

STATE OF NEW MEXICO
CITY OF TUCUMCARI
ANNUAL FINANCIAL REPORT
JUNE 30, 2008

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO

City of Tucumcari

Official Roster

June 30, 2008

<u>Name</u>	<u>City Council</u>	<u>Title</u>
Antonio Apodaca		Mayor
James Witcher		Mayor Pro-Tem
James Lafferty		Commissioner
Robert Lumpkin		Commissioner
Jimmy Sandoval		Commissioner
	<u>Administration</u>	
John Sutherland		City Manager
Jeanette Maddaford		City Clerk
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, 2008

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City of Tucumcari
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FINANCIAL SECTION

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Accounting & Consulting Group, LLP

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 1/8% economic development tax 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, 2008, 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, 2008 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.

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

We were not able to verify capital assets and the related accumulated depreciation at June 30, 2008 or the depreciation expense 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, 2008 and the depreciation expense 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 depreciation 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 major proprietary funds and the internal service fund of the City of Tucumcari as of June 30, 2008, and the changes in financial position and, where applicable, cash flows thereof 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 major governmental fund and the aggregate remaining fund information of the City of Tucumcari as of June 30, 2008, and the respective changes in financial position thereof and the budgetary comparisons for the general fund and 1/8% economic development tax special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

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Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City of Tucumcari as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparisons of the nonmajor governmental funds and the proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the financial statements, the 2008 financial statements have been restated to correct a misstatement.

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 November 25, 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 III 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 each of the nonmajor governmental fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements and each of the nonmajor governmental fund financial statements, taken as a whole.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP

Albuquerque, New Mexico

November 25, 2008, except for Note 18, as to which the date is June 26, 2009

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

City of Tucumcari

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 1,693,192	\$ 1,893,400	\$ 3,586,592
Receivables:			
Property taxes receivable	242,236	-	242,236
Other taxes receivable	589,138	46,938	636,076
Other receivables	314,550	24,080	338,630
Customer receivables	-	853,419	853,419
Prepays	98,506	33,872	132,378
Inventory	-	95,446	95,446
Internal balances	(138,654)	138,654	-
	<u>2,798,968</u>	<u>3,085,809</u>	<u>5,884,777</u>
Total current assets			
Noncurrent assets			
Restricted cash and cash equivalents	253,480	424,114	677,594
Capital assets	15,404,167	32,683,687	48,087,854
Less: accumulated depreciation	(8,452,726)	(18,009,904)	(26,462,630)
	<u>7,204,921</u>	<u>15,097,897</u>	<u>22,302,818</u>
Total noncurrent assets			
Total assets	<u>\$ 10,003,889</u>	<u>\$ 18,183,706</u>	<u>\$ 28,187,595</u>

The accompanying notes are an integral part of these financial statements

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 94,691	\$ 189,387	\$ 284,078
Accrued payroll expenses	152,502	69,304	221,806
Accrued compensated absences	122,340	55,967	178,307
Accrued interest	11,244	936	12,180
Meter and other refundable deposits	2,170	78,980	81,150
Current portion of bonds and notes payable	142,551	33,101	175,652
Total current liabilities	525,498	427,675	953,173
Noncurrent liabilities			
Accrued compensated absences	8,094	-	8,094
Landfill closure liability	-	1,312,912	1,312,912
Bonds and notes payable	2,530,029	1,050,500	3,580,529
Total noncurrent liabilities	2,538,123	2,363,412	4,901,535
Total liabilities	3,063,621	2,791,087	5,854,708
Net Assets			
Invested in capital assets, net of related debt	4,278,861	13,590,182	17,869,043
Restricted for: (Note 16)			
Debt service	343,463	-	343,463
Capital projects and improvements	20,549	1,218,323	1,238,872
Other purposes	1,512,622	749	1,513,371
Unrestricted	784,773	583,365	1,368,138
Total net assets	6,940,268	15,392,619	22,332,887
Total liabilities and net assets	\$ 10,003,889	\$ 18,183,706	\$ 28,187,595

STATE OF NEW MEXICO
City of Tucumcari
Statement of Activities
For the Year Ending June 30, 2008

<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	\$ 1,465,656	\$ 43,981	\$ 622,526	\$ -
Public safety	2,651,055	632,163	528,063	11,000
Public works	1,088,304	-	126,155	-
Culture and recreation	823,218	40,552	-	22,123
Health and welfare	510,403	29,204	305,256	-
Interest on long-term debt	93,139	-	-	-
<i>Total governmental activities</i>	<u>6,631,775</u>	<u>745,900</u>	<u>1,582,000</u>	<u>33,123</u>
Business-type Activities:				
Airport	580,364	345,473	-	7,645
Joint Utility	2,153,879	2,052,632	-	357,438
Sanitation	833,177	859,994	-	157,203
Housing Authority	1,330,735	163,151	1,054,780	-
<i>Total business type activities</i>	<u>4,898,155</u>	<u>3,421,250</u>	<u>1,054,780</u>	<u>522,286</u>
<i>Total</i>	<u><u>\$ 11,529,930</u></u>	<u><u>\$ 4,167,150</u></u>	<u><u>\$ 2,636,780</u></u>	<u><u>\$ 555,409</u></u>

General Revenues:

Taxes

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Licenses and fees

Fines, forfeitures, and penalties

Investment income

Miscellaneous income

Loss on disposal of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Restatement (Note 14)

Net assets, beginning, as restated

Net assets, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (799,149)	\$ -	\$ (799,149)
(1,479,829)	-	(1,479,829)
(962,149)	-	(962,149)
(760,543)	-	(760,543)
(175,943)	-	(175,943)
(93,139)	-	(93,139)
<u>(4,270,752)</u>	<u>-</u>	<u>(4,270,752)</u>
-	(227,246)	(227,246)
-	256,191	256,191
-	184,020	184,020
-	(112,804)	(112,804)
<u>-</u>	<u>100,161</u>	<u>100,161</u>
<u>(4,270,752)</u>	<u>100,161</u>	<u>(4,170,591)</u>
439,287	-	439,287
2,798,572	-	2,798,572
295,858	-	295,858
788,992	378,113	1,167,105
117,905	-	117,905
54,303	-	54,303
15,790	39,256	55,046
827,756	80,699	908,455
(8,311)	-	(8,311)
(71,842)	71,842	-
<u>5,258,310</u>	<u>569,910</u>	<u>5,828,220</u>
987,558	670,071	1,657,629
5,893,179	14,782,079	20,675,258
59,531	(59,531)	-
<u>5,952,710</u>	<u>14,722,548</u>	<u>20,675,258</u>
<u>\$ 6,940,268</u>	<u>\$ 15,392,619</u>	<u>\$ 22,332,887</u>

STATE OF NEW MEXICO

City of Tucumcari
Balance Sheet
Governmental Funds
June 30, 2008

Exhibit B-1
Page 1 of 2

	<u>General Fund</u>	<u>1/8% Economic Development Tax</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 734,222	\$ 396,712	\$ 815,133	\$ 1,946,067
Receivables:			-	
Property taxes	242,236	-	-	242,236
Other taxes receivable	478,353	21,137	89,648	589,138
Other receivables	95,806	19,669	198,823	314,298
Prepaid insurance	75,878	-	21,013	96,891
Due from other funds	296,991	3,747	103,008	403,746
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 1,923,486</u>	<u>\$ 441,265</u>	<u>\$ 1,227,625</u>	<u>\$ 3,592,376</u>
 <i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 58,716	\$ -	\$ 34,791	\$ 93,507
Accrued payroll expenses	92,789	-	50,649	143,438
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	228,815	-	-	228,815
Other deferred revenue	-	-	74,196	74,196
Meter and other refundable deposits	2,170	-	-	2,170
Due to other funds	242,178	-	275,691	517,869
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>624,668</u>	<u>-</u>	<u>435,327</u>	<u>1,059,995</u>
 <i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	234,415	234,415
Prepaid expenses	75,878	-	21,013	96,891
Unreserved, reported in:				
General fund	1,222,941	-	-	1,222,941
Special revenue	-	441,265	520,874	962,139
Capital projects	-	-	15,996	15,996
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>1,298,819</u>	<u>441,265</u>	<u>792,298</u>	<u>2,532,382</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,923,487</u>	<u>\$ 441,265</u>	<u>\$ 1,227,625</u>	<u>\$ 3,592,377</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, 2008

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	\$	2,532,382
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		6,932,790
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		228,815
Grant revenues not collected within sixty days after year end are not considered "available" revenues and are deferred revenues in the fund financial statements		74,196
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Accrued interest		(11,244)
Additional current accrued compensated absences (due within one year)		(115,622)
Internal service funds assets and liabilities included governmental activities in the statement of net assets		(20,375)
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		(8,094)
Bonds and notes payable		<u>(2,672,580)</u>
Net assets of governmental activities	\$	<u><u>6,940,268</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, 2008

Exhibit B-2
Page 1 of 2

	General Fund	1/8% Economic Development Tax	Other Governmental Funds	Total
<i>Revenues:</i>				
Taxes:				
Property	\$ 233,653	\$ -	\$ -	\$ 233,653
Gross receipts	2,667,959	-	-	2,667,959
Gasoline and motor vehicle	25,709	-	270,149	295,858
Other	309,264	130,151	479,728	919,143
Intergovernmental				
Federal operating grants	113,800	-	75,644	189,444
Federal capital grants	-	-	11,000	11,000
State operating grants	231,032	19,669	850,332	1,101,033
State capital grants	-	-	22,123	22,123
Charges for services	730,154	-	669,933	1,400,087
Licenses and fees	68,004	-	51,849	119,853
Fines, forfeitures, and penalties	54,303	-	-	54,303
Investment income	1,291	2,933	11,566	15,790
Miscellaneous	318,584	1,500	544,326	864,410
<i>Total revenues</i>	<u>4,753,753</u>	<u>154,253</u>	<u>2,986,650</u>	<u>7,894,656</u>
<i>Expenditures:</i>				
Current:				
General government	1,310,351	100,078	337,102	1,747,531
Public safety	1,428,648	-	1,051,287	2,479,935
Public works	584,789	-	487,924	1,072,713
Culture and recreation	379,690	-	196,069	575,759
Health and welfare	79,601	-	490,766	570,367
Capital outlay	144,145	10,149	479,596	633,890
Debt service:				
Principal	-	-	142,337	142,337
Interest	-	-	103,846	103,846
<i>Total expenditures</i>	<u>3,927,224</u>	<u>110,227</u>	<u>3,288,927</u>	<u>7,326,378</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>826,529</u>	<u>44,026</u>	<u>(302,277)</u>	<u>568,278</u>
<i>Other financing sources (uses)</i>				
Transfers in	4,000	5,000	1,029,374	1,038,374
Transfers out	(496,014)	(8,475)	(605,727)	(1,110,216)
<i>Total other financing sources (uses)</i>	<u>(492,014)</u>	<u>(3,475)</u>	<u>423,647</u>	<u>(71,842)</u>
<i>Net change in fund balance</i>	334,515	40,551	121,370	496,436
<i>Fund balance - beginning of year</i>	964,304	400,714	611,397	1,976,415
<i>Restatement (Note 14)</i>	-	-	59,531	59,531
<i>Fund balance - end of year</i>	<u>\$ 1,298,819</u>	<u>\$ 441,265</u>	<u>\$ 792,298</u>	<u>\$ 2,532,382</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, 2008

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	\$	496,436
<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		633,891
Depreciation expense		(562,026)
Loss on disposition of assets		(8,311)
<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		279,830
<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>		
Change in additional current accrued compensated absences (due within one year)		(5,011)
The net revenue of the internal service fund is reported with the governmental activities		(1,120)
<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		(537)
Decrease in noncurrent accrued compensated absences		12,069
Principal payments on bonds and notes payable		142,337
Change in net assets of governmental activities	\$	987,558

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, 2008

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 241,203	\$ 241,203	\$ 220,232	\$ (20,971)
Gross receipts	2,488,279	2,488,279	2,226,512	(261,767)
Gasoline and motor vehicle	24,500	24,500	25,709	1,209
Other	271,000	271,000	272,358	1,358
Intergovernmental income:				
Federal operating grants	-	102,353	113,800	11,447
Federal capital grants	-	-	-	-
State operating grants	210,260	250,365	171,896	(78,469)
State capital grants	-	-	-	-
Charges for services	706,503	706,503	693,098	(13,405)
Licenses and fees	62,750	62,750	68,004	5,254
Fines, forfeitures and penalties	66,900	66,900	54,303	(12,597)
Investment income	12,000	12,000	1,291	(10,709)
Miscellaneous	88,210	99,185	275,839	176,654
<i>Total revenues</i>	<u>4,171,605</u>	<u>4,325,038</u>	<u>4,123,042</u>	<u>(201,996)</u>
<i>Expenditures:</i>				
Current:				
General government	1,491,574	1,549,127	1,258,887	290,240
Public safety	1,395,533	1,495,275	1,534,576	(39,301)
Public Works	540,328	575,767	575,550	217
Culture and recreation	359,146	359,146	383,422	(24,276)
Health and welfare	74,280	74,280	80,174	(5,894)
Capital outlay	104,549	27,478	61,039	(33,561)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,965,410</u>	<u>4,081,073</u>	<u>3,893,648</u>	<u>187,425</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>206,195</u>	<u>243,965</u>	<u>229,394</u>	<u>(14,571)</u>
<i>Other financing sources (uses)</i>				
Designated cash	249,549	247,779	-	(247,779)
Transfers in	4,000	4,000	4,000	-
Transfers out	(459,744)	(495,744)	(496,015)	(271)
<i>Total other financing sources (uses)</i>	<u>(206,195)</u>	<u>(243,965)</u>	<u>(492,015)</u>	<u>(248,050)</u>
<i>Net change in fund balance</i>	-	-	(262,621)	(262,621)
<i>Fund balance - beginning of year</i>	-	-	773,072	773,072
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 510,451</u>	<u>\$ 510,451</u>
Net change in fund balance (<i>Budget Basis</i>)				\$ (262,621)
Adjustments to revenue for property and gross receipts tax accruals, state operating revenue accruals, charges for services and miscellaneous revenue accruals				630,712
Adjustments to expenditures for general government, public safety, public works, culture and recreation, and capital outlay function accruals				(33,576)
Net change in fund balance (<i>GAAP Basis</i>)				<u>\$ 334,515</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

City of Tucumcari
 1/8% Economic Development 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, 2008

	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	115,044	115,044	109,014	(6,030)
Intergovernmental income:	-	-	-	-
Federal operating grant	-	-	-	-
Federal capital grant	400,000	300,000	-	(300,000)
State operating grant	1,007,562	1,007,562	19,669	(987,893)
State capital grant	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	12,750	12,750	3,563	(9,187)
Miscellaneous	-	-	1,500	1,500
<i>Total revenues</i>	<u>1,535,356</u>	<u>1,435,356</u>	<u>133,746</u>	<u>(1,301,610)</u>
<i>Expenditures:</i>				
Current:				
General government	58,876	58,876	64,283	(5,407)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,473,594	1,373,594	45,944	1,327,650
Debt Service:	-	-	-	-
Principal	(5,864)	(5,864)	-	(5,864)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,526,606</u>	<u>1,426,606</u>	<u>110,227</u>	<u>1,316,379</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>8,750</u>	<u>8,750</u>	<u>23,519</u>	<u>14,769</u>
<i>Other financing sources (uses)</i>				
Transfers in	5,000	5,000	5,000	-
Transfers out	(13,750)	(13,750)	(8,475)	5,275
<i>Total other financing sources (uses)</i>	<u>(8,750)</u>	<u>(8,750)</u>	<u>(3,475)</u>	<u>5,275</u>
<i>Net change in fund balance</i>	-	-	20,044	20,044
<i>Fund balance - beginning of year</i>	-	-	376,429	376,429
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,473</u>	<u>\$ 396,473</u>
Net change in fund balance (<i>Budget Basis</i>)				\$ 20,044
Adjustments to revenue for other taxes and investment income accruals				20,507
No adjustments for expenditure accruals				-
Net change in fund balance (<i>GAAP Basis</i>)				<u>\$ 40,551</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, 2008

	<u>Airport</u>	<u>Joint Utility</u>	<u>Solid Waste</u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 911	\$ 1,057,466	\$ 387,595
Receivables:			
Other taxes	-	41,913	5,025
Other receivables	764	2,660	10,183
Customer receivables, net of allowance	-	632,567	220,852
Prepays	574	14,676	7,454
Inventory	40,479	54,967	-
Due from other funds	-	241,812	44,789
<i>Total current assets</i>	<u>42,728</u>	<u>2,046,061</u>	<u>675,898</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	332,786	77,307
Capital assets	5,584,758	19,374,517	3,235,253
Accumulated depreciation	(2,512,003)	(12,273,081)	(1,303,671)
<i>Total noncurrent assets</i>	<u>3,072,755</u>	<u>7,434,222</u>	<u>2,008,889</u>
<i>Total Assets</i>	<u>\$ 3,115,483</u>	<u>\$ 9,480,283</u>	<u>\$ 2,684,787</u>
<i>Liabilities and Net Assets</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 2,596	\$ 97,799	\$ 62,930
Accrued payroll expenses	2,328	29,609	10,117
Accrued interest payable	-	936	-
Accrued compensated absences	3,758	27,153	17,571
Meter and other refundable deposits	-	64,210	-
Due to other funds	50,668	44,125	53,154
Deferred revenue	-	-	-
Current portion of notes payable	-	25,080	-
<i>Total current liabilities</i>	<u>59,350</u>	<u>288,912</u>	<u>143,772</u>
<i>Noncurrent liabilities</i>			
Landfill closure	-	-	1,312,912
Notes payable	-	327,398	-
Accrued compensated absences	-	-	-
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>327,398</u>	<u>1,312,912</u>
<i>Total liabilities</i>	<u>59,350</u>	<u>616,310</u>	<u>1,456,684</u>
<i>Net Assets:</i>			
Invested in capital assets, net of related debt	3,072,755	6,748,958	1,931,582
Restricted net assets	-	-	1,218,323
Unrestricted net assets	(16,622)	2,115,015	(1,921,802)
<i>Total net assets</i>	<u>3,056,133</u>	<u>8,863,973</u>	<u>1,228,103</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 3,115,483</u>	<u>\$ 9,480,283</u>	<u>\$ 2,684,787</u>

The accompanying notes are an integral part of these financial statements

<u>Housing Authority</u>	<u>Total</u>	<u>Internal Service Fund</u>
\$ 447,428	\$ 1,893,400	\$ 605
-	46,938	-
10,473	24,080	252
-	853,419	-
11,168	33,872	1,615
-	95,446	-
-	286,601	499
<u>469,069</u>	<u>3,233,756</u>	<u>2,971</u>
14,021	424,114	-
4,489,159	32,683,687	111,980
(1,921,149)	(18,009,904)	(93,329)
<u>2,582,031</u>	<u>15,097,897</u>	<u>18,651</u>
<u>\$ 3,051,100</u>	<u>\$ 18,331,653</u>	<u>\$ 21,622</u>
\$ 20,957	\$ 184,282	\$ 1,184
32,355	74,409	9,064
-	936	-
7,485	55,967	6,718
14,770	78,980	-
-	147,947	25,031
-	-	-
8,021	33,101	-
<u>83,588</u>	<u>575,622</u>	<u>41,997</u>
-	1,312,912	-
723,102	1,050,500	-
-	-	-
<u>723,102</u>	<u>2,363,412</u>	<u>-</u>
<u>806,690</u>	<u>2,939,034</u>	<u>41,997</u>
1,836,888	13,590,183	18,651
749	1,219,072	-
406,773	583,364	(39,026)
<u>2,244,410</u>	<u>15,392,619</u>	<u>(20,375)</u>
<u>\$ 3,051,100</u>	<u>\$ 18,331,653</u>	<u>\$ 21,622</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, 2008

	Airport	Joint Utility	Solid Waste
<i>Operating revenues:</i>			
Charges for services	\$ 345,473	\$ 2,052,632	\$ 859,994
<i>Total operating revenues</i>	<u>345,473</u>	<u>2,052,632</u>	<u>859,994</u>
<i>Operating expenses:</i>			
General and administrative	20,533	259,099	271,049
Personnel services	87,173	969,593	280,901
Contractual services	2,696	10,106	3,345
Supplies and purchased power	3,944	77,544	79,267
Maintenance and materials	296,625	342,246	62,856
Utilities	16,457	169,436	5,539
Housing assistance payments	-	-	-
Depreciation	151,592	313,581	107,086
Miscellaneous	1,344	2,046	686
<i>Total operating expenses</i>	<u>580,364</u>	<u>2,143,651</u>	<u>810,729</u>
<i>Operating income (loss)</i>	<u>(234,891)</u>	<u>(91,019)</u>	<u>49,265</u>
<i>Non-operating revenues (expenses):</i>			
Operating grants	-	-	-
Interest income	-	23,164	14,277
Interest expense	-	(3,768)	-
Gross receipts and other taxes	-	306,750	71,363
Miscellaneous	22,506	58,193	-
Landfill closure/postclosure care costs	-	-	(22,448)
<i>Total non-operating revenues (expenses)</i>	<u>22,506</u>	<u>384,339</u>	<u>63,192</u>
Capital grants	7,645	350,978	157,203
Transfers in	71,842	383,500	63,000
Transfers out	-	(383,500)	(63,000)
<i>Capital grants and net transfers</i>	<u>79,487</u>	<u>350,978</u>	<u>157,203</u>
<i>Change in net assets</i>	<u>(132,898)</u>	<u>644,298</u>	<u>269,660</u>
<i>Net assets, beginning of year</i>	3,189,031	8,279,206	958,443
<i>Restatement (Note 14)</i>	<u>-</u>	<u>(59,531)</u>	<u>-</u>
<i>Beginning net assets, as restated</i>	3,189,031	8,219,675	958,443
<i>Net assets, end of year</i>	<u>\$ 3,056,133</u>	<u>\$ 8,863,973</u>	<u>\$ 1,228,103</u>

The accompanying notes are an integral part of these financial statements

Housing Authority	Total	Internal Service Fund
\$ 163,151	\$ 3,421,250	\$ 285,070
<u>163,151</u>	<u>3,421,250</u>	<u>285,070</u>
256,122	806,803	-
-	1,337,667	218,499
86,071	102,218	6,060
-	160,755	446
47,048	748,775	13,658
106,653	298,085	13,246
518,734	518,734	-
129,233	701,492	3,819
<u>122,547</u>	<u>126,623</u>	<u>30,462</u>
<u>1,266,408</u>	<u>4,801,152</u>	<u>286,190</u>
<u>(1,103,257)</u>	<u>(1,379,902)</u>	<u>(1,120)</u>
1,054,780	1,054,780	-
1,815	39,256	-
(64,327)	(68,095)	-
-	378,113	-
-	80,699	-
<u>-</u>	<u>(22,448)</u>	<u>-</u>
<u>992,268</u>	<u>1,462,305</u>	<u>-</u>
-	515,826	-
-	518,342	-
<u>-</u>	<u>(446,500)</u>	<u>-</u>
<u>-</u>	<u>587,668</u>	<u>-</u>
(110,989)	670,071	(1,120)
2,355,399	14,782,079	(19,255)
<u>-</u>	<u>(59,531)</u>	<u>-</u>
2,355,399	14,722,548	(19,255)
<u>\$ 2,244,410</u>	<u>\$ 15,392,619</u>	<u>\$ (20,375)</u>

STATE OF NEW MEXICO
City of Tucumcari
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	<u>Airport</u>	<u>Joint Utility</u>	<u>Solid Waste</u>
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 345,373	\$ 2,002,290	\$ 825,785
Cash payments to employees for services	(86,716)	(968,116)	(271,701)
Cash payments to suppliers for goods and services	(357,008)	(835,688)	(380,339)
<i>Net cash provided (used) by operating activities</i>	<u>(98,351)</u>	<u>198,486</u>	<u>173,745</u>
<i>Cash flows from noncapital financing activities:</i>			
Cash payments for landfill closure	-	-	(22,448)
Operating grants	-	-	-
Other taxes received	-	264,837	78,166
Miscellaneous income	23,748	85,213	(4,926)
Miscellaneous expense	-	-	-
Change in noncurrent accrued compensated absences	(1,196)	(18,784)	(6,067)
Change in landfill closure liability	-	-	-
Internal transfers and loans	78,443	-	-
<i>Net cash provided (used) by noncapital financing activities:</i>	<u>100,995</u>	<u>331,266</u>	<u>44,725</u>
<i>Cash flows from capital and related financing activities:</i>			
Capital grants	7,645	350,978	157,203
Prior period adjustment	-	-	-
Acquisition of capital assets	(14,666)	(468,111)	(226,663)
Proceeds from sale of capital assets	-	-	-
Principal paid on capital debt	-	-	-
Proceeds from debt issuance	-	-	-
Interest paid on capital debt	-	(3,869)	-
<i>Net cash provided (used) by capital and related financing activities:</i>	<u>(7,021)</u>	<u>(121,002)</u>	<u>(69,460)</u>
<i>Cash flows from investing activities:</i>			
Interest on investments	-	23,164	14,277
<i>Net cash provided by (used) from investing activities</i>	<u>-</u>	<u>23,164</u>	<u>14,277</u>
<i>Net increase in cash and cash equivalents</i>	(4,377)	431,914	163,287
<i>Cash and cash equivalents - beginning of year</i>	<u>5,288</u>	<u>958,338</u>	<u>301,615</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 911</u>	<u>\$ 1,390,252</u>	<u>\$ 464,902</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ (234,991)	\$ (115,761)	\$ 49,262
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation	151,592	313,581	107,086
Changes in assets and liabilities			
Receivables	-	(61,878)	(34,209)
Inventory	(15,801)	72	-
Prepaid expenses	(32)	(811)	(412)
Accounts payable	424	50,270	42,819
Accrued payroll expenses	(857)	12,703	4,024
Current accrued compensated absences	1,314	(11,226)	5,175
Meter deposits and other refundable deposits	-	11,536	-
Deferred revenue	-	-	-
<i>Net cash (used) by operating activities</i>	<u>\$ (98,351)</u>	<u>\$ 198,486</u>	<u>\$ 173,745</u>

The accompanying notes are an integral part of these financial statements

Housing Authority	Total	Internal Service Fund
\$ 196,234	\$ 3,369,682	\$ 285,110
(239,862)	(1,566,395)	(216,297)
<u>(786,381)</u>	<u>(2,359,416)</u>	<u>(62,877)</u>
<u>(830,009)</u>	<u>(556,129)</u>	<u>5,936</u>
-	(22,448)	-
-	-	-
-	343,003	-
110,734	214,769	(252)
(224,304)	(224,304)	-
(5,831)	(31,878)	(5,751)
-	-	-
<u>14,717</u>	<u>93,160</u>	<u>-</u>
<u>(104,684)</u>	<u>372,302</u>	<u>(6,003)</u>
1,054,780	1,570,606	-
(14,198)	(14,198)	-
-	(709,440)	-
-	-	-
(7,350)	(7,350)	-
-	-	-
<u>(64,327)</u>	<u>(68,196)</u>	<u>-</u>
968,905	771,422	-
<u>1,815</u>	<u>39,256</u>	<u>-</u>
<u>1,815</u>	<u>39,256</u>	<u>-</u>
36,027	626,851	(67)
<u>425,422</u>	<u>1,690,663</u>	<u>672</u>
<u>\$ 461,449</u>	<u>\$ 2,317,514</u>	<u>\$ 605</u>
\$ (986,916)	\$ (1,288,406)	\$ (1,120)
129,236	701,495	3,819
25,378	(70,709)	40
-	(15,729)	-
-	(1,255)	(89)
(22,216)	71,297	1,084
4,633	20,503	3,225
17,810	13,073	(1,023)
2,066	13,602	-
-	-	-
<u>\$ (830,009)</u>	<u>\$ (556,129)</u>	<u>\$ 5,936</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

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, 2008

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, 2008.

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.

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, 2008

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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, 2008

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 1/8% Economic Development Tax *Special Revenue Fund* accounts for monies received from 1/8 of 1% municipal infrastructure gross receipts tax. Funding authority is NMSA 1978 7-19D-11.

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 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, 2008

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, 2008

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, net of estimated refunds and uncollectible amounts.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent 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 accounted for on a first in first out method 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, 2008

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. Construction related interest is capitalized only in the proprietary funds.

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

<u>Assets</u>	<u>Years</u>
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 Revenue: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be off-set by a corresponding liability for 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.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

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."

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

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 at the fund level.

These budgets are prepared on the Non-GAAP cash budgetary basis, budgeted expenditures exclude encumbrances. The budget secures 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 the change in net assets in the proprietary budgetary comparisons.

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	\$ 206,195	\$ 243,965
1/8% Economic Development Tax	\$ 8,750	\$ 8,750
Other Governmental Funds	\$ (452,348)	\$ (624,055)

	Change in Net Assets	
	Original	Final
	Budget	Budget
Airport	\$ 212,500	\$ 212,500
Joint Utility	\$ 4,767,511	\$ 4,696,553
Solid Waste	\$ 996,249	\$ 984,253
Housing	\$ 70,867	\$ (135,009)
Internal Service Fund	\$ -	\$ -

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 the budgetary basis.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

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, 2008 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis, by fund, can be found on each individual budgetary statement.

NOTE 3. Deposits 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.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or are collateralized as required by statute.

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

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

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

According to the Federal Deposit Insurance Corporation, 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 set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2008, \$3,909,450 of the City's bank balances of \$4,671,022 was exposed to custodial credit risk. \$2,088,453 was uninsured and collateralized by securities held by the pledging bank's trust department, not in the City's name and \$1,820,997 was uninsured and uncollateralized.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

	<u>Wells Fargo</u>	<u>First National Bank</u>	<u>Tucumcari Federal</u>
Deposits	\$ 2,134,536	\$ 731,425	\$ 60,453
FDIC Coverage	<u>(200,000)</u>	<u>(200,000)</u>	<u>(60,453)</u>
Total uninsured public funds	1,934,536	531,425	-
Collateral pledged but held in the bank's trust dept. other than in the City's name	<u>952,174</u>	<u>260,543</u>	<u>-</u>
Total uninsured and uncollateralized	<u>\$ 982,362</u>	<u>\$ 270,882</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ 967,268	\$ 265,713	\$ -
Pledged Collateral	<u>952,174</u>	<u>260,543</u>	<u>-</u>
Over (Under) collateralized	<u>\$ (15,094)</u>	<u>\$ (5,170)</u>	<u>\$ -</u>
		<u>Everyone's Credit Union</u>	<u>Total</u>
	<u>Citizens Bank</u>		
Deposits	\$ 1,643,489	\$ 101,119	\$ 4,671,022
FDIC Coverage	<u>(200,000)</u>	<u>(101,119)</u>	<u>(761,572)</u>
Total uninsured public funds	1,443,489	-	3,909,450
Collateral pledged but held in the bank's trust dept. other than in the City's name	<u>875,736</u>	<u>-</u>	<u>2,088,453</u>
Total uninsured and uncollateralized	<u>\$ 567,753</u>	<u>\$ -</u>	<u>\$ 1,820,997</u>
Collateral requirement (50% of uninsured public funds)	\$ 721,745	\$ -	\$ 1,954,726
Pledged Collateral	<u>875,736</u>	<u>-</u>	<u>2,088,453</u>
Over (Under) collateralized	<u>\$ 153,991</u>	<u>\$ -</u>	<u>\$ 133,727</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$	3,586,592
Restricted cash and cash equivalents per Exhibit A-1		<u>677,594</u>
 Total cash and cash equivalents		 <u>4,264,186</u>
 Add: outstanding checks and other reconciling items		 492,165
Less: U.S. Treasury Money Market (cash equivalent)		(82,556)
Less: petty cash		<u>(2,773)</u>
 Bank balance of deposits	 \$	 <u><u>4,671,022</u></u>

Investments

The City's investments at June 30, 2008 include the following:

Investments	Maturities	Fair Value	Rating
U.S. Treasury Money Market Mutual Funds	< 365Days	\$ <u>82,556*</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).

Pooled Cash

The City uses pooled accounts for its funds. The general fund, special revenue funds, debt service funds and capital projects funds are all in multiple accounts. At June 30, 2008 the cash balance was negative in the following funds:

	Cash Balance
Judicial special revenue fund	\$ (13,239)
Senior citizens special revenue fund	\$ (45,723)
State appropriations project	\$ (5,637)

The City's financial statements report these temporary interfund loans as interfund receivables in the lender fund and interfund payables in the borrowers funds.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 4. Receivables

Governmental funds receivables shown net of allowance for doubtful accounts as of June 30, 2008, are as follows:

	General	1/8% Economic Development Tax	Other Governmental Funds	Total
Property taxes	\$ 242,236	\$ -	\$ -	\$ 242,236
Other taxes:				
Gross receipts taxes	441,447	21,137		462,584
Lodger's taxes, net	36,906	-	53,061	89,967
Gas taxes	-	-	36,587	36,587
Other taxes	-	-	-	-
Other receivables:				
Intergovernmental-grants:				
State	59,790	19,669	161,086	240,545
Interest	-	-	-	-
Miscellaneous	36,016	-	37,737	73,753
Totals by category	<u>\$ 816,395</u>	<u>\$ 40,806</u>	<u>\$ 288,471</u>	<u>\$ 1,145,672</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, 2008, are as follows:

	Airport	Joint Utility	Solid Waste	Housing Authority	Total	Internal Service Fund
Gross receipts taxes	\$ -	\$ 41,913	\$ 5,025	\$ -	\$ 46,938	\$ -
Other receivables:						
Dwelling rents	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Intergovernmental-grants:						
State	-	344	-	10,473	10,817	-
Miscellaneous, (allowance \$60, \$3,147, \$3,082, \$0, and \$213 respectively)	764	2,316	10,183	-	13,263	252
Customer receivables, (allowance \$0, \$6,937, \$3,161, \$0, and \$0 respectively)	-	632,567	220,852	-	853,419	-
Totals by category	<u>\$ 764</u>	<u>\$ 677,140</u>	<u>\$ 236,060</u>	<u>\$ 10,473</u>	<u>\$ 924,437</u>	<u>\$ 252</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

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
General Fund	Lodger's Tax Promotional Special Revenue Fund	\$ 4,000
Lodger's Tax Promotional Special Revenue Fund	Lodger's Tax Executive Special Revenue Fund	233,710
Judicial Special Revenue Fund	General Fund	66,024
EMS Special Revenue Fund	General Fund	110,000
Corrections Special Revenue Fund	General Fund	28,050
Recreation Special Revenue Fund	General Fund	179,966
Convention Center Operation and Maintenance Special Revenue Fund	Lodger's Tax Executive Special Revenue Fund	43,632
Convention Center Operation and Maintenance Special Revenue Fund	Lodger's Tax Promotional Special Revenue Fund	151,291
1/8% Economic Development Tax	General Fund	5,000
CDBG Joint Utility	Utility Proprietary Fund	75,000
Convention Center Capital Projects Fund	Lodger's Tax Executive Special Revenue Fund	8,425
Airport Propriety Fund	General Fund	63,367
Airport Propriety Fund	1/8% Economic Development Tax	8,475
NMED Water Well Loan Proprietary Fund	Utility Proprietary Fund	2,899
NMFA 4th & 5th Street Utilities Proprietary Fund	Utility Proprietary Fund	27,146
Sanitation Capital	Utility Proprietary Fund	278,455
Sanitation Capital	Sanitation Proprietary Fund	63,000
Lodger's tax / GRT Series 2002 Debt Service Fund	Lodger's Tax Executive Special Revenue Fund	164,668
GRT Police Building Debt Service Fund	General Fund	<u>43,608</u>
Total Funds		<u><u>\$1,556,716</u></u>

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2008 is as follows:

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

Due From	Due To	Amount
General	Lodger's Tax Executive Special Revenue Fund	\$ 81,592
General	Joint Utility Proprietary Fund	140,671
General	Sanitation Proprietary Fund	14,355
General		-
General	Fire District Special Revenue Fund	4,447
Lodger's Tax Executive Special Revenue Fund	Lodger's Tax Promotion Special Revenue Fund	10,014

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

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

Due From	Due To	Amount
Lodger's Tax Executive Special Revenue Fund	Judicial Special Revenue Fund	115
Lodger's Tax Executive Special Revenue Fund	Corrections Special Revenue Fund	5
Lodger's Tax Executive Special Revenue Fund	Recreation Special Revenue Fund	173
Lodger's Tax Promotion Special Revenue Fund	General Fund	74,715
Judicial Special Revenue Fund	General Fund	13,239
Fire District Special Revenue Fund	General Fund	26
Fire District Special Revenue Fund	Joint Utility Proprietary Fund	3,657
Fire District Special Revenue Fund	Internal Service Fund	464
Recreation Special Revenue Fund	General Fund	3,890
Recreation Special Revenue Fund	Joint Utility Proprietary Fund	3,635
Recreation Special Revenue Fund	Internal Service Fund	35
Recreation Special Revenue Fund	Convention Center Operation and Maintenance Special Revenue Fund	138
Gas Tax Special Revenue Fund	General Fund	51,532
Gas Tax Special Revenue Fund	Joint Utility Proprietary Fund	18,734
Convention Center Operation and Maintenance Special Revenue Fund	Joint Utility Proprietary Fund	8,080
Local Law Enforcement Block Grant Special Revenue Fund	General Fund	480
Golf Course Capital Improvements Fund	1/8% Economic Development Tax Special Revenue Fund	3,747
Golf Course Capital Improvements Fund	Gas Tax Special Revenue Fund	5,186
State Appropriations Project Capital Improvements Fund	General Fund	5,637
Airport Proprietary Fund	General Fund	46,002
Airport Proprietary Fund	Joint Utility Proprietary Fund	4,441
Airport Proprietary Fund	Convention Center Operation and Maintenance Special Revenue Fund	225
Joint Utility Proprietary Fund	General Fund	13,580
Joint Utility Proprietary Fund	Sanitation Proprietary Fund	30,434
Joint Utility Proprietary Fund	General Fund	111
Sanitation Proprietary Fund	General Fund	390
Sanitation Proprietary Fund	Joint Utility Proprietary Fund	52,764
Internal Service Fund	General Fund	15,201
Internal Service Fund	Joint Utility Proprietary Fund	9,830
Senior Citizens Special Revenue Fund	General Fund	45,723
Senior Citizens Special Revenue Fund	General Fund	26,466
Total Funds		<u>\$ 690,847</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2008, including those changes pursuant to the implementation of GASB Statement No. 34, follow. Land is not subject to depreciation.

Governmental Activities:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 2,237,228	\$ -	\$ -	\$ 2,237,228
Art	5,000	-	-	5,000
	<u>2,242,228</u>	<u>-</u>	<u>-</u>	<u>2,242,228</u>
Capital assets being depreciated:				
Buildings and improvements	9,369,944	137,029	-	9,506,973
Machinery and equipment	1,032,639	219,851	-	1,252,490
Vehicles	2,176,143	233,898	50,678	2,359,363
Construction in progress	-	43,113	-	43,113
	<u>12,578,726</u>	<u>633,891</u>	<u>50,678</u>	<u>13,161,939</u>
 Total capital assets	 <u>14,820,954</u>	 <u>633,891</u>	 <u>50,678</u>	 <u>15,404,167</u>
Accumulated depreciation:				
Buildings and improvements	5,506,232	285,851	-	5,792,083
Machinery and equipment	652,070	80,216	-	732,286
Vehicles	1,770,945	199,778	42,366	1,928,357
Total accumulated depreciation	<u>7,929,247</u>	<u>565,845</u>	<u>42,366</u>	<u>8,452,726</u>
 Net capital assets	 <u>\$ 6,891,707</u>	 <u>\$ 68,046</u>	 <u>\$ 8,312</u>	 <u>\$ 6,951,441</u>

Depreciation expense for the year ended June 30, 2008 was charged to governmental activities as follows:

General Government	\$ 157,374
Public Safety	222,153
Public Works	12,504
Culture and Recreation	<u>173,814</u>
 Total depreciation expense, governmental activities	 <u>\$ 565,845</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 6. Capital Assets (continued)

Business-type Activities:

	Balance <u>June 30, 2007</u>	Additions	Deletions	Balance <u>June 30, 2008</u>
Capital assets not being depreciated:				
Land	\$ 1,530,619	\$ -	\$ -	\$ 1,530,619
Construction in progress	998,972	440,970	-	1,439,942
	<u>2,529,591</u>	<u>440,970</u>	<u>-</u>	<u>2,970,561</u>
Capital assets being depreciated:				
Buildings and improvements	23,527,303	49,163	-	23,576,466
Machinery and equipment	5,085,638	47,407	-	5,133,045
Vehicles	831,716	171,899	-	1,003,615
	<u>29,444,657</u>	<u>268,469</u>	<u>-</u>	<u>29,713,126</u>
 Total capital assets	 <u>31,974,248</u>	 <u>709,439</u>	 <u>-</u>	 <u>32,683,687</u>
Accumulated depreciation:				
Buildings and improvements	13,314,827	464,883	-	13,779,710
Machinery and equipment	3,285,053	160,849	-	3,445,902
Vehicles	708,530	75,762	-	784,292
Total accumulated depreciation	<u>17,308,410</u>	<u>701,494</u>	<u>-</u>	<u>18,009,904</u>
 Net capital assets	 <u>\$ 14,665,838</u>	 <u>\$ 7,945</u>	 <u>\$ -</u>	 <u>\$ 14,673,783</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2008 was \$701,494.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 7. Long-term Debt

Governmental Activities

During the year ended June 30, 2008, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Due Within One Year
Gross Receipts Tax (GRT)/Lodger's Tax Refunding and Improvement Revenue Bonds Series 2002	\$ 1,745,000	\$ -	\$ 90,000	\$ 1,655,000	\$ 100,000
NMFA Municipal Pool Improvement Loan	259,944	-	12,388	247,556	12,501
NMFA Public Project Revolving Fund - Police Building Loan	666,215	-	19,048	647,167	19,456
NMFA Ambulance Loan (Tucumcari #13)	17,522	-	17,522	-	-
Lease Purchase Agreement on John Deere 2500A Triplex Greens Mower with an original cost of \$20,102	6,756	-	3,379	3,377	3,377
Lease Purchase Agreement on Honeywell Energy Efficient Equipment in the original amount of \$177,710	119,480	-	-	119,480	7,217
Compensated Absences	147,607	105,169	122,342	130,434	122,340
Total long-term liabilities	\$ 2,962,524	\$ 105,169	\$ 264,679	\$ 2,803,014	\$ 264,891

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, 2008

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

	<u>Balance 6/30/2008</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.	\$ 1,655,000
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.	247,556
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.	647,167
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.	3,377
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 intital 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.	<u>119,480</u>
	<u><u>\$ 2,672,580</u></u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

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	Triplex Mower Lease	Honeywell Lease	Subtotal	
2009	\$ 100,000	\$ 12,501	\$ 19,456	\$ 3,377	\$ 14,015	\$ 149,349	
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	115,000	12,992	21,534	-	84,693	234,219	
2014-2018	650,000	67,130	117,858	-	-	834,988	
2019-2023	475,000	71,398	139,566	-	-	685,964	
2024-2028	-	45,319	169,057	-	-	214,376	
2029-2033	-	-	118,415	-	-	118,415	
	<u>\$ 1,655,000</u>	<u>\$ 247,556</u>	<u>\$ 647,167</u>	<u>\$ 3,377</u>	<u>\$ 119,480</u>	<u>\$ 2,672,580</u>	
Interest							
Fiscal Year Ending June 30,	Revenue Bond Series 2002	NMFA Mun. Pool Loan	NMFA Police Bldg Loan	Triplex Mower Lease	Honeywell Lease	Subtotal	Total
2009	\$ 72,892	\$ 2,448	\$ 21,900	\$ 185	\$ 3,385	\$ 100,810	\$ 250,159
2010	68,892	2,363	21,472	-	1,038	93,765	233,958
2011	64,713	2,274	21,249	-	565	88,801	235,085
2012	60,197	2,182	20,496	-	100	82,975	231,767
2013	55,330	2,084	19,951	-	5,082	82,447	316,666
2014-2018	189,968	8,752	90,867	-	-	289,587	1,124,575
2019-2023	34,475	5,349	69,781	-	-	109,605	795,569
2024-2028	-	1,175	34,737	-	-	35,912	250,288
2029-2033	-	-	7,386	-	-	7,386	125,801
	<u>\$ 546,467</u>	<u>\$ 26,627</u>	<u>\$ 307,839</u>	<u>\$ 185</u>	<u>\$ 10,170</u>	<u>\$ 891,288</u>	<u>\$ 3,563,868</u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

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, 2008:

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Due Within One Year
New Mexico Environmental Department Construction Program Bureau Loan	\$ 36,410	\$ -	\$ 1,806	\$ 34,604	\$ 1,916
NMFA Drinking Water Loan #2	340,814	-	22,940	317,874	23,164
Rural Housing FmHA Note Payable	738,474	-	7,351	731,123	8,021
Landfill closure and post closure liability	1,312,912	-	-	1,312,912	-
Compensated Absences	85,097	38,020	67,150	55,967	55,967
Total	\$ 2,513,707	\$ 38,020	\$ 99,247	\$ 2,452,480	\$ 89,068

Balance
6/30/2008

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%.

\$ 34,604

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.

317,874

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.

731,123

\$ 1,083,601

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 7. Long-term Debt (continued)

Business-type Activities (continued)

Fiscal Year Ending June 30,	Principal				Subtotal	Total
	NM Environ. Department Loan	NMFA Drinking Water Loan	FmHa			
2009	\$ 1,861	\$ 23,164	\$ 8,021	\$ 33,046		
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	2,094	24,123	11,367	37,584		
2014-2018	11,452	124,572	74,392	210,416		
2019-2023	13,274	75,114	115,037	203,425		
2024-2028	-	-	177,890	177,890		
2029-2033	-	-	275,085	275,085		
2034-2038	-	-	40,612	40,612		
2039-2043	-	-	-	-		
2044-2047	-	-	-	-		
	<u>\$ 34,604</u>	<u>\$ 317,874</u>	<u>\$ 731,123</u>	<u>\$ 1,083,601</u>		
Fiscal Year Ending June 30,	Interest				Subtotal	Total
	NM Environ. Department Loan	NMFA Drinking Water Loan	FmHa			
2009	\$ 1,038	\$ 2,522	\$ 63,657	\$ 67,217	\$ 100,263	
2010	982	2,347	62,926	66,255	100,317	
2011	925	2,167	62,129	65,221	100,376	
2012	866	1,982	61,259	64,107	100,433	
2013	805	1,792	60,310	62,907	100,491	
2014-2018	3,042	5,986	283,995	293,023	503,439	
2019-2023	1,317	879	243,350	245,546	448,971	
2024-2028	-	-	180,497	180,497	358,387	
2029-2033	-	-	83,302	83,302	358,387	
2034-2038	-	-	1,192	1,192	41,804	
2039-2043	-	-	-	-	-	
2044-2047	-	-	-	-	-	
	<u>\$ 8,975</u>	<u>\$ 17,675</u>	<u>\$ 1,102,617</u>	<u>\$ 1,129,267</u>	<u>\$ 2,212,868</u>	

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

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 \$1,312,912.

The liability for closure and post-closure care costs reflected in the Solid Waste fund of \$1,312,912 is an estimate of the remaining liability as of June 30, 2008 for closure and post-closure cost of the landfill currently in operation. At June 30, 2008, 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 current year increase to the accrued landfill closure and post-closure care costs was \$0 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, 2008, 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, 2008

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 Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement and fire protection employees; and 9.15% for municipal employees. The City was required to contribute the following percentages of the gross covered salary: 18.5% for law enforcement and fire protection plan members; and 9.15% for municipal plan members. The contribution requirements of plan members and the City of Tucumcari are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The City of Tucumcari's contributions to PERA for the fiscal years ending June 30, 2008, 2007, and 2006 were \$324,406, \$288,305, and \$290,977, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

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

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The City of Tucumcari’s contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$39,418, \$34,660 and \$32,949, respectively, which equal the required contributions for each year.

NOTE 11. Contingent Liabilities

The City is party to various claims and lawsuits in the normal course of business. The City is involved in the following pending lawsuit.

Citicapital claims that more than \$100,000 is owed under the lease agreement and that it is entitled to recover its litigation costs including attorney’s fees, if a favorable judgment is entered.

Because of the complexity of legal issues involved in this matter it is impossible to provide an accurate evaluation of the likelihood of unfavorable outcome or the amount or range of any potential loss to the City of Tucumcari. This matter is being defended vigorously; however, there is not insurance coverage available that would indemnify the City of Tucumcari against loss.

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 expected 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 of June 30, 2008.

Special Revenue Funds:

Lodger's Tax Promotion	\$ 40,304
Judicial	9,176
Corrections	4,491
Senior Citizen's Center	<u>60,611</u>
Total	<u><u>\$ 114,582</u></u>

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 13. Other Required Individual Fund Disclosures (continued)

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.

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority as of June 30, 2008.

Special Revenue Funds:

Recreation	\$ 751
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Proprietary Funds

Airport	<u>7,422</u>
Total	<u><u>\$ 8,173</u></u>

In the future the City plans to monitor its budget more closely and make necessary adjustments with approval from those charged with governance and The Department of Finance and Administration.

C. Cash balance budgeted for FY08 exceeded cash and receivables that were available at June 30, 2007 in the following funds:

	Unavailable Cash <u>Budgeted</u>
Gas tax special revenue fund	\$ 103,753

NOTE 14. Restatement

The NMRDRC grant fund is a reimbursement basis fund. It had a negative beginning fund balance because revenues had been understated in previous years. The beginning fund balance was restated by \$59,531.

NOTE 15. Subsequent Events

On August 31, 2008, the City issued Joint Utility System Improvement Revenue Bonds Series 2008A in the amount of bonds and loan of \$564,486 and a grant of \$533,417 for improvements to the City's sanitary sewer system within the Joint Utility. The interest rate is 4.5% per annum.

On August 31, 2008, the City issued Joint Utility System Improvement Revenue Bonds Series 2008B in the amount of bonds and loan \$533,000 and a grant of \$476,760 for improvements to the City's sanitary sewer system within the Joint Utility. The interest rate is 4.5% per annum.

NOTE 16. Restricted Net Assets

The government-wide statement of net assets reports \$3,095,706 of restricted net assets of which, \$1,238,872 is restricted by enabling legislation for capital projects and \$1,513,371 is restricted by enabling legislation referred to in the special revenue fund descriptions on pages 28 and 53 to 55.

STATE OF NEW MEXICO
City of Tucumcari
Notes to Financial Statements
June 30, 2008

NOTE 17. Commitments

The following is a summary of construction in progress as of June 30, 2008:

Enterprise Construction in Progress

<u>Department</u>	<u>Project</u>	<u>Amount Last Year</u>	<u>Amount Added</u>	<u>Total to Date</u>	<u>Estimate Amount to Complete</u>	<u>Estimated Completion Date</u>
Airport	Fuel Island	\$ -	\$ 6,619	\$ 6,619	\$ 2,500	12/31/2008
	Grant 08	-	8,047	8,047	475,000	6/30/2009
	Total Airport	<u>\$ -</u>	<u>\$ 14,666</u>	<u>\$ 14,666</u>	<u>\$ 477,500</u>	
Jt. Utility	Wastewater Treatment Plant	\$ 7,887	\$ 16,573	\$ 24,460	\$ 3,643,000	6/30/2010
Capital	Ridgecrest Lift Station	2,877	-	2,877	15,000	3/31/2009
Improvements	East Central Sewer Improvements	38,507	298,068	336,575	1,543	10/16/2008
	Total Jt. Utility Capital Imp.	<u>\$ 49,271</u>	<u>\$ 314,641</u>	<u>\$ 363,912</u>	<u>\$ 3,659,543</u>	
Sanitation	Landfill Construction	\$ 167,367	\$ -	\$ 167,367	\$ -	
Capital	Landfill Construction	782,334	111,663	893,997	1,500,000	12/31/2009
Improvements	Total Sanitation Capital Imp	<u>\$ 949,701</u>	<u>\$ 111,663</u>	<u>\$ 1,061,364</u>	<u>\$ 1,500,000</u>	

NOTE 18. Correction of an Error

The Financial Data Schedule which was previously omitted from the report is now included as Schedule IV. The Schedule of Expenditure of Federal Awards was also corrected to reflect actual amounts of federal expenditures. Total expenditures in the PublicHousing – Low Rent and Section 8 Housing Choice Vouchers have been reduced by \$201,497 and \$10,325 respectively. This reduces the total expenditures for U.S. Department of Housing and Urban Development direct programs by \$211,822. In addition, the total of the U.S. Department of Agriculture was increased by \$18,651 to correct a footing error.

SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO

City of Tucumcari

Nonmajor Funds

June 30, 2008

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).

EMS Fund

To account for the operations of the City's Emergency Medical Services Unit. The source of funding is the State of New Mexico Mental Health and Environment Department, Emergency Medical Services Bureau and charges for services. Expenditures are subject to approval of the state agency and the City Commission. Funding authority is NMSA 1978 24-10A-1.

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.

Route 66 Grant Fund

To account for funds used to preserve the historic Route 66 which runs through the City of Tucumcari. This is a 3 year program funded by the State of New Mexico. This program funds comprehensive history training, research, and preservation of the historic Route 66. Authority for this fund was granted from the City Council and budget approval.

STATE OF NEW MEXICO

City of Tucumcari

Nonmajor Funds

June 30, 2008

SPECIAL REVENUE FUNDS (continued)

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.

Convention Center Operation and Maintenance 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.

1/8% Economic Development Tax Fund

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

John D. Hoffman Endowment

To account for monies received from the John D. Endowment to aid in research of materials science and engineering. Authority for this fund was granted from the City Council and budget approval.

Police Narcotics Fund

To account for monies collected as a result of police raids and other gatherings of evidence. Authority for this fund was granted from the City Council and budget approval.

Senior Citizen's Center Fund

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

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. Authority for this fund was granted from the City Council and budget approval.

CAPITAL PROJECTS FUNDS

Police Department Construction

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.

STATE OF NEW MEXICO

City of Tucumcari

Nonmajor Funds

June 30, 2008

CAPITAL PROJECTS FUNDS (continued)

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. Authority for this fund was granted from the City Council and budget approval.

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. Authority for this fund was granted from the City Council and budget approval.

NMRDRC Grant

This project is to develop a city industrial park. Funding is primarily from an anticipated federal government grant. Authority for this fund was granted from the City Council and budget approval.

State Appropriations Project

This project is for the design of a public safety building. Funding is from severance tax. Authority for this fund was granted from the City Council and budget approval.

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.

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	Special Revenue			
	Lodger's Tax Executive Fund	Lodger's Tax Promotion Fund	Judicial Fund	EMS Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 88,999	\$ 21,918	\$ -	\$ 8,107
Receivables:				
Property taxes	-	-	-	-
Other taxes	53,061	-	-	-
Other receivables	-	2,479	7,975	32,837
Prepaid insurance	-	-	-	2,103
Due from other funds	81,592	10,014	115	-
<i>Total assets</i>	\$ 223,652	\$ 34,411	\$ 8,090	\$ 43,047
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,171
Accrued payroll expenses	-	-	4,027	21,912
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Meter and other refundable deposits	-	-	-	-
Due to other funds	10,307	74,715	13,239	-
<i>Total liabilities</i>	10,307	74,715	17,266	24,083
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	-	-	-	2,103
Unreserved, reported in:				
Special revenue	213,345	(40,304)	(9,176)	16,861
Capital projects	-	-	-	-
<i>Total fund balances</i>	213,345	(40,304)	(9,176)	18,964
<i>Total liabilities and fund balances</i>	\$ 223,652	\$ 34,411	\$ 8,090	\$ 43,047

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Corrections Fund</u>	<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>
\$ 316	\$ 197,746	\$ 20,985	\$ 5,115	\$ 25,089	\$ -
-	-	-	-	-	-
-	-	-	36,587	-	-
-	-	-	126,155	-	-
-	8,690	4,276	-	-	-
5	4,447	173	5,186	-	-
<u>\$ 321</u>	<u>\$ 210,883</u>	<u>\$ 25,434</u>	<u>\$ 173,043</u>	<u>\$ 25,089</u>	<u>\$ -</u>
\$ 4,812	\$ 931	\$ 1,784	\$ 21,040	\$ -	\$ -
-	-	6,844	4,323	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	74,196	-	-
-	-	-	-	-	-
-	4,147	7,698	70,266	-	-
<u>4,812</u>	<u>5,078</u>	<u>16,326</u>	<u>169,825</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	8,690	4,276	-	-	-
(4,491)	197,115	4,832	3,218	25,089	-
-	-	-	-	-	-
<u>(4,491)</u>	<u>205,805</u>	<u>9,108</u>	<u>3,218</u>	<u>25,089</u>	<u>-</u>
<u>\$ 321</u>	<u>\$ 210,883</u>	<u>\$ 25,434</u>	<u>\$ 173,043</u>	<u>\$ 25,089</u>	<u>\$ -</u>

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	Special Revenue			
	Traffic Safety Education and Enforcement Fund	Convention Center Operation and Maintenance Fund	John D. Hoffman Endowment	Police Narcotics Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 1,082	\$ 12,312	\$ 1,055	\$ 174,785
Receivables:				
Property taxes	-	-	-	-
Other taxes receivable	-	-	-	-
Other receivables	-	-	-	-
Prepaid insurance	-	4,333	-	-
Due from other funds	-	363	-	-
<i>Total assets</i>	\$ 1,082	\$ 17,008	\$ 1,055	\$ 174,785
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 2,505	\$ -	\$ -
Accrued payroll expenses	-	6,218	-	-
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Meter and other refundable deposits	-	-	-	-
Due to other funds	-	8,080	-	-
<i>Total liabilities</i>	-	16,803	-	-
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	-	4,333	-	-
Unreserved, reported in:				
Special revenue	1,082	(4,128)	1,055	174,785
Capital projects	-	-	-	-
<i>Total fund balances</i>	1,082	205	1,055	174,785
<i>Total liabilities and fund balances</i>	\$ 1,082	\$ 17,008	\$ 1,055	\$ 174,785

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 Course Capital Improvements
\$ -	\$ 4,293	\$ -	\$ 1,520	\$ 6,737	\$ 11,772
-	-	-	-	-	-
-	-	-	-	-	-
18,840	-	-	-	-	4,900
1,611	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 20,451</u>	<u>\$ 4,293</u>	<u>\$ -</u>	<u>\$ 1,520</u>	<u>\$ 6,737</u>	<u>\$ 16,672</u>
\$ 1,548	\$ -	\$ -	\$ -	\$ -	\$ -
7,325	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
72,189	480	-	-	-	8,933
<u>81,062</u>	<u>480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,933</u>
-	-	-	-	-	-
1,611	-	-	-	-	-
(62,222)	3,813	-	-	-	-
-	-	-	1,520	6,737	7,739
<u>(60,611)</u>	<u>3,813</u>	<u>-</u>	<u>1,520</u>	<u>6,737</u>	<u>7,739</u>
<u>\$ 20,451</u>	<u>\$ 4,293</u>	<u>\$ -</u>	<u>\$ 1,520</u>	<u>\$ 6,737</u>	<u>\$ 16,672</u>

STATE OF NEW MEXICO
City of Tucumcari
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2008

	Capital Projects		Debt Service	
	NMRDRC Grant	State Appropriations Project	Lodger's Tax / GRT Series 2002 Fund	GRT Police Building
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 180,095	\$ 53,207
Receivables:				
Property taxes	-	-	-	-
Other taxes receivable	-	-	-	-
Other receivables	-	5,637	-	-
Prepaid insurance	-	-	-	-
Due from other funds	-	-	-	1,113
<i>Total assets</i>	\$ -	\$ 5,637	\$ 180,095	\$ 54,320
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Meter and other refundable deposits	-	-	-	-
Due to other funds	-	5,636	-	-
<i>Total liabilities</i>	-	5,636	-	-
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	180,095	54,320
Prepaid expenses	-	-	-	-
Unreserved, reported in:				
Special revenue	-	-	-	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	-	-	180,095	54,320
<i>Total liabilities and fund balances</i>	\$ -	\$ 5,636	\$ 180,095	\$ 54,320

The accompanying notes are an integral part of these financial statements

<u>Total Nonmajor Governmental Funds</u>	
\$	815,133
	-
	89,648
	198,823
	21,013
	103,008
\$	<u>1,227,625</u>
\$	34,791
	50,649
	-
	-
	-
	74,196
	-
	275,690
	<u>435,326</u>
	234,415
	21,013
	520,874
	15,996
	<u>792,298</u>
\$	<u>1,227,624</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, 2008

	Special Revenue			
	Lodgers' Tax Executive Fund	Lodger's Tax Promotion Fund	Judicial Fund	EMS Fund
<i>Revenues:</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Other	471,983	-	-	-
Intergovernmental:				
Federal operating grants	-	-	21,872	-
Federal capital grants	-	-	-	-
State operating grants	-	15,387	-	25,341
State capital grants	-	-	-	-
Charges for services	-	-	-	632,091
Licenses and fees	1,948	-	-	-
Investment income	-	-	-	515
Miscellaneous	-	-	-	4,662
<i>Total revenues</i>	473,931	15,387	21,872	662,609
<i>Expenditures:</i>				
Current:				
General government	10,992	88,093	-	-
Public safety	-	-	101,108	756,273
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	17,522
Interest	-	-	-	-
<i>Total expenditures</i>	10,992	88,093	101,108	773,795
<i>Excess (deficiency) of revenues over expenditures</i>	462,939	(72,706)	(79,236)	(111,186)
<i>Other financing sources (uses)</i>				
Transfers in	-	233,710	66,024	110,000
Transfers out	(450,437)	(155,290)	-	-
<i>Total other financing sources (uses)</i>	(450,437)	78,420	66,024	110,000
<i>Net change in fund balances</i>	12,502	5,714	(13,212)	(1,186)
<i>Fund balances - beginning of year</i>	200,843	(46,018)	4,036	20,150
<i>Restatement (Note 14)</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ 213,345	\$ (40,304)	\$ (9,176)	\$ 18,964

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Corrections Fund</u>	<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>
\$ -	\$ -	\$ -	\$ 270,149	\$ -	\$ -
-	-	7,745	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	206,646	-	51,959	26,600	243,711
-	-	-	-	-	-
-	-	407	-	-	-
25,644	-	24,257	-	-	-
-	1,567	1,925	-	-	-
-	202,288	4,601	-	22,271	-
<u>25,644</u>	<u>410,501</u>	<u>38,935</u>	<u>322,108</u>	<u>48,871</u>	<u>243,711</u>
-	-	-	-	-	-
54,114	123,155	-	-	9,421	-
-	-	-	244,213	-	243,711
-	-	196,069	-	-	-
-	-	-	-	-	-
-	233,101	110,639	43,113	-	-
-	-	12,388	-	-	-
-	-	2,529	-	-	-
<u>54,114</u>	<u>356,256</u>	<u>321,625</u>	<u>287,326</u>	<u>9,421</u>	<u>243,711</u>
<u>(28,470)</u>	<u>54,245</u>	<u>(282,690)</u>	<u>34,782</u>	<u>39,450</u>	<u>-</u>
28,050	-	179,966	-	-	-
-	-	-	-	-	-
<u>28,050</u>	<u>-</u>	<u>179,966</u>	<u>-</u>	<u>-</u>	<u>-</u>
(420)	54,245	(102,724)	34,782	39,450	-
(4,071)	151,560	111,832	(31,564)	(14,361)	-
-	-	-	-	-	-
<u>\$ (4,491)</u>	<u>\$ 205,805</u>	<u>\$ 9,108</u>	<u>\$ 3,218</u>	<u>\$ 25,089</u>	<u>\$ -</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, 2008

	<u>Special Revenue</u>			
	<u>Traffic Safety Education and Enforcement Fund</u>	<u>Convention Center Operation and Maintenance Fund</u>	<u>John D. Hoffman Endowment</u>	<u>Police Narcotics Fund</u>
<i>Revenues:</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	72	23,758	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	2	108
Miscellaneous	-	11,835	-	162,432
<i>Total revenues</i>	<u>72</u>	<u>35,593</u>	<u>2</u>	<u>162,540</u>
<i>Expenditures:</i>				
Current:				
General government	-	235,850	-	-
Public safety	-	-	-	7,216
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>235,850</u>	<u>-</u>	<u>7,216</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>72</u>	<u>(200,257)</u>	<u>2</u>	<u>155,324</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	194,923	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>194,923</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	72	(5,334)	2	155,324
<i>Fund balances - beginning of year</i>	1,010	5,539	1,053	19,461
<i>Restatement (Note 14)</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ 1,082</u>	<u>\$ 205</u>	<u>\$ 1,055</u>	<u>\$ 174,785</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 Course Capital Improvements
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
53,772	-	-	-	-	-
-	11,000	-	-	-	-
280,688	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	13,605
-	-	-	-	-	-
-	-	-	-	-	-
136,237	-	-	-	-	-
<u>470,697</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,605</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
490,766	-	-	-	-	-
35,851	22,653	-	2,304	9,812	-
-	-	-	-	-	3,379
-	-	-	-	-	361
<u>526,617</u>	<u>22,653</u>	<u>-</u>	<u>2,304</u>	<u>9,812</u>	<u>3,740</u>
<u>(55,920)</u>	<u>(11,653)</u>	<u>-</u>	<u>(2,304)</u>	<u>(9,812)</u>	<u>9,865</u>
-	-	-	-	8,425	-
-	-	-	-	-	-
-	-	-	-	<u>8,425</u>	-
(55,920)	(11,653)	-	(2,304)	(1,387)	9,865
(4,691)	15,466	-	3,824	8,124	(2,126)
-	-	-	-	-	-
<u>\$ (60,611)</u>	<u>\$ 3,813</u>	<u>\$ -</u>	<u>\$ 1,520</u>	<u>\$ 6,737</u>	<u>\$ 7,739</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, 2008

	Capital Projects		Debt Service	
	NMRDRC Grant	State Appropriations Project	Lodger's Tax / GRT Series 2002 Fund	GRT Police Building
<i>Revenues:</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	22,123	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	5,218	2,231
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	22,123	5,218	2,231
<i>Expenditures:</i>				
Current:				
General government	-	-	500	1,667
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	22,123	-	-
Debt service:				
Principal	-	-	90,000	19,048
Interest	-	-	78,492	22,464
<i>Total expenditures</i>	-	22,123	168,992	43,179
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(163,774)	(40,948)
<i>Other financing sources (uses)</i>				
Transfers in	-	-	164,668	43,608
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	164,668	43,608
<i>Net change in fund balances</i>	-	-	894	2,660
<i>Fund balances - beginning of year</i>	(59,531)	-	179,201	51,660
<i>Restatement (Note 14)</i>	59,531	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 180,095	\$ 54,320

The accompanying notes are an integral part of these financial statements

Total Nonmajor
Governmental
Funds

\$ 270,149
479,728

75,644
11,000
850,332
22,123
669,933
51,849
11,566
544,326

2,986,650

337,102
1,051,287
487,924
196,069
490,766
479,596

142,337
103,846

3,288,927

(302,277)

1,029,374
(605,727)
423,647

121,370

611,397
59,531

\$ 792,298

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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	450,000	460,701	420,484	(40,217)
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	500	500	1,948	1,448
Investment income	250	250	-	(250)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>450,750</u>	<u>461,451</u>	<u>422,432</u>	<u>(39,019)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	13,700	13,700	10,992	2,708
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,700</u>	<u>13,700</u>	<u>10,992</u>	<u>2,708</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>437,050</u>	<u>447,751</u>	<u>411,440</u>	<u>(36,311)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(437,050)	(447,751)	(450,437)	(2,686)
<i>Total other financing sources (uses)</i>	<u>(437,050)</u>	<u>(447,751)</u>	<u>(450,437)</u>	<u>(2,686)</u>
<i>Net change in fund balance</i>	-	-	(38,997)	(38,997)
<i>Fund balance - beginning of year</i>	-	-	146,255	146,255
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,258</u>	<u>\$ 107,258</u>
Net change in fund balance (Budget Basis)				\$ (38,997)
Adjustments to revenues for lodgers' tax accruals				51,499
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ 12,502</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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	22,701	13,000	19,829	6,829
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	250	250	-	(250)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>22,951</u>	<u>13,250</u>	<u>19,829</u>	<u>6,579</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	92,660	92,660	88,093	4,567
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>92,660</u>	<u>92,660</u>	<u>88,093</u>	<u>4,567</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(69,709)</u>	<u>(79,410)</u>	<u>(68,264)</u>	<u>11,146</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	225,000	234,701	233,710	(991)
Transfers out	(155,291)	(155,291)	(155,290)	1
<i>Total other financing sources (uses)</i>	<u>69,709</u>	<u>79,410</u>	<u>78,420</u>	<u>(990)</u>
<i>Net change in fund balance</i>	-	-	10,156	10,156
<i>Fund balance - beginning of year</i>	-	-	(52,939)	(52,939)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,783)</u>	<u>\$ (42,783)</u>
Net change in fund balance (Budget Basis)				\$ 10,156
Adjustments to revenues for state operating grant accruals				(4,442)
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ 5,714</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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	37,535	37,535	17,818	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	10,435	10,435	-	(10,435)
<i>Total revenues</i>	<u>47,970</u>	<u>47,970</u>	<u>17,818</u>	<u>(10,435)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	113,994	113,994	97,081	16,913
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>113,994</u>	<u>113,994</u>	<u>97,081</u>	<u>16,913</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(66,024)</u>	<u>(66,024)</u>	<u>(79,263)</u>	<u>6,478</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	66,024	66,024	66,024	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>66,024</u>	<u>66,024</u>	<u>66,024</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(13,239)	(13,239)
<i>Fund balance - beginning of year</i>	-	-	115	115
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,124)</u>	<u>\$ (13,124)</u>
Net change in fund balance (Budget Basis)				\$ (13,239)
Adjustments to revenues for federal operating grant accruals				4,054
Adjustments to expenditures for public safety function accruals				(4,027)
Net change in fund balance (GAAP Basis)				<u>\$ (13,212)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

City of Tucumcari

EMS Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	22,075	25,341	25,341	-
State capital grants	-	-	-	-
Charges for services	340,000	340,000	413,842	73,842
Licenses and fees	-	-	-	-
Investment income	-	-	515	515
Miscellaneous	-	-	4,662	4,662
<i>Total revenues</i>	<u>362,075</u>	<u>365,341</u>	<u>444,360</u>	<u>79,019</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	469,782	473,048	466,079	6,969
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	17,522	17,522	17,522	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>487,304</u>	<u>490,570</u>	<u>483,601</u>	<u>6,969</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(125,229)</u>	<u>(125,229)</u>	<u>(39,241)</u>	<u>85,988</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	125,229	125,229	110,000	(15,229)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>125,229</u>	<u>125,229</u>	<u>110,000</u>	<u>(15,229)</u>
<i>Net change in fund balance</i>	-	-	70,759	70,759
<i>Fund balance - beginning of year</i>	-	-	61,264	61,264
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,023</u>	<u>\$ 132,023</u>
Net change in fund balance (Budget Basis)				\$ 70,759
Adjustments to revenues for charges for services accruals				218,249
Adjustments to expenditures for public safety function accruals				(290,194)
Net change in fund balance (GAAP Basis)				<u>\$ (1,186)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	25,950	26,065	25,644	(421)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>25,950</u>	<u>26,065</u>	<u>25,644</u>	<u>(421)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	54,000	54,115	54,003	112
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>54,000</u>	<u>54,115</u>	<u>54,003</u>	<u>112</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(28,050)</u>	<u>(28,050)</u>	<u>(28,359)</u>	<u>(309)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	28,050	28,050	28,050	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>28,050</u>	<u>28,050</u>	<u>28,050</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(309)	(309)
<i>Fund balance - beginning of year</i>	-	-	60	60
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (249)</u>	<u>\$ (249)</u>
Net change in fund balance (Budget Basis)				\$ (309)
No adjustments for revenue accruals				-
Adjustments to expenditures for public safety function accruals				(111)
Net change in fund balance (GAAP Basis)				<u>\$ (420)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

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, 2008

	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	180,000	206,646	206,646	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1,500	1,500	1,840	340
Miscellaneous	2,000	2,800	962	(1,838)
<i>Total revenues</i>	<u>183,500</u>	<u>210,946</u>	<u>209,448</u>	<u>(1,498)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	130,477	130,477	105,233	25,244
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	53,023	80,469	57,456	23,013
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>183,500</u>	<u>210,946</u>	<u>162,689</u>	<u>48,257</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>46,759</u>	<u>46,759</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>	<u>-</u>	<u>-</u>	<u>46,759</u>	<u>46,759</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>149,671</u>	<u>149,671</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,430</u>	<u>\$ 196,430</u>
Net change in fund balance (Budget Basis)				\$ 46,759
Adjustments to revenues for miscellaneous revenue accruals				201,053
Adjustments to expenditures for public safety and capital outlay function accruals				<u>(193,567)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 54,245</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

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, 2008

	Budgeted Amounts		Actual (Non-GAAP Budgetary Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	7,500	9,734	7,745	(1,989)
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	100,000	100,000	-	(100,000)
State capital grants	-	-	-	-
Charges for services	550	550	407	(143)
Licenses and fees	20,650	25,752	24,257	(1,495)
Investment income	-	1,924	1,925	1
Miscellaneous	1,500	4,579	4,601	22
<i>Total revenues</i>	<u>130,200</u>	<u>142,539</u>	<u>38,935</u>	<u>(103,604)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	193,749	207,588	207,277	311
Health and welfare	-	-	-	-
Capital outlay	100,000	100,000	101,062	(1,062)
Debt service:				
Principal	12,388	12,388	12,388	-
Interest	2,529	2,529	2,529	-
<i>Total expenditures</i>	<u>308,666</u>	<u>322,505</u>	<u>323,256</u>	<u>(751)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(178,466)</u>	<u>(179,966)</u>	<u>(284,321)</u>	<u>(104,355)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Transfers in	178,466	179,966	179,966	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>178,466</u>	<u>179,966</u>	<u>179,966</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(104,355)	(104,355)
<i>Fund balance - beginning of year</i>	-	-	114,813	114,813
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,458</u>	<u>\$ 10,458</u>
Net change in fund balance (Budget Basis)				\$ (104,355)
No adjustments for revenue accruals				-
Adjustments to expenditures for culture and recreation and capital outlay function accruals				1,631
Net change in fund balance (GAAP Basis)				<u>\$ (102,724)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	275,500	275,500	233,562	(41,938)
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	520,203	635,363	10,455	(624,908)
State capital grants	-	-	-	-
Charges for services	5,000	5,000	-	(5,000)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	6,426	-	(6,426)
<i>Total revenues</i>	<u>800,703</u>	<u>922,289</u>	<u>244,017</u>	<u>(678,272)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	800,703	1,061,714	264,119	797,595
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>800,703</u>	<u>1,061,714</u>	<u>264,119</u>	<u>797,595</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(139,425)</u>	<u>(20,102)</u>	<u>119,323</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	139,425	-	(139,425)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>139,425</u>	<u>-</u>	<u>(139,425)</u>
<i>Net change in fund balance</i>	-	-	(20,102)	(20,102)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(63,786)</u>	<u>(63,786)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,888)</u>	<u>\$ (83,888)</u>
Net change in fund balance (Budget Basis)				\$ (20,102)
Adjustments to revenues for state operating grant and gasoline and motor vehicle tax accruals				78,091
Adjustments to expenditures for public works and capital outlay function accruals				(23,207)
Net change in fund balance (GAAP Basis)				<u>\$ 34,782</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	29,000	26,600	26,600	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	7,000	22,271	15,271
<i>Total revenues</i>	<u>29,000</u>	<u>33,600</u>	<u>48,871</u>	<u>15,271</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	9,421	(9,421)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	29,000	49,514	-	49,514
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>29,000</u>	<u>49,514</u>	<u>9,421</u>	<u>40,093</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(15,914)</u>	<u>39,450</u>	<u>55,364</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	15,914	-	(15,914)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>15,914</u>	<u>-</u>	<u>(15,914)</u>
<i>Net change in fund balance</i>	-	-	39,450	39,450
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>15,914</u>	<u>15,914</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,364</u>	<u>\$ 55,364</u>
Net change in fund balance (Budget Basis)				\$ 39,450
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ 39,450</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

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, 2008

	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	-	979,045	243,711	(735,334)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>979,045</u>	<u>243,711</u>	<u>(735,334)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	979,045	243,711	735,334
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>979,045</u>	<u>243,711</u>	<u>735,334</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 (Budget Basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	72	72
Licenses and fees	115	115	-	(115)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>115</u>	<u>115</u>	<u>72</u>	<u>(43)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,115	1,115	-	1,115
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,115</u>	<u>1,115</u>	<u>-</u>	<u>1,115</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,000)</u>	<u>(1,000)</u>	<u>72</u>	<u>1,072</u>
<i>Other financing sources (uses)</i>				
Designated cash	1,000	1,000	-	(1,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<i>Net change in fund balance</i>	-	-	72	72
<i>Fund balance - beginning of year</i>	-	-	1,010	1,010
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,082</u>	<u>\$ 1,082</u>
Net change in fund balance (Budget Basis)				\$ 72
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ 72</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	4,500	4,500	-	(4,500)
State capital grants	-	-	-	-
Charges for services	24,000	24,000	23,758	(242)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	14,000	14,000	11,835	(2,165)
<i>Total revenues</i>	<u>42,500</u>	<u>42,500</u>	<u>35,593</u>	<u>(6,907)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	237,423	237,423	235,878	1,545
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>237,423</u>	<u>237,423</u>	<u>235,878</u>	<u>1,545</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(194,923)</u>	<u>(194,923)</u>	<u>(200,285)</u>	<u>(5,362)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	194,923	194,923	194,923	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>194,923</u>	<u>194,923</u>	<u>194,923</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(5,362)	(5,362)
<i>Fund balance - beginning of year</i>	-	-	3,986	3,986
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,376)</u>	<u>\$ (1,376)</u>
Net change in fund balance (Budget Basis)				\$ (5,362)
No adjustments for revenue accruals				-
Adjustments to expenditures for general government function accruals				28
Net change in fund balance (GAAP Basis)				<u>\$ (5,334)</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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
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	-	-	-	-
<i>Total revenues</i>	<u>40</u>	<u>40</u>	<u>2</u>	<u>(38)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	40	40	-	40
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
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>-</u>	<u>-</u>	<u>2</u>	<u>2</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>	-	-	2	2
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,053</u>	<u>1,053</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055</u>	<u>\$ 1,055</u>
Net change in fund balance (Budget Basis)				\$ 2
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP 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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	108	108
Miscellaneous	-	7,500	162,432	154,932
<i>Total revenues</i>	-	7,500	162,540	155,040
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	7,500	7,216	284
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	7,500	7,216	284
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	155,324	155,324
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	155,324	155,324
<i>Fund balance - beginning of year</i>	-	-	19,461	19,461
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 174,785	\$ 174,785
Net change in fund balance (Budget Basis)				\$ 155,324
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				\$ 155,324

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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	54,535	54,083	53,772	(311)
Federal capital grants	-	-	-	-
State operating grants	272,760	396,479	271,989	(124,490)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	47,450	154,052	126,096	(27,956)
<i>Total revenues</i>	<u>374,745</u>	<u>604,614</u>	<u>451,857</u>	<u>(152,757)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	374,745	483,714	478,993	4,721
Capital outlay	-	120,900	45,310	75,590
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>374,745</u>	<u>604,614</u>	<u>524,303</u>	<u>80,311</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(72,446)</u>	<u>(72,446)</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>	-	-	(72,446)	(72,446)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(26,466)</u>	<u>(26,466)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (98,912)</u>	<u>\$ (98,912)</u>
Net change in fund balance (Budget Basis)				\$ (72,446)
Adjustments to revenues for state operating grant and miscellaneous revenue accruals				18,840
Adjustments to expenditures for health and welfare and capital outlay function accruals				(2,314)
Net change in fund balance (GAAP Basis)				<u>\$ (55,920)</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, 2008

	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	11,000	(2,753)
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>11,000</u>	<u>(2,753)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	29,621	22,653	6,968
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>29,621</u>	<u>22,653</u>	<u>6,968</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(15,868)</u>	<u>(11,653)</u>	<u>4,215</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	15,868	-	(15,868)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>15,868</u>	<u>-</u>	<u>(15,868)</u>
<i>Net change in fund balance</i>	-	-	(11,653)	(11,653)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>15,466</u>	<u>15,466</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,813</u>	<u>\$ 3,813</u>
Net change in fund balance (Budget Basis)				\$ (11,653)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ (11,653)</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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
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>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
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 (Budget Basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP 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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
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>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	3,824	3,824	2,304	1,520
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,824</u>	<u>3,824</u>	<u>2,304</u>	<u>1,520</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,824)</u>	<u>(3,824)</u>	<u>(2,304)</u>	<u>1,520</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>	-	-	(2,304)	(2,304)
<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>\$ 1,520</u>	<u>\$ 1,520</u>
Net change in fund balance (Budget Basis)				\$ (2,304)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ (2,304)</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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
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>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	16,000	16,000	9,812	6,188
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>16,000</u>	<u>16,000</u>	<u>9,812</u>	<u>6,188</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16,000)</u>	<u>(16,000)</u>	<u>(9,812)</u>	<u>6,188</u>
<i>Other financing sources (uses)</i>				
Designated cash	7,575	7,575	-	(7,575)
Transfers in	8,425	8,425	8,425	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>16,000</u>	<u>16,000</u>	<u>8,425</u>	<u>(7,575)</u>
<i>Net change in fund balance</i>	-	-	(1,387)	(1,387)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,124</u>	<u>8,124</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,737</u>	<u>\$ 6,737</u>
Net change in fund balance (Budget Basis)				\$ (1,387)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ (1,387)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-20

City of Tucumcari

Golf Course 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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	12,250	12,250	11,525	(725)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>12,250</u>	<u>12,250</u>	<u>11,525</u>	<u>(725)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	7,146	7,146	670	6,476
<i>Debt service:</i>				
Principal	9,604	9,604	3,740	5,864
Interest	-	-	-	-
<i>Total expenditures</i>	<u>16,750</u>	<u>16,750</u>	<u>4,410</u>	<u>12,340</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,500)</u>	<u>(4,500)</u>	<u>7,115</u>	<u>11,615</u>
<i>Other financing sources (uses)</i>				
Designated cash	4,500	4,500	-	(4,500)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>(4,500)</u>
<i>Net change in fund balance</i>	-	-	7,115	7,115
<i>Fund balance - beginning of year</i>	-	-	(4,276)	(4,276)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,839</u>	<u>\$ 2,839</u>
Net change in fund balance (Budget Basis)				\$ 7,115
Adjustments to revenues for charges for services accrual				2,080
Adjustments to expenditures for capital outlay function accruals				670
Net change in fund balance (GAAP Basis)				<u>\$ 9,865</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, 2008

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental:</i>				
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>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt service:</i>				
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>(59,531)</u>	<u>(59,531)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,531)</u>	<u>\$ (59,531)</u>
Net change in fund balance (Budget Basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP 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, 2008

	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	16,486	(83,514)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>100,000</u>	<u>16,486</u>	<u>(83,514)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	100,000	22,123	77,877
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>100,000</u>	<u>22,123</u>	<u>77,877</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(5,637)</u>	<u>(5,637)</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>	-	-	(5,637)	(5,637)
<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>\$ (5,637)</u>	<u>\$ (5,637)</u>
Net change in fund balance (Budget Basis)				\$ (5,637)
No adjustment for revenue accruals				5,637
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-23

City of Tucumcari

Lodger's Tax / GRT Series 2002 Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	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	9,000	9,000	5,598	(3,402)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,000</u>	<u>9,000</u>	<u>5,598</u>	<u>(3,402)</u>
<i>Expenditures:</i>				
Current:				
General government	500	500	500	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	90,000	90,000	90,000	-
Interest	78,493	78,493	78,492	1
<i>Total expenditures</i>	<u>168,993</u>	<u>168,993</u>	<u>168,992</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(159,993)</u>	<u>(159,993)</u>	<u>(163,394)</u>	<u>(3,401)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	159,993	159,993	164,668	4,675
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>159,993</u>	<u>159,993</u>	<u>164,668</u>	<u>4,675</u>
<i>Net change in fund balance</i>	-	-	1,274	1,274
<i>Fund balance - beginning of year</i>	-	-	178,521	178,521
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,795</u>	<u>\$ 179,795</u>
Net change in fund balance (Budget Basis)				\$ 1,274
Adjustments to revenues for investment income accrual				(380)
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ 894</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

City of Tucumcari

GRT Police Building

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2008

	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	1,500	1,500	2,231	731
<i>Total revenues</i>	<u>1,500</u>	<u>1,500</u>	<u>2,231</u>	<u>731</u>
<i>Expenditures:</i>				
Current:				
General government	1,668	1,668	1,667	1
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	19,048	19,048	19,048	-
Interest	22,464	22,464	22,464	-
<i>Total expenditures</i>	<u>43,180</u>	<u>43,180</u>	<u>43,179</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(41,680)</u>	<u>(41,680)</u>	<u>(40,948)</u>	<u>732</u>
<i>Other financing sources (uses)</i>				
Designated cash	(1,928)	(1,928)	-	1,928
Transfers in	43,608	43,608	43,608	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>41,680</u>	<u>41,680</u>	<u>43,608</u>	<u>1,928</u>
<i>Net change in fund balance</i>	-	-	2,660	2,660
<i>Fund balance - beginning of year</i>	-	-	51,660	51,660
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,320</u>	<u>\$ 54,320</u>
Net change in fund balance (Budget Basis)				\$ 2,660
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
Net change in fund balance (GAAP Basis)				<u>\$ 2,660</u>

The accompanying notes are an integral part of these financial statements

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, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 388,495	\$ 353,670	\$ 346,615	\$ (7,055)
<i>Total operating revenues</i>	<u>388,495</u>	<u>353,670</u>	<u>346,615</u>	<u>(7,055)</u>
<i>Operating expenses:</i>				
General and administrative	13,520	15,595	21,107	(5,512)
Personnel services	84,786	87,086	87,912	(826)
Contractual services	2,500	2,500	2,696	(196)
Supplies and purchased power	6,300	6,300	3,944	2,356
Maintenance and materials	304,070	314,870	317,102	(2,232)
Utilities	13,836	13,836	15,854	(2,018)
Miscellaneous	2,350	2,350	1,344	1,006
<i>Total operating expenses</i>	<u>427,362</u>	<u>442,537</u>	<u>449,959</u>	<u>(7,422)</u>
<i>Operating income (loss)</i>	<u>(38,867)</u>	<u>(88,867)</u>	<u>(103,344)</u>	<u>(14,477)</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	53,750	53,750	-	(53,750)
Miscellaneous income	20,500	20,500	22,506	2,006
<i>Total non-operating revenues (expenses)</i>	<u>74,250</u>	<u>74,250</u>	<u>22,506</u>	<u>(51,744)</u>
Capital grants	150,000	150,000	7,645	(142,355)
Transfers in	27,117	77,117	71,842	(5,275)
Transfers out	-	-	-	-
<i>Capital grants and net transfers</i>	<u>177,117</u>	<u>227,117</u>	<u>79,487</u>	<u>(147,630)</u>
<i>Change in net assets</i>	212,500	212,500	(1,351)	(213,851)
Designated cash	(212,500)	(212,500)	-	212,500
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,689,587</u>	<u>4,689,587</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,688,236</u>	<u>\$ 4,688,236</u>
Net change in net assets (<i>Budgetary Basis</i>)				\$ (1,351)
Adjustments to revenues for state capital grant accruals				(1,142)
Adjustments to expenditures for general and administrative, personnel services and maintenance and materials accrual				21,187
Depreciation				<u>(151,592)</u>
Net change in net assets (<i>GAAP Basis</i>)				<u>\$ (132,898)</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, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 1,919,500	\$ 1,919,500	\$ 2,010,529	\$ 91,029
<i>Total operating revenues</i>	<u>1,919,500</u>	<u>1,919,500</u>	<u>2,010,529</u>	<u>91,029</u>
<i>Operating expenses:</i>				
General and administrative	264,196	264,196	275,493	(11,297)
Personnel services	979,233	979,233	986,900	(7,667)
Contractual services	6,250	6,250	10,106	(3,856)
Supplies and purchased power	55,930	55,930	72,830	(16,900)
Maintenance and materials	400,510	385,876	266,393	119,483
Utilities	367,353	367,353	156,505	210,848
Miscellaneous	33,147	33,147	26,792	6,355
<i>Total operating expenses</i>	<u>2,106,619</u>	<u>2,091,985</u>	<u>1,795,019</u>	<u>296,966</u>
<i>Operating income (loss)</i>	<u>(187,119)</u>	<u>(172,485)</u>	<u>215,510</u>	<u>387,995</u>
<i>Non-operating revenues (expenses):</i>				
Miscellaneous income	14,625	14,625	58,414	43,789
Interest income	34,450	34,450	26,419	(8,031)
Interest expense	(30,068)	(30,068)	3,869	33,937
Gross receipts and other taxes	230,088	230,088	264,837	34,749
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>249,095</u>	<u>249,095</u>	<u>353,539</u>	<u>104,444</u>
Capital grants	4,705,535	4,619,943	375,151	(4,244,792)
Transfers in	415,700	415,700	383,500	(32,200)
Transfers out	(415,700)	(415,700)	(383,500)	32,200
<i>Capital grants and net transfers</i>	<u>4,705,535</u>	<u>4,619,943</u>	<u>375,151</u>	<u>(4,244,792)</u>
<i>Change in net assets</i>	<u>4,767,511</u>	<u>4,696,553</u>	<u>944,200</u>	<u>(3,752,353)</u>
Designated cash	(4,767,511)	(4,696,553)	-	4,696,553
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,565,920</u>	<u>9,565,920</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,510,120</u>	<u>\$ 10,510,120</u>
Net change in net assets (<i>Budgetary Basis</i>)				\$ 944,200
Adjustments to revenues for charges for services, taxes, interest and state capital grant accruals				(56,367)
No adjustments for expenditure accruals				70,046
Depreciation				(313,581)
Net change in net assets (<i>GAAP Basis</i>)				<u>\$ 644,298</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, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 750,300	\$ 750,300	\$ 815,866	\$ 65,566
<i>Total operating revenues</i>	<u>750,300</u>	<u>750,300</u>	<u>815,866</u>	<u>65,566</u>
<i>Operating expenses:</i>				
General and administrative	279,881	279,881	278,503	1,378
Personnel services	289,282	289,282	277,768	11,514
Contractual services	5,000	5,000	3,345	1,655
Supplies and purchased power	53,620	53,620	71,188	(17,568)
Maintenance and materials	67,110	67,110	52,384	14,726
Utilities	4,327	4,327	5,539	(1,212)
Miscellaneous	750	750	686	64
<i>Total operating expenses</i>	<u>699,970</u>	<u>699,970</u>	<u>689,413</u>	<u>10,557</u>
<i>Operating income (loss)</i>	<u>50,330</u>	<u>50,330</u>	<u>126,453</u>	<u>76,123</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Miscellaneous income	1,000	1,000	(1)	(1,001)
Interest income	10,200	10,200	15,357	5,157
Gross receipts and other taxes	57,522	57,522	66,338	8,816
Landfill closure/postclosure care costs	(58,552)	(58,552)	(19,677)	38,875
<i>Total non-operating revenues (expenses)</i>	<u>10,170</u>	<u>10,170</u>	<u>62,017</u>	<u>51,847</u>
Capital grants	935,749	923,753	169,031	(754,722)
Transfers in	-	-	63,000	63,000
Transfers out	-	-	(63,000)	-
<i>Capital grants and net transfers</i>	<u>935,749</u>	<u>923,753</u>	<u>169,031</u>	<u>(691,722)</u>
<i>Change in net assets</i>	<u>996,249</u>	<u>984,253</u>	<u>357,501</u>	<u>(563,752)</u>
Designated cash	(996,249)	(984,253)	-	984,253
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,020,982</u>	<u>1,020,982</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,378,483</u>	<u>\$ 1,441,483</u>
Net change in net assets (<i>Budgetary Basis</i>)				\$ 357,501
Adjustments to revenue for charges for services and miscellaneous revenue accruals				36,246
Adjustments to expenditures for general and administrative, personnel services and maintenance and materials accrual				(17,001)
Depreciation				<u>(107,086)</u>
Net change in net assets (<i>GAAP Basis</i>)				<u>\$ 269,660</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, 2008

	Budget Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 335,175	\$ 335,175	\$ 285,070	\$ (50,105)
<i>Total operating revenues</i>	<u>335,175</u>	<u>335,175</u>	<u>285,070</u>	<u>(50,105)</u>
<i>Operating expenses:</i>				
General and administrative	-	-	-	-
Personnel services	273,450	273,450	222,048	51,402
Contractual services	6,151	6,151	6,060	91
Supplies and purchased power	400	400	446	(46)
Maintenance and materials	11,889	11,889	10,521	1,368
Utilities	15,400	15,400	12,899	2,501
Miscellaneous	27,885	27,885	34,377	(6,492)
<i>Total operating expenses</i>	<u>335,175</u>	<u>335,175</u>	<u>286,351</u>	<u>48,824</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>-</u>	<u>(1,281)</u>	<u>(1,281)</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Miscellaneous income	-	-	(212)	(212)
Interest income	-	-	-	-
Interest expense	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>(212)</u>	<u>(212)</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>-</u>	<u>(1,493)</u>	<u>(1,493)</u>
Designated cash	-	-	-	-
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>7,505</u>	<u>7,505</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,012</u>	<u>\$ 6,012</u>
Net change in net assets (<i>Budgetary Basis</i>)				\$ (1,493)
Adjustments for miscellaneous revenue accruals				212
Adjustments to expenditures for general and administrative, personnel services and maintenance and materials accrual				3,980
Depreciation				(3,819)
Net change in net assets (<i>GAAP Basis</i>)				<u>\$ (1,120)</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, 2008

	Budget Amounts		Actual (GAAP Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 242,436	\$ 242,436	\$ 131,983	\$ (110,453)
<i>Total operating revenues</i>	<u>242,436</u>	<u>242,436</u>	<u>131,983</u>	<u>(110,453)</u>
<i>Operating expenses:</i>				
General and administrative	318,544	318,544	257,158	61,386
Personnel services	-	-	-	-
Contractual services	34,124	34,124	27,880	6,244
Supplies and purchased power	-	-	-	-
Maintenance and materials	168,759	168,759	40,890	127,869
Utilities	116,100	116,100	106,653	9,447
Housing assistance payments	616,380	616,380	518,734	97,646
<i>Total operating expenses</i>	<u>1,253,907</u>	<u>1,253,907</u>	<u>951,315</u>	<u>302,592</u>
<i>Operating income (loss)</i>	<u>(1,011,471)</u>	<u>(1,011,471)</u>	<u>(819,332)</u>	<u>192,139</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	946,780	946,780	984,259	37,479
Miscellaneous income	31,200	31,200	99,546	68,346
Interest income	1,420	1,420	1,128	(292)
Interest expense	-	-	-	-
Debt service grants	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Miscellaneous expense	(102,938)	(102,938)	(236,400)	133,462
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>1,082,338</u>	<u>876,462</u>	<u>848,533</u>	<u>238,995</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>70,867</u>	<u>(135,009)</u>	<u>29,201</u>	<u>431,134</u>
Designated cash	(70,867)	135,009	-	(135,009)
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,483,704</u>	<u>2,483,704</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,512,905</u>	<u>\$ 2,779,829</u>
Net change in net assets (<i>Budgetary Basis</i>)				\$ 29,201
Adjustments for miscellaneous revenue accruals				116,783
Adjustments to expenditures for accrued wages and compensated absences				<u>(256,873)</u>
Net change in net assets (<i>GAAP Basis</i>)				<u>\$ (110,889)</u>

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2008

Bank Account Type/Name	Deposits		
	Wells Fargo Bank	Citizens Bank	First National Bank
General Operating - Checking	\$ 1,265,415	\$ -	\$ -
Certificate of Deposit	157,256	-	-
1/8% Ed/Infrastructure Tax - Savings	77,897	-	-
JAG - Checking	11,046	-	-
John D. Hoffman Endowment Fund - Savings	1,005	-	-
Bank Two - Checking	-	643,744	-
San. Cap. Imp. Fund - Savings	-	14,307	-
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	-	-	59,585
Princess Theatre Fund - Savings	-	-	4,530
Sanitation Department - Checking	-	-	402,292
Certificate of Deposit	-	-	150,000
Certificate of Deposit	-	-	100,000
NMFA Reserve Accounts*	-	-	-
Certificate of Deposit	-	-	-
Police Narcotics Fund	-	-	-
Police Seizure Fund	143,593	-	-
Certificate of Deposit	-	-	-
Housing Authority	478,324	-	14,160
Total on deposit	<u>2,134,536</u>	<u>1,643,489</u>	<u>731,425</u>
Reconciling items	<u>(208,981)</u>	<u>(147,700)</u>	<u>(135,484)</u>
Reconciled balance	<u>\$ 1,925,555</u>	<u>\$ 1,495,789</u>	<u>\$ 595,941</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	
\$ -	\$ -	\$ -	\$	1,265,415
-	-	-		157,256
-	-	-		77,897
-	-	-		11,046
-	-	-		1,005
-	-	-		643,744
-	-	-		14,307
-	-	-		150,000
-	-	-		60,000
-	-	-		175,438
-	-	-		580,000
-	-	-		20,000
-	-	-		157
-	-	-		303
-	-	-		398
-	-	-		59,585
-	-	-		4,530
-	-	-		402,292
-	-	-		150,000
-	-	-		100,000
-	-	82,556		82,556
60,453	-	-		60,453
-	31,192	-		31,192
-	-	-		143,593
-	50,000	-		50,000
-	19,927	-		512,411
<u>60,453</u>	<u>101,119</u>	<u>82,556</u>		<u>4,753,578</u>
-	-	-		(492,165)
<u>\$ 60,453</u>	<u>\$ 101,119</u>	<u>\$ 82,556</u>		4,261,413
				<u>2,773</u>
				<u>\$ 4,264,186</u>
				<u>\$ 4,753,578</u>
				<u>(82,556)</u>
				<u>\$ 4,671,022</u>

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STATE OF NEW MEXICO
City of Tucumcari
Schedule of Collateral Pledged By Depository
For Public Funds
June 30, 2008

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					
	FHLB Disc Note	7/2/2009	313385HQ2	\$ 875,736	Amarillo, TX
	Total Citizen's Bank			<u>875,736</u>	
First National Bank of New Mexico					
	708240291	6/30/2009	31339XZ56	24,981	FHLB
	710240427	12/1/2008	3133XBXT7	50,354	FHLB
	803250599	2/8/2019	3133XPCF9	48,912	FHLB
	803250605	8/1/2027	31371NH81	<u>136,296</u>	FHLB
	Total First National Bank of New Mexico			<u>260,543</u>	
Wells Fargo Bank					
	FGIOHOH00895	6/1/2037	3128MS7G9	334,848	WF CALIF
	FNCL 257004	10/1/2037	31371NNV3	63,824	WF CALIF
	FNIONP880203	2/1/2036	31409V3L5	226,786	WF CALIF
	FNCL 895631	5/1/2036	31410SA80	<u>326,716</u>	WF CALIF
	Total Wells Fargo Bank			<u>952,174</u>	
	Total Pledged Collateral			<u><u>\$ 2,088,453</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, 2008

Participants	Responsible Party	Description
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
Quay County & City of Tucumcari	Both	Housing of City Prisoners by Quay County Detention
TeamBuilders Counseling Services, Inc.	Both	Requires City to provide Law Enforcement Overtime to conduct enforcement operations targeting underage drinking
City of Tucumcari New Mexico Finance Authority	Both	Delineate rights & duties \$557,700 for acquisition of rights of way, planning, design, and construction of roadway drainage, reconstruction and widening of
City of Tucumcari & Tucumcari Bd. of Education District One	Both	2007-2008 Schools DOT Coop Proj-Gamble Ave Assist in the mgmt, eng, design, inspection & const Coop Project SP-4-08(926)

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>
2/3/2006	Indefinite	Unknown	\$ -	None	None	Each individual law enforcement agency
8/15/2005	Indefinite	Unknown	\$ -	None	None	Dispatch Center
7/1/2007	6/30/2008	\$ 54,000	\$ 54,000	None	None	Both
7/1/2007	5/28/2008	\$ 2,000	\$ 1,933	None	None	Both
11/29/2007	Rd. Complete	\$ 557,700	\$ 43,113	Both	City	Both
12/17/2007	7/22/2008	\$ 25,704	School Paid	None	School	School

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Component Unit of The City of Tucumcari
Financial Data Schedule
June 30, 2008

Line Item Number	Description	Low Income Public Housing Program	Capital Fund Program
111	Cash - Unrestricted	\$ 70,855	\$ -
112	Cash - Restricted - Modernization and Development	-	-
113	Cash - Other Restricted	-	-
114	Cash - Tenant Security Deposits	10,566	-
115	Cash - restricted- Payment of Current liabilities	-	-
100	Total Cash	81,421	-
121	Accounts Receivable - PHA projects	-	-
122	Accounts Receivable - HUD Other Projects	-	-
124	Accounts Receivable - other government	-	-
125	Accounts Receivable - Miscellaneous	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	3,712	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(558)	-
126.2	Allowance for Doubtful Accounts - Other	-	-
127	Notes, Loans, & Mortgages receivables- current	-	-
128	Fraud Recovery	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-
129	Accrued interest receivable	-	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	3,154	-
142	Prepaid Expenses and Other Assets	11,167	-
143	Inventories	-	-
143.1	Allowance for Obsolete Inventories	-	-
144	Interprogram Due From	-	-
145	Assets Held for Sale	-	-
150	Total Current Assets	95,742	-
161	Land	68,890	-
162	Buildings	1,862,282	-
163	Furniture, Equipment & Machinery - Dwellings	246,900	-
164	Furniture, Equipment & Machinery - Administration	164,005	-
165	Leasehold Improvements	1,125,206	-
166	Accumulated Depreciation	(1,733,815)	-
160	Total Fixed Assets, Net of Accumulated Depreciation	1,733,468	-
180	Total Non Current Assets	1,733,468	-
190	Total Assets	\$ 1,829,210	\$ -

The accompanying notes are an integral part of these financial statements

Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	HOME Investment Partnership Program	Total
\$ 79,771	\$ 93,533	\$ 19,927	\$ 264,086
-	-	-	-
182,593	-	-	182,593
-	4,204	-	14,770
-	-	-	-
262,364	97,737	19,927	461,449
-	-	-	-
-	-	-	-
-	-	-	-
2,514	-	-	2,514
-	-	-	3,712
-	(300)	-	(858)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,514	(300)	-	5,368
-	-	-	11,167
-	-	-	-
-	-	-	-
12,500	-	-	12,500
-	-	-	-
277,378	97,437	19,927	490,484
-	27,120	-	96,010
-	691,919	-	2,554,201
-	54,344	-	301,244
-	-	-	164,005
-	248,493	-	1,373,699
-	(187,333)	-	(1,921,148)
-	834,543	-	2,568,011
-	834,543	-	2,568,011
\$ 277,378	\$ 931,980	\$ 19,927	\$ 3,058,495

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Component Unit of The City of Tucumcari
Financial Data Schedule
June 30, 2008

Line Item Number	Description	Low Income Public Housing Program	Capital Fund Program
312	Accounts Payable <= 90 Days	\$ 18,673	\$ -
321	Accrued Wage/Payroll Taxes Payable	27,250	-
322	Accrued Compensated Absences - Current Portion	7,485	-
341	Tenant Security Deposits	10,566	-
342	Deferred Revenues	-	-
343	Current portion of long term debt- capital projects	-	-
345	Other Current Liabilities	-	-
347	Interprogram Due To	-	-
310	Total Current Liabilities	<u>63,974</u>	-
351	Long-term debt-mortgages	-	-
354	Accrued Compensated Absences - Noncurrent	-	-
350	Total Noncurrent Liabilities	<u>-</u>	-
300	Total Liabilities	<u>63,974</u>	-
508.1	Invested in Capital Assets, Net of Related Debt	1,733,468	-
511	Restricted Net Assets	-	-
512.1	Unrestricted	31,768	-
513	Total Equity/Net Assets	<u>1,765,236</u>	-
600	Total Liabilities and Equity/Net Assets	<u>\$ 1,829,210</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	HOME Investment Partnership Program	Total
\$ -	\$ 2,284	\$ -	\$ 20,957
-	-	-	27,250
-	-	-	7,485
-	4,204	-	14,770
-	-	-	-
-	-	-	-
-	8,021	-	8,021
-	-	12,500	12,500
-	14,509	12,500	90,983
-	723,102	-	723,102
-	-	-	-
-	723,102	-	723,102
-	737,611	12,500	814,085
-	103,420	-	1,836,888
182,593	-	-	182,593
94,785	90,949	7,427	224,929
277,378	194,369	7,427	2,244,410
\$ 277,378	\$ 931,980	\$ 19,927	\$ 3,058,495

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Component Unit of The City of Tucumcari
Financial Data Schedule
June 30, 2008

Line Item Number	Description	Low Income Public Housing Program	Capital Fund Program
703	Net Tenant Rental Revenue	\$ 132,064	\$ -
704	Tenant Revenue - Other	-	-
705	Total Tenant Revenue	132,064	-
706	HUD PHA Operating Grants	247,029	-
708	Other Governmental Grants	-	-
711	Investment Income - Unrestricted	840	-
714.1	Fraud Recovery - Housing Assistance Payments	-	-
714.2	Fraud Recovery - Administrative Fee	-	-
715	Other Revenue	93,046	-
700	Total Revenue	472,979	-
911	Administrative Salaries	71,565	-
912	Auditing Fees	1,050	-
913	Outside Management Fees	-	-
915	Employee Benefit Contributions - Administrative	49,503	-
916	Other Operating - Administrative	29,107	-
931	Water	44,850	-
932	Electricity	4,462	-
933	Gas	47,193	-
938	Other Utilities	-	-
941	Ordinary Maintenance & Operation - Labor	65,071	-
942	Ordinary Maintenance & Operation - Materials & Other	18,764	-
943	Ordinary Maintenance & Operation - Contract Costs	20,143	-
945	Employee Benefit Contributions - Ordinary Maintenance	15,510	-
961	Insurance Premiums	92,058	-
964	Bad Debt - Tenant Rents	-	-
966	Bad Debt - Other	-	-
967	Interest expense	-	-
969	Total Operating Expenses	459,276	-
970	Excess Operating Revenue Over Operating Expenses	13,703	-
971	Extraordinary Maintenance	-	-
973	Housing Assistance Payments	-	-
974	Depreciation Expense	95,098	6,059
975	Fraud Losses	-	-
900	Total Expenses	\$ 554,374	\$ 6,059

The accompanying notes are an integral part of these financial statements

Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	HOME Investment Partnership Program	Total
\$ -	\$ -	\$ -	\$ 132,064
-	31,087	-	31,087
-	31,087	-	163,151
669,424	-	-	916,453
-	138,270	-	138,270
243	732	-	1,815
8,081	-	-	8,081
8,081	-	-	8,081
-	1,583	3,219	97,848
685,829	171,672	3,219	1,333,699
45,599	-	-	117,164
-	1,276	-	2,326
-	151,907	-	151,907
6,000	-	-	55,503
10,597	66,314	-	106,018
-	3,199	-	48,049
-	2,125	-	6,587
-	235	-	47,428
-	4,589	-	4,589
-	10,182	-	75,253
-	9,794	-	28,558
-	1,994	-	22,137
-	-	-	15,510
-	5,722	-	97,780
-	4,568	-	4,568
13,344	-	-	13,344
-	-	-	-
75,540	261,905	-	796,721
610,289	(90,233)	3,219	536,978
-	-	-	-
518,734	-	-	518,734
-	28,076	-	129,233
-	-	-	-
\$ 594,274	\$ 289,981	\$ -	\$ 1,444,688

STATE OF NEW MEXICO
Tucumcari Housing Authority
A Component Unit of The City of Tucumcari
Financial Data Schedule
June 30, 2008

Line Item Number	Description	Low Income Public Housing Program	Capital Fund Program
1001	Operating Transfers In	\$ -	\$ -
1002	Operating Transfers Out	-	-
1010	Total Other Financing Sources (Uses)	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(81,395)	(6,059)
1103	Beginning Equity	1,756,695	95,995
	Residual Equity Transfer	89,936	(89,936)
	Ending Equity (deficit)	<u>\$ 1,765,236</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Section 8 Housing Choice Vouchers Program	USDA FmHA Rural Housing Program	HOME Investment Partnership Program	Total
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
91,555	(118,309)	3,219	(110,989)
185,823	312,678	4,208	2,355,399
-	-	-	-
<u>\$ 277,378</u>	<u>\$ 194,369</u>	<u>\$ 7,427</u>	<u>\$ 2,244,410</u>

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COMPLIANCE SECTION

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Accounting & Consulting Group, LLP

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 1/8% Economic Development Tax special revenue fund of the City of Tucumcari, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 25, 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 in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 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 06-03, FS 06-04, FS 06-05, FS 06-07, FS 06-08, FS 08-01, FS 08-04, FS 08-05, FS 08-06, 2005-02, 2007-01, 2008-07, and 2008-08.

Certified Public Accountants

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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 2008-01 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 07-01, FS 08-02, FS 08-03 and 2006-02.

We noted a certain matter that is 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 is described in the accompanying schedule of findings and responses as finding 06-01.

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
November 25, 2008, except for Note 18, as to which the date is June 26, 2009

FEDERAL FINANCIAL ASSISTANCE

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Accounting & Consulting Group, LLP

**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, 2008. 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, 2008.

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.

Certified Public Accountants

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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.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-11 to be significant deficiency.

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 Tucumcari's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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

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

November 25, 2008, except for Note 18, as to which the date is June 26, 2009

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STATE OF NEW MEXICO
City of Tucumcari
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor Program Title	Federal CFDA Number	Federal or Pass Through Grant / Project Number	Federal Expenditures
<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>			
U.S. Department of Health and Human Services			
Senior Citizens 06-07 Title IIIB	93.044	2006-07-68040	\$ 5,537
Senior Citizens 06-07 Title IIIC1	93.045	2006-07-68040	47,638
Senior Citizens 06-07 NSIP	93.053	2006-07-68040	<u>29,204</u>
Total U.S. Department of Health and Human Services			<u>82,379</u>
U.S. Department of Justice			
JAG Grant	16.738	2005-DJ-BX-1302	<u>25,967</u>
Total U.S. Department of Justice			<u>25,967</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant (Passed through State of New Mexico Department of Finance Administration)	14.228	06-C-NR-I-6-G-54	* <u>357,438</u>
Total Community Development Block Grant			<u>357,438</u>
Direct Programs:			
PublicHousing - Low Rent	14.850	NM 03300000108D	* 247,029
Section 8 Housing Choice Vouchers	14.871	NM 033V00050	* <u>594,476</u>
Total Direct			<u>841,505</u>
Total U.S. Department of Housing and Urban Development			<u>1,198,943</u>
U.S. Department of Agriculture:			
Direct programs:			
Rural rental assistance payments	10.415, 10.515	NM 990419271	<u>158,329</u>
Total U.S. Department of Agriculture			<u>158,329</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	12,463
Homeland Security Grant Program	97.067	2003-MU-T3-0047 Quay CIP	<u>52,206</u>
Total U.S. Department of Homeland Security			<u>64,669</u>
Total Expenditures of Federal Awards			<u>\$ 1,530,287</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 \$158,329. This amount has been included in the amount reflected under Farmers Home Administration Rural Housing (FmHA).

4. Loan amount

Housing Authority owed \$731,123 to FmHA at June 30, 2008.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Findings and Questioned Costs
June 30, 2008

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;">14.228</td> <td style="text-align: center;">Community Development Block Grant</td> </tr> <tr> <td style="text-align: center;">14.850</td> <td style="text-align: center;">Public Housing – Low Rent</td> </tr> <tr> <td style="text-align: center;">14.871</td> <td style="text-align: center;">Section 8 Housing Choice Vouchers</td> </tr> </tbody> </table> | CFDA
Number | Federal Program | 14.228 | Community Development Block Grant | 14.850 | Public Housing – Low Rent | 14.871 | Section 8 Housing Choice Vouchers | |
| CFDA
Number | Federal Program | | | | | | | | |
| 14.228 | Community Development Block Grant | | | | | | | | |
| 14.850 | Public Housing – Low Rent | | | | | | | | |
| 14.871 | Section 8 Housing Choice Vouchers | | | | | | | | |
| 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 – Primary Government

FS 06-01 Personnel Files

Condition: During our test work of payroll, it was observed 1 of the 6 employee's tested did not have I-9 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: The City has adopted a new written Personnel Ordinance on the 28th of August 2008 that includes detailed guidance on maintaining the City's personnel files. The City has begun auditing all personnel files to ensure that the proper documentation is in every employee's file as required by the Ordinance.

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

A. Financial Statement Findings – Primary Government (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 has hired additional staff in the Finance Office and has begun working on developing a written policies and procedures manual for the office which will help the City detect or prevent possible misstatements in its financial statements. The City will also work with its outside audit firm to develop training for management and staff to enable them to better understand the requirements of governmental financial reporting.

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

A. Financial Statement Findings – Primary Government (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 the cash, payroll and fixed asset 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 2008 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 additional staff for the Finance Department and will begin the work to ensure that a comprehensive internal control structure is designed, documented, and implemented. The governing body will provide effective oversight of the internal control and financial reporting process.

FS 06-05 — Capital Assets

Condition: The City does not have a formal capital assets management policy. For the year ended June 30, 2008, 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 and update its inventory annually. The inventory report will include asset identification, location, and historical cost. The City intends to be fully compliant with GASB 34.

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

A. Financial Statement Findings – Primary Government (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 develop a written business continuation plan. The plan will include instructions on reconstructing the IT system from the City's stored media. The plan will also address how the City will process functions manually or with alternate automated systems in the case of an event that compromises the City's ability to operate normally.

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 Manager'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 is not properly safeguarding 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 is working with a local vendor to implement physical security controls to protect its IT assets/equipment from physical harm, theft, or destruction. All equipment will be locked in a secure area.

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

A. Financial Statement Findings – Primary Government (continued)

FS 07-01 – Pledged Collateral

Condition: Deposits at two banks were not collateralized in accordance with State of New Mexico Statutes. The required collateral was \$967,268 and \$265,713. The collateral provided by the banks was \$952,174 and \$260,543, resulting in shortfalls of \$(15,094) and \$(5,170) respectively.

Criteria: Any bank designated a deposit of public money shall deliver pledged collateral with a value equal to one half the amount of the public money in excess of insurance, to a custodial bank and a joint safekeeping receipt issued by the custodial bank to the City (Section 6-10-17 NMSA 1978). Monitoring collateralization of the City's funds is essential in ensuring compliance with State of New Mexico Statutes.

Cause: The amounts on deposit were not adequately monitored to ensure that balances were sufficiently collateralized.

Effect: Lack of proper monitoring of pledged collateral could result in excessive loss of City's funds if the financial institutions encounter financial difficulties.

Auditor's Recommendation: As part of a formal policy implemented by the City, an individual should be assigned the responsibilities of reviewing the monthly collateral reports, investigating differences, and resolving discrepancies.

Management's Response: The City will meet with its banking partners to ensure that all deposits are properly collateralized. One person in the Finance department will be assigned the responsibility to review the monthly collateral reports, investigate differences and resolve any discrepancies.

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

A. Financial Statement Findings – Primary Government (continued)

FS 08-01 — Negative Cash Balances

Condition: The City has several fund cash balances which are negative. These balances represent interfund loans from the General Fund which are for expenditures to be reimbursed from the funding source as the requests for reimbursement are completed. The following funds showed negative cash balances at June 30, 2008:

<u>Special Revenue Funds</u>	<u>Amount</u>
Judicial	\$ 13,239
Senior Citizens	45,723
<u>Capital Project Funds</u>	
State Appropriations Project	<u>5,637</u>
Total	<u>\$ 64,599</u>

Criteria: Good accounting practice requires that an agency submit required documentation to receive reimbursement for expended grant funds as soon as possible after the grant expenditure is made. GASB 34 paragraph 112 requires that interfund loans should be recorded as interfund receivables in the lender fund and interfund payables in the borrower fund.

Cause: The administrator in charge of reimbursement requests did not complete the required documentation for reimbursement for the grant expenditures. There was no independent follow-up to make sure that all of the funds that were expended were properly reimbursed. The City did not record the loans as receivables in the lender fund and as a payable in the borrower fund.

Effect: Since funds have negative cash balances other funds are supporting expenditures which may be unallowable under state or federal grant agreements.

Auditors' Recommendations: We recommend that: (1) cash balances be monitored on a monthly basis; (2) requests for grant reimbursements be submitted timely; and (3) interfund loans be recorded as interfund receivables in the lender fund and as interfund payables in the borrower fund.

Management's Response: The City will monitor its cash balances on a monthly basis and ensure that requests for grant reimbursements are submitted timely. The necessary accounting entries will be generated.

FS 08-02 — Disposition of Fixed Assets

Condition: During our testwork of fixed assets, we noted that the City disposed of property and equipment during the year ended June 30, 2008. The City obtained approval by the Board, but failed to notify the State Auditor of the planned disposition. The total book value amount of assets disposed was \$8,312.

Criteria: State Audit Rule, NMAC 2.2.2.10 G and Section 13-6-1, NMSA 1978, state that disposals of capital assets require written notification to the State Auditor's Office, 30 days prior to the disposal. In addition, the notification must be accompanied by a written certification of the erasure of hard drives for any computer disposed of.

Cause: The City was unaware of the requirements set forth in State Audit Rule, NMAC 2.2.2.10 G and Section 13-6-1, NMSA 1978.

Effect: Capital assets could be disposed of without proper authorization or by disallowed methods.

Auditors' Recommendations: The City must notify the State Auditor at least 30 prior to planned disposition of property and equipment.

Management's Response: The City will notify the State Auditor at least 30 days in advance of any disposition of property and assets.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Findings and Questioned Costs
June 30, 2008

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

A. Financial Statement Findings – Primary Government (continued)

FS 08-03 — Over expenditure of Budgets and Budgeting Cash in Excess of Available Cash

Condition: The City's expenditures exceeded budget in some funds. The City budgeted cash or fund balance that did not exist at the beginning of the fiscal year in one fund.

A. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority as of June 30, 2008.

Special Revenue Funds:

Recreation	\$ 751
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Proprietary Funds

Airport	7,422
Total	<u>\$ 8,173</u>

B. Cash budgeted exceeded available cash and receivables in the prior year in the following fund:

Special Revenue Funds

Gas Tax	<u>\$ 103,753</u>
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Criteria: The Authority by which the City can spend money is the Commission and the Department of Finance and Administration approved budget (Section 6-6-6; NMSA 1978).

Cause: The City failed to obtain budget amendments for the funds that were over-expended or not budgeted for and the City budgeted for amounts in cash and/or fund balance that did not exist at the beginning of the fiscal year.

Effect: Per Section 6-6-6, NMSA 1978, it is binding upon officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials.

Auditors' Recommendation: We recommend that the City establish policies and procedures to ensure all expenditures are budgeted for and funds are not over-expended.

Management's Response: The City will carefully monitor fund balances to ensure that all expenditures are budgeted and funds are not over-expended.

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

A. Financial Statement Findings – Primary Government (continued)

FS 08-04 — Segregation of Duties within Payroll Processes

Condition: During our payroll internal control inquiries, we noted that the payroll clerk initiates the payroll direct deposits and also reviews and authorizes electronic payroll disbursements, resolves employee payroll inquiries, and edits the payroll master file. There is no management review after the direct deposit of payroll or after changes have been made to the master payroll files. In addition, we noted that reconciliations between the payroll register and the general ledger were not being done.

Criteria: The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. An effectively designed control environment should be designed to include enough segregation of duties to reduce the risk of fraud.

Cause: The City does not currently have enough personnel to properly segregate those duties and perform appropriate reconciliations once payroll is processed.

Effect: The internal controls in place currently do not mitigate the risk of fraud. The payroll clerk could make unauthorized changes to the payroll master files and to direct deposits. The payroll clerk could also cover mistakes or fraud by handling inquiries and correcting employee's files as they become a problem.

Auditors' Recommendations: The City should redesign their internal controls to include management review of direct deposits and electronic changes made to employee files. A person separate from the payroll clerk should make sure inquiries are resolved correctly. In addition, the City should designate a person other than the payroll clerk to reconcile between the payroll ledger and the general ledger.

Management's Response: The City has reorganized the payroll office to provide a person other than the payroll clerk to review payroll inquiries and ensure they are resolved correctly and to review direct deposits and changes made to employee files. The City has adopted a new Personnel Ordinance that provides clearer guidance on resolving payroll issues. The City will designate a person other than the payroll clerk to reconcile the payroll ledger to the general ledger.

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

A. Financial Statement Findings – Primary Government (continued)

FS 08-05 — Incomplete Payroll Change Notices and Incorrect Data Entry from these Notices

Condition: During payroll testwork, we noted that the “payroll change notice” for one employee out of six tested was only signed by the City Manager or by the City Manager and the Human Resources Manager, and one employee out of six tested was paid an incorrect amount according to the “payroll change notice”

Criteria: It is City policy that all Payroll Change Notices be signed by the City Manager, the Human Resources Manager and the Supervisor. The signatures indicate approval of rates and any other applicable changes occurring.

Cause: If there isn’t enough time before a payroll to obtain the required signatures then the City’s processes the change without all signatures. No other checks are in place to ensure data is entered into the system correctly and accurately.

Effect: The signatures are required to ensure that a) proper approval is given by the City Manager b) the Human Resources Manager can sign and update important tracking/reporting spreadsheets with new wage rates and c) the Supervisor can sign and make note of new wage rates for budget purposes. If not all signatures are collected it could mean that important personnel were not notified of wage changes that could affect budgets and have reporting implications.

Auditors’ Recommendations: The City should follow its policy and make sure that all required signatures are collected on the “payroll change notices.” The City should also have one other person review data entered into the payroll system before payroll is processed.

Management’s Response: The City will ensure that all required signatures are properly affixed to payroll change notices. The payroll office has been reorganized to provide the oversight of one other person before a payroll is processed

FS 08-06 — Failure to Reconcile Account Balances

Condition: During our test of due to/due from accounts, we noted that these accounts had not been reconciled in many years. In prior years due to/due from had been recorded by the City but never considered again. These amounts are still present on the records of the City when they should have been zeroed out to reflect repayment of interfund loans. We also noted the “due to” account totals did not equal the “due from” account totals. The difference was \$6,895.

Criteria: GASB 34 paragraph 112 requires that interfund loans should be recorded as interfund receivables in the lender fund and interfund payables in the borrower fund. When reimbursements are received the interfund receivables and payables should be reversed to reflect the repayment of the loan.

Cause: The City did not make the appropriate reconciliations in a timely manner causing due to/due from balances to be incorrect.

Effect: Readers of financial statements could be mislead when assets and liabilities appear in the financial data that do not exist anymore.

Auditors’ Recommendations: We recommend that the City establish a policy of reviewing due to/due from reconciliations monthly and make the necessary adjustments in a timely manner.

Management’s Response: The City will review the due to/due from balances monthly and ensure that reconciling adjustments are properly and correctly recorded in a timely manner.

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

B. Financial Statement Findings – Housing Authority Department

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.

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.

Effect: Some employees are not receiving the benefits that additional instruction could bring. The risk of financial statement and compliance errors is higher when employees are not well trained.

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. The City will ensure that Housing Authority employees attend training to enable them to perform their duties properly.

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.

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

B. Financial Statement Findings – Housing Authority Department (continued)

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.

2008-07 — 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 \$359 and the deposit liability balance for the Rural Rental tenant account is overstated by \$145.

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. Financial Statement Findings – Housing Authority Department (continued)

2008-08 — Lack of Adequate Internal Controls

Condition: We noted the following areas in which the Housing Authority does not have sufficient key internal controls in place.

- There is not a fraud risk assessment done at the Housing Authority
- There is not a whistleblower policy at the Housing Authority

Because the Housing Authority has not completed a risk assessment, nor has a whistleblower policy been documented, key controls are missing that would properly safeguard assets. There is not anything to give employees the confidence to report any fraudulent activity without being reprimanded for it. Also adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

Criteria: As required by NMSA 1978 Section 6-6-3, the Housing Authority should design, document, 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.

Cause: For the fiscal year 2008 management did not have a documented policy in place to follow the above procedures to ensure internal controls were in place and working properly.

Effect: If fraud occurs at the Housing Authority it will not be detected timely by management and employees performing their regular assigned duties.

Auditors' Recommendation: Once a year, the Housing Authority management should think about how fraud could occur and develop or change procedures to address the risk. The Housing Authority should adopt a whistleblower policy.

Management's Response: A comprehensive internal control structure will be developed and implemented. The governing body is actively engaged in efforts to provide effective oversight of the Program's internal control.

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

C. Federal Award Findings

2007-11 — 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 has not had the resources necessary to prepare and document a comprehensive internal control structure.

Effect: The lack of properly documented internal controls could result in the Housing Authority having difficulty in submitting required financial reports and maintenance of tenant files. 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: The Housing Authority will have a fraud risk assessment performed annually, and will adopt a whistleblower policy.

STATE OF NEW MEXICO
City of Tucumcari
Schedule of Findings and Questioned Costs
June 30, 2008

Schedule VI
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Section III – Schedule of Prior Year Audit Findings

A. City of Tucumcari

FS 2005-09	Timeliness of Audit Report	Resolved
FS 06-01	Personnel Files	Repeated
FS 06-03	Preparation of Financial Statements	Repeated
FS 06-04	Deficiencies in Internal Control Structure Design, Operation, and Oversight	Repeated
FS 06-05	Capital Assets	Repeated
FS 06-07	Failure to Develop IT Contingency Plan(s)	Repeated
FS 06-08	Failure to Have Adequate Physical Controls in Place for IT Equipment	Repeated
FS 07-01	Pledged Collateral	Repeated

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

2005-02	Employee Training	Repeated
2006-02	Timeliness of Bank Deposits and Acceptance of Cash	Repeated
2007-01	Segregation of Duties in Cash Management	Repeated
2007-02	Travel and Per Diem	Resolved
2007-03	Missing Financial Information for All Programs	Resolved
2007-04	Stale Dated Checks	Resolved
2007-05	Disposition of Property and Equipment	Resolved
2007-06	Personal Use of City Vehicle	Resolved
2007-07	Capital Asset Rollforward	Resolved
2007-08	Failure to Display Proper Equal Housing Opportunity Sign	Resolved
2007-09	Security Deposits Not Matching the Restricted Cash Account	Resolved

C. Federal Award Findings

FA 2005-05	Tenant Files	Resolved
FA 2006-01	Lack of Adequate Internal Controls over Compliance	Repeated
FA 2007-01	Inspections for Tenants not Completed	Resolved
FA 2007-02	Financial Reports	Resolved

STATE OF NEW MEXICO

City of Tucumcari

Other Disclosures

June 30, 2008

Exit Conference

An exit conference was held on November 25, 2008. In attendance were the following:

Representing the City of Tucumcari:

John Sutherland

Marty Garcia

Vicki Strand

Jeanette Maddaford

Jim Lafferty

City Manager

Finance Director

Deputy Finance Director

City Clerk

City Commissioner

Representing Accounting & Consulting Group, LLP:

Jeff McWhorter

Audit Director

Auditor Prepared Financial Statements

Although it would be preferred and desirable for the City to prepare its own financial statements, it felt the City's personnel did not have the time 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.