (c) Adopt a formal user provisioning policy. This should include formal documentations (use of forms or tickets) in event of new user, termination or modification of users in the system.
- (d) Review users access listing at least once a year for the system and application to ensure that access is consistent with users roles and responsibilities. Inactive accounts should be purged after certain period of time.
- (e) Obtain and review SOC report for Tyler to ensure that controls exist at the service organization level. In addition, users complimentary controls identified in the report should be reviewed and addressed by the County.
- (f) Consider having a third party perform a penetration or vulnerability assessment. In addition, the City should be more proactive in dealing with its security incidents.
- (g) Implement a formal password policy in the Tyler including other systems and applications which include age, length, complexity requirement and others.

*Management's Response:* The City of Tucumcari is actively going through the procurement process to hire an IT company to help evaluate, develop, and/or update IT policies and procedures. As stated in FY18 audit response, we will have policies and procedures in place by June 30, 2020.

*Person Responsible:* City Manager

**2018-004 LATE SUBMISSION OF DATA COLLECTION FORM (Other Non-Compliance)**

*Condition:* The City did not submit its annual data collection form for the year ended June 30, 2018 to the Federal Audit Clearinghouse in a timely manner. The data collection form, which has a due date of March 31, 2018, was not submitted until December of 2019.

The City did not make progress for the year ended June 30, 2019.

*Criteria:* 2 CFR Section 200.512(b) provides for a form, referred to as the data collection form, to be prepared at the completion of each audit and submitted to the Federal Audit Clearinghouse. The form provides key information about the nonfederal entity, the federal awards it administers, whether the audit was completed in accordance with the Uniform Guidance, and the audit results. 2 CFR Section 200.512(a) states that the reporting package must be submitted the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

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CITY OF TUCUMCARI  
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**2018-004 LATE SUBMISSION OF DATA COLLECTION FORM (Other Non-Compliance) (Continued)**

*Cause:* The audit report as of and for the year ended June 30, 2018 was not completed timely, resulting in the delay in the submission of the data collection form.

*Effect:* The City was not in compliant with the requirement of 2 CFR Section 200.512. As a result, the City does not qualify as low-risk auditee in accordance with the Uniform Guidance.

*Recommendation:* We recommend that the City pursues activities necessary for the timely submission of the data collection form.

*Management response:* Due to software conversion in 2017 our audit for FY18 was submitted late. Our staff worked very hard on getting issues resolved to help aid in the timely submission of our FY19 audit. This finding should be cleared up with the FY20 audit.

*Person Responsible:* Finance Director

**2018-006 INTERNAL CONTROLS OVER FUEL CARDS – (Other Non-Compliance)**

*Condition:* Based on our review of fuel card expenditures, we noted the following:

- In 2 out of 10 transactions, fuel purchase exceeded the maximum fuel tank capacity.
- In 1 out of 10 transactions, the employee filled up the vehicle with premium gasoline.
- In 1 out of 10 transactions, an individual driver purchased fuel twice within the same hour using the same card and vehicle which indicates multiple vehicles are being filled up in addition to the state owned vehicle for a total amount of 40.60 gallons or \$112.02 in the first transaction and 27.72 gallons or \$87.28 in the second transaction. Both transactions were 8 minutes apart.

The City did not make progress for the year ended June 30, 2019.

*Criteria:* NMAC 1.5.4.12 provides criteria and controls as to fuel cards purchases.

*Cause:* The City does not have proper oversight over fuel card purchases.

*Effect:* The City is not in compliance with New Mexico State Statutes in regards to fuel card purchases.

*Recommendation:* The City should implement a procedure to ensure that gas purchases are in line with car tank capacity and only allowable fuel is being purchased.

*Management's Response:* The City of Tucumcari has implemented a fuel card policy that has been reviewed by our auditors to resolve this finding. We are working with our fuel card company to set up limits based on tank capacity and we have separate fuel cards for the gas cans. The policy addresses the premium gas purchase and fuel cards are now issued by vehicle instead of by employee. This will alleviate the multiple purchases within minutes of each other. This policy is effective October 1, 2019.

*Person Responsible:* Finance Director and City Manager

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**2019-001 INTERNAL CONTROLS OVER TRAVEL AND PER DIEM – (Other Non-Compliance)**

*Condition:* Based on our review of travel and per diem expenditures we noted that in 1 out of 10 transactions, the Travel Authorization and Per Diem & Mileage Reimbursement Form was not signed by the City Manager indicating approval prior to travel for a total amount of \$87.40.

*Criteria:* NMAC 2.42.2 provides criteria and controls as to travel and per diem.

*Cause:* The City does not have proper oversight over travel and per diem transactions

*Effect:* The City is not in compliance with New Mexico State Statutes in regards travel and per diem transactions.

*Recommendation:* The City should review all travel and per diem requests prior to employee's travel.

*Management's Response:* The City has a policy in place that states that all travel has to be approved by the City Manager before per diem can be issued. The Finance Director and City Manager will review the policy to see if any changes need to be made and the policy will be sent out to all employees. The Finance Director will review all per diem checks to verify all signatures are on the form.

Compliance with State Statute will begin immediately.

*Person Responsible:* Finance Director and City Manager

**2019-002 LODGER'S TAX AUP – (Other Non-Compliance)**

*Condition:* During our compliance procedures, we noted that the City has not performed any audit or other procedure to verify its Lodger's tax in accordance with NMSA 1978 Section 3-38-17.1 for the past two years.

*Criteria:* NMSA 1978 Section 3-38-17.1 requires any municipality collecting over \$250,000 in occupancy tax proceeds shall select for annual random review of one or more vendors to verify the amount of gross rent subject to the occupancy tax and ensure that the full amount of occupancy tax on that rent is collected. 3-38-17.1. Audit of vendors. The governing body of any municipality or county collecting over two hundred fifty thousand dollars (\$250,000) in occupancy tax proceeds shall select for annual random audits one or more vendors to verify the amount of gross rent subject to the occupancy tax and to ensure that the full amount of occupancy tax on that rent is collected. The governing body of any municipality or county collecting less than two hundred fifty thousand dollars (\$250,000) in receipts, per annum, of occupancy tax proceeds shall conduct random audits to verify full payment of occupancy tax receipts. Copies of audits completed shall be filed annually with the Local Government Division of the New Mexico Department of Finance and Administration.

*Cause:* The City did not have resources to perform the audit requirement under the State Statutes.

*Effect:* The City may not be receiving the correct amount of lodger's tax if they do not verify the amounts they are receiving from entities and is not in compliance with the State Statutes.

*Recommendation:* The City should establish a process to audit the entities in which they receive lodger's tax. The result of the audit needs to be filed on annual basis with the Local Government Division of the New Mexico Department of Finance and Administration.

*Management's Response:* Management will be completing a Lodgers Tax audit during fiscal year 2020 and will develop a schedule to ensure the required audit is performed annually.

*Person Responsible:* Finance Director

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**2019-003 RETIREMENT HEALTH CARE (RHC) REMITTANCE FORMS REPORTING – (Other Non-Compliance)**

*Condition:* Based on our review of RHCA remittance forms, we noted that in 2 out of 27 instances the City improperly reported an employee as regular. The employee should have been reported as Enhanced.

*Criteria:* In accordance with the Retiree Health Care Act, Sections 10-7C-1 to 10-7C-19 NMSA 1978, contributions for regular employees differ from enhanced employees.

*Cause:* The City was unaware of the employee was reported as regular therefore over contributed to RHC.

*Effect:* The City is not in compliance with New Mexico State Statutes in regards to RHCA contributions rules for reporting contributions.

*Recommendation:* Implement internal controls to ensure that employees are correctly reported on the RHCA remittance forms.

*Management's Response:* The Finance Department has implemented a policy to ensure RHC payments are remitted on time and to review and ensure all employees are being reported correctly on the RHCA remittance forms. By moving the Payroll Clerk under Finance we have been able to monitor the submissions to RHCA. This policy was in place on June 30, 2019, so I would expect this finding to be resolved in FY20 audit.

*Person Responsible:* Finance Director

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**SECTION III – FEDERAL AWARD FINDINGS**

None Noted

**SECTION IV – PRIOR YEAR AUDIT FINDINGS**

**Financial Statement Findings**

2017-001 – Late Audit Report (Other Noncompliance) – Repeated

2017-006 – Internal Controls Over Adjusting Entries and Expenditures (Material Weakness) – Resolved

2018-001 – Financial Close and Reporting – (Material Weakness) – Repeated

2018-002 – Internal Controls (Significant Deficiency) – Repeated

2018-003 – IT General Controls (Significant Deficiency) – Repeated

2018-004 – Late Submission of Data Collection Form (Other Non-Compliance) – Repeated

2018-005 – Retirement Health Care (RHC) Timely Submission of Remittance Forms – (Other Non-Compliance) – Resolved

2018-006 – Internal Controls Over Fuel Cards – (Other Non-Compliance) – Repeated



## **CITY OF TUCUMCARI**

### **Exit Conference**

**June 30, 2019**

#### **Exit Conference**

An exit conference was held on December 5, 2019 in a closed executive session in compliance with the Open Meetings Act. In attendance were the following:

#### **City of Tucumcari**

Ruth Ann Litchfield, Mayor

Todd Duplantis, Mayor Pro-Tem

Christopher Arias, City Commissioner

Britt Lusk, City Manager

Rachelle Arias, Finance Director

Maribel Lucero, Deputy Finance Director

#### **Axiom Certified Public Accountants and Business Advisors LLC**

Jaime Rumbaoa, Partner

#### **Financial Statement Preparation**

Axiom Certified Public Accountants and Business Advisors LLC prepared the GAAP-basis financial statements and footnotes of the City of Tucumcari from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.