

STATE OF NEW MEXICO
CITY OF TUCUMCARI
ANNUAL FINANCIAL REPORT
JUNE 30, 2007

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO

City of Tucumcari

Official Roster

June 30, 2007

<u>Name</u>	<u>City Council</u>	<u>Title</u>
Antonio Apodaca		Mayor Pro-Tem
James Lafferty		Commissioner
Chris Maestas		Commissioner
James Witcher		Commissioner
	<u>Administration</u>	
Mr. Richard Primrose		City Manager
Ms. Jeanette Maddaford		City Clerk
Mr. Doug Powers		City Planning Director
Mr. Marty Garcia		Assistant City Manager City Finance Director

STATE OF NEW MEXICO
City of Tucumcari
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For the Year Ended June 30, 2007

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City of Tucumcari
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison for the general fund and EMS special revenue fund and the aggregate remaining fund information of the City of Tucumcari, New Mexico as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds, the budgetary comparisons for the proprietary funds, and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of City management. Our responsibility is to express opinions on these financial statements based on our audit. These financial statements are the responsibility of City management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed below, 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 of material misstatement. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We were not able to verify capital assets and the related accumulated depreciation at June 30, 2007 nor the depreciation accrual for the year then ended. We were unable to determine these amounts through the use of alternative procedures and, as such, are unable to express an opinion on capital assets as of June 30, 2007 and the depreciation accrual for the year then ended. The effect on assets, net assets, and expenses of the governmental activities is not readily determinable.

In our opinion, except for the effects of the lack of evidence verifying the amount of capital assets, accumulated depreciation and current year deprecation expense as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the, each major fund, and the aggregate remaining fund information of the City of Tucumcari, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, and internal service fund of the City of Tucumcari as of June 30, 2007, and the respective budgetary comparisons for all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tucumcari, New Mexico's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is a not required part of the basic financial statements. The accompanying financial information listed as Supporting Schedules I through IV in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
September 18, 2008

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Tucumcari

Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	1,350,519	1,390,347	\$ 2,740,866
Receivables:			
Property taxes receivable	36,997	-	36,997
Other taxes receivable	656,734	11,828	668,562
Other receivables	83,510	70,505	154,015
Customer receivables	-	766,601	766,601
Prepays	88,825	32,616	121,441
Inventory	-	79,717	79,717
Internal balances	(204,787)	204,787	-
	<u>2,011,798</u>	<u>2,556,401</u>	<u>4,568,199</u>
Total current assets			
Noncurrent assets			
Restricted cash and cash equivalents	251,244	301,746	552,990
Capital assets	14,820,954	31,974,247	46,795,201
Less: accumulated depreciation	(7,929,246)	(17,308,408)	(25,237,654)
	<u>7,142,952</u>	<u>14,967,585</u>	<u>22,110,537</u>
Total noncurrent assets			
Total assets	<u>\$ 9,154,750</u>	<u>\$ 17,523,986</u>	<u>\$ 26,678,736</u>

The accompanying notes are an integral part of these financial statements

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	193,475	\$ 112,985	\$ 306,460
Accrued payroll expenses	94,865	48,800	143,665
Accrued compensated absences	121,693	59,050	180,743
Accrued interest	10,707	1,037	11,744
Meter and other refundable deposits	-	65,378	65,378
Current portion of bonds and notes payable	149,135	32,097	181,232
	<u>569,875</u>	<u>319,347</u>	<u>889,222</u>
Total current liabilities			
Noncurrent liabilities			
Accrued compensated absences	25,914	26,047	51,961
Landfill closure liability	-	1,312,912	1,312,912
Bonds and notes payable	2,665,782	1,083,601	3,749,383
	<u>2,691,696</u>	<u>2,422,560</u>	<u>5,114,256</u>
Total noncurrent liabilities			
Total liabilities			
	<u>3,261,571</u>	<u>2,741,907</u>	<u>6,003,478</u>
Net Assets			
Invested in capital assets, net of related debt	4,076,791	13,550,141	17,626,932
Restricted for:			
Debt service	333,003	69,729	402,732
Capital projects and improvements	84,116	1,240,216	1,324,332
Other purposes	1,120,155	-	1,120,155
Unrestricted	279,114	(78,007)	201,107
	<u>5,893,179</u>	<u>14,782,079</u>	<u>20,675,258</u>
Total net assets			
Total liabilities and net assets			
	<u>\$ 9,154,750</u>	<u>\$ 17,523,986</u>	<u>\$ 26,678,736</u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Activities
For the Year Ending June 30, 2007

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
General government	\$ 1,553,325	\$ 19,570	\$ 607,491	\$ -
Public safety	2,343,446	460,790	366,110	19,679
Public works	1,070,573	-	282,835	-
Culture and recreation	710,375	53,007	25,442	100,000
Health and welfare	452,842	31,674	320,222	-
Interest on long-term debt	113,075	-	-	-
<i>Total governmental activities</i>	<u>6,243,636</u>	<u>565,041</u>	<u>1,602,100</u>	<u>119,679</u>
Business-type Activities:				
Airport	609,342	376,877	2,523	217,248
Joint Utility	2,027,516	1,844,463	1,436,765	19,877
Sanitation	978,839	811,005	-	514,752
Housing Authority	1,393,257	132,727	1,211,118	52,730
<i>Total business type activities</i>	<u>5,008,954</u>	<u>3,165,072</u>	<u>2,650,406</u>	<u>804,607</u>
<i>Total</i>	<u><u>\$ 11,252,590</u></u>	<u><u>\$ 3,730,113</u></u>	<u><u>\$ 4,252,506</u></u>	<u><u>\$ 924,286</u></u>

General Revenues:

Taxes

Property taxes, levied for general purposes
Gross receipts taxes
Gasoline and motor vehicle taxes
Franchise taxes
Cigarette and lodger's taxes
Other taxes

Licenses and fees

Fines, forfeitures, and penalties

Investment income

Miscellaneous income

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (926,264)	\$ -	\$ (926,264)
(1,496,867)	-	(1,496,867)
(787,738)	-	(787,738)
(531,926)	-	(531,926)
(100,946)	-	(100,946)
(113,075)	-	(113,075)
<u>(3,956,816)</u>	<u>-</u>	<u>(3,956,816)</u>
-	(12,694)	(12,694)
-	1,273,589	1,273,589
-	346,918	346,918
-	3,318	3,318
<u>-</u>	<u>1,611,131</u>	<u>1,611,131</u>
<u>(3,956,816)</u>	<u>1,611,131</u>	<u>(2,345,685)</u>
255,257	-	255,257
2,665,553	-	2,665,553
279,743	-	279,743
-	-	-
-	-	-
736,493	298,073	1,034,566
98,722	-	98,722
61,119	-	61,119
33,664	47,022	80,686
267,503	216,341	483,844
11,354	(11,354)	-
<u>4,409,408</u>	<u>550,082</u>	<u>4,959,490</u>
452,592	2,161,213	2,613,805
<u>5,440,587</u>	<u>12,620,866</u>	<u>18,061,453</u>
<u>\$ 5,893,179</u>	<u>\$ 14,782,079</u>	<u>\$ 20,675,258</u>

STATE OF NEW MEXICO

City of Tucumcari
Balance Sheet
Governmental Funds
June 30, 2007Exhibit B-1
Page 1 of 2

	General Fund	EMS	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 547,281	10,346	\$ 1,043,464	\$ 1,601,091
Receivables:				
Property taxes	36,997	-	-	36,997
Other taxes	552,579	-	104,155	656,734
Other receivables	14,685	18,855	49,930	83,470
Inventory	-	-	-	-
Prepaid insurance	67,446	1,987	17,866	87,299
Due from other funds	225,791	-	106,828	332,619
<i>Total assets</i>	<u>\$ 1,444,779</u>	<u>\$ 31,188</u>	<u>\$ 1,322,243</u>	<u>\$ 2,798,210</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 146,923	\$ 2,233	\$ 44,219	\$ 193,375
Accrued payroll expenses	64,781	8,805	15,440	89,026
Other accrued expenses	-	-	-	-
Accrued compensated absences	3,339	-	-	3,339
Deferred property tax revenue	23,181	-	-	23,181
Other deferred revenue	-	-	-	-
Due to other funds	242,251	-	270,623	512,874
<i>Total liabilities</i>	<u>480,475</u>	<u>11,038</u>	<u>330,282</u>	<u>821,795</u>
<i>Fund balances</i>				
Unreserved, reported in:				
General	964,304	-	-	964,304
Special revenue	-	20,150	810,809	830,959
Capital projects	-	-	(49,709)	(49,709)
Debt service	-	-	230,861	230,861
<i>Total fund balances</i>	<u>964,304</u>	<u>20,150</u>	<u>991,961</u>	<u>1,976,415</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,444,779</u>	<u>\$ 31,188</u>	<u>\$ 1,322,243</u>	<u>\$ 2,798,210</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Tucumcari

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2007

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 1,976,415
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	6,869,238
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	23,181
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:	
Accrued interest	(10,707)
Additional current accrued compensated absences (due within one year)	(110,613)
Internal service funds assets and liabilities included governmental activities in the statement of net assets	(19,255)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Noncurrent accrued compensated absences	(20,163)
Bonds and notes payable	<u>(2,814,917)</u>
Net assets of governmental activities	<u><u>\$ 5,893,179</u></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 Ending June 30, 2007

Exhibit B-2
Page 1 of 2

	General Fund	EMS	Other Governmental Funds	Total
<i>Revenues:</i>				
Taxes:				
Property	\$ 248,483	\$ -	\$ -	\$ 248,483
Gross receipts	2,544,314	-	-	2,544,314
Gasoline and motor vehicle	23,519	-	256,224	279,743
Other	268,649	-	589,083	857,732
Intergovernmental				
Federal operating grants	20,003	-	60,831	80,834
Federal capital grants	-	-	19,679	19,679
State operating grants	188,443	24,622	1,227,881	1,440,946
State capital grants	-	-	100,000	100,000
Charges for services	603,928	460,378	40,992	1,105,298
Licenses and fees	63,519	-	35,203	98,722
Fines, forfeitures, and penalties	61,119	-	-	61,119
Investment income	855	2,207	30,602	33,664
Miscellaneous	157,001	10,481	126,143	293,625
<i>Total revenues</i>	<u>4,179,833</u>	<u>497,688</u>	<u>2,486,638</u>	<u>7,164,159</u>
<i>Expenditures:</i>				
Current:				
General government	1,340,156	-	399,447	1,739,603
Public safety	1,404,880	594,823	191,940	2,191,643
Public works	431,865	-	767,860	1,199,725
Culture and recreation	349,051	-	211,815	560,866
Health and welfare	73,870	-	388,743	462,613
Capital outlay	99,187	95,226	563,583	757,996
Debt service:				
Principal	-	17,478	117,421	134,899
Interest	-	-	106,534	106,534
<i>Total expenditures</i>	<u>3,699,009</u>	<u>707,527</u>	<u>2,747,343</u>	<u>7,153,879</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>480,824</u>	<u>(209,839)</u>	<u>(260,705)</u>	<u>10,280</u>
<i>Other financing sources (uses)</i>				
Transfers in/(out)	(386,587)	129,151	268,790	11,354
Proceeds from debt issuance	-	-	265,470	265,470
<i>Total other financing sources (uses)</i>	<u>(386,587)</u>	<u>129,151</u>	<u>534,260</u>	<u>276,824</u>
<i>Net change in fund balance</i>	94,237	(80,688)	273,555	287,104
<i>Fund balance - beginning of year</i>	<u>870,067</u>	<u>100,838</u>	<u>718,406</u>	<u>1,689,311</u>
<i>Fund balance - end of year</i>	<u>\$ 964,304</u>	<u>\$ 20,150</u>	<u>\$ 991,961</u>	<u>\$ 1,976,415</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

City of Tucumcari

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ending June 30, 2007

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	287,104
<p>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:</p>		
Capital expenditures recorded in capital outlay		757,996
Depreciation expense		(477,642)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds:</p>		
Increase in deferred revenue		6,774
<p>Expenses reported in the statement of activities that do require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>		
Additional current accrued compensated absences (due within one year)		(110,613)
<p>The net revenue of the internal service fund is reported with the governmental activities</p>		
		7,938
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Increase in accrued interest		(730)
Decrease in noncurrent accrued compensated absences		112,336
Proceeds from issuance of note		(265,470)
Principal payments on bonds and notes payable		134,899
		134,899
Change in net assets of governmental activities	\$	452,592

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

City of Tucumcari

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ending June 30, 2007

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 231,348	\$ 231,348	\$ 250,423	\$ 19,075
Gross receipts	2,387,446	2,387,446	2,454,460	67,014
Gasoline and motor vehicle	23,250	23,250	28,364	5,114
Other	342,184	345,276	317,354	(27,922)
Intergovernmental income:				
Federal operating grants	25,000	29,675	20,003	(9,672)
Federal capital grants	-	-	-	-
State operating grants	198,942	191,869	199,002	7,133
State capital grants	-	-	-	-
Charges for services	548,190	623,190	574,092	(49,098)
Licenses and fees	62,700	62,700	63,519	819
Fines, forfeitures and penalties	72,650	72,650	61,119	(11,531)
Investment income	5,000	5,000	855	(4,145)
Miscellaneous	74,449	147,152	191,529	44,377
<i>Total revenues</i>	<u>3,971,159</u>	<u>4,119,556</u>	<u>4,160,720</u>	<u>41,164</u>
<i>Expenditures:</i>				
Current:				
General government	1,351,699	1,409,127	1,374,368	34,759
Public safety	1,328,696	1,367,448	1,281,080	86,368
Public Works	481,932	485,374	444,898	40,476
Culture and recreation	364,518	366,724	356,549	10,175
Health and welfare	81,219	81,219	76,763	4,456
Capital outlay	17,008	113,760	96,472	17,288
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,625,072</u>	<u>3,823,652</u>	<u>3,630,130</u>	<u>193,522</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>346,087</u>	<u>295,904</u>	<u>530,590</u>	<u>234,686</u>
<i>Other financing sources (uses)</i>				
Designated cash	1,000	83,683	-	(83,683)
Transfers in	-	-	-	-
Transfers out	(347,087)	(379,587)	(386,587)	(7,000)
<i>Total other financing sources (uses)</i>	<u>(346,087)</u>	<u>(295,904)</u>	<u>(386,587)</u>	<u>(90,683)</u>
<i>Net change in fund balance</i>	-	-	144,003	144,003
<i>Fund balance - beginning of year</i>	-	-	629,069	629,069
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 773,072</u>	<u>\$ 773,072</u>
Net change in fund balance (GAAP)				\$ 94,237
Adjustments to revenue for tax accruals and other miscellaneous revenue accruals				(19,113)
Adjustments to expenditures for accrued wages, compensated absences, insurance and function expenditures				68,879
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 144,003</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

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 Ending June 30, 2007

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:	-	-	-	-
Federal operating grant	-	-	-	-
Federal capital grant	-	-	-	-
State operating grant	30,815	34,666	24,622	(10,044)
State capital grant	-	-	-	-
Charges for services	350,000	339,000	373,301	34,301
Licenses and fees	-	-	-	-
Investment income	-	2,207	2,207	-
Miscellaneous	-	10,481	10,481	-
<i>Total revenues</i>	<u>380,815</u>	<u>386,354</u>	<u>410,611</u>	<u>24,257</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	481,395	485,823	456,419	29,404
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	94,966	94,966	95,226	(260)
Debt Service:	-	-	-	-
Principal	17,478	17,478	17,478	-
Interest	93	93	-	93
<i>Total expenditures</i>	<u>593,932</u>	<u>598,360</u>	<u>569,123</u>	<u>29,237</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(213,117)</u>	<u>(212,006)</u>	<u>(158,512)</u>	<u>53,494</u>
<i>Other financing sources (uses)</i>				
Designated cash	94,966	82,855	-	(82,855)
Proceeds from debt issuance	-	-	-	-
Transfers in	118,151	129,151	129,151	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>213,117</u>	<u>212,006</u>	<u>129,151</u>	<u>(82,855)</u>
<i>Net change in fund balance</i>	-	-	(29,361)	(29,361)
<i>Fund balance - beginning of year</i>	-	-	90,625	90,625
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,264</u>	<u>\$ 61,264</u>
Net change in fund balance (GAAP)				\$ (80,688)
Adjustments to revenue for operating grant and charges for services accruals				(87,077)
Adjustments to expenditures for accrued wages, compensated absences and other public safety expenditures				138,404
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ (29,361)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Tucumcari
Statement of Net Assets
Proprietary Funds
June 30, 2007

	<u>Airport</u>	<u>Joint Utility</u>	<u>Solid Waste</u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 5,288	\$ 743,122	\$ 297,430
Receivables:			
Other taxes	-	-	11,828
Other receivables	1,906	29,679	5,257
Customer receivables, net of allowance	-	570,689	186,643
Prepays	542	13,865	7,042
Inventory	24,678	55,039	-
Due from other funds	-	301,343	44,789
<i>Total current assets</i>	<u>32,414</u>	<u>1,713,737</u>	<u>552,989</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	215,216	4,185
Capital assets	5,570,092	18,906,406	3,008,590
Accumulated depreciation	(2,360,411)	(11,959,496)	(1,196,589)
<i>Total noncurrent assets</i>	<u>3,209,681</u>	<u>7,162,126</u>	<u>1,816,186</u>
<i>Total Assets</i>	<u><u>3,242,095</u></u>	<u><u>8,875,863</u></u>	<u><u>2,369,175</u></u>
<i>Liabilities and Net Assets</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Accounts payable	2,172	47,529	20,111
Accrued payroll expenses	3,185	16,906	6,092
Accrued interest payable	-	1,037	-
Accrued compensated absences	2,444	38,379	12,396
Meter and other refundable deposits	-	52,674	-
Due to other funds	44,067	44,124	53,154
Deferred revenue	-	-	-
Current portion of notes payable	-	24,746	-
<i>Total current liabilities</i>	<u>51,868</u>	<u>225,395</u>	<u>91,753</u>
<i>Noncurrent liabilities</i>			
Landfill closure	-	-	1,312,912
Notes payable	-	352,478	-
Accrued compensated absences	1,196	18,784	6,067
<i>Total noncurrent liabilities</i>	<u>1,196</u>	<u>371,262</u>	<u>1,318,979</u>
<i>Total liabilities</i>	<u>53,064</u>	<u>596,657</u>	<u>1,410,732</u>
<i>Net Assets:</i>			
Invested in capital assets, net of related debt	3,209,681	6,569,686	1,812,001
Restricted net assets - repairs and maintenance	-	277,082	963,134
Unrestricted net assets	(20,650)	1,432,438	(1,816,692)
<i>Total net assets</i>	<u>3,189,031</u>	<u>8,279,206</u>	<u>958,443</u>
<i>Total Liabilities and Net Assets</i>	<u><u>\$ 3,242,095</u></u>	<u><u>\$ 8,875,863</u></u>	<u><u>\$ 2,369,175</u></u>

The accompanying notes are an integral part of these financial statements

<u>Housing Authority</u>	<u>Total</u>	<u>Internal Service Fund</u>
\$ 344,507	\$ 1,390,347	\$ 672
-	11,828	-
33,663	70,505	40
9,269	766,601	-
11,167	32,616	1,526
-	79,717	-
-	346,132	499
<u>398,606</u>	<u>2,697,746</u>	<u>2,737</u>
82,345	301,746	-
4,489,159	31,974,247	111,980
(1,791,912)	(17,308,408)	(89,510)
<u>2,779,592</u>	<u>14,967,585</u>	<u>22,470</u>
<u>3,178,198</u>	<u>17,665,331</u>	<u>25,207</u>
43,173	112,985	100
22,617	48,800	5,839
-	1,037	-
5,831	59,050	7,741
12,704	65,378	-
-	141,345	25,031
-	-	-
7,351	32,097	-
<u>91,676</u>	<u>460,692</u>	<u>38,711</u>
-	1,312,912	-
731,123	1,083,601	-
-	26,047	5,751
<u>731,123</u>	<u>2,422,560</u>	<u>5,751</u>
<u>822,799</u>	<u>2,883,252</u>	<u>44,462</u>
1,958,685	13,550,053	22,470
69,729	1,309,945	-
<u>326,985</u>	<u>(77,919)</u>	<u>(41,725)</u>
<u>2,355,399</u>	<u>14,782,079</u>	<u>(19,255)</u>
<u>\$ 3,178,198</u>	<u>\$ 17,665,331</u>	<u>\$ 25,207</u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	<u>Airport</u>	<u>Joint Utility</u>	<u>Solid Waste</u>
<i>Operating revenues:</i>			
Charges for services	\$ 376,767	\$ 1,843,772	\$ 810,805
<i>Total operating revenues</i>	<u>376,767</u>	<u>1,843,772</u>	<u>810,805</u>
<i>Operating expenses:</i>			
General and administrative	12,595	252,307	276,438
Personnel services	84,733	871,962	253,952
Contractual services	2,713	4,553	3,872
Supplies and purchased power	5,994	54,126	49,676
Maintenance and materials	301,550	258,976	296,690
Utilities	12,253	302,056	4,074
Housing assistance payments	-	-	-
Depreciation	186,086	272,189	80,006
Miscellaneous	3,418	7,051	311
<i>Total operating expenses</i>	<u>609,342</u>	<u>2,023,220</u>	<u>965,019</u>
<i>Operating income (loss)</i>	<u>(232,575)</u>	<u>(179,448)</u>	<u>(154,214)</u>
<i>Non-operating revenues (expenses):</i>			
Operating grants	2,523	63,006	-
Interest income	-	31,052	13,873
Interest expense	-	(4,296)	-
Gross receipts and other taxes	-	237,424	60,649
Miscellaneous	82,476	30,017	55,616
Landfill closure/postclosure care costs	-	-	(13,820)
<i>Total non-operating revenues (expenses)</i>	<u>84,999</u>	<u>357,203</u>	<u>116,318</u>
Capital grants	217,248	1,393,636	514,752
Transfers in	10,483	290,586	40,000
Transfers out	-	(312,423)	(40,000)
<i>Capital grants and net transfers</i>	<u>227,731</u>	<u>1,371,799</u>	<u>514,752</u>
<i>Change in net assets</i>	80,155	1,549,554	476,856
<i>Net assets, beginning of year</i>	<u>3,108,876</u>	<u>6,729,652</u>	<u>481,587</u>
<i>Net assets, end of year</i>	<u>\$ 3,189,031</u>	<u>\$ 8,279,206</u>	<u>\$ 958,443</u>

The accompanying notes are an integral part of these financial statements

Housing Authority	Total	Internal Service Fund
\$ 132,727	\$ 3,164,071	\$ 281,488
<u>132,727</u>	<u>3,164,071</u>	<u>281,488</u>
360,077	901,417	-
-	1,210,647	218,111
-	11,138	6,178
-	109,796	249
156,604	1,013,820	13,321
122,395	440,778	13,671
559,214	559,214	-
128,305	666,586	1,252
-	10,780	24,295
<u>1,326,595</u>	<u>4,924,176</u>	<u>277,077</u>
<u>(1,193,868)</u>	<u>(1,760,105)</u>	<u>4,411</u>
1,211,118	1,276,647	-
2,097	47,022	-
(66,662)	(70,958)	-
-	298,073	-
49,234	217,343	3,527
-	(13,820)	-
<u>1,195,787</u>	<u>1,754,307</u>	<u>3,527</u>
52,730	2,178,366	-
103,370	444,439	-
(103,370)	(455,793)	-
<u>52,730</u>	<u>2,167,012</u>	<u>-</u>
54,649	2,161,214	7,938
<u>2,300,750</u>	<u>12,620,865</u>	<u>(27,193)</u>
<u>\$ 2,355,399</u>	<u>\$ 14,782,079</u>	<u>\$ (19,255)</u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2007

	<u>Airport</u>	<u>Joint Utility</u>	<u>Solid Waste</u>
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 376,767	\$ 1,749,930	\$ 796,404
Cash payments to employees for services	(81,768)	(836,601)	(249,715)
Cash payments to suppliers for goods and services	(402,285)	(1,232,923)	(619,124)
<i>Net cash provided (used) by operating activities</i>	<u>(107,286)</u>	<u>(319,594)</u>	<u>(72,435)</u>
<i>Cash flows from noncapital financing activities:</i>			
Cash payments for landfill closure	-	-	(13,820)
Operating grants	2,523	63,006	-
Other taxes received	-	237,424	59,879
Miscellaneous income	85,216	338	50,359
Change in noncurrent accrued compensated absences	(1,715)	(34,157)	(8,246)
Change in landfill closure liability	-	-	13,820
Internal transfers and loans	16,460	(21,837)	-
<i>Net cash provided (used) by noncapital financing activities:</i>	<u>102,484</u>	<u>244,774</u>	<u>101,992</u>
<i>Cash flows from capital and related financing activities:</i>			
Capital grants	217,248	1,393,636	514,752
Acquisition of capital assets	(238,241)	(1,081,104)	(465,158)
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	-	(32,788)	-
Proceeds from debt issuance	-	-	-
Interest paid on capital debt	-	(4,198)	-
<i>Net cash provided (used) by capital and related financing activities:</i>	<u>(20,993)</u>	<u>275,546</u>	<u>49,594</u>
<i>Cash flows from investing activities:</i>			
Interest on investments	-	31,052	13,873
<i>Net cash provided by (used) from investing activities</i>	<u>-</u>	<u>31,052</u>	<u>13,873</u>
<i>Net increase in cash and cash equivalents</i>	(25,795)	231,778	93,024
<i>Cash and cash equivalents - beginning of year</i>	<u>31,083</u>	<u>726,560</u>	<u>208,591</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>5,288</u></u>	<u><u>958,338</u></u>	<u><u>301,615</u></u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	(232,575)	(179,448)	(154,214)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation	186,086	272,189	80,006
Changes in assets and liabilities			
Receivables	-	(102,088)	(14,401)
Inventory	-	(4,158)	-
Prepaid expenses	(9)	3,394	320
Accounts payable	(63,753)	(353,090)	11,618
Accrued payroll expenses	521	280	(1,217)
Current accrued compensated absences	2,444	35,081	5,453
Meter deposits and other refundable deposits	-	8,246	-
Deferred revenue	-	-	-
<i>Net cash (used) by operating activities</i>	<u><u>\$ (107,286)</u></u>	<u><u>\$ (319,594)</u></u>	<u><u>\$ (72,435)</u></u>

The accompanying notes are an integral part of these financial statements

Housing Authority	Total	Internal Service Fund
\$ 117,863	\$ 3,040,964	\$ 268,659
(144,075)	(1,312,159)	(6,960)
(1,079,229)	(3,333,561)	(269,708)
<u>(1,105,441)</u>	<u>(1,604,756)</u>	<u>(8,009)</u>
-	(13,820)	-
721,007	786,536	-
	297,303	13,041
33,688	169,601	3,527
1,206	(42,912)	(5,458)
-	13,820	-
-	(5,377)	-
<u>755,901</u>	<u>1,205,151</u>	<u>11,110</u>
527,063	2,652,699	-
(39,775)	(1,824,278)	(14,700)
-	-	-
(6,737)	(39,525)	-
-	-	-
<u>(66,662)</u>	<u>(70,860)</u>	<u>-</u>
413,889	718,036	(14,700)
2,097	47,022	-
<u>2,097</u>	<u>47,022</u>	<u>-</u>
66,446	365,453	(11,599)
<u>360,406</u>	<u>1,326,640</u>	<u>12,271</u>
<u>426,852</u>	<u>1,692,093</u>	<u>672</u>
(1,193,868)	(1,760,105)	(8,141)
128,303	666,584	878
(14,864)	(131,353)	212
-	(4,158)	-
(449)	3,256	(176)
(25,361)	(430,586)	-
12,829	12,413	(8,523)
(12,172)	30,806	7,741
141	8,387	-
-	-	-
<u>\$ (1,105,441)</u>	<u>\$ (1,604,756)</u>	<u>\$ (8,009)</u>

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STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 1. Summary of Significant Accounting Policies

The City of Tucumcari (City) was incorporated in 1908 under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police, ambulance and fire); highways and streets; water and sewer services; refuse collection; fixed based airport, housing services to low income families; culture-recreation; 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.

The financial statements of the City of Tucumcari (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The more significant of the City's accounting policies are described below.

A. *Financial Reporting Entity*

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

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

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 1. Summary of Significant Accounting Policies (continued)

A. *Financial Reporting Entity (continued)*

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City of Tucumcari and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City of Tucumcari and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the City has no component units, and is not a component unit of another governmental agency during the fiscal year ended June 30, 2007.

The following is included in the reporting entity as a department:

Tucumcari Housing Authority (Housing)

The primary government of the City of Tucumcari includes all funds and functions which are under the City's control and responsibility and which are included in the City's reports to the Local Government Division of the Department of Finance and Administration. However, the aforementioned Department – Tucumcari Housing is not included in the Local Government Division reports. Tucumcari Housing Authority is governed by the City's Board of Commissioners. The annual budget is submitted by the commissioners to the regional office of the Department of Housing and Urban Development (HUD) for approval.

The Annual Contribution Contracts (authorizing agreements for funding between Tucumcari Housing Authority and HUD) are signed by the City Commissioners.

For financial reporting purposes, Tucumcari Housing Authority is shown as a Department of the City.

Tucumcari Housing Authority also issues a separate financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Tucumcari Housing Authority, P.O. Box 1026, Tucumcari, New Mexico 88401.

B. *Government-wide and fund financial statements*

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

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

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

The City reports the following major governmental funds:

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

The *EMS Special Revenue Fund* accounts 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. Funding authority is NMSA 1978 24-10A-1.

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

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 funds/projects:

Section 8 Housing Choice Voucher Program

Acc No. FW 5380 Project No. NM033W

Rural Rental Housing Loan Program

Borrower ID and Project No. 36-019-592286469-01-1

Low Rent Housing Program

ACC No. FW5144 Project No. 03300106J

Home Investment Partnership Program

Home Rehabilitation Project Contract No. 02-01-THA-HOR-001

Home Investment Partnership Program

Tenant Based Rental Assistance – Contract No. 05-01-CTH-TBA-001

Capital Projects Programs

Project Nos. NM02P033501-04 and NM02PO33501-05

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Additionally, the government reports the following fund types:

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

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.

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.

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.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the City's enterprise 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.

D. *Assets, Liabilities and Net Assets or Equity*

Deposits and Investments: The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of 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.

Investments for the City are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

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

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 Quay and remitted monthly to the City. Quay County cannot provide the City with the amount of property taxes levied over the past ten years that has not been remitted to the City.

Inventory: Inventory is valued at the lower of cost or market under the consumption method.

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Because the City is a phase III government for purposes of implementing GASB 34, it is not required to retroactively report its major general infrastructure assets. However, it must report all infrastructure assets purchased or built after July 1, 2003. Donated capital assets are recorded at estimated fair market value at the date of donation. The City does not develop any software. Library books are expensed when purchased because their estimated useful life is less than one year.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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>
Land Improvements	5 yrs – 30 yrs
Building and building improvements	10 yrs – 50 yrs
Furniture, fixtures and equipment	3 yrs – 30 yrs
Utility lines, etc.	20yrs – 50 yrs
Computers	10 yrs
Vehicles	5 yrs - 10 yrs

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. In addition, property taxes receivable uncollected within sixty (60) days of year-end are classified as deferred revenue.

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 hours of 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 Financial Statements
June 30, 2007

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the City's financial statements include the allowance for uncollectible accounts in the joint utility fund.

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

Equity Classifications

Government-wide Statements

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

- a. Invested in capital assets, net of related debt:
Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets:
Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets:
All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide statement of net assets reports \$2,847,219 of restricted net assets, \$2,826,705 which is restricted by enabling legislation and \$20,514 restricted for other purposes.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

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 Commissioners 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.

These budgets are prepared on the Non-GAAP budgetary 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 Housing Department budgets exclude depreciation expenses and include capital asset additions as capital outlay expenditures.

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

The City is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as designated cash in the other financing sources and uses section of the budgetary comparisons in the governmental funds and as a separate line item presented after change in net assets in the proprietary budgetary comparisons.

Budgetary Information (continued)

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original	Final
	Budget	Budget
Budgeted Funds:		
General Fund	\$ 346,087	\$ 295,904
EMS Special Revenue Fund	\$ (213,117)	\$ (212,006)
Other Governmental Funds	\$ (256,496)	\$ (627,817)

	Change in Net Assets	
	Original	Final
	Budget	Budget
Airport	\$ 100,000	\$ 219,927
Joint Utility	\$ 5,453,852	\$ 5,474,804
Solid Waste	\$ 170,636	\$ 1,038,695
Housing	\$ 24,540	\$ 24,540
Internal Service Fund	\$ -	\$ 3,299

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 2. Stewardship, Compliance and Accountability (continued)

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2007 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund type can be found in each individual budgetary statement.

NOTE 3. Deposits and Investments

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2007.

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 by collateral deposited as security or by bond given by the financial institution.

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

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

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, 2007, \$2,808,657 of the City's bank balances of \$3,558,408 was exposed to custodial credit risk. \$1,989,481 was uninsured and collateralized by securities held by the pledging bank's trust department, not in the City's name and \$819,176 was uninsured and uncollateralized. At June 30, 2007, the carrying amount of these deposits was \$3,291,056.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 3. Deposits and Investments (continued)

	<u>Wells Fargo</u>	<u>First National Bank</u>	<u>Tucumcari Federal</u>
Deposits	\$ 1,528,549	\$ 572,956	\$ 60,453
FDIC Coverage	<u>(200,000)</u>	<u>(200,000)</u>	<u>(60,453)</u>
Total uninsured public funds	1,328,549	372,956	-
Collateral pledged but held in the bank's trust dept. other than in the City's name	<u>952,598</u>	<u>149,650</u>	<u>-</u>
Total uninsured and uncollateralized	<u>\$ 375,951</u>	<u>\$ 223,306</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ 664,275	\$ 186,478	\$ -
Pledged Collateral	<u>952,598</u>	<u>149,650</u>	<u>-</u>
Over (Under) collateralized	<u>\$ 288,324</u>	<u>\$ (36,828)</u>	<u>\$ -</u>
		Everyone's	
	<u>Citizens Bank</u>	<u>Credit Union</u>	<u>Total</u>
Deposits	\$ 1,307,152	\$ 89,298	\$ 3,558,408
FDIC Coverage	<u>(200,000)</u>	<u>(89,298)</u>	<u>(749,751)</u>
Total uninsured public funds	1,107,152	-	2,808,657
Collateral pledged but held in the bank's trust dept. other than in the City's name	<u>887,233</u>	<u>-</u>	<u>1,989,481</u>
Total uninsured and uncollateralized	<u>\$ 219,919</u>	<u>\$ -</u>	<u>\$ 819,176</u>
Collateral requirement (50% of uninsured public funds)	\$ 553,576	\$ -	\$ 1,404,329
Pledged Collateral	<u>887,233</u>	<u>-</u>	<u>1,989,481</u>
Over (Under) collateralized	<u>\$ 333,657</u>	<u>\$ -</u>	<u>\$ 585,153</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 3. Deposits and Investments (continued)

Investments

The City's investments at June 30, 2007 include the following:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury Money Market Mutual Funds	< 365Days	\$ <u>218,984*</u>	AAA

*Included in restricted cash and cash equivalents per Exhibit A-1

Interest Rate Risk – Investments. The City does not have any investments in which the maturity date is greater than one year. The City's policy related to interest rate risk with investments is to comply with the state as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

The City utilizes pooled accounts for their funds. The general fund, special revenue funds, debt service funds and capital projects funds are all in multiple accounts.

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 2,740,866
Restricted cash and cash equivalents per Exhibit A-1	<u>552,990</u>
Total cash and cash equivalents	<u>3,293,856</u>
Add: outstanding checks and other reconciling items	486,336
Less: U.S. Treasury Money Market (cash equivalent)	(218,985)
Less: petty cash	<u>(2,800)</u>
Bank balance of deposits	<u><u>\$ 3,558,407</u></u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 4. Receivables

Governmental funds receivables shown net of allowance for doubtful accounts as of June 30, 2007, are as follows:

	<u>General</u>	<u>EMS</u>	<u>Total Nonmajor Funds</u>	<u>Total</u>
Property taxes	\$ 36,997	\$ -	\$ -	\$ 36,997
Other taxes:				
Gross receipts taxes	494,467	-	47,578	542,045
Lodger's taxes, (allowance \$221)	-	-	54,588	54,588
Gas taxes	6,222	-	-	6,222
Other taxes	51,890	-	1,989	53,879
Other receivables:				
State grants	4,209	-	46,497	50,706
Interest	-	-	1,283	1,283
Ambulance fees (allowance \$857,450)	-	18,855	-	18,855
Miscellaneous, (allowance \$31,173 and \$0, respectively)	10,476	-	2,150	12,626
Total	<u>\$ 604,261</u>	<u>\$ 18,855</u>	<u>\$ 154,085</u>	<u>\$ 777,201</u>

Quay County cannot provide the City with the amount of property taxes levied over the past ten years that has not been remitted to the City.

Proprietary fund receivables shown net of allowance for doubtful accounts as of June 30, 2007, are as follows:

	<u>Airport</u>	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Housing Authority</u>	<u>Total</u>	<u>Internal Service Fund</u>
Gross receipts taxes	\$ -	\$ -	\$ 11,828	\$ -	\$ 11,828	\$ -
Other receivables:						
Dwelling rents	-	-	-	-	-	-
State grants	-	24,933	-	-	24,933	-
Interest	-	3,255	1,079	-	4,334	-
Miscellaneous, (allowance \$60, \$6,588, \$3,082 and \$0, respectively)	1,906	1,491	4,178	33,663	41,238	40
Customer receivables, (allowance \$6,937, 3,161 and \$858, respectively)	-	570,689	186,643	9,269	766,601	-
Total	<u>\$ 1,906</u>	<u>\$ 600,368</u>	<u>\$ 203,728</u>	<u>\$ 42,932</u>	<u>\$ 848,934</u>	<u>\$ 40</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 5. Interfund Receivables, Payables, and Transfers

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

Transfers Out	Transfers In	Amount
Lodger's Tax Executive	Lodger's Tax Promotion	\$ 238,814
General Fund	EMS	129,151
General Fund	Corrections	38,000
General Fund	Recreation	169,341
Joint Utility	Gas Tax	21,838
Lodger's Tax Executive	Convention Center Oper. and Maint.	37,852
Lodger's Tax Promotion	Convention Center Oper. and Maint.	144,865
Joint Utility	CDBG Project	32,086
Lodger's Tax Executive	Convention Capital Improvements	8,605
General Fund	Airport	6,487
1/8% Economic Development Tax	Airport	3,995
Joint Utility	Debt Service-NMED-Water Well	2,899
Joint Utility	Debt Service-NMFA	27,146
Joint Utility	System Maintenance	228,455
Sanitation	Sanitation Capital Improvements	40,000
Lodger's Tax Executive	Debt Service-GRT	165,093
General Fund	Debt Service-PD	43,608
		\$ 1,338,235

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 5. Interfund Receivables, Payables, and Transfers (continued)

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2007 is as follows:

Due From	Due To	Amount
Airport	General Fund	\$ 39,401
Airport	Convention Center Oper. and Maint.	225
Airport	Joint Utility	4,441
Convention Center Oper. and Maint.	Joint Utility	8,080
Fire District Fund	General Fund	26
Fire District Fund	Joint Utility	3,657
General Fund	Lodger's Tax Executive	81,592
General Fund	Fire District Fund	4,447
General Fund	Fire District Fund	73
General Fund	Joint Utility	140,671
General Fund	Solid Waste	14,355
General Fund	Debt Service-PD	1,113
Golf Capital Improvements	Gas Tax	5,186
NMRDRC Grant	Joint Utility Capital Improvements	59,531
JAG Capital Improvements	General Fund	480
Lodger Tax Executive	Lodger Tax Promotion	10,014
Lodger's Tax Promotion	General Fund	74,715
Recreation	General Fund	3,890
Recreation	Convention Center Oper. and Maint.	138
Recreation	Joint Utility	3,635
Recreation	Internal Service Fund	35
Road Fund	General Fund	51,532
Road Fund	Joint Utility	18,734
Solid Waste	General Fund	390
Solid Waste	Joint Utility	52,764
Internal Service Fund	General Fund	15,201
Internal Service Fund	Joint Utility	9,830
Lodgers' Tax Executive	Judicial	115
Lodgers' Tax Executive	Corrections	5
Lodgers' Tax Executive	Recreation	172
State Fire Fund	Internal Service Fund	464
Joint Utility	General Fund	13,580
Joint Utility	Solid Waste	30,434
Joint Utility	General Fund	111
Golf Capital Improvements	1/8% Economic Development Tax	3,747
Senior Citizens	General Fund	26,466
		<u>\$ 679,250</u>

All Interfund Transactions are short-term and are repaid within a month.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2007, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

Governmental Activities:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land	\$ 2,047,228	\$ 190,000	\$ -	\$ 2,237,228
Art	5,000	-	-	5,000
	<u>2,052,228</u>	<u>190,000</u>	<u>-</u>	<u>2,242,228</u>
Capital assets being depreciated:				
Buildings and improvements	9,004,656	365,288	-	9,369,944
Machinery and equipment	989,670	42,969	-	1,032,639
Vehicles	2,014,596	174,439	12,892	2,176,143
	<u>12,008,922</u>	<u>582,696</u>	<u>12,892</u>	<u>12,578,726</u>
 Total capital assets	 <u>14,061,150</u>	 <u>772,696</u>	 <u>12,892</u>	 <u>14,820,954</u>
Accumulated depreciation:				
Buildings and improvements	5,231,910	274,321	-	5,506,231
Machinery and equipment	582,365	69,705	-	652,070
Vehicles	1,649,343	134,494	12,892	1,770,945
Total accumulated depreciation	<u>7,463,618</u>	<u>478,520</u>	<u>12,892</u>	<u>7,929,246</u>
 Net capital assets	 <u>\$ 6,597,532</u>	 <u>\$ 294,176</u>	 <u>\$ -</u>	 <u>\$ 6,891,708</u>

Depreciation expense for the year ended June 30, 2007 was charged to governmental activities as follows:

General Government	\$ 149,455
Public Safety	149,258
Public Works	12,754
Culture and Recreation	<u>167,053</u>
 Total depreciation expense, governmental activities	 <u>\$ 478,520</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 6. Capital Assets (continued)

Business-type Activities:

	Balance <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2007</u>
Capital assets not being depreciated:				
Land	\$ 1,530,619	\$ -	\$ -	\$ 1,530,619
Construction in progress	510,552	488,419	-	998,971
	<u>2,041,171</u>	<u>488,419</u>	<u>-</u>	<u>2,529,590</u>
Capital assets being depreciated:				
Buildings and improvements	22,587,665	939,638	-	23,527,303
Machinery and equipment	4,735,148	350,490	-	5,085,638
Vehicles	797,684	45,730	11,698	831,716
	<u>28,120,497</u>	<u>1,335,858</u>	<u>11,698</u>	<u>29,444,657</u>
 Total capital assets	 <u>30,161,668</u>	 <u>1,824,277</u>	 <u>11,698</u>	 <u>31,974,247</u>
Accumulated depreciation:				
Buildings and improvements	12,817,202	497,625	-	13,314,827
Machinery and equipment	3,159,967	125,086	-	3,285,053
Vehicles	676,355	43,873	11,698	708,530
Total accumulated depreciation	<u>16,653,524</u>	<u>666,584</u>	<u>11,698</u>	<u>17,308,410</u>
 Net capital assets	 <u>\$ 13,508,144</u>	 <u>\$ 1,157,693</u>	 <u>\$ -</u>	 <u>\$ 14,665,837</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2007 was \$666,584.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 7. Long-term Debt

Governmental Activates

During the year ended June 30, 2007, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007	Due Within One Year
Gross Receipts Tax (GRT)/Lodger's Tax Refunding and Improvement Revenue Bonds Series 2002	\$ 1,835,000	\$ -	\$ 90,000	\$ 1,745,000	\$ 90,000
NMFA Municipal Pool Improvement Loan	-	265,470	5,526	259,944	12,388
NMFA Public Project Revolving Fund - Police Building Loan	684,898	-	18,683	666,215	19,048
NMFA Ambulance Loan (Tucumcari #13)	35,000	-	17,478	17,522	17,522
Lease Purchase Agreement on John Deere 2500A Triplex Greens Mower with an original cost of \$20,102	9,968	-	3,212	6,756	3,379
Lease Purchase Agreement on Honeywell Energy Efficient Equipment in the original amount of \$177,710	119,480	-	-	119,480	6,798
Compensated Absences	150,285	119,015	121,693	147,607	121,693
Total long-term liabilities	\$ 2,834,631	\$ 384,485	\$ 256,592	\$ 2,962,524	\$ 270,828

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

	<u>Balance 6/30/2007</u>
Municipal Gross Receipts/Lodger's Tax Refunding and Improvement Revenue Bonds - Series 2002 \$1,120,000 serial bonds, due in annual installments through June 1, 2013, bearing interest from 4% to 4.4%. The balance is term bonds in the amount of \$1,125,000, due in annual installments through June 1, 2021, bearing interest at 4.625% through 4.75%. Beginning 2014, the bonds are subject to mandatory sinking fund redemption. The bonds are payable solely from one-half of the 3% occupancy tax pursuant to the Lodger's Tax Act and three-quarters of the revenues derived from the occupancy tax imposed by the City at a rate in excess of 3% and revenues derived from 1/4% of 1% municipal gross receipts tax imposed by the City. The bonds may be redeemed prior to maturity at par plus interest after June 1, 2010.	1,745,000
NMFA Municipal Pool Improvement Loan Original principal amount \$265,470, to be paid in monthly installments beginning January 2007, bearing interest from 3.4% to 4.2%, plus an administrative fee of .25%. Payments made from the first 1/16% of 1% of Municipal Infrastructure Gross Receipts Tax. Loan agreement reserve account deposit of \$15,469.	259,944
NMFA Police Building and Improvement Loan Dated February 21, 2003 in amount \$735,744. Annual principal payments and interest at 1.39% to 4.96% plus an administrative fee of .25% due November 1 and May 1, beginning May 1, 2005. Payments made from 1/8% GRT adopted March 20, 1992. Mandatory reserve required in the amount of \$35,943.	666,215
NMFA Ambulance Loan (Tucumcari #13) Original principal amount \$35,000, to be paid in two annual installments beginning May 1, 2007 and ending May 1, 2008, interest rate 0.00% plus an administrative fee of 0.25% payable November 1 and May 1. Pledged revenues are the distribution of revenues from the state shared gross receipts tax to the City made monthly by the New Mexico State Department of Taxation and Revenue pursuant to Section 7-1-6.4, NMSA 1978.	17,522
Kansas City Bank for John Deer Triplex Mower Lease purchase agreement dated October 27, 2003 in the amount of \$16,102, payable in annual installments of \$3,740 including interest at 5%. Installments begin on October 27, 2004 and end October 27, 2008.	6,756
Lease purchase agreement with Honeywell Energy for Energy Efficient Equipment Original amount \$177,710 payable in quarterly installments of \$6,008 including interest in at 6.25%. During the year ending June 30, 2005, the City discontinued making payments on the energy efficient equipment lease as the City was unable to determine that the equipment installed by Honeywell had resulted in the promised cost savings that were used to justify the initial installation. The City is in negotiations with Honeywell and the lender (European American Bank), to determine what, if any, adjustment will be made to the terms of the City's agreements. The amount reflected as a current liability is the remaining balance of the lease agreements.	119,480
	<u>\$ 2,814,917</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

Principal								
Fiscal Year Ending June 30,	Revenue Bond Series 2002	NMFA Mun. Pool Loan	NMFA Police Bldg Loan	NMFA Ambulance Loan	Triplex Mower Lease	Honeywell Lease	Subtotal	
2008	90,000	12,388	19,048	17,522	3,379	6,798	149,135	
2009	100,000	12,501	19,456	-	3,377	7,217	142,551	
2010	100,000	12,617	19,914	-	-	7,662	140,193	
2011	105,000	12,737	20,412	-	-	8,135	146,284	
2012	110,000	12,862	20,955	-	-	4,975	148,792	
2013-2017	625,000	66,384	114,306	-	-	84,693	890,383	
2018-2022	615,000	70,467	134,648	-	-	-	820,115	
2023-2027	-	59,988	162,478	-	-	-	222,466	
2028-2032	-	-	154,998	-	-	-	154,998	
	<u>\$ 1,745,000</u>	<u>\$ 259,944</u>	<u>\$ 666,215</u>	<u>\$ 17,522</u>	<u>\$ 6,756</u>	<u>\$ 119,480</u>	<u>\$ 2,814,917</u>	
Interest								
Fiscal Year Ending June 30,	Revenue Bond Series 2002	NMFA Mun. Pool Loan	NMFA Police Bldg Loan	NMFA Ambulance Loan	Honeywell Lease	Triplex Mower Lease	Subtotal	Total
2008	78,492	2,529	22,464	-	1,902	360	105,747	254,882
2009	74,893	2,448	22,104	-	1,483	185	101,113	243,664
2010	70,982	2,363	21,696	-	1,038	-	96,079	236,272
2011	66,893	2,274	21,248	-	565	-	90,980	237,264
2012	62,535	2,182	20,759	-	100	-	85,576	234,368
2013-2017	234,835	9,329	95,131	-	5,082	-	344,377	1,234,760
2018-2022	75,052	6,856	76,330	-	-	-	158,238	978,353
2023-2027	-	1,175	50,387	-	-	-	51,562	274,028
2028-2032	-	-	16,041	-	-	-	16,041	171,039
	<u>\$ 663,682</u>	<u>\$ 29,156</u>	<u>\$ 346,160</u>	<u>\$ -</u>	<u>\$ 10,170</u>	<u>\$ 545</u>	<u>\$ 1,049,713</u>	<u>\$ 3,864,630</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 7. Long-term Debt (continued)

Business-type Activities

The Joint Utility fund has 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, 2007:

	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007	Due Within One Year
New Mexico Environmental Department					
Construction Program Bureau Loan	\$ 38,165	\$ -	\$ 1,755	\$ 36,410	\$ 1,806
NMFA Drinking Water Loan #2	371,847	-	31,033	340,814	22,940
Rural Housing FmHA Note Payable	745,211	-	6,737	738,474	7,351
Lease Purchase Agreement on J4000 Johnston Sweeper with an original cost of \$117,660	-	-	-	-	-
Landfill closure and post closure liability	1,299,092	13,820	-	1,312,912	-
Compensated Absences	97,203	53,595	65,701	85,097	59,050
Total	\$ 2,551,518	\$ 67,415	\$ 105,226	\$ 2,513,707	\$ 91,147

Balance
6/30/2007

Joint Utility:

New Mexico Environmental Department Construction Program Bureau Loan

Two water wells, NMED loan RIP 2001-03 R, as amended, in the original amount of \$43,125 payable in annual installments of \$2,899 starting December 20, 2005 through December 20, 2023 with an interest rate of 3%.

36,410

NMFA Drinking Water State Revolving Loan

Drinking Water Program Loan in the original amount of \$483,617 payable from pledged revenues from the first increment of the City's Municipal Infrastructure Gross Receipts Tax imposed pursuant to Section 7-19D-11, NMSA 1978 and City Ordinance No. 843, adopted March 30, 1992. Interest rate is 0.862%. Pledged taxes are intercepted monthly from June 2001 through April 2002 at the rate of \$2,447 and then at \$2,262 through April 2021.

340,814

Rural Housing:

FmHA Note Payable

United States Department of Agriculture, assumption of multi-family housing note for the Chaparral Apartments in the amount of \$794,976 through the United States Department of Agriculture. Interest rate is 8.75% with monthly installments of \$5,973 from January 1, 2001 through January 1, 2034. The City receives a monthly subsidy credit of \$4,047 per the multifamily housing interest credit and rental assistance agreement, bringing the subsidized payment to \$1,926 per month. Subsidy budgets for Rural Housing Projects are approved and awarded by the FmHA for five year periods. At June 30, 2006, the budget had a remaining balance of approximately \$140,000. Loan and subsidy agreements require monthly contributions to a reserve account, which may only be used to ensure mortgage payments are made timely, or, with the permission of FmHA, make renovations or betterments to the units.

738,474

\$ 1,115,698

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 7. Long-term Debt (continued)

Business-type Activities (continued)

Fiscal Year Ending June 30,	Principal			
	NM	NMFA	FmHa	Subtotal
	Environ. Department Loan	Drinking Water Loan		
2008	1,806	22,940	7,351	32,097
2009	1,861	23,164	8,020	33,045
2010	1,916	23,395	8,751	34,062
2011	1,974	23,632	9,549	35,155
2012	2,033	23,874	10,419	36,326
2013-2017	11,118	123,231	68,181	202,530
2018-2022	12,888	100,578	105,433	218,899
2023-2027	2,814	-	163,038	165,852
2028-2032	-	-	252,118	252,118
2033-2037	-	-	105,614	105,614
2038-2042	-	-	-	-
2043-2046	-	-	-	-
	<u>\$ 36,410</u>	<u>\$ 340,814</u>	<u>\$ 738,474</u>	<u>\$ 1,115,698</u>

Fiscal Year Ending June 30,	Interest				
	NM	NMFA	FmHa	Subtotal	Total
	Environ. Department Loan	Drinking Water Loan			
2008	1,092	2,776	64,326	68,194	100,291
2009	1,038	2,608	63,657	67,303	100,348
2010	982	2,436	62,926	66,344	100,406
2011	925	2,259	62,129	65,313	100,468
2012	866	2,076	61,259	64,201	100,527
2013-2017	3,376	7,440	290,207	301,023	503,553
2018-2022	1,604	2,052	252,955	256,611	475,510
2023-2027	84	-	195,349	195,433	361,285
2028-2032	-	-	106,269	106,269	358,387
2033-2037	-	-	7,867	7,867	113,481
2038-2042	-	-	-	-	-
2043-2046	-	-	-	-	-
	<u>\$ 9,967</u>	<u>\$ 21,647</u>	<u>\$ 1,166,944</u>	<u>\$ 1,198,558</u>	<u>\$ 2,314,256</u>

Accrued compensated absences are recorded in the Statement of Net Assets. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, a liability has been recognized for all employees who have unused annual leave and sick leave for those who will be paid unused sick leave upon termination.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 7. Long-term Debt (continued)

Landfill Closure and Post-Closure Care Costs

The City of Tucumcari is required by state and federal environment regulations to place a final cover over its sanitary landfill closure and to perform certain maintenance and monitoring functions of the landfill site for thirty years after closure. Generally accepted accounting principals applicable to governments require that an expense provision and a related liability be recorded to recognize the future closure and post-closure cost that will be incurred near or after the date the landfill stops accepting waste. Costs recognized during the fiscal year are based on the portion of the landfill used during the year.

Closure and post-closure costs are extended over a lengthy period. Because of changes in the regulation, the closure methods and procedures to be used, and the assumptions upon which the closure and post-closure costs are estimated, cost estimates are subject to change.

In the prior fiscal year, the engineers updated the cost of the closure/post-closure costs. The engineers estimated total future closure and post-closure costs to be \$4,661,000.

The liability for closure and post-closure care costs reflected in the Solid Waste fund of \$4,427,950 is an estimate of the remaining liability as of June 30, 2007 for closure and post-closure cost of the landfill currently in operation. At June 30, 2007, it was estimated that the City had utilized 95% of the landfill's total usable capacity. The City intends to continue its use until the new landfill under construction is opened. The City plans to open the new landfill during the fiscal year 2009. The actual closure/post-closure costs, however, may be subject to change due to inflation, regulatory changes and/or technology changes.

The current year increase to the accrued landfill closure and post-closure care costs was \$13,820 based upon the estimated used capacity. Closure/post-closure care costs of the new landfill will not be recorded until the new landfill is put into operation.

NOTE 8. 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 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 not 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. Insurance coverages have not changed significantly from prior years and coverages are expected to be continued.

At June 30, 2007, 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. No major lawsuits have been filed against the City of Tucumcari.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 9. PERA Pension Plan

Plan Description. Substantially all of the City of Tucumcari's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy. Regular employees, who are covered under "Municipal general member coverage plan 2" (Chapter 10, Article 11.45 through 11.49 NMSA 1978) contribute 9.4% of their defined gross salary to the plan. Employee contributions are 7.675% of the employee's defined gross salary. Under municipal general member coverage plan 2, the amount of pension is equal to two percent of the final average salary multiplied by credited service. The amount shall not exceed sixty percent of the final average salary. The requirements may be amended by acts of the legislature. The City also participates under Municipal Police Plan 5. The City's contributions to PERA for the years ended June 30, 2007, 2006 and 2005 were \$288,305, \$290,977 and \$276,398 equal to the amount of the required contributions for the years, respectively.

NOTE 10. Post-Employment Benefits

The Retiree Health Care Act (the "Act") (Chapter 10, Article 7C, NMSA, 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into Retiree Health Care Fund and by co-payments or out-of-pocket payments to eligible retirees. Monies flow to the Retiree Health Care Fund on pay-as-you-go basis from eligible employers and eligible retirees.

Eligible employers are institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, Public Employees Retirement Association (PERA), Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act. Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf unless that person retired, before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employee's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990 and former legislators who served at least two years. Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an amount equal to 0.65% of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional \$5.00 if the eligible participant retired prior to the employers NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2007

NOTE 10. Post-Employment Benefits (continued)

The Retiree Health Care Authority issued a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd N.E., Suite 104 Albuquerque, NM 87109.

The City joined the Retiree Health Care Plan provided under the Retiree Health Care Act (Chapter 10, Article 7C, NMSA, 1978) starting in calendar year 2004. For the years ended June 30, 2007, 2006 and 2005, the City remitted \$34,660, \$32,949 and \$34,029, respectively, in employer contributions to the Retiree Health Care Authority.

NOTE 11. Contingent Liabilities

The City is party to various claims and lawsuits in the normal course of business. Management and the City's attorney are unaware of any material pending or threatened litigation, claims or assessments against the City which are not covered by the City's insurance.

NOTE 12. 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 13. Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2007:

Lodger's Tax Promotional	\$ (46,018)
Corrections	(4,071)
Gas Tax	(31,564)
Local Law Enforcement Block Grant	(14,361)
Senior Citizens Fund	(4,691)
Golf Capital Improvements	(2,126)
NMRDRC Grant	<u>(59,531)</u>
Total	<u>\$ (162,362)</u>

These funds have a deficit fund balance because expenditures were in excess of revenues and available cash and there were not sufficient transfers to cover the deficit. The City will monitor the budget and expenditures on a monthly basis to ensure effective budgeting control and accountability, and will make appropriate budget adjustments to alleviate the deficit fund balances.

STATE OF NEW MEXICO

City of Tucumcari

Notes to Financial Statements

June 30, 2007

NOTE 14. Subsequent Accounting Standard Pronouncements

In June 2004 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which is effective in three phases based on the government's total annual revenues in the first fiscal year ending after June 15, 1999. This Statement establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The City of Tucumcari was a phase III government for purposes of implementing GASB 34. Therefore, the City of Tucumcari' Note 10 disclosure regarding its participation in New Mexico Retiree Health Care will be affected by GASB 45 by no later than the fiscal year ending June 30, 2010.

SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO

City of Tucumcari

Nonmajor Funds

June 30, 2007

SPECIAL REVENUE FUNDS

Lodger's Tax Executive Fund

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. 3-38-15 NMSA 1978.

Lodger's Tax Promotion Fund

To account for the operation of promotional activity 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. NMSA 3-38-15.

Judicial Fund

To account for the collection of alcohol breath test fees. Such fees are remitted to the administration office of the courts. NMSA 1978; Section 31-12-7 through 31-12-9 (these funds are not recorded as revenue, nor are they budgeted. The City records as a liability and remits directly to State Government).

Corrections Fund

To account for the collection of fees and fines. Funds are expended on the incarceration of prisoners. 33-3-25 and 35-14-11 NMSA 1978.

Fire District Fund

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. 59A-53-2 NMSA 1978.

Recreation Fund

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 Council approval. 7-12-15 NMSA 1978.

Gas Tax Fund

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

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. 29-13-3 through 29-13-9 Chapter 289 Laws of 1983.

Traffic Safety Education and Enforcement Fund

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. NMSA 66-7-512.

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Funds
June 30, 2007

SPECIAL REVENUE FUNDS (continued)

Convention Center Fund

To account for monies received and expended for the operations and maintenance of the Convention Center. Additional funding comes from the Lodger's Tax Fund. NMSA 3-38-15.

Infrastructure Fund

To account for monies received from 1/8 of 1% municipal infrastructure gross receipts tax. 7-19D-11 NMSA 1978.

Local Law Enforcement Block Grant Fund

To account for monies received from the US Department of Justice. Funds were used to purchase law enforcement equipment.

DEBT SERVICE FUNDS

Lodger's Tax / GRT Series 2002 Fund

To accumulate the Lodger's Tax revenues of the City pledged to service the issue and to account for the retirement of the principal and interest of the issue. The proceeds from this issue were used to defray the cost of refunding, paying discharging and liquidation of the City of Tucumcari, New Mexico Municipal Gross Receipts/ Lodger's Tax Improvement Revenue Bonds, Series 1993, and the cost of purchasing, constructing, otherwise acquiring, reconstructing, extending, improving, equipping or furnishing tourist-related facilities, including the City's Convention Center and related buildings; providing for the issuance, sale and payment of the bond.

GRT Police Building Fund

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 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.

CAPITAL PROJECTS FUNDS

Police Building

This fund is used to account for the expenditure of the proceeds from the New Mexico Finance Authority (NMFA) loan for the construction of a new Tucumcari Police Department building.

Lodger's Tax Acquisition Project

This fund is to account for the expenditure of the proceeds of the Municipal Gross Receipts and Lodger's Tax Refunding and Improvement Revenue Bonds, Series 2002 pursuant to Sections 3-31-1C and 3-31-4A, NMSA 1978.

Convention Center Capital Improvements Project

This fund is required by the Lodger's Tax Improvement Bonds Ordinance. The City is required to transfer 5% of annual pledged Lodger's Tax Revenues until \$200,000 is accumulated. This fund may only be used for improving or bettering the convention center facility.

STATE OF NEW MEXICO

City of Tucumcari

Nonmajor Funds

June 30, 2007

CAPITAL PROJECTS FUNDS (continued)

Golf Course Improvement Project

This project is for improvement of the City's municipal golf course. Funding is primarily from rentals of golf cart sheds.

Industrial Park

This project is to develop a city industrial park. Funding is primarily from an anticipated federal government grant.

State Appropriations Project

This project is for the design of a public safety building. Funding is from severance tax.

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2007

Special Revenue

	<u>Lodger's Tax Executive Fund</u>	<u>Lodger's Tax Promotion Fund</u>	<u>Judicial Fund</u>	<u>Corrections Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 74,970	\$ 11,762	\$ -	\$ 60
Restricted cash and cash equivalents	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes	54,588	-	-	-
Other receivables	-	6,921	3,921	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	81,592	10,014	115	5
<i>Total assets</i>	<u>\$ 211,150</u>	<u>\$ 28,697</u>	<u>\$ 4,036</u>	<u>\$ 65</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,136
Accrued payroll expenses	-	-	-	-
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Due to other funds	10,307	74,715	-	-
<i>Total liabilities</i>	<u>10,307</u>	<u>74,715</u>	<u>-</u>	<u>4,136</u>
<i>Fund balances</i>				
Unreserved, reported in:				
Special revenue	200,843	(46,018)	4,036	(4,071)
Capital projects	-	-	-	-
Debt service	-	-	-	-
<i>Total fund balances</i>	<u>200,843</u>	<u>(46,018)</u>	<u>4,036</u>	<u>(4,071)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 211,150</u>	<u>\$ 28,697</u>	<u>\$ 4,036</u>	<u>\$ 65</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Fire District Fund</u>	<u>Recreation Fund</u>	<u>Gas Tax Fund</u>	<u>Law Enforcement Grant Fund</u>	<u>Route 66 Grant Fund</u>	<u>Traffic Safety Education and Enforcement Fund</u>
\$ 149,371	\$ 103,810	\$ 1,294	\$ 15,914	\$ -	\$ 1,010
-	18,528	-	-	-	-
-	-	-	-	-	-
-	1,989	23,923	-	-	-
273	(1)	10,455	-	-	-
-	-	-	-	-	-
8,210	4,040	-	-	-	-
4,447	173	5,186	-	-	-
<u>\$ 162,301</u>	<u>\$ 128,539</u>	<u>\$ 40,858</u>	<u>\$ 15,914</u>	<u>\$ -</u>	<u>\$ 1,010</u>
\$ 6,594	\$ 3,026	\$ -	\$ 30,275	\$ -	\$ -
-	5,983	2,156	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,147	7,698	70,266	-	-	-
<u>10,741</u>	<u>16,707</u>	<u>72,422</u>	<u>30,275</u>	<u>-</u>	<u>-</u>
151,560	111,832	(31,564)	(14,361)	-	1,010
-	-	-	-	-	-
-	-	-	-	-	-
<u>151,560</u>	<u>111,832</u>	<u>(31,564)</u>	<u>(14,361)</u>	<u>-</u>	<u>1,010</u>
<u>\$ 162,301</u>	<u>\$ 128,539</u>	<u>\$ 40,858</u>	<u>\$ 15,914</u>	<u>\$ -</u>	<u>\$ 1,010</u>

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2007

Special Revenue

	Convention Center Operation and Maintenance Fund	1/8% Economic Development Tax Fund	John D. Hoffman Endowment	Police Narcotics Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 11,703	\$ 372,682	\$ 1,053	\$ 19,461
Restricted cash and cash equivalents	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Other taxes receivable	-	23,655	-	-
Other receivables	-	630	-	-
Inventory	-	-	-	-
Prepaid insurance	4,094	-	-	-
Due from other funds	363	3,747	-	-
<i>Total assets</i>	<u>\$ 16,160</u>	<u>\$ 400,714</u>	<u>\$ 1,053</u>	<u>\$ 19,461</u>
<i>Liabilities</i>				
Accounts payable	\$ 188	\$ -	\$ -	\$ -
Accrued payroll expenses	2,353	-	-	-
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Due to other funds	8,080	-	-	-
<i>Total liabilities</i>	<u>10,621</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Unreserved, reported in:				
Special revenue	5,539	400,714	1,053	19,461
Capital projects	-	-	-	-
Debt service	-	-	-	-
<i>Total fund balances</i>	<u>5,539</u>	<u>400,714</u>	<u>1,053</u>	<u>19,461</u>
<i>Total liabilities and fund balances</i>	<u>\$ 16,160</u>	<u>\$ 400,714</u>	<u>\$ 1,053</u>	<u>\$ 19,461</u>

The accompanying notes are an integral part of these financial statements

Special Revenue		Capital Projects			
Senior Citizen's Center Fund	Local Law Enforcement Block Grant	Police Department Construction	Lodger's Tax Acquisition	Convention Center Capital Improvements	Golf Capital Improvements
\$ -	\$ 15,873	\$ -	\$ 3,824	\$ 8,124	\$ 4,657
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,201	-	-	-	-	2,150
-	-	-	-	-	-
1,522	-	-	-	-	-
-	73	-	-	-	-
<u>\$ 26,723</u>	<u>\$ 15,946</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ 8,124</u>	<u>\$ 6,807</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,948	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26,466	480	-	-	-	8,933
<u>31,414</u>	<u>480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,933</u>
(4,691)	15,466	-	-	-	-
-	-	-	3,824	8,124	(2,126)
-	-	-	-	-	-
<u>(4,691)</u>	<u>15,466</u>	<u>-</u>	<u>3,824</u>	<u>8,124</u>	<u>(2,126)</u>
<u>\$ 26,723</u>	<u>\$ 15,946</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ 8,124</u>	<u>\$ 6,807</u>

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2007

	Capital Projects		Debt Service	
	NMRDRC Grant	State Appropriations Project	GRT/LT Debt Service	PD Loan Debt Service
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	178,821	50,547
Receivables:				
Property taxes	-	-	-	-
Other taxes receivable	-	-	-	-
Other receivables	-	-	380	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	-	-	-	1,113
Total assets	\$ -	\$ -	\$ 179,201	\$ 51,660
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Due to other funds	59,531	-	-	-
Total liabilities	59,531	-	-	-
<i>Fund balances</i>				
Unreserved, reported in:				
Special revenue	-	-	-	-
Capital projects	(59,531)	-	-	-
Debt service	-	-	179,201	51,660
Total fund balances	(59,531)	-	179,201	51,660
Total liabilities and fund balances	\$ -	\$ -	\$ 179,201	\$ 51,660

The accompanying notes are an integral part of these financial statements

<u>Debt Service</u>	
<u>NMFA Ambulance Loan</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 795,568
-	247,896
-	-
-	104,155
-	49,930
-	-
-	17,866
-	106,828
<u>\$ -</u>	<u>\$ 1,322,243</u>
\$ -	\$ 44,219
-	15,440
-	-
-	-
-	-
-	270,623
<u>-</u>	<u>330,282</u>
-	810,809
-	(49,709)
-	230,861
<u>-</u>	<u>991,961</u>
<u>\$ -</u>	<u>\$ 1,322,243</u>

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007

	Special Revenue			
	Lodgers' Tax Executive Fund	Lodger's Tax Promotion Fund	Judicial Fund	Corrections Fund
<i>Revenues:</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Other	459,962	-	-	-
Intergovernmental:				
Federal operating grants	-	-	3,921	-
Federal capital grants	-	-	-	-
State operating grants	-	14,613	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	25,210
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>459,962</u>	<u>14,613</u>	<u>3,921</u>	<u>25,210</u>
<i>Expenditures:</i>				
Current:				
General government	(16,493)	104,438	-	-
Public safety	-	-	-	64,048
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>(16,493)</u>	<u>104,438</u>	<u>-</u>	<u>64,048</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>476,455</u>	<u>(89,825)</u>	<u>3,921</u>	<u>(38,838)</u>
<i>Other financing sources (uses)</i>				
Transfers in/(out)	(450,364)	93,949	-	38,000
Proceeds from debt issuance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(450,364)</u>	<u>93,949</u>	<u>-</u>	<u>38,000</u>
<i>Net change in fund balances</i>	26,091	4,124	3,921	(838)
<i>Fund balances - beginning of year</i>	<u>174,752</u>	<u>(50,142)</u>	<u>115</u>	<u>(3,233)</u>
<i>Fund balances - end of year</i>	<u>\$ 200,843</u>	<u>\$ (46,018)</u>	<u>\$ 4,036</u>	<u>\$ (4,071)</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Fire District Fund</u>	<u>Recreation Fund</u>	<u>Gas Tax Fund</u>	<u>Law Enforcement Grant Fund</u>	<u>Route 66 Grant Fund</u>	<u>Traffic Safety Education and Enforcement Fund</u>
\$ -	\$ -	\$ 256,224	\$ -	\$ -	\$ -
-	7,882	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
128,750	25,442	282,835	29,000	179,817	-
-	-	-	-	-	-
320	417	10,455	-	-	92
-	9,993	-	-	-	-
3,280	3,683	-	-	-	-
4,174	4,877	-	-	-	-
<u>136,524</u>	<u>52,294</u>	<u>549,514</u>	<u>29,000</u>	<u>179,817</u>	<u>92</u>
-	-	-	-	-	-
90,531	-	-	37,361	-	-
-	-	588,043	-	179,817	-
-	212,215	-	-	-	-
-	-	-	-	-	-
2,036	152,922	-	6,000	-	-
-	5,526	-	-	-	-
-	1,132	-	-	-	-
<u>92,567</u>	<u>371,795</u>	<u>588,043</u>	<u>43,361</u>	<u>179,817</u>	<u>-</u>
<u>43,957</u>	<u>(319,501)</u>	<u>(38,529)</u>	<u>(14,361)</u>	<u>-</u>	<u>92</u>
-	169,341	21,837	-	-	-
-	265,470	-	-	-	-
-	434,811	21,837	-	-	-
43,957	115,310	(16,692)	(14,361)	-	92
107,603	(3,478)	(14,872)	-	-	918
<u>\$ 151,560</u>	<u>\$ 111,832</u>	<u>\$ (31,564)</u>	<u>\$ (14,361)</u>	<u>\$ -</u>	<u>\$ 1,010</u>

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007

	Special Revenue			
	Convention Center Operation and Maintenance Fund	1/8% Economic Development Tax Fund	John D. Hoffman Endowment	Police Narcotics Fund
<i>Revenues:</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Other	-	121,239	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	272,438	-	-
State capital grants	-	-	-	-
Charges for services	15,658	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	12,638	2	-
Miscellaneous	12,457	-	-	19,461
<i>Total revenues</i>	<u>28,115</u>	<u>406,315</u>	<u>2</u>	<u>19,461</u>
<i>Expenditures:</i>				
Current:				
General government	216,459	92,829	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	234,341	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>216,459</u>	<u>327,170</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(188,344)</u>	<u>79,145</u>	<u>2</u>	<u>19,461</u>
<i>Other financing sources (uses)</i>				
Transfers in/out	182,717	(3,996)	-	-
Proceeds from loans	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>182,717</u>	<u>(3,996)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(5,627)	75,149	2	19,461
<i>Fund balances - beginning of year</i>	<u>11,166</u>	<u>325,565</u>	<u>1,051</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 5,539</u>	<u>\$ 400,714</u>	<u>\$ 1,053</u>	<u>\$ 19,461</u>

The accompanying notes are an integral part of these financial statements

Special Revenue	Capital Projects				
Senior Citizen's Center Fund	Local Law Enforcement Block Grant	Police Department Construction	Lodger's Tax Acquisition	Convention Center Capital Improvements	Golf Capital Improvements
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
56,910	-	-	-	-	-
-	19,679	-	-	-	-
294,986	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	14,050
-	-	-	-	-	-
85,174	-	-	-	-	-
<u>437,070</u>	<u>19,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,050</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(400)
388,743	-	-	-	-	-
53,137	3,733	-	-	7,914	3,500
-	-	-	-	-	3,212
-	-	-	-	-	528
<u>441,880</u>	<u>3,733</u>	<u>-</u>	<u>-</u>	<u>7,914</u>	<u>6,840</u>
<u>(4,810)</u>	<u>15,946</u>	<u>-</u>	<u>-</u>	<u>(7,914)</u>	<u>7,210</u>
-	-	-	-	8,605	-
-	-	-	-	-	-
-	-	-	-	<u>8,605</u>	-
(4,810)	15,946	-	-	691	7,210
<u>119</u>	<u>(480)</u>	<u>-</u>	<u>3,824</u>	<u>7,433</u>	<u>(9,336)</u>
<u>\$ (4,691)</u>	<u>\$ 15,466</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ 8,124</u>	<u>\$ (2,126)</u>

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007

	Capital Projects		Debt Service	
	NMRDRC Grant	State Appropriations Project	GRT/LT Debt Service	PD Loan Debt Service
<i>Revenues:</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	100,000	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	8,183	2,816
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	100,000	8,183	2,816
<i>Expenditures:</i>				
Current:				
General government	-	-	499	1,715
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	100,000	-	-
Debt service:				
Principal	-	-	90,000	18,683
Interest	-	-	82,094	22,780
<i>Total expenditures</i>	-	100,000	172,593	43,178
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(164,410)	(40,362)
<i>Other financing sources (uses)</i>				
Transfers in/out	-	-	165,093	43,608
Proceeds from loans	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	165,093	43,608
<i>Net change in fund balances</i>	-	-	683	3,246
<i>Fund balances - beginning of year</i>	(59,531)	-	178,518	48,414
<i>Fund balances - end of year</i>	\$ (59,531)	\$ -	\$ 179,201	\$ 51,660

The accompanying notes are an integral part of these financial statements

<u>Debt Service</u>	
<u>NMFA Ambulance Loan</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 256,224
-	589,083
-	60,831
-	19,679
-	1,227,881
-	100,000
-	40,992
-	35,203
-	30,602
-	126,143
-	<u>2,486,638</u>
-	399,447
-	191,940
-	767,860
-	211,815
-	388,743
-	563,583
-	117,421
-	106,534
-	<u>2,747,343</u>
-	<u>(260,705)</u>
-	268,790
-	265,470
-	<u>534,260</u>
-	273,555
-	718,406
<u>\$ -</u>	<u>\$ 991,961</u>

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STATE OF NEW MEXICO

Statement B-1

City of Tucumcari
 Lodger's Tax Executive 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, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	450,000	463,814	503,574	39,760
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	(24,831)	-	24,831
Investment income	250	250	-	(250)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>450,250</u>	<u>439,233</u>	<u>503,574</u>	<u>64,341</u>
<i>Expenditures:</i>				
Current:				
General government	13,700	13,700	11,225	2,475
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,700</u>	<u>13,700</u>	<u>11,225</u>	<u>2,475</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>436,550</u>	<u>425,533</u>	<u>492,349</u>	<u>66,816</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	24,831	-	(24,831)
Transfers in	-	-	-	-
Transfers out	(436,550)	(450,364)	(450,364)	-
<i>Total other financing sources (uses)</i>	<u>(436,550)</u>	<u>(425,533)</u>	<u>(450,364)</u>	<u>(24,831)</u>
<i>Net change in fund balance</i>	-	-	41,985	41,985
<i>Fund balance - beginning of year</i>	-	-	104,270	104,270
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,255</u>	<u>\$ 146,255</u>
Net change in fund balance (GAAP)				26,091
Adjustments to revenue for lodgers'tax accruals				18,781
Adjustments to expenditures for bad debts				(2,887)
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 41,985</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

City of Tucumcari

Lodger's Tax Promotion 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, 2007

	Budgeted Amounts		Actual (Non-GAAP Budgetary Basis)	Variations Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	16,275	17,000	7,692	(9,308)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	250	250	-	(250)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>16,525</u>	<u>17,250</u>	<u>7,692</u>	<u>(9,558)</u>
<i>Expenditures:</i>				
Current:				
General government	96,660	111,199	104,437	6,762
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>96,660</u>	<u>111,199</u>	<u>104,437</u>	<u>6,762</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(80,135)</u>	<u>(93,949)</u>	<u>(96,745)</u>	<u>(2,796)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	225,000	238,814	238,814	-
Transfers out	(144,865)	(144,865)	(144,865)	-
<i>Total other financing sources (uses)</i>	<u>80,135</u>	<u>93,949</u>	<u>93,949</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(2,796)	(2,796)
<i>Fund balance - beginning of year</i>	-	-	(50,143)	(50,143)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,939)</u>	<u>\$ (52,939)</u>
Net change in fund balance (GAAP)				\$ 4,124
Adjustments to revenue for operating grant accrual				(6,921)
Adjustments to expenditures for general government accruals				<u>1</u>
Net change in fund balance (non-GAAP budgetary basis)				<u><u>(2,796)</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

City of Tucumcari

Judicial 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, 2007

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>115</u>	<u>115</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ 115</u>
Net change in fund balance (GAAP)				\$ 3,921
Adjustments to revenue for operating grant accrual				(3,921)
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

City of Tucumcari

Corrections 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, 2007

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	33,500	26,500	25,205	(1,295)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>33,500</u>	<u>26,500</u>	<u>25,205</u>	<u>(1,295)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	50,000	64,500	64,043	457
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>64,500</u>	<u>64,043</u>	<u>457</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16,500)</u>	<u>(38,000)</u>	<u>(38,838)</u>	<u>(838)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	16,500	38,000	38,000	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>16,500</u>	<u>38,000</u>	<u>38,000</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(838)	(838)
<i>Fund balance - beginning of year</i>	-	-	898	898
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 60</u>
Net change in fund balance (GAAP)				\$ (838)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ (838)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

City of Tucumcari
 Fire District 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, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	122,400	128,750	128,750	-
State capital grants	-	-	-	-
Charges for services	-	320	320	-
Licenses and fees	-	-	-	-
Investment income	-	3,280	3,553	273
Miscellaneous	1,000	5,174	4,174	(1,000)
Total revenues	123,400	137,524	136,797	(727)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	118,433	124,783	96,781	28,002
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	4,967	4,967	2,036	2,931
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	123,400	129,750	98,817	30,933
<i>Excess (deficiency) of revenues over expenditures</i>	-	7,774	37,980	30,206
<i>Other financing sources (uses)</i>				
Designated cash	-	(7,774)	-	7,774
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	(7,774)	-	7,774
<i>Net change in fund balance</i>	-	-	37,980	37,980
<i>Fund balance - beginning of year</i>	-	-	111,691	111,691
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 149,671	\$ 149,671
Net change in fund balance (GAAP)				\$ 43,957
Adjustments to revenue for interest accrual				273
Adjustments to expenditures for public safety expenditure accruals				(6,250)
Net change in fund balance (non-GAAP budgetary basis)				\$ 37,980

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

City of Tucumcari

Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	8,000	8,000	6,905	(1,095)
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	35,336	35,336	25,442	(9,894)
State capital grants	-	-	-	-
Charges for services	-	417	417	-
Licenses and fees	18,100	18,100	9,993	(8,107)
Investment income	-	3,683	3,683	-
Miscellaneous	1,500	2,530	4,877	2,347
<i>Total revenues</i>	<u>62,936</u>	<u>68,066</u>	<u>51,317</u>	<u>(16,749)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	225,277	225,774	208,217	17,557
Health and welfare	-	-	-	-
Capital outlay	-	250,000	152,922	97,078
Debt service:	-	-	-	-
Principal	-	5,526	5,526	-
Interest	-	1,132	1,132	-
<i>Total expenditures</i>	<u>225,277</u>	<u>482,432</u>	<u>367,797</u>	<u>114,635</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(162,341)</u>	<u>(414,366)</u>	<u>(316,480)</u>	<u>97,886</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	2,024	-	(2,024)
Proceeds from debt issuance	-	265,470	265,470	-
Transfers in	162,341	171,889	169,341	(2,548)
Transfers out	-	(25,017)	-	25,017
<i>Total other financing sources (uses)</i>	<u>162,341</u>	<u>414,366</u>	<u>434,811</u>	<u>20,445</u>
<i>Net change in fund balance</i>	-	-	118,331	118,331
<i>Fund balance - beginning of year</i>	-	-	(3,518)	(3,518)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,813</u>	<u>\$ 114,813</u>
Net change in fund balance (GAAP)				\$ 115,310
Adjustments to revenue for tax accrual				(977)
Adjustments to expenditures for accrued wages and compensated absences				3,998
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 118,331</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

City of Tucumcari

Gas Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	270,000	274,866	274,867	1
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	437,687	282,835	282,835	-
State capital grants	-	-	-	-
Charges for services	5,000	10,455	10,455	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>712,687</u>	<u>568,156</u>	<u>568,157</u>	<u>1</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	712,687	590,062	588,509	1,553
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>712,687</u>	<u>590,062</u>	<u>588,509</u>	<u>1,553</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(21,906)</u>	<u>(20,352)</u>	<u>1,554</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	69	-	(69)
Transfers in	-	21,837	21,837	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>21,906</u>	<u>21,837</u>	<u>(69)</u>
<i>Net change in fund balance</i>	-	-	1,485	1,485
<i>Fund balance - beginning of year</i>	-	-	(65,271)	(65,271)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,786)</u>	<u>\$ (63,786)</u>
Net change in fund balance (GAAP)				\$ (16,692)
Adjustments to revenue for tax accrual				18,643
Adjustments to expenditures for accrued wages and compensated absences				(466)
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 1,485</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

City of Tucumcari
 Law Enforcement Grant Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	26,400	29,000	29,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>26,400</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	3,600	7,086	(3,486)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	26,400	26,400	6,000	20,400
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>26,400</u>	<u>30,000</u>	<u>13,086</u>	<u>16,914</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,000)</u>	<u>15,914</u>	<u>16,914</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	1,000	-	(1,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<i>Net change in fund balance</i>	-	-	15,914	15,914
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,914</u>	<u>\$ 15,914</u>
Net change in fund balance (GAAP)				\$ (14,361)
No adjustments to revenues				-
Adjustments to expenditures for public safety accruals				<u>30,275</u>
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 15,914</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

City of Tucumcari
Route 66 Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	179,817	179,817	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>179,817</u>	<u>179,817</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	179,817	179,817	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>179,817</u>	<u>179,817</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (GAAP)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

City of Tucumcari

Traffic Safety Education and Enforcement 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, 2007

	Budgeted Amounts		Actual (Non-GAAP Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	92	92	-
Licenses and fees	250	250	-	(250)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>250</u>	<u>342</u>	<u>92</u>	<u>(250)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	250	250	-	250
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>92</u>	<u>92</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	(92)	-	92
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(92)</u>	<u>-</u>	<u>92</u>
<i>Net change in fund balance</i>	-	-	92	92
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>918</u>	<u>918</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,010</u>	<u>\$ 1,010</u>
Net change in fund balance (GAAP)				\$ 92
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 92</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

City of Tucumcari

Convention Center Operation and Maintenance 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, 2007

	Budgeted Amounts		Actual (Non-GAAP Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	4,500	4,500	-	(4,500)
State capital grants	-	-	-	-
Charges for services	18,000	18,000	15,658	(2,342)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	12,250	12,804	12,536	(268)
<i>Total revenues</i>	<u>34,750</u>	<u>35,304</u>	<u>28,194</u>	<u>(7,110)</u>
<i>Expenditures:</i>				
Current:				
General government	217,467	217,589	213,716	3,873
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>217,467</u>	<u>217,589</u>	<u>213,716</u>	<u>3,873</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(182,717)</u>	<u>(182,285)</u>	<u>(185,522)</u>	<u>(3,237)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	(432)	-	432
Transfers in	182,717	182,717	182,717	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>182,717</u>	<u>182,285</u>	<u>182,717</u>	<u>432</u>
<i>Net change in fund balance</i>	-	-	(2,805)	(2,805)
<i>Fund balance - beginning of year</i>	-	-	6,791	6,791
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,986</u>	<u>\$ 3,986</u>
Net change in fund balance (GAAP)				\$ (5,627)
Adjustments to revenue for miscellaneous revenue accrual				79
Adjustments to expenditures for accrued wages, compensated absences and insurance accruals				2,743
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ (2,805)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

City of Tucumcari

1/8% Economic Development Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	111,800	111,800	143,221	31,421
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	982,562	982,562	248,783	(733,779)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	3,875	3,875	12,430	8,555
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,098,237</u>	<u>1,098,237</u>	<u>404,434</u>	<u>(693,803)</u>
<i>Expenditures:</i>				
Current:				
General government	55,800	121,407	92,827	28,580
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,045,669	1,050,669	234,341	816,328
Debt service:				
Principal	(5,864)	(5,864)	-	(5,864)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,095,605</u>	<u>1,166,212</u>	<u>327,168</u>	<u>839,044</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,632</u>	<u>(67,975)</u>	<u>77,266</u>	<u>145,241</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	70,607	-	(70,607)
Transfers in	-	-	-	-
Transfers out	(2,632)	(2,632)	(3,996)	(1,364)
<i>Total other financing sources (uses)</i>	<u>(2,632)</u>	<u>67,975</u>	<u>(3,996)</u>	<u>(71,971)</u>
<i>Net change in fund balance</i>	-	-	73,270	73,270
<i>Fund balance - beginning of year</i>	-	-	303,159	303,159
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,429</u>	<u>\$ 376,429</u>
Net change in fund balance (GAAP)				\$ 75,149
Adjustments to revenue for tax, operating grants and interest accruals				(1,881)
Adjustments to expenditures for general government accruals				<u>2</u>
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 73,270</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

City of Tucumcari

John D. Hoffman Endowment 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, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	40	40	2	(38)
Miscellaneous	600	600	-	(600)
<i>Total revenues</i>	<u>640</u>	<u>640</u>	<u>2</u>	<u>(638)</u>
<i>Expenditures:</i>				
Current:				
General government	40	40	-	40
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>40</u>	<u>40</u>	<u>-</u>	<u>40</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>600</u>	<u>600</u>	<u>2</u>	<u>(598)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(600)	(600)	-	600
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(600)</u>	<u>(600)</u>	<u>-</u>	<u>600</u>
<i>Net change in fund balance</i>	-	-	2	2
<i>Fund balance - beginning of year</i>	-	-	1,051	1,051
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,053</u>	<u>\$ 1,053</u>
Net change in fund balance (GAAP)				\$ 2
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 2</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

City of Tucumcari
 Police Narcotics 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, 2007

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	19,461	19,461	-
<i>Total revenues</i>	<u>-</u>	<u>19,461</u>	<u>19,461</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>19,461</u>	<u>19,461</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	(19,461)	-	19,461
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(19,461)</u>	<u>-</u>	<u>19,461</u>
<i>Net change in fund balance</i>	-	-	19,461	19,461
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,461</u>	<u>\$ 19,461</u>
Net change in fund balance (GAAP)				\$ 19,461
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 19,461</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

City of Tucumcari
 Senior Citizen's Center 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, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	54,535	54,535	56,910	2,375
Federal capital grants	-	-	-	-
State operating grants	156,297	296,423	269,785	(26,638)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	63,335	92,601	85,174	(7,427)
Total revenues	274,167	443,559	411,869	(31,690)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	274,167	388,444	386,541	1,903
Capital outlay	-	62,326	53,137	9,189
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	274,167	450,770	439,678	11,092
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(7,211)</u>	<u>(27,809)</u>	<u>(20,598)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	7,211	-	(7,211)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,211</u>	<u>-</u>	<u>(7,211)</u>
<i>Net change in fund balance</i>	-	-	(27,809)	(27,809)
<i>Fund balance - beginning of year</i>	-	-	1,343	1,343
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,466)</u>	<u>\$ (26,466)</u>
Net change in fund balance (GAAP)				\$ (4,810)
Adjustments to revenue for operating grant accruals				(25,201)
Adjustments to expenditures for accrued wages and compensated absences				2,202
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ (27,809)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

City of Tucumcari

Local Law Enforcement Block Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	13,753	19,679	5,926
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>13,753</u>	<u>19,679</u>	<u>5,926</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	13,753	3,733	10,020
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>13,753</u>	<u>3,733</u>	<u>10,020</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>15,946</u>	<u>15,946</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	15,946	15,946
<i>Fund balance - beginning of year</i>	-	-	(480)	(480)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,466</u>	<u>\$ 15,466</u>
Net change in fund balance (GAAP)				\$ 15,946
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 15,946</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

City of Tucumcari

Police Department Construction Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2007

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-18

City of Tucumcari
 Lodger's Tax Acquisition Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,824	3,824	-	3,824
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,824</u>	<u>3,824</u>	<u>-</u>	<u>3,824</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,824)</u>	<u>(3,824)</u>	<u>-</u>	<u>3,824</u>
<i>Other financing sources (uses)</i>				
Designated cash	3,824	3,824	-	(3,824)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,824</u>	<u>3,824</u>	<u>-</u>	<u>(3,824)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,824</u>	<u>3,824</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,824</u>	<u>\$ 3,824</u>
Net change in fund balance (GAAP)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-19

City of Tucumcari

Convention Center Capital Improvements Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	8,605	8,605	7,914	691
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,605</u>	<u>8,605</u>	<u>7,914</u>	<u>691</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,605)</u>	<u>(8,605)</u>	<u>(7,914)</u>	<u>691</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	8,605	8,605	8,605	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>8,605</u>	<u>8,605</u>	<u>8,605</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	691	691
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>7,433</u>	<u>7,433</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,124</u>	<u>\$ 8,124</u>
Net change in fund balance (GAAP)				\$ 691
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 691</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

City of Tucumcari
 Golf Capital Improvements Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	10,500	10,500	12,525	2,025
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10,500</u>	<u>10,500</u>	<u>12,525</u>	<u>2,025</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	896	896	3,500	(2,604)
Debt service:				
Principal	9,604	9,604	3,740	5,864
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,500</u>	<u>10,500</u>	<u>7,240</u>	<u>3,260</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>5,285</u>	<u>5,285</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	5,285	5,285
<i>Fund balance - beginning of year</i>	-	-	(9,561)	(9,561)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,276)</u>	<u>\$ (4,276)</u>
Net change in fund balance (GAAP)				\$ 7,210
Adjustments to revenue for license and fees accruals				(1,525)
Adjustments to expenditures for culture and recreation accruals				(400)
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 5,285</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

City of Tucumcari
 NMRDRC Grant Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	(59,531)	(59,531)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,531)</u>	<u>\$ (59,531)</u>
Net change in fund balance (GAAP)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-22

City of Tucumcari

State Appropriations Project Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	100,000	100,000	100,000	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	100,000	100,000	100,000	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	0	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (GAAP)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

City of Tucumcari

GRT/LT Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Non-GAAP Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	-	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	7,500	7,500	8,183	683
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,500</u>	<u>7,500</u>	<u>8,183</u>	<u>683</u>
<i>Expenditures:</i>				
Current:				
General government	500	500	499	1
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	90,000	90,000	90,000	-
Interest	82,093	82,093	82,093	-
<i>Total expenditures</i>	<u>172,593</u>	<u>172,593</u>	<u>172,592</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(165,093)</u>	<u>(165,093)</u>	<u>(164,409)</u>	<u>684</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	165,093	165,093	165,093	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>165,093</u>	<u>165,093</u>	<u>165,093</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	684	684
<i>Fund balance - beginning of year</i>	-	-	177,837	177,837
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,521</u>	<u>\$ 178,521</u>
Net change in fund balance (GAAP)				\$ 683
No adjustments to revenues				-
Adjustments to expenditures for general government expenditures				<u>1</u>
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 684</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

City of Tucumcari

PD Loan Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Non-GAAP Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	1,450	1,452	2,816	1,364
<i>Total revenues</i>	<u>1,450</u>	<u>1,452</u>	<u>2,816</u>	<u>1,364</u>
<i>Expenditures:</i>				
Current:				
General government	1,714	1,715	1,715	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	18,683	18,683	18,683	-
Interest	22,780	22,781	22,780	1
<i>Total expenditures</i>	<u>43,177</u>	<u>43,179</u>	<u>43,178</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(41,727)</u>	<u>(41,727)</u>	<u>(40,362)</u>	<u>1,365</u>
<i>Other financing sources (uses)</i>				
Designated cash	(1,881)	(1,881)	-	1,881
Transfers in	43,608	43,608	43,608	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>41,727</u>	<u>41,727</u>	<u>43,608</u>	<u>1,881</u>
<i>Net change in fund balance</i>	-	-	3,246	3,246
<i>Fund balance - beginning of year</i>	-	-	48,414	48,414
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,660</u>	<u>\$ 51,660</u>
Net change in fund balance (GAAP)				\$ 3,246
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (non-GAAP budgetary basis)				<u>\$ 3,246</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-25

City of Tucumcari
 NMFA Ambulance Loan Debt Service Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2007

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

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Statement C-1

City of Tucumcari

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 Airport Proprietary Fund
 For the Year Ended June 30, 2007

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 407,930	\$ 407,930	\$ 376,767	\$ (31,163)
<i>Total operating revenues</i>	<u>407,930</u>	<u>407,930</u>	<u>376,767</u>	<u>(31,163)</u>
<i>Operating expenses:</i>				
General and administrative	18,298	18,298	12,895	5,403
Personnel services	80,513	80,513	83,482	(2,969)
Contractual services	1,000	1,000	2,713	(1,713)
Supplies and purchased power	8,075	8,075	5,994	2,081
Maintenance and materials	306,110	318,154	295,701	22,453
Utilities	14,196	14,196	12,253	1,943
Miscellaneous	2,225	2,225	2,983	(758)
<i>Total operating expenses</i>	<u>430,417</u>	<u>442,461</u>	<u>416,021</u>	<u>26,440</u>
<i>Operating income (loss)</i>	<u>(22,487)</u>	<u>(34,531)</u>	<u>(39,254)</u>	<u>(4,723)</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	2,632	10,998	10,998	-
Miscellaneous income	16,000	17,094	20,580	3,486
Interest income	-	-	-	-
Interest expense	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>18,632</u>	<u>28,092</u>	<u>31,578</u>	<u>3,486</u>
Capital grants	94,736	217,247	208,773	(8,474)
Transfers in	9,119	9,119	10,483	1,364
Transfers out	-	-	-	-
<i>Capital grants and net transfers</i>	<u>103,855</u>	<u>226,366</u>	<u>219,256</u>	<u>(7,110)</u>
<i>Change in net assets</i>	100,000	219,927	211,580	(8,347)
Designated cash	(100,000)	(219,927)	-	219,927
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,478,007</u>	<u>4,478,007</u>
<i>Total net assets, end of year</i>	<u>\$ 100,000</u>	<u>\$ 219,927</u>	<u>\$ 4,689,587</u>	<u>\$ 4,689,587</u>
Net change in net assets (GAAP)				\$ 80,155
Adjustments to revenue for charges for services, miscellaneous revenue and capital grant accruals				(61,896)
Adjustments to expenditures for accrued wages, compensated absences and operating expenses accruals				7,235
Depreciation				186,086
Net change in net assets (non-GAAP budgetary basis)				<u>\$ 211,580</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-2

City of Tucumcari

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 Joint Utility Proprietary Fund
 For the Year Ended June 30, 2007

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 1,981,500	\$ 1,981,500	\$ 1,740,071	\$ (241,429)
<i>Total operating revenues</i>	<u>1,981,500</u>	<u>1,981,500</u>	<u>1,740,071</u>	<u>(241,429)</u>
<i>Operating expenses:</i>				
General and administrative	271,077	334,083	246,984	87,099
Personnel services	937,853	937,853	864,534	73,319
Contractual services	4,950	4,950	4,553	397
Supplies and purchased power	54,755	55,288	54,126	1,162
Maintenance and materials	411,260	411,260	172,145	239,115
Utilities	414,850	584,586	302,056	282,530
Miscellaneous	32,656	32,656	3,019	29,637
<i>Total operating expenses</i>	<u>2,127,401</u>	<u>2,360,676</u>	<u>1,647,417</u>	<u>713,259</u>
<i>Operating income (loss)</i>	<u>(145,901)</u>	<u>(379,176)</u>	<u>92,654</u>	<u>471,830</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	63,006	63,006	-
Miscellaneous income	8,000	30,426	30,017	(409)
Interest income	2,850	20,836	29,670	8,834
Interest expense	(30,515)	(30,515)	(4,436)	26,079
Gross receipts and other taxes	223,600	223,600	237,424	13,824
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>203,935</u>	<u>307,353</u>	<u>355,681</u>	<u>48,328</u>
Capital grants	5,395,818	5,568,464	1,025,447	(4,543,017)
Transfers in	390,700	390,700	290,586	(100,114)
Transfers out	(390,700)	(412,537)	(312,423)	100,114
<i>Capital grants and net transfers</i>	<u>5,395,818</u>	<u>5,546,627</u>	<u>1,003,610</u>	<u>(4,543,017)</u>
<i>Change in net assets</i>	<u>5,453,852</u>	<u>5,474,804</u>	<u>1,451,945</u>	<u>(4,022,859)</u>
Designated cash	(5,453,852)	(5,474,804)	-	5,474,804
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,113,975</u>	<u>8,113,975</u>
<i>Total net assets, end of year</i>	<u>\$ 5,453,852</u>	<u>\$ 5,474,804</u>	<u>\$ 9,565,920</u>	<u>\$ 9,565,920</u>
Net change in net assets (GAAP)				\$ 1,549,554
Adjustments to revenue for charges for services, taxes, interest and capital grant accruals				(473,272)
Adjustments to expenditures for accrued wages, compensated absences and operating expenses accruals				103,474
Depreciation				<u>272,189</u>
Net change in net assets (non-GAAP budgetary basis)				<u>\$ 1,451,945</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-3

City of Tucumcari

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 Solid Waste Proprietary Fund
 For the Year Ended June 30, 2007

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 744,920	\$ 744,920	\$ 795,265	\$ 50,345
<i>Total operating revenues</i>	<u>744,920</u>	<u>744,920</u>	<u>795,265</u>	<u>50,345</u>
<i>Operating expenses:</i>				
General and administrative	283,946	283,946	279,128	4,818
Personnel services	279,855	279,855	257,961	21,894
Contractual services	5,850	5,850	3,872	1,978
Supplies and purchased power	48,254	48,254	49,676	(1,422)
Maintenance and materials	67,157	68,267	58,974	9,293
Utilities	3,575	3,575	4,074	(499)
Miscellaneous	750	750	(26,861)	27,611
<i>Total operating expenses</i>	<u>689,387</u>	<u>690,497</u>	<u>626,824</u>	<u>63,673</u>
<i>Operating income (loss)</i>	<u>55,533</u>	<u>54,423</u>	<u>168,441</u>	<u>114,018</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Miscellaneous income	-	50,201	55,616	5,415
Interest income	6,000	6,449	13,873	7,424
Interest expense	-	-	(1,550)	(1,550)
Gross receipts and other taxes	55,900	55,900	60,649	4,749
Landfill closure/postclosure care costs	(53,203)	(83,217)	2,639	85,856
<i>Total non-operating revenues (expenses)</i>	<u>8,697</u>	<u>29,333</u>	<u>131,227</u>	<u>101,894</u>
Capital grants	788,505	788,505	514,752	(273,753)
Transfers in	-	-	40,000	40,000
Transfers out	-	-	(40,000)	-
<i>Capital grants and net transfers</i>	<u>788,505</u>	<u>788,505</u>	<u>514,752</u>	<u>(233,753)</u>
<i>Change in net assets</i>	<u>64,230</u>	<u>872,261</u>	<u>814,420</u>	<u>(17,841)</u>
Designated cash	(170,636)	(1,038,695)	-	1,038,695
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>206,562</u>	<u>206,562</u>
<i>Total net assets, end of year</i>	<u>\$ 64,230</u>	<u>\$ 872,261</u>	<u>\$ 1,020,982</u>	<u>\$ 1,227,416</u>
Net change in net assets (GAAP)				\$ 476,856
Adjustments to revenue for charges for services and miscellaneous revenue accruals				(15,540)
Adjustments to expenditures for accrued wages, compensated absences and operating expenses accruals				273,098
Depreciation				80,006
Net change in net assets (non-GAAP budgetary basis)				<u>\$ 814,420</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-4

City of Tucumcari

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (Non-GAAP Budgetary Basis) and Actual
 Internal Service Proprietary Fund
 For the Year Ended June 30, 2007

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 348,727	\$ 348,727	\$ 281,700	\$ (67,027)
<i>Total operating revenues</i>	<u>348,727</u>	<u>348,727</u>	<u>281,700</u>	<u>(67,027)</u>
<i>Operating expenses:</i>				
General and administrative	-	-	-	-
Personnel services	273,095	273,195	223,861	49,334
Contractual services	3,100	3,100	6,178	(3,078)
Supplies and purchased power	500	500	249	251
Maintenance and materials	12,333	12,375	13,421	(1,046)
Utilities	15,120	15,173	13,671	1,502
Miscellaneous	44,579	44,612	24,846	19,766
<i>Total operating expenses</i>	<u>348,727</u>	<u>348,955</u>	<u>282,226</u>	<u>66,729</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>(228)</u>	<u>(526)</u>	<u>(298)</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Miscellaneous income	-	3,527	3,527	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>3,527</u>	<u>3,527</u>	<u>-</u>
Capital grants	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Capital grants and net transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net assets</i>	<u>-</u>	<u>3,299</u>	<u>3,001</u>	<u>(298)</u>
Designated cash	-	(3,299)	-	3,299
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,504</u>	<u>4,504</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ 3,299</u>	<u>\$ 7,505</u>	<u>\$ 7,505</u>
Net change in net assets (GAAP)				\$ 7,938
Adjustments for miscellaneous revenue accruals				212
Adjustments to expenditures for accrued wages and compensated absences				(6,401)
Depreciation				1252
Net change in net assets (non-GAAP budgetary basis)				<u>\$ 3,001</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-5

City of Tucumcari

Statement of Revenues, Expenses and Changes in Net Assets
 Budget (GAAP Budgetary Basis) and Actual
 Housing Proprietary Fund
 For the Year Ended June 30, 2007

	Budget Amounts		Actual (GAAP Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 121,140	\$ 121,140	\$ 132,727	\$ 11,587
<i>Total operating revenues</i>	<u>121,140</u>	<u>121,140</u>	<u>132,727</u>	<u>11,587</u>
<i>Operating expenses:</i>				
General and administrative	385,876	385,876	360,077	25,799
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Supplies and purchased power	-	-	-	-
Maintenance and materials	90,744	90,744	156,604	(65,860)
Utilities	115,080	115,080	122,395	(7,315)
Housing assistance payments	616,380	616,380	559,214	57,166
Miscellaneous	-	-	-	-
<i>Total operating expenses</i>	<u>1,208,080</u>	<u>1,208,080</u>	<u>1,198,290</u>	<u>9,790</u>
<i>Operating income (loss)</i>	<u>(1,086,940)</u>	<u>(1,086,940)</u>	<u>(1,065,563)</u>	<u>21,377</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	1,000,846	1,000,846	1,211,118	210,272
Miscellaneous income	70,560	70,560	45,036	(25,524)
Interest income	1,500	1,500	6,295	4,795
Interest expense	-	-	(66,662)	(66,662)
Debt service grants	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>1,072,906</u>	<u>1,072,906</u>	<u>1,195,787</u>	<u>122,881</u>
Capital grants	38,574	38,574	52,730	14,156
Transfers in	-	-	103,370	103,370
Transfers out	-	-	(103,370)	(103,370)
<i>Capital grants and net transfers</i>	<u>38,574</u>	<u>38,574</u>	<u>52,730</u>	<u>14,156</u>
<i>Change in net assets</i>	<u>24,540</u>	<u>24,540</u>	<u>182,954</u>	<u>158,414</u>
Designated cash	(24,540)	(24,540)	-	24,540
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,300,750</u>	<u>2,300,750</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>2,483,704</u>	<u>\$ 2,483,704</u>
<i>Expenses not budgeted</i>				
Depreciation			(128,305)	
<i>Total net assets, end of year</i>			<u>\$ 2,355,399</u>	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2007

Bank Account Type/Name	Deposits		
	Wells Fargo Bank	Citizens Bank	First National Bank
General Operating - Checking	\$ 869,139	\$ -	\$ -
Certificate of Deposit	157,256	-	-
1/8% Ed/Infrastructure Tax - Savings	581	-	-
JAG - Checking	19,679	-	-
John D. Hoffman Endowment Fund - Savings	1,003	-	-
Bank Two - Checking	-	252,781	-
San. Cap. Imp. Fund - Savings	-	68,933	-
Certificate of Deposit	-	150,000	-
Certificate of Deposit	-	60,000	-
Certificate of Deposit	-	175,438	-
Certificate of Deposit	-	580,000	-
Certificate of Deposit	-	20,000	-
House Fund Raiser - Checking	-	-	157
Logan Fund Raiser - Checking	-	-	303
Tucumcari Fund Raiser - Checking	-	-	398
Logan Meal Site Donation - Checking	-	-	39,535
Princess Theatre Fund - Savings	-	-	4,495
Sanitation Department - Checking	-	-	263,352
Certificate of Deposit	-	-	150,000
Certificate of Deposit	-	-	100,000
NMFA Reserve Accounts*	-	-	-
Certificate of Deposit	-	-	-
Police Narcotics Fund	-	-	-
Certificate of Deposit	-	-	-
Housing Authority	480,891	-	14,716
Total on deposit	<u>1,528,549</u>	<u>1,307,152</u>	<u>572,956</u>
Reconciling items	<u>(346,394)</u>	<u>(123,723)</u>	<u>(13,040)</u>
Reconciled balance	<u>\$ 1,182,155</u>	<u>\$ 1,183,429</u>	<u>\$ 559,916</u>

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

Petty cash

Total unrestricted cash and cash equivalents per Exhibit A-1

Total deposits and investments in financial institutions

Less: investments

Deposits per Note 2

See accompanying independent auditors' report

		Investments (*)		
Tucumcari Federal	Everyone's Credit Union	Bank of Albuquerque	Totals	
\$ -	\$ -	\$ -	\$	869,139
-	-	-		157,256
-	-	-		581
-	-	-		19,679
-	-	-		1,003
-	-	-		252,781
-	-	-		68,933
-	-	-		150,000
-	-	-		60,000
-	-	-		175,438
-	-	-		580,000
-	-	-		20,000
-	-	-		157
-	-	-		303
-	-	-		398
-	-	-		39,535
-	-	-		4,495
-	-	-		263,352
-	-	-		150,000
-	-	-		100,000
-	-	218,984		218,984
60,453	-	-		60,453
-	19,461	-		19,461
-	49,975	-		49,975
-	19,862	-		515,469
<u>60,453</u>	<u>89,298</u>	<u>218,984</u>		<u>3,777,392</u>
-	(3,179)	-		(486,336)
<u>\$ 60,453</u>	<u>\$ 86,119</u>	<u>\$ 218,984</u>		<u>3,291,056</u>
				<u>2,800</u>
			\$	<u>3,293,856</u>
				<u>3,777,392</u>
				<u>(218,984)</u>
				<u>3,558,408</u>

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STATE OF NEW MEXICO
City of Tucumcari
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2007

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2007	Location of Safekeeper
Citizen's Bank					
	U.S. Treasury Bill	10/17/2007	9127950A68	887,233	CB New Mexico
	Total Citizen's Bank			<u>887,233</u>	
First National Bank of New Mexico					
	402230066	1/9/2009	31133X36L2	149,650	FNBNM New Mexico
	Total First National Bank of New Mexico			<u>149,650</u>	
Wells Fargo Bank					
	FNIONP880203	2/1/2036	31409V3L5	252,921	WF California
	FNCL 895631	5/1/1936	31410SA80	362,363	WF California
	G2SF 3067	4/20/1931	36202DMQ1	92,940	WF California
	GNSF 781123	12/15/2029	36225BG85	2,448	WF California
	GNSF 781265	12/15/2029	36225BMN5	11,065	WF California
	GNSF 781280	4/15/2031	36225BM54	68,666	WF California
	FNCL 879100	5/1/2036	31409UUZ6	132,528	
	G2SF 3106	7/20/2031	36202DNX5	12,587	
	GNSF 781123	12/15/2029	36225BG85	4,229	
	GNSF 781316	7/15/2031	36225BN95	12,851	
	Total Wells Fargo Bank			<u>952,598</u>	
	Total Pledged Collateral			<u><u>\$ 1,989,481</u></u>	

See the accompanying independent auditor's report

State of New Mexico
City of Tucumcari
Schedule of Joint Powers Agreements and
Memorandums of Understanding
June 30, 2007

Participants	Responsible Party	Description
City of Tucumcari & New Mexico Energy Minerals and Natural Resources Dept (EMNRD)	Both	EMNRD provides funds for recreational trails and City responsible for building, beautifying and improving public parks
City of Clovis, City of Texico, Village of Melrose, County of Quay, City of Tucumcari, City of Logan, Village of San Jon, County of DeBaca, 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 & New Mexico State Police	NM State Police	Establish a joint Multi Jurisdictional Task Force for the prevention, investigation, control and prosecution of unlawful drugs, narcotics and controlled substances within the region.
City of Tucumcari & Quay County Government	Both	Establish the Tucumcari/Quay Regional Emergency Communications
City of Tucumcari & Versatile Construction, Inc.	Versatile	Allows Versatile to stockpile road materials removed from the Highway along 1st Street
Quay County & Tucumcari Police Dept.	Quay County	Requires Quay County to provide for Law Enforcement overtime to conduct enforcement operations targeting underage drinking.
NM Dept of Health (DOH), Epidemiology and Response Div, Office of Health Emergency Management (OHEM) & Quay County	DOH & OHEM	Support local pandemic influenza preparedness, planning and exercise by the county.
City of Tucumcari & Eastern NM Emergency Medical Services Corp Region III	Both	Describes each party's responsibilities as it pertains to the implementation of preparedness activities between Federal, State and local agencies.

See the accompanying independent auditor's report

<u>Begin Date</u>	<u>End Date</u>	<u>Est Amount of Project</u>	<u>Amt Contributed in Fiscal Year</u>	<u>Audit Responsibility</u>	<u>Fiscal Agent</u>	<u>Name of Govt Agency Report Rev & Exp</u>
6/3/2003	12/31/2006	\$ 79,998	\$ -	None	None	City of Tucumcari
2/3/2006	Indefinite	Unknown	\$ -	None	None	Each individual law enforcement agency
8/15/2005	Indefinite	Unknown	\$ -	None	None	Dispatch Center
5/26/2005	6/1/2007	Unknown	\$ -	None	None	
7/1/2006	5/31/2007	\$ 3,000	\$ -	None	None	Tucumcari Police Dept.
5/16/2006	8/30/2006	\$ 5,988	\$ 5,988	None	None	Quay County
3/1/2006	Unknown	Unknown	Unknown	None	None	Both

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COMPLIANCE SECTION

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget
To the City Manager, Mayor and City Council Members
City of Tucumcari
Tucumcari, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and EMS special revenue fund of the City of Tucumcari, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 18, 2008. We also have audited the financial statements of each of the City's nonmajor governmental funds and budgetary comparisons for the proprietary funds and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007 as listed in the table of contents. We qualified our opinion because we were unable to verify capital assets, accumulated depreciation and the current year depreciation expense. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Tucumcari's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Tucumcari's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by City of Tucumcari's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. These are items FS 2005-09, FS 06-01, FS 06-03, FS 06-04, FS 06-05, FS 06-07, FS 06-08, FS 07-01, 2005-02, 2006-02, 2007-01, 2007-03, 2007-04, 2007-05, 2007-07, and 2007-09.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by City of Tucumcari's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items FS 06-04, FS 06-05 and 2007-01 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tucumcari'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* and, which are described in the accompanying schedule of findings and questioned costs as items FS 2005-09, FS 06-01, FS 07-01, 2006-02, 2007-05, 2007-06, and 2007-07.

We noted certain matters that are required to be reported under Government Auditing Standards January 2007 Revision paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings FS 06-02 and 2007-08.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, the Office of the State Auditor, the New Mexico State Legislature, Department of Finance and Administration, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
September 18, 2008

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FEDERAL FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget
To the City Manager, Mayor and City Council Members
City of Tucumcari
Tucumcari, New Mexico

Compliance

We have audited the compliance of City of Tucumcari, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. City of Tucumcari's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Tucumcari's management. Our responsibility is to express an opinion on City of Tucumcari's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Tucumcari's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Tucumcari's compliance with those requirements.

In our opinion, City of Tucumcari complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items FA 2005-05, FA 2006-01 FA 2007-01 and FA 2007-02.

Internal Control Over Compliance

The management of City of Tucumcari is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Tucumcari's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Tucumcari's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others we consider to be material weaknesses.

A *control deficiency* in an the City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item FA 2006-01 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by City of Tukumcari's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item FA 2006-01 to be material weaknesses.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, the Office of the State Auditor, the New Mexico State Legislature, Department of Finance and Administration, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
September 18, 2008

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2007

Federal Grantor Program Title	Federal CFDA Number	Federal or Pass Through Grant / Project Number	Federal Expenditures
Federal Grantor/Pass Through Grantor/Program or Cluster Title			
U.S. Department of Health and Human Services			
Senior Citizens 06-07 Title IIIB	93.044	2006-07-68040	5,538
Senior Citizens 06-07 Title IIIC1	93.045	2006-07-68040	33,241
Senior Citizens 06-07 Title IIIC2	93.045	2006-07-68040	15,304
Senior Citizens 06-07 NSIP	93.053	2006-07-68040	<u>28,604</u>
Total U.S. Department of Health and Human Services			<u>82,687</u>
U.S. Department of Transportation			
Airport Improvement Program	20.106	AIP03-35-0043-08-2005	211,530
Airport Improvement Program	20.106	AIP03-35-0043-06-2003	<u>19,406</u>
Total U.S. Department of Transportation			<u>230,936</u>
U.S. Department of Justice			
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-1302	<u>3,879</u>
Total U.S. Department of Justice			<u>3,879</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant (Passed through Sthate of New Mexico Department of Finance Administration)	14.219	06-C-NR-I-6-G-54	<u>14,634</u>
Total Community Development Block Grant			<u>14,634</u>
Direct Programs:			
Public and Indian Housing	14.850	NM 03300000108D	* 206,387
Public Housing Capital Funds	14.872	NM 02P033501	143,145
Section 8 Housing Choice Vouchers	14.871	NM 033V00050	* 623,613
Tenant Based Rental Assistance	14.871	None	<u>15,743</u>
Total Direct			<u>988,888</u>
Total U.S. Department of Housing and Urban Development			<u>1,003,522</u>
U.S. Department of Agriculture:			
Direct programs:			
Rural rental assistance payments	10.415, 10.515	NM 990419271	<u>139,678</u>
Total U.S. Department of Agriculture			<u>139,678</u>

The accompanying notes are an integral part of these financial statements

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal or Pass Through Grant / Project Number</u>	<u>Federal Expenditures</u>
<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>			
U.S. Department of Homeland Security:			
Emergency Management Performance Grant	97.042	2007-EM-E7-0035	14,015
Homeland Security Grant Program	97.067	2005-GE-T5-0012-Quay CIP	5,988
Homeland Security Grant Program	97.067	2003-MU-T3-0047 Quay CIP	<u>63,488</u>
Total U.S. Department of Homeland Security			<u>83,491</u>
Total Expenditures of Federal Awards			<u>\$ 1,544,193</u>
Rural rental assistance loans	10.415, 10.515	N/A	<u>\$ 48,560</u>

* Major Program

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Sub-recipients

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

3. Debt Service Subsidy

The Housing Authority did not receive any noncash assistance. However, a debt service subsidy payment was received and applied against interest payments due in the amount of \$48,560. This amount has been included in the amount reflected under Farmers Home Administration Rural Housing (FmHA).

4. Loan amount

Housing Authority owed \$738,474 to FmHA at June 30, 2007.

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STATE OF NEW MEXICO
City of Tucumcari
Schedule of Findings and Questioned Costs
June 30, 2007

Section I – Summary of Audit Results

Financial Statements:

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

Federal Awards:

- | 1. Internal control over major programs: | | | | | | | |
|---|-----------------------------------|-----------------|--------|-----------------------------------|--------|---------------------------|--|
| a. Material weaknesses identified? | No | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes | | | | | | |
| 2. Type of auditors’ report issued on compliance for major programs | Unqualified | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | Yes | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">14.871</td> <td style="text-align: center;">Section 8 Housing Choice Vouchers</td> </tr> <tr> <td style="text-align: center;">14.850</td> <td style="text-align: center;">Public and Indian Housing</td> </tr> </tbody> </table> | CFDA
Number | Federal Program | 14.871 | Section 8 Housing Choice Vouchers | 14.850 | Public and Indian Housing | |
| CFDA
Number | Federal Program | | | | | | |
| 14.871 | Section 8 Housing Choice Vouchers | | | | | | |
| 14.850 | Public and Indian Housing | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 | | | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | | | |

Section II – Financial Statement Findings and Questioned Costs

A. Financial Statement Findings

FS 2002-19 Timeliness of Audit Report

Condition: The New Mexico State Auditor required the audit to be completed and submitted to his office by November 15, 2007. The report is past due. The report was submitted to the Office of the State Auditor after the due date on September 26, 2008.

Criteria: The New Mexico State Auditor establishes submission dates for the annual audit reports as provided by Section 2.2.2.9 A of the State Auditor Rule.

Cause: On the due date of the report, the city was still gathering documentation in order to complete audit test work and financial preparation.

Effect: The result was there were pending items which resulted in the late submission of the City's audit report for the year ended June 30, 2007.

Auditors' Recommendations: We recommend that the City prepare and check the accuracy of documentation earlier in the year, in order to supply the needed documentation for the audit.

Management's Response: The City will prepare supporting schedules and documentation and use the documentation prepared to verify account balances on a routine basis throughout the fiscal year, and will therefore be better prepared prior to the commencement of the audit.

FS 06-01 Personnel Files

Condition: During our test work of payroll, it was observed 17 of the 18 employees tested did not have I-9 documentation on file. We also observed 2 out of 18 employees tested did not have W-4 documentation on file.

Criteria: Sound accounting and human resources management require that the City maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, employment eligibility verification, federal and state withholding allowance certificates, pay deductions authorizations, pay or position change notices, I-9's, PERA plan application and direct deposit authorizations.

Cause: The City does not have a written policy that they are following for maintaining personnel files of employees.

Effect: The effect is such that the personnel files are not being properly maintained and are lacking required documentation.

Auditors' Recommendations: We recommend that the City verify that all personnel files have the required documentation and when new employees are hired, all required documents are completed and promptly put into the personnel file.

Management's Response: On August 28, 2008 the City Commission adopted Ordinance 1062 which includes a written policy for maintaining Personnel Files of employees. The City will verify that all Personnel files have the required documentation.

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

A. Financial Statement Findings (continued)

FS 06-03 Preparation of Financial Statements

Condition: Financial statements and related footnote disclosures were not prepared by the City.

Criteria: According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

Cause: The City's personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting including the preparation of financial statements and related footnote disclosures.

Effect: When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

Auditors' Recommendation: We recommend the City's management and personnel receive training on understanding the requirements of external financial reporting. The training should include, but not be limited to:

- Selection of appropriate accounting policies:
 - Governmental Accounting Standards Board (GASB)
 - Generally Accepted Accounting Principles (specifically as applied to governmental units)
 - Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information, including Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the City develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

Management's Response: The City will work with the independent auditor to develop a training workshop to cover the recommended topics to improve the understanding of management.

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

A. Financial Statement Findings (continued)

FS 06-04 Deficiencies in Internal Control Structure Design, Operation, and Oversight

Condition: The City does not have a comprehensive documented internal control structure. The Internal control structure should include controls that the governing body is required to exercise effective oversight of the internal control and financial reporting processing. Also, controls in certain specific areas are not operating as designed.

Criteria: As required by NMSA 1978 Section 6-6-3, the City should design and maintain an internal control structure that enables it to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Under SAS 112, the internal control and financial reporting process should have adequate oversight provided by body charged with governance.

Cause: For the fiscal year 2006 management and staff did not have expertise and/or training to implement an adequate internal control structure. The Body charged with governance was unaware of requirements under SAS 112 to provide effective oversight of internal control and financial reporting processing.

Effect: Because there is not an adequate internal control structure or oversight by governing body, complete and accurate financial data cannot be verified, assets are not properly safeguarded, reconciliations are not performed, or at a minimum not performed on a timely basis, and adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

Auditors' Recommendation: The City should ensure that a comprehensive internal control structure is designed, documented and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

Management's Response: The City has hired an additional staff member for the Finance Office and will apply the necessary human resources to prepare documentation of its internal accounting and reporting procedures to ensure comprehensive internal control.

FS 06-05 — Capital Assets

Condition: The City does not have a formal capital assets management policy. For the year ended June 30, 2007, the City had not maintained a capital asset listing that was reconciled to the general ledger and was not in compliance with the GASB 34 requirement to capitalize and depreciate infrastructure acquired for years ending in 2004 and thereafter.

Criteria: The City must have a capital assets management policy to provide accountability for the safeguarding of assets in accordance with GASB 34 and NMSA 1978 Section 12-6-10.

Cause: Capital asset records have not been maintained or updated to ensure accuracy or accountability of the City's assets.

Effect: Lack of sufficient records results in assets that are not properly safeguarded. Asset identification and location are essential in the prevention of theft and loss of assets due to fraudulent activity. Capital assets cannot be depreciated due to the lack of information that is being maintained. As a result, the financial statements of the City will be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated.

Auditors' Recommendation: The City must conduct a physical inventory of its capital assets in accordance with its capitalization policy and update the inventory annually. The inventory report must include asset identification, location and historical cost. This process will also assist the City in the determination of obsolete equipment. Finally, a complete capital assets inventory listing will be required to be completed by the City in order to be in compliance with GASB 34.

Management's Response: The City will conduct a physical inventory of its capital assets in accordance with the capitalization policy on an annual basis.

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

A. Financial Statement Findings (continued)

FS 06-07 Failure to Develop IT Contingency Plan(s)

Condition: During our audit, we noted that:

- Contingency plans have not been developed for alternative processing in the event of loss or interruption of the IT function

Criteria: Paragraph 4 of the State of New Mexico Statewide Policy S-STD-010-001 Backups Standard states that procedures shall be established and documented to ensure that entities will be able to recover from interruptions in service in a timely manner and to restore critical information and services.

Cause: The City has not planned properly for disaster or other contingencies.

Effect: An unexpected occurrence could compromise the IT function and the City may be unable to recover properly from the compromise.

Auditors' Recommendation: The City already provides off-site storage of backed-up data and applications. This should include written instructions for reconstructing their IT systems from the stored materials. A plan is needed to address how the City would process required functions manually or with alternate automated systems in the event of a compromising event.

Management's Response: The City will aggressively pursue full scale disaster recovery planning for the Finance Office during the coming fiscal year. The City intends to have a written contingency plan in place by no later than the end of the 2009 fiscal year.

FS 06-08 — Failure to Have Adequate Physical Controls in Place for IT Equipment

Condition: During our audit, we noted that:

- Adequate physical controls are not in place to ensure that access to computer facilities and equipment is restricted to authorized personnel only
- The server room in the City Assessor's Office is not secured, not in a locked room, and is accessible to all personnel.

Criteria: Paragraph 4 of the State of New Mexico Statewide Policy S-STD009.001 IT Physical Security states that information systems, media storage areas, and related communication wiring and network devices shall be located in secure locations that are locked and restricted to access by authorized personnel only.

Cause: The City was unaware of the requirement and had not developed a plan for the proper safeguarding of IT assets.

Effect: Theft/loss of IT equipment may potentially result in the unintentional disclosure of confidential information.

Auditor's Recommendation: The City should implement physical security controls to protect IT assets/equipment from physical harm, theft, and/or destruction. All equipment rooms should be locked or equipment should be relocated to a secure area.

Management's Response: The City has developed a plan for the complete replacement of its voice and data communication systems and is seeking grant funding to cover some of the expected cost. The replacement plan includes plans for a secure server room.

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

A. Financial Statement Findings (continued)

FS 07-01 – Pledged Collateral

Condition: Deposits at First National Bank were not collateralized in accordance with State of New Statutes. The total amount of uninsured deposits was \$372,956. The required collateralization on that amount is \$186,478. The amount of collateral pledged by the financial institution was \$149,650, a shortfall of \$36,828.

Criteria: The State of New Mexico Statutes require uninsured deposits have pledged collateral of at least fifty percent (50%).

Cause: The amounts on deposit were not adequately monitored to ensure that the total balance was sufficiently collateralized.

Auditor's Recommendation: The amounts in deposits at the financial institutions should be monitored to ensure the accounts are sufficiently collateralized.

Effect: In the event of financial institution failure, the City is at risk of losing the uninsured portion and uncollateralized portion of its deposits.

Management's Response: The City will meet with the management of First National Bank to develop procedures to ensure and/or collateralize all City funds on deposit at the bank as required by New Mexico Statutes.

Tucumcari Housing Authority (A Department of the City of Tucumcari)

2005-02 Employee Training

Condition: Some Housing Authority employees are not participating in sufficient outside training to ensure that their assigned duties are being performed in accordance with current rules and regulations. Although some training was taken by employees during the year, the benefits (improvements in job performance) were not evident.

Criteria: All employees of Tucumcari Housing Authority should be receiving training. Outside instruction should be provided to some in order to help them accomplish their duties. In other cases the same training should be provided to others to help accomplish employee cross training.

Effect: Some employees are not receiving the benefits that additional instruction could bring.

Cause: Some employees readily accept and look for additional training while others are less inclined. Because HUD is constantly changing its regulations and methods of accomplishing HUD required submittals, some employees struggle in their efforts to accomplish the day-to-day tasks.

Auditors' Recommendation: All employees of the Housing Authority should attend additional outside instruction. In addition, management should consider having in house training that utilizes "in house / live data" that employees can relate to that is not just theoretical.

Management's Response: Several employees of the Housing Authority have been reluctant when provided with training opportunities. They have been encouraged and some have attended training since this finding was discovered. Examples of training resources are NM NAHRO Conference, Nan McKay, on line courses in rent calculations and in-house training on Fridays. Unfortunately I don't see improved job performance. New changes in personnel to run the Housing programs will be implemented with more oversight by management

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

A. Financial Statement Findings (continued)

Tucumcari Housing Authority (A Department of the City of Tucumcari) (continued)

2006-02 Timeliness of Bank Deposits and Acceptance of Cash

Condition: During our audit of The City of Tucumcari's Housing Authority, we noted that the client is accepting cash from tenants, and is not depositing monies within 24 hours. We found 30 out of 31 deposits that were made after 24 hours which is in violation of their policy.

Criteria: As stated in the Housing Manager's Procedures Manual chapter 17.5 (rental collections), the Housing Authority shall take payments in the form of a check or money order (cash is never accepted at the site) and all receipts are to be deposited in the bank daily, regardless of the amount.

Cause: The Housing Authority should be following the Housing Manager's Procedures Manual for guidelines; however, the Executive Director never enforced this policy.

Effect: Because the client is not following rent collection policies, assets are not properly safeguarded. Deposits are not being made on a timely basis, which increases the risk of posting errors or intentional misstatements.

Auditors' Recommendation: The client must follow policies and procedures to safeguard assets and comply with policies.

Management's Response: Tucumcari Housing Authority executive director has implemented policies to ensure compliance with Housing Manager's Procedures Manual 17.5 cash is no longer being accepted.

2007-01 — Segregation of Duties in Cash Management

Condition: During our internal control and risk assessment process, we learned that the same person is handling both receipts counting and making the deposits to the bank.

Criteria: Section 6-6-3, NMSA 1978, requires that local public bodies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Cause: The Housing Authority had not designated an individual to make deposits who is independent from the person responsible for counting the daily receipts. This is due to the small employee environment of the Housing Authority.

Effect: Lack of proper segregation of duties may result in non-compliance with state statutes and increases the opportunity for fraudulent activity.

Auditors' Recommendations: As part of a formal policy implemented by the Housing Authority, an individual within the office should be assigned the responsibilities of counting the daily receipts and another individual assigned to make the daily bank deposit.

Managements Response: Tucumcari Housing Authority has implemented the auditors' recommendation.

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

A. Financial Statement Findings (continued)

Tucumcari Housing Authority (A Department of the City of Tucumcari) (continued)

2007-02 — Travel and Per Diem

Condition: During test work of disbursements, we found 1 disbursement totaling \$16.00, out of 6 six disbursements tested that totaled \$534.70 where a travel expense was paid without sufficient documentation. There was a travel form, however it was incomplete.

Criteria: Per Section 10-8-4 NMSA 1978, the Housing Authority is required to obtain accurate supporting documentation for travel and per diem.

Cause: The Housing Authority's employees do not have adequate understanding of travel & per diem policies or how travel is authorized.

Effect: City employees are getting reimbursed for expenses that are not authorized before travel. This increases the likelihood of inappropriate travel and per diem expenses occurring. In addition it raises concerns over the possibility of fraudulent reimbursements taking place.

Auditors' Recommendations: We recommend the Housing Authority provide training and clarification to their employees on their travel and per diem policy.

Managements Response: Tucumcari Housing Authority management is now utilizing the travel procedures of the city of Tucumcari and the requisitions for travel reimbursement are now prepared and reviewed by trained city staff.

2007-03 — Missing Financial Information for All Programs

Condition: Additional grant awards of \$4,243 were received by the Housing Authority during the fiscal year and the fee accountant did not include the information on the Home rehabilitation grant until the auditor requested the information from the Housing Authority.

Criteria: A good system of internal control over grants received requires accurate and complete accounting records be prepared for those programs.

Cause: Miscommunication between the fee accountant and the Housing Authority led to mismanagement of the Home Rehabilitation program. Due to this, neither the fee accountant nor the Housing Authority did the reconciliations or created the trial balance in a timely manner.

Effect: The accounting records for the Home Rehabilitation program may be incorrect, which raises concerns over the ability to rely on them.

Auditors' Recommendation: All programs awarded to the Housing Authority should have complete accounting records. Either the Housing Authority needs to keep up with the program or change the contract of the fee accountant to include work on this program.

Management's Response: Tucumcari Housing Authority management has implemented the auditors' recommendation and will communicate fully all financial information to the fee accountant.

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

A. Financial Statement Findings (continued)

Tucumcari Housing Authority (A Department of the City of Tucumcari) (continued)

2007-04 — Stale Dated Checks

Condition: The Housing Authority did not cancel 2 checks for a total of \$99.03 dating back to FY 2004 during the FY 2007.

Criteria: NMSA 6-10-57 (A) requires that whenever any check or warrant issued by the state, City, municipality, school district, or special district is unpaid for one year after it becomes payable, the fiscal officer shall cancel it.

Cause: The Housing Authority does have a system of control to ensure checks unpaid for one year are cancelled, and was unaware of this requirement.

Effect: Checks that have been outstanding in excess of a year remain on the books. By not canceling checks over a year old the Housing Authority is at a higher risk for misstatements, errors, and fraud.

Auditors' Recommendations: The Housing Authority should apply the controls, to ensure that checks unpaid for one year are cancelled.

Management's Response: Tucumcari Housing Authority will apply its existing controls to ensure checks not paid for one year are cancelled.

2007-05 — Disposition of Property and Equipment

Condition: During our testwork of capital assets, we noted that the Housing Authority disposed of property and equipment during the year ended June 30, 2007. However, they failed to notify the State Auditor of the planned disposition.

Criteria: According to the 2007 State Audit Rule 2.2.2.10 V, at least 30 days prior to disposition of property, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the active must be sent to the State Auditor.

Cause: The Housing Authority is not aware of the State Audit Rule 2.2.2.10 V and did not notify the State Auditor of such disposition in accordance with 2007 State Audit Rule 2.2.2.10 V.

Effect: The Housing Authority has not adhered to the required chain of events in disposing of property and equipment. The chain of events is in place to prevent agencies from disposing of assets for which there may still be a useful life. The Housing Authority may have disposed of property and equipment that the State might have considered to still have use.

Auditors' Recommendations: The Housing Authority must notify the State Auditor at least thirty days prior to planned disposition of property and equipment.

Management's Response: Tucumcari Housing Authority will notify the state auditor at least 30 days prior to planned disposition of property and equipment.

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

A. Financial Statement Findings (continued)

Tucumcari Housing Authority (A Department of the City of Tucumcari) (continued)

2007-06 — Personal Use of City Vehicles

Condition: Audit procedures indicate that the Housing Authority did not include personal use of Housing vehicles from the prior Executive Director taxable earnings for the year ended June 30, 2007.

Criteria: According to the 2007 State Audit Rule 2.2.2.10 I, personal use of a government agency vehicle is always taxable income to the employee unless the vehicle is a qualified non-personal use vehicle provided to the employee as a “working condition fringe benefit.”

Cause: The prior executive director used Housing Authority vehicles against city policy due to management override.

Effect: This personal use of Housing vehicles without reporting such use as taxable income to the prior Executive Director places the Housing Authority in noncompliance with the State Audit Rule, may result in related payroll tax liability to the federal government, if assessed, and heightened the risk of misstatements and/ or fraud. In addition, it causes the individual to whom taxable income should have been recognized, to have understated their income.

Auditors’ Recommendations: Internal control policies and procedures that are in place should be followed.

Management’s Response: Tucumcari Housing Authority will ensure full compliance with internal control policies and procedures.

2007-07 — Capital Asset Roll forward

Condition: During our testwork, we received a depreciation schedule that was missing deletions and they did not have a detailed capital asset listing. We found that there were two trucks that were deleted with a total fair market value of about \$9,850.

Criteria: The Housing Authority is required to maintain a correct detailed capital asset listing with a corresponding depreciation schedule.

Cause: The Housing Authority out sources information to a fee accountant, she was able to give us a depreciation schedule separated by category, but was not able to give us a correct detailed asset listing. Also, during the year, the Housing Authority donated assets without relaying the information onto the fee accountant.

Effect: The effect is that for testwork on capital assets, we were unable to depend on the original depreciation schedule, and test individual assets for accuracy; therefore we are unable to verify accuracy which increases the risk of misclassification and fraud.

Auditor’s Recommendation: We recommend that the Housing Authority communicate with their fee accountant to develop a detailed assets listing and implement procedures to insure that all additions and deletions are included in the depreciation schedule and are accurate.

Management’s Response: Tucumcari Housing Authority will thoroughly communicate with the fee accountant to ensure all asset additions and deletions are included in the depreciation schedule.

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

A. Financial Statement Findings (continued)

Tucumcari Housing Authority (A Department of the City of Tucumcari) (continued)

2007-08 — Failure to Display Proper Equal Housing Opportunity Sign

Condition: During our field work of Tucumcari Housing Authority, we observed that the housing is not displaying the proper size of equal housing opportunity sign.

Criteria: According to CFR Subtitle B, Ch. 1 (4-1-07 Edition) Section 110.25, the fair housing poster shall be 11 inches by 14 inches.

Cause: The Tucumcari Housing Authority does have small signs posted on the front and side window, however, the Housing Authority was not aware of the size requirement.

Effect: CFR states in title 24 Section 110.30 that “a failure to display the fair housing poster as required by this part shall be deemed prima facie evidence of a discriminatory housing practice”, which can increase the risk of litigation upon the Housing Authority. In addition, it raises concerns that the Housing Authority is not doing all it can to inform the public of the housing opportunities that are available to them.

Auditor Recommendation: We recommend that the Housing Authority replace existing signs, with the correct size of signs.

Management Response: Tucumcari Housing Authority management has ordered the correct sized signs and will install them as soon as they are received. In the meantime, temporary signs of the correct size are being displayed.

2007-09 — Security Deposits Not Matching the Restricted Cash Account

Condition: The restricted tenant deposits account does not match the liability account for the deposits. This account is specifically set up for tenants’ deposits that are owed to the individual upon cancellation of service.

Criteria: The deposit liability should be reconciled to the deposit bank account.

Cause: The monies in the bank are not being reconciled to the deposit listing maintained by the Housing Authority.

Effect: The deposit liability balance for the Public Housing tenant account is overstated by \$88 and the deposit liability balance for the Rural Rental tenant account is overstated by \$101.

Auditors’ Recommendation: The tenant deposits liability account should be reconciled with the tenant deposits account throughout the year.

Management’s Response: Tucumcari Housing Authority will reconcile the tenant deposit account.

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

B. Federal Award Findings

Tucumcari Housing Authority (A Department of the City of Tucumcari)

FA 2005-05 Tenant Files

Federal program information:

Funding agency: U.S. Department Housing and Urban Development
Title: Section 8 and Public Housing Low Rent Programs
CFDA number: 14.871 and 14.850

Condition: The Housing Authority incorrectly computed the income of one tenant out of 25 tested for Section 8 by entering exclusion into the system without any documentation of how that computation was made. There were also two tenants out of 50 tested for Public Housing Low rent whose income was not correctly computed for the determination of the tenant rent.

Criteria: A-133 Compliance Supplement 4-14.871-3-4 and 4-14.850-3-4 state that the Housing Authority must obtain a third party verification of income in order to correctly determine the rent payments.

Questioned Costs: None.

Cause: For the Section 8 tenant, the income was reduced by an exclusion that was manually entered into the system without any documentation of how it was determined. For the two tenants in Public Housing low rent, the income for one had an amount from the previous year in the file and the other had an amount in it that could not be backed up with a third party verification.

Effect: The Housing Authority is not properly calculating income, and therefore not making the proper determination of tenant rent. This can result in understatement of tenant rent and therefore a reduction of the Housing Authorities resources available to the public. Furthermore, failure to comply with the eligibility requirements of the grant awards could result in a reduction of funding from the federal programs.

Auditor's Recommendation: Housing Authority must have a procedure for determining exclusions for tenants, must have third party verification before entering income amounts and must update their income amounts.

Management's Response: Tucumcari Housing Authority has taken steps to ensure accurate information is available and that staff has been trained to correctly verify tenant income and determine exclusions. Tucumcari Housing Authority management will periodically review calculations to ensure compliance.

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

B. Federal Award Findings (continued)

Tucumcari Housing Authority (A Department of the City of Tucumcari) (continued)

FA 2006-01: Lack of Adequate Internal Controls Over Compliance

Federal program information:

Funding agency: U.S. Department Housing and Urban Development
Title: Section 8 and Public Housing Low Rent Programs
CFDA number: 14.871 and 14.850

Condition: The Housing Authority does not have a comprehensive documented internal control structure.

Criteria: The Housing Authority is required to follow the Single Audit requirements stipulated by *U.S. Office of Management and Budget (OMB) Circular A-133* when receiving federal funds in excess of \$500,000. Those requirements stipulate that as a condition of receiving Federal awards, non-Federal entities agree to comply with applicable laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements. (*OMB Circular A-133 Compliance Supplement Part I, 1-6.*)

Questioned Costs: None.

Cause: The Housing Authority had difficulty in submission of required financial reports and maintenance of its tenant files.

Effect: Lack of adequate internal controls results in an inability to ensure compliance with applicable requirements of Federal programs and could result in reduced funding for programs.

Auditors' Recommendation: Management should ensure that a comprehensive internal control structure is designed and implemented. The body charged with governance should provide effective oversight of the internal control.

Management's Response: Tucumcari Housing Authority has begun a comprehensive audit and review of internal control. A new executive director has been hired who can provide daily onsite supervision and direction, and specifically address management's shortcomings. Internal control failures will be corrected and effective oversight implemented to ensure compliance. Management will also work with the HUD area office and the outside auditor to develop and implement a comprehensive internal control structure.

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

B. Federal Award Findings (continued)

Tucumcari Housing Authority (A Department of the City of Tucumcari) (continued)

FA 2007-01: Inspections for Tenants Not Completed

Federal program information:

Funding agency: U.S. Department Housing and Urban Development
Title: Section 8 Program
CFDA number: 14.871

Condition: There were two tenants out of 25 tested that did not have inspections done for the current fiscal year.

Criteria: A-133 Compliance Supplement 4-14.871-8 states that the Housing Authority must inspect the unit of each tenant at least once annually.

Questioned Costs: None.

Cause: Inspections were not completed because the employee who did the inspections forgot to do them and was never reminded to get them done.

Effect: The Housing Authority is not properly monitoring its tenants to ensure that they are abiding by the guidelines for participation in the Section 8 Program. As a result, there may be tenant participants who should have been disqualified from continued participation, and resources that should have been made available to those on the waiting lists have not been made available.

Auditor's Recommendation: Housing Authority must make sure that inspections are done for every tenant each year.

Management's Response: Tucumcari Housing Authority has already begun to implement procedures that will ensure that inspections are done for every tenant every year.

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

B. Federal Award Findings (continued)

Tucumcari Housing Authority (A Department of the City of Tucumcari) (continued)

FA 2007-02: Financial Reports

Federal program information:

Funding agency: U.S. Department Housing and Urban Development
Title: Section 8 Program and Public Housing Low Rent Programs
CFDA number: 14.871 and 14.850

Condition: The client was unable to provide the 1st and 2nd quarter reports of 2007 for the Voucher for Payment of Annual Contributions and Operating Statements, they did not submit the PHAS Management Operations Certification, and did not submit the Section 8 Management Assessment Program (SEMAP) certification correctly.

Criteria: A-133 Compliance Supplement 4-14.871-4-5 states that the Housing Authority must submit and obtain all four quarters of the Voucher for Payment of Annual Contributions and Operating Statements and submit a correct SEMAP submission. A-133 Compliance Supplement 4-14.850-4 states that the Housing Authority must submit the Public Housing Assessment System (PHAS) Management Operations Certification.

Questioned Costs: None.

Cause: Due to inadequate internal controls and appropriate management supervision and oversight the client could not locate the 2nd quarter of the 2007 submission of the Voucher for Payment of Annual Contributions and Operating Statements so that the auditors could inspect them. Also, the Housing Authority did not submit the PHAS certification and did not correctly submit the SEMAP certification.

Effect: The Housing Authority has not met its financial reporting requirements. The inability to do so could result in reduced funding to the program.

Auditor's Recommendation: Housing Authority must make sure that all submissions are completed correctly and copies are retained for inspection.

Management's Response: Tucumcari Housing Authority has hired a new executive director to ensure that all submissions are completed correctly and on time.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Findings and Questioned Costs
June 30, 2007

Section III – Prior Year Findings

City of Tucumcari

FS 02-19 – Timeliness of Audit Report	Repeated
FS 03-03 – Expenditures in Excess of Budget	Resolved
FS 06-01 – Personnel Files	Repeated
FS 06-02 – Stale Dated Checks	Resolved
FS 06-03 – Preparation of Financial Statements	Repeated
FS 06-04 – Deficiencies in Internal Control	Repeated
FS 06-05 – Capital Assets	Repeated and updated
FS 06-06 – Failure to Locate Supporting Documents	Resolved
FS 06-07 – Failure to Develop IT Contingency Plan(s)	Repeated
FS 06-08 – Failure to Have Adequate Physical IT Controls	Repeated
FS 06-09 – Procurement Code – Bids	Resolved

Tucumcari Housing Authority (A Department of the City of Tucumcari)

2005-01 – Outside Accounting for All Programs	Resolved
2005-02 – Employee Training	Repeated
2006-01 – Bank Relationship	Resolved
2006-02 – Timeliness of Bank Deposits	Repeated and updated
2006-03 – Chaparral Apartment Subsidy Payments	Resolved
2006-04 – Staff Communications – Subsidy Requests	Resolved
2006-05 – Over Expenditure of Budget	Resolved
FA 2005-05 – Tenant Files	Repeated and updated
FA 2005-06 – Waiting List Maintenance	Resolved

STATE OF NEW MEXICO

City of Tucumcari

Other Disclosures

June 30, 2007

Exit Conference

An exit conference was held on September 18, 2008. In attendance were the following:

Representing the City of Tucumcari:

John Sutherland

Marty Garcia

Vicki Strand

Jim Lafferty

City Manager

Finance Director

Deputy Finance Director

City Commissioner

Representing Accounting & Consulting Group, LLP:

Jeff McWhorter

Audit Director

Auditor Prepared Financial Statements

The City's management is responsible for the contents of this annual financial report. Although it would be preferred and desirable for the City to prepare its own financial statements, it felt the City's personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting, including the preparation of financial statements and related footnote disclosures, to prepare them. Accounting & Consulting Group, LLP prepared the financial statements of the City of Tucumcari from the original books and records provided to them by the management of the City.