

**STATE OF NEW MEXICO**  
**CITY OF TUCUMCARI**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2009**

(This page intentionally left blank)

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
City of Tucumcari  
Table of Contents  
For the Year Ended June 30, 2009

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		4-5
Official Roster		6
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		8-9
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements		
Statement of Net Assets	A-1	12-13
Statement of Activities	A-2	14-15
Fund Financial Statements		
Balance Sheet – Governmental Funds	B-1	16
Reconciliation of the Balance Sheet to the Statement of Net Assets		17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities		19
Statement of Revenues, Expenditures and Changes in Fund Balance – (GAAP Basis) and Actual – General Fund	C-1	20
Statement of Revenues, Expenditures and Changes in Fund Balance – (GAAP Basis) and Actual – 1/8% Economic Development Tax Special Revenue Fund	C-2	21
Statement of Net Assets-Proprietary Funds	D-1	22-23
Statement of Revenues, Expenses, and Changes in Net Assets-Proprietary Funds	D-2	24-25
Statement of Cash Flows –Proprietary Funds	D-3	26-27
<b>NOTES TO THE FINANCIAL STATEMENTS</b>		28-57
<b>SUPPLEMENTARY INFORMATION</b>		
Nonmajor Governmental Fund Descriptions	<u>Statement</u>	60-63
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	64-69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	70-75
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary (GAAP Basis) and Actual		
Lodger's Tax Executive Special Revenue Fund	B-1	76
Lodger's Tax Promotion Special Revenue Fund	B-2	77
Judicial Special Revenue Fund	B-3	78
EMS Special Revenue Fund	B-3	79
Corrections Special Revenue Fund	B-4	80
Fire District Special Revenue Fund	B-5	81
Recreation Special Revenue Fund	B-6	82
Gas Tax Special Revenue Fund	B-7	83
Law Enforcement Grant Special Revenue Fund	B-8	84
Route 66 Grant Special Revenue Fund	B-9	85
Traffic Safety Education and Enforcement Special Revenue Fund	B-10	86
Convention Center Operation and Maintenance Special Revenue Fund	B-11	87
John D. Hoffman Endowment Special Revenue Fund	B-13	88
Police Narcotics Special Revenue Fund	B-14	89
Senior Citizen's Center Special Revenue Fund	B-15	90

**STATE OF NEW MEXICO**  
City of Tucumcari  
Table of Contents  
For the Year Ended June 30, 2009

	<u>Statement</u>	<u>Page</u>
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)</b>		
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual -continued		
Local Law Enforcement Block Grant Special Revenue Fund	B-16	91
Police Department Construction Capital Projects Fund	B-17	92
Lodger's Tax Acquisition Capital Projects Fund	B-18	93
Convention Center Capital Improvements Capital Projects Fund	B-19	94
Golf Course Capital Improvements Capital Projects Fund	B-20	95
NMRDRC Grant Capital Projects Fund	B-21	96
State Appropriations Project Capital Projects Fund	B-22	97
Lodger's Tax/GRT Series 2002 Debt Service Fund	B-23	98
GRT Police Building Debt Service Fund	B-24	99
Airport Proprietary Fund	C-1	100
Joint Utility Proprietary Fund	C-2	101
Solid Waste Proprietary Fund	C-3	102
Internal Service Proprietary Fund	C-4	103
Housing Proprietary Fund	C-5	104
	 <u>Schedule</u>	
<b>SUPPORTING SCHEDULES</b>		
Schedule of Deposit and Investment Accounts	I	106-107
Schedule of Collateral Pledged By Depository for Public Funds	II	109
Schedule of Joint Powers Agreements and Memorandums of Understanding	III	110-111
 <b>COMPLIANCE SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		114-115
 <b>FEDERAL FINANCIAL ASSISTANCE</b>		
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		118-119
Schedule of Expenditures of Federal Awards	IV	120-121
Schedule of Findings and Questioned Costs	V	122-139
 <b>OTHER DISCLOSURES</b>		140

**STATE OF NEW MEXICO**

City of Tucumcari

Official Roster

June 30, 2009

<u><b>Name</b></u>	<u><b>City Council</b></u>	<u><b>Title</b></u>
Antonio Apodaca		Mayor
James Witcher		Mayor Pro-Tem
James Lafferty		Commissioner
Robert Lumpkin		Commissioner
Jimmy Sandoval		Commissioner
	<u><b>Administration</b></u>	
Bobbye Rose		City Manager
Mike Cherry		Assistant City Manager
Christine Dougherty		City Clerk
Marty Garcia		City Finance Director

**FINANCIAL SECTION**



## **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, (City) as of and for the year ended June 30, 2009, 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, 2009 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 2009 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, 2009 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, each major fund, the major proprietary funds, the internal service fund, and the aggregate remaining fund information where applicable, of the City of Tucumcari as of June 30, 2009, and the respective 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 nonmajor governmental fund of the City of Tucumcari as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for 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.

*Certified Public Accountants*

2700 San Pedro Northeast [87110-333] – P.O. Box 3130, Albuquerque, New Mexico 87190-3130  
866.307.2727 – 505.883.2727 – Fax 505.884.6719 – [albuquerque.office@acgnm.com](mailto:albuquerque.office@acgnm.com) – [www.acgnm.com](http://www.acgnm.com)

**Alamogordo – Albuquerque – Carlsbad – Clovis – Hobbs – Lubbock**



The City has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America 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 30, 2009 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 Expenditures 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 not a 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 30, 2009

(This page intentionally left blank)

**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

City of Tucumcari

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,745,717	\$ 2,130,113	\$ 3,875,830
Receivables:			
Property taxes receivable	249,365	-	249,365
Other taxes receivable	573,605	53,279	626,884
Other receivables	513,183	303,493	816,676
Customer receivables	-	573,339	573,339
Prepays	109,356	30,692	140,048
Inventory	-	89,020	89,020
Internal balances	(95,547)	95,547	-
	<u>3,095,679</u>	<u>3,275,483</u>	<u>6,371,162</u>
Total current assets			
Noncurrent assets			
Restricted cash and cash equivalents	255,569	2,518,127	2,773,696
Capital assets	16,694,026	36,851,601	53,545,627
Less: accumulated depreciation	(8,988,830)	(18,620,863)	(27,609,693)
	<u>7,960,765</u>	<u>20,748,865</u>	<u>28,709,630</u>
Total noncurrent assets			
Total assets	<u>\$ 11,056,444</u>	<u>\$ 24,024,348</u>	<u>\$ 35,080,792</u>

The accompanying notes are an integral part of these financial statements

	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 157,898	\$ 416,809	\$ 574,707
Accrued payroll expenses	152,502	47,739	200,241
Accrued compensated absences	117,231	37,946	155,177
Accrued interest	23,738	48,712	72,450
Meter and other refundable deposits	2,792	83,010	85,802
Deferred revenue	-	62	62
Current portion of bonds and notes payable	132,531	78,962	211,493
	<u>586,692</u>	<u>713,240</u>	<u>1,299,932</u>
Total current liabilities			
Noncurrent liabilities			
Accrued compensated absences	-	-	-
Landfill closure liability	-	1,354,373	1,354,373
Bonds and notes payable	2,286,115	3,265,204	5,551,319
	<u>2,286,115</u>	<u>4,619,577</u>	<u>6,905,692</u>
Total noncurrent liabilities			
	<u>2,872,807</u>	<u>5,332,817</u>	<u>8,205,624</u>
Total liabilities			
<b>Net Assets</b>			
Invested in capital assets, net of related debt	5,286,550	14,886,572	20,173,122
Restricted for: (Note 15)			
Debt service	343,084	-	343,084
Capital projects and improvements	180,889	1,680,919	1,861,808
Other purposes	2,284,899	-	2,284,899
Unrestricted	88,215	2,124,040	2,212,255
	<u>8,183,637</u>	<u>18,691,531</u>	<u>26,875,168</u>
Total net assets			
	<u>\$ 11,056,444</u>	<u>\$ 24,024,348</u>	<u>\$ 35,080,792</u>
Total liabilities and net assets			

**STATE OF NEW MEXICO**  
City of Tucumcari  
Statement of Activities  
For the Year Ending June 30, 2009

<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>
<b>Primary Government</b>				
General government	\$ 1,176,029	\$ 159,661	\$ 497,913	\$ -
Public safety	2,412,388	239,262	537,633	14,310
Public works	861,190	-	622,898	26,957
Culture and recreation	797,496	54,692	-	73,688
Health and welfare	532,806	33,155	334,806	-
Interest on long-term debt	112,302	-	-	-
<i>Total governmental activities</i>	<u>5,892,211</u>	<u>486,770</u>	<u>1,993,250</u>	<u>114,955</u>
<b>Business-type Activities:</b>				
Airport	582,864	367,909	-	110,839
Joint Utility	2,104,542	1,843,040	-	3,293,666
Sanitation	1,020,648	611,888	-	65,439
Housing Authority	1,133,136	172,763	923,492	9,288
<i>Total business type activities</i>	<u>4,841,190</u>	<u>2,995,600</u>	<u>923,492</u>	<u>3,479,232</u>
<i>Total</i>	<u>\$ 10,733,401</u>	<u>\$ 3,482,370</u>	<u>\$ 2,916,742</u>	<u>\$ 3,594,187</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

*Special item* - settlement of debt

Transfers

Total general revenues, transfers and special item

Change in net assets

Net assets, beginning

Net assets, restatement (Note 18)

Net assets, beginning as restated

Net assets, ending

The accompanying notes are an integral part of these financial statements

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (518,455)	\$ -	\$ (518,455)
(1,621,183)	-	(1,621,183)
(211,335)	-	(211,335)
(669,116)	-	(669,116)
(164,845)	-	(164,845)
(112,302)	-	(112,302)
<u>(3,297,236)</u>	<u>-</u>	<u>(3,297,236)</u>
-	(104,116)	(104,116)
-	3,032,164	3,032,164
-	(343,321)	(343,321)
-	(27,593)	(27,593)
<u>-</u>	<u>2,557,134</u>	<u>2,557,134</u>
<u>(3,297,236)</u>	<u>2,557,134</u>	<u>(740,102)</u>
271,810	-	271,810
2,821,126	-	2,821,126
276,466	-	276,466
786,133	368,948	1,155,081
92,091	-	92,091
40,258	-	40,258
15,469	17,816	33,285
303,787	57,875	361,662
119,480	-	119,480
(186,015)	186,015	-
<u>4,540,605</u>	<u>630,654</u>	<u>5,171,259</u>
1,243,369	3,187,788	4,431,157
6,940,268	15,392,619	22,332,887
-	111,124	111,124
<u>6,940,268</u>	<u>15,503,743</u>	<u>22,444,011</u>
<u>\$ 8,183,637</u>	<u>\$ 18,691,531</u>	<u>\$ 26,875,168</u>

**STATE OF NEW MEXICO**

City of Tucumcari  
Balance Sheet  
Governmental Funds  
June 30, 2009

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	\$ 866,575	\$ 405,735	\$ 718,774	\$ 1,991,084
Receivables:				
Property taxes	249,365	-	-	249,365
Other taxes receivable	458,941	21,319	93,345	573,605
Other receivables	96,994	-	415,683	512,677
Prepaid insurance	86,728	-	21,013	107,741
Interfund note receivable	-	59,679	-	59,679
Due from other funds	249,034	-	103,008	352,042
	<u>249,034</u>	<u>-</u>	<u>103,008</u>	<u>352,042</u>
<i>Total assets</i>	<u>\$ 2,007,637</u>	<u>\$ 486,733</u>	<u>\$ 1,351,823</u>	<u>\$ 3,846,193</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 106,819	\$ 5,372	\$ 45,707	\$ 157,898
Accrued payroll expenses	94,854	-	48,584	143,438
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	2,357	2,357
Deferred property tax revenue	229,647	-	-	229,647
Other deferred revenue	-	-	31,057	31,057
Meter and other refundable deposits	1,137	-	1,655	2,792
Interfund note payable	-	-	59,679	59,679
Due to other funds	242,178	-	180,879	423,057
	<u>242,178</u>	<u>-</u>	<u>180,879</u>	<u>423,057</u>
<i>Total liabilities</i>	<u>674,635</u>	<u>5,372</u>	<u>369,918</u>	<u>1,049,925</u>
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	237,002	237,002
Prepaid expenses	86,728	-	21,013	107,741
Unreserved, reported in:				
General fund	1,246,274	-	-	1,246,274
Special revenue	-	481,361	701,826	1,183,187
Capital projects	-	-	22,064	22,064
	<u>1,246,274</u>	<u>481,361</u>	<u>723,890</u>	<u>1,451,525</u>
<i>Total fund balances</i>	<u>1,333,002</u>	<u>481,361</u>	<u>981,905</u>	<u>2,796,268</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,007,637</u>	<u>\$ 486,733</u>	<u>\$ 1,351,823</u>	<u>\$ 3,846,193</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, 2009

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	\$	2,796,268
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		7,690,364
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		229,647
Other revenues not collected within sixty days after year end are not considered "available" revenues and are deferred revenues in the fund financial statements		31,057
Internal service funds assets and liabilities included governmental activities in the statement of net assets		(6,442)
Certain liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest		(23,738)
Accrued compensated absences		(114,873)
Bonds and notes payable		(2,418,646)
		<hr style="border-top: 1px solid black;"/>
Net assets of governmental activities	\$	<u><u>8,183,637</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, 2009

Exhibit B-2  
Page 1 of 2

	General	1/8% Economic Development Tax	Other Governmental Funds	Total
<i>Revenues:</i>				
Taxes:				
Property	\$ 270,978	\$ -	\$ -	\$ 270,978
Gross receipts	2,718,431	102,695	-	2,821,126
Gasoline and motor vehicle	22,683	-	253,783	276,466
Other	295,523	-	490,610	786,133
Intergovernmental				
Federal operating grants	40,745	-	54,836	95,581
Federal capital grants	-	26,957	14,310	41,267
State operating grants	327,592	120,884	1,417,150	1,865,626
State capital grants	-	-	73,688	73,688
Charges for services	863,492	-	242,257	1,105,749
Licenses and fees	55,230	-	36,861	92,091
Fines, forfeitures, and penalties	40,258	-	-	40,258
Investment income	1,551	11,005	3,916	16,472
Miscellaneous	78,583	7,636	217,568	303,787
<i>Total revenues</i>	<u>4,715,066</u>	<u>269,177</u>	<u>2,804,979</u>	<u>7,789,222</u>
<i>Expenditures:</i>				
Current:				
General government	1,384,952	38,873	329,561	1,753,386
Public safety	1,437,145	-	776,838	2,213,983
Public works	526,102	-	172,081	698,183
Culture and recreation	382,545	-	219,349	601,894
Health and welfare	84,581	-	462,170	546,751
Capital outlay	103,761	195,208	990,890	1,289,859
Debt service:				
Principal	-	-	134,454	134,454
Interest	-	-	100,811	100,811
<i>Total expenditures</i>	<u>3,919,086</u>	<u>234,081</u>	<u>3,186,154</u>	<u>7,339,321</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>795,980</u>	<u>35,096</u>	<u>(381,175)</u>	<u>449,901</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	5,000	1,333,782	1,338,782
Transfers out	(761,797)	-	(763,000)	(1,524,797)
<i>Total other financing sources (uses)</i>	<u>(761,797)</u>	<u>5,000</u>	<u>570,782</u>	<u>(186,015)</u>
<i>Net change in fund balance</i>	34,183	40,096	189,607	263,886
<i>Fund balance - beginning of year</i>	<u>1,298,819</u>	<u>441,265</u>	<u>792,298</u>	<u>2,532,382</u>
<i>Fund balance - end of year</i>	<u>\$ 1,333,002</u>	<u>\$ 481,361</u>	<u>\$ 981,905</u>	<u>\$ 2,796,268</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, 2009

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	\$	263,886
--	----	---------

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

Capital expenditures recorded in capital outlay		1,289,859
Depreciation expense		(532,285)

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenue in the governmental funds:

Decrease in deferred revenue		(42,306)
Settlement of Debt		119,480

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:

Decrease in accrued compensated absences		8,842
Increase in accrued interest		(12,494)

The net revenue of the internal service fund is reported with the  
governmental activities

13,933

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

Principal payments on bonds and notes payable		134,454
---	--	---------

Change in net assets of governmental activities	\$	1,243,369
---	----	-----------

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 (GAAP Basis) and Actual

For the Year Ending June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 248,851	\$ 248,851	\$ 270,978	\$ 22,127
Gross receipts	2,589,180	2,688,627	2,718,431	29,804
Gasoline and motor vehicle	24,000	24,000	22,683	(1,317)
Other	291,897	291,897	295,523	3,626
Intergovernmental income:				
Federal operating grants	-	35,197	40,745	5,548
Federal capital grants	-	-	-	-
State operating grants	191,691	319,269	327,592	8,323
State capital grants	-	-	-	-
Charges for services	879,900	879,900	863,492	(16,408)
Licenses and fees	66,100	66,100	55,230	(10,870)
Fines, forfeitures and penalties	60,112	60,112	40,258	(19,854)
Investment income	20,000	20,000	1,551	(18,449)
Miscellaneous	123,908	130,554	78,583	(51,971)
<i>Total revenues</i>	<u>4,495,639</u>	<u>4,764,507</u>	<u>4,715,066</u>	<u>(49,441)</u>
<i>Expenditures:</i>				
Current:				
General government	1,433,373	1,433,373	1,384,952	48,421
Public safety	1,537,395	1,537,395	1,437,145	100,250
Public Works	578,363	580,409	526,102	54,307
Culture and recreation	412,576	417,176	382,545	34,631
Health and welfare	79,202	79,202	84,581	(5,379)
Capital outlay	478,391	494,613	103,761	390,852
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,519,300</u>	<u>4,542,168</u>	<u>3,919,086</u>	<u>623,082</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(23,661)</u>	<u>222,339</u>	<u>795,980</u>	<u>573,641</u>
<i>Other financing sources (uses)</i>				
Designated cash	473,389	556,129	-	(556,129)
Transfers in	-	-	-	-
Transfers out	(449,728)	(778,468)	(761,797)	16,671
<i>Total other financing sources (uses)</i>	<u>23,661</u>	<u>(222,339)</u>	<u>(761,797)</u>	<u>(539,458)</u>
<i>Net change in fund balance</i>	-	-	34,183	34,183
<i>Fund balance - beginning of year</i>	-	-	1,298,819	1,298,819
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,333,002</u>	<u>\$ 1,333,002</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 Tax Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Year Ending June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	124,155	124,155	102,695	(21,460)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grant	-	-	-	-
Federal capital grant	300,000	300,000	26,957	(273,043)
State operating grant	987,893	987,893	120,884	(867,009)
State capital grant	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	4,500	4,500	11,005	6,505
Miscellaneous	-	-	7,636	7,636
<i>Total revenues</i>	<u>1,416,548</u>	<u>1,416,548</u>	<u>269,177</u>	<u>(1,147,371)</u>
<i>Expenditures:</i>				
Current:				
General government	99,405	33,065	38,873	(5,808)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	1,312,893	1,312,893	195,208	1,117,685
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,412,298</u>	<u>1,345,958</u>	<u>234,081</u>	<u>1,111,877</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,250</u>	<u>70,590</u>	<u>35,096</u>	<u>(35,494)</u>
<i>Other financing sources (uses)</i>				
Transfers in	5,000	5,000	5,000	-
Transfers out	(9,250)	(75,590)	-	75,590
<i>Total other financing sources (uses)</i>	<u>(4,250)</u>	<u>(70,590)</u>	<u>5,000</u>	<u>75,590</u>
<i>Net change in fund balance</i>	-	-	40,096	40,096
<i>Fund balance - beginning of year</i>	-	-	441,265	441,265
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 481,361</u>	<u>\$ 481,361</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

City of Tucumcari  
Statement of Net Assets  
Proprietary Funds  
June 30, 2009

	<u>Airport</u>	<u>Joint Utility</u>	<u>Solid Waste</u>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 112,428	\$ 1,238,694	\$ 367,944
Receivables:			
Other taxes	-	42,619	10,660
Other receivables	200	259,980	34,529
Customer receivables, net of allowance	-	547,800	16,836
Prepays	574	14,676	7,454
Inventory	33,082	55,938	-
Due from other funds	-	241,812	44,789
<i>Total current assets</i>	<u>146,284</u>	<u>2,401,519</u>	<u>482,212</u>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	2,312,802	7,137
Capital assets	5,700,969	23,271,745	3,373,825
Accumulated depreciation	(2,663,595)	(12,536,996)	(1,427,097)
<i>Total noncurrent assets</i>	<u>3,037,374</u>	<u>13,047,551</u>	<u>1,953,865</u>
<i>Total Assets</i>	<u>\$ 3,183,658</u>	<u>\$ 15,449,070</u>	<u>\$ 2,436,077</u>
<i>Liabilities and Net Assets</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 116,211	\$ 279,138	\$ 9,741
Accrued payroll expenses	2,328	29,609	10,117
Accrued interest payable	-	47,486	-
Accrued compensated absences	2,452	17,136	13,791
Meter and other refundable deposits	-	72,770	-
Due to other funds	50,668	44,125	53,154
Deferred revenue	-	-	-
Current portion of notes payable	-	70,211	-
<i>Total current liabilities</i>	<u>171,659</u>	<u>560,475</u>	<u>86,803</u>
<i>Noncurrent liabilities</i>			
Landfill closure	-	-	1,354,373
Notes payable	-	2,550,853	-
Accrued compensated absences	-	-	-
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>2,550,853</u>	<u>1,354,373</u>
<i>Total liabilities</i>	<u>171,659</u>	<u>3,111,328</u>	<u>1,441,176</u>
<i>Net Assets:</i>			
Invested in capital assets, net of related debt	3,037,374	8,113,685	1,946,728
Restricted net assets	-	148	1,486,811
Unrestricted net assets	(25,375)	4,223,909	(2,438,638)
<i>Total net assets</i>	<u>3,011,999</u>	<u>12,337,742</u>	<u>994,901</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 3,183,658</u>	<u>\$ 15,449,070</u>	<u>\$ 2,436,077</u>

The accompanying notes are an integral part of these financial statements

<u>Housing Authority</u>	<u>Total</u>	<u>Internal Service Fund</u>
\$ 411,047	\$ 2,130,113	\$ 10,202
-	53,279	-
8,784	303,493	506
8,703	573,339	-
7,988	30,692	1,615
-	89,020	-
-	286,601	499
<u>436,522</u>	<u>3,466,537</u>	<u>12,822</u>
198,188	2,518,127	-
4,505,062	36,851,601	111,980
(1,993,175)	(18,620,863)	(97,149)
<u>2,710,075</u>	<u>20,748,865</u>	<u>14,831</u>
<u>\$ 3,146,597</u>	<u>\$ 24,215,402</u>	<u>\$ 27,653</u>
\$ 11,719	\$ 416,809	\$ -
5,685	47,739	9,064
1,226	48,712	-
4,567	37,946	-
10,240	83,010	-
43,107	191,054	25,031
62	62	-
8,751	78,962	-
<u>85,357</u>	<u>904,294</u>	<u>34,095</u>
-	1,354,373	-
714,351	3,265,204	-
-	-	-
<u>714,351</u>	<u>4,619,577</u>	<u>-</u>
<u>799,708</u>	<u>5,523,871</u>	<u>34,095</u>
1,788,785	14,886,572	14,831
183,172	1,670,131	-
374,932	2,134,828	(21,273)
<u>2,346,889</u>	<u>18,691,531</u>	<u>(6,442)</u>
<u>\$ 3,146,597</u>	<u>\$ 24,215,402</u>	<u>\$ 27,653</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, 2009

	Airport	Joint Utility	Solid Waste
<i>Operating revenues:</i>			
Charges for services	\$ 367,909	\$ 1,843,040	\$ 611,888
<i>Total operating revenues</i>	<u>367,909</u>	<u>1,843,040</u>	<u>611,888</u>
<i>Operating expenses:</i>			
General and administrative	10,689	350,299	345,334
Personnel services	83,678	994,203	284,931
Contractual services	4,489	9,222	2,994
Supplies and purchased power	10,710	75,259	64,980
Maintenance and materials	307,405	125,281	2,394
Utilities	14,202	163,717	3,752
Housing assistance payments	-	-	-
Depreciation	151,592	320,611	123,426
Miscellaneous	99	2,115	10,993
<i>Total operating expenses</i>	<u>582,864</u>	<u>2,040,707</u>	<u>838,804</u>
<i>Operating income (loss)</i>	<u>(214,955)</u>	<u>(197,667)</u>	<u>(226,916)</u>
<i>Non-operating revenues (expenses):</i>			
Operating grants	-	-	-
Interest income	-	10,493	6,636
Interest expense	-	(63,836)	-
Gross receipts and other taxes	-	265,593	103,355
Miscellaneous	25,107	14,380	128
Landfill closure/postclosure care costs	-	-	(181,844)
<i>Total non-operating revenues (expenses)</i>	<u>25,107</u>	<u>226,630</u>	<u>(71,725)</u>
Capital grants	110,839	3,293,666	65,439
Transfers in	34,875	440,120	45,000
Transfers out	-	(288,980)	(45,000)
<i>Capital grants and net transfers</i>	<u>145,714</u>	<u>3,444,806</u>	<u>65,439</u>
<i>Change in net assets</i>	<u>(44,134)</u>	<u>3,473,769</u>	<u>(233,202)</u>
<i>Net assets, beginning of year</i>	3,056,133	8,863,973	1,228,103
<i>Restatement (Note 18)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Beginning net assets, as restated</i>	<u>3,056,133</u>	<u>8,863,973</u>	<u>1,228,103</u>
<i>Net assets, end of year</i>	<u>\$ 3,011,999</u>	<u>\$ 12,337,742</u>	<u>\$ 994,901</u>

The accompanying notes are an integral part of these financial statements



Housing Authority	Total	Internal Service Fund
\$ 172,763	\$ 2,995,600	\$ 392,520
<u>172,763</u>	<u>2,995,600</u>	<u>392,520</u>
255,792	962,114	-
25,896	1,388,708	307,345
66,724	83,429	4,403
105,385	256,334	142
58,784	493,864	17,676
-	181,671	12,143
485,602	485,602	-
72,027	667,656	3,820
-	13,207	33,059
<u>1,070,210</u>	<u>4,532,585</u>	<u>378,588</u>
<u>(897,447)</u>	<u>(1,536,985)</u>	<u>13,932</u>
923,492	923,492	-
688	17,817	-
(62,926)	(126,762)	-
-	368,948	-
18,260	57,875	1
-	(181,844)	-
<u>879,514</u>	<u>1,059,526</u>	<u>1</u>
9,288	3,479,232	-
-	519,995	-
-	(333,980)	-
<u>9,288</u>	<u>3,665,247</u>	<u>-</u>
(8,645)	3,187,788	13,933
2,244,410	15,392,619	(20,375)
111,124	111,124	-
<u>2,355,534</u>	<u>15,503,743</u>	<u>(20,375)</u>
<u>\$ 2,346,889</u>	<u>\$ 18,691,531</u>	<u>\$ (6,442)</u>

**STATE OF NEW MEXICO**  
City of Tucumcari  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2009

	Airport	Joint Utility	Solid Waste
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 366,167	\$ 1,936,367	\$ 815,904
Cash payments to employees for services	(87,108)	(1,004,220)	(301,393)
Cash payments to suppliers for goods and services	(224,940)	(545,525)	(483,637)
<i>Net cash provided (used) by operating activities</i>	54,119	386,622	30,874
<i>Cash flows from noncapital financing activities:</i>			
Cash payments for landfill closure	-	-	(140,383)
Operating grants	-	-	-
Other taxes received	-	264,887	97,721
Miscellaneous income	25,771	(242,940)	(24,218)
Miscellaneous expense	-	-	-
Prior period restatement	-	-	-
Change in noncurrent accrued compensated absences	2,124	-	12,682
Internal transfers and loans	34,875	151,140	-
<i>Net cash provided (used) by noncapital financing activities</i>	62,770	173,087	(54,198)
<i>Cash flows from capital and related financing activities:</i>			
Capital grants	110,839	3,511,574	65,439
Acquisition of capital assets	(116,211)	(3,953,924)	(138,572)
Principal paid on capital debt	-	2,050,678	-
Proceeds from debt issuance	-	-	-
Interest paid on capital debt	-	(17,286)	-
<i>Net cash provided (used) by capital and related financing activities</i>	(5,372)	1,591,042	(73,133)
<i>Cash flows from investing activities:</i>			
Interest on investments	-	10,493	6,636
<i>Net cash provided by (used) from investing activities</i>	-	10,493	6,636
<i>Net increase (decrease) in cash and cash equivalents</i>	111,517	2,161,244	(89,821)
<i>Cash and cash equivalents - beginning of year</i>	911	1,390,252	464,902
<i>Restatement</i>	-	-	-
<i>Cash and cash equivalents - beginning of year, as restated</i>	911	1,390,252	464,902
<i>Cash and cash equivalents - end of year</i>	\$ 112,428	\$ 3,551,496	\$ 375,081
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ (214,955)	\$ (197,667)	\$ (226,916)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation	151,592	320,611	123,426
Changes in assets and liabilities:			
Receivables	-	84,767	204,016
Inventory	7,297	(971)	-
Prepaid expenses	-	-	-
Accounts payable	113,615	181,339	(53,189)
Accrued payroll expenses	-	-	-
Accrued compensated absences	(3,430)	(10,017)	(16,463)
Meter deposits and other refundable deposits	-	8,560	-
Deferred revenue	-	-	-
<i>Net cash provided (used) by operating activities</i>	\$ 54,119	\$ 386,622	\$ 30,874

The accompanying notes are an integral part of these financial statements

Housing Authority	Total	Internal Service Fund
\$ 170,740	\$ 3,289,178	\$ 392,520
(257,793)	(1,650,514)	(314,063)
(750,694)	(2,004,796)	(68,607)
<u>(837,747)</u>	<u>(366,132)</u>	<u>9,850</u>
-	(140,383)	-
869,200	869,200	-
-	362,608	-
18,260	(223,127)	(253)
-	-	-
-	-	-
-	14,806	-
38,002	224,017	-
<u>925,462</u>	<u>1,107,121</u>	<u>(253)</u>
9,288	3,697,140	-
(15,903)	(4,224,610)	-
(8,021)	2,042,657	-
-	-	-
<u>(13,140)</u>	<u>(30,426)</u>	<u>-</u>
(27,776)	1,484,761	-
688	17,817	-
<u>688</u>	<u>17,817</u>	<u>-</u>
60,627	2,243,567	9,597
461,448	2,317,513	605
87,160	87,160	-
548,608	2,404,673	605
<u>\$ 609,235</u>	<u>\$ 4,648,240</u>	<u>\$ 10,202</u>
\$ (897,447)	\$ (1,536,985)	\$ 13,932
72,027	667,656	3,820
(1,282)	287,501	-
1	6,327	-
27,143	27,143	-
(9,238)	232,527	(1,184)
(21,565)	(21,565)	-
(2,918)	(32,828)	(6,718)
(4,530)	4,030	-
62	62	-
<u>\$ (837,747)</u>	<u>\$ (366,132)</u>	<u>\$ 9,850</u>

**STATE OF NEW MEXICO**

City of Tucumcari

Notes to Financial Statements

June 30, 2009

**NOTE 1. Summary of Significant Accounting Policies**

The City of Tucumcari (the "City") was incorporated in 1908 under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The City operates under a Commissioner-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, 2009

**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, 2009.

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

Tucumcari Housing Authority (the "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, 2009

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

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, 2009

**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:

*Low Rent Public Housing Program*

ACC No. FW5144                      Project No. 03300106J

*Capital Fund Programs*

Project Nos. NM02P033501-04 and NM02PO33501-05

*Section 8 Housing Choice Voucher Program*

Acc No. FW 5380                      Project No. NM033W

*USDA FmHA Rural Housing Program*

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

*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

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**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 *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 *Debt Service Funds* account for the services of general long-term debt 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, 2009

**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 10<sup>th</sup> and April 10<sup>th</sup> 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 County 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. Inventory for the City is valued at cost.

**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, 2009

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>
Building and improvements	5 yrs – 50 yrs
Machinery and equipment	3 yrs – 30 yrs
Vehicles	5 yrs – 10 yrs

**Deferred Revenue:** Accounting principles generally accepted in the United States of America require that grant revenue (voluntary nonexchange transactions) be recognized as revenue in the government-wide financial statements when all eligibility requirements have been met and recognized as revenue in the governmental fund financial statements based on the same factors subject to the availability criterion. Amounts received from reimbursement basis grants are recorded as deferred revenue in the governmental fund financial statements when received more than 60 days after year end.

**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, 2009

**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.

**Net Assets or 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 management's estimate of depreciation on assets over their estimated useful lives, accrued compensated absences, and the allowance for uncollectible accounts.

**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, 2009

**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 GAAP 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	\$ (23,661)	\$ 222,339
1/8% Economic Development Tax	\$ 4,250	\$ 70,590
Other Governmental Funds	\$ (621,433)	\$ (954,088)

	Change in Net Assets	
	Original	Final
	Budget	Budget
Airport	\$ 286,072	\$ 286,072
Joint Utility	\$ 3,028,578	\$ 3,062,572
Solid Waste	\$ 874,717	\$ 874,717
Internal Service Fund	\$ -	\$ -
Housing	\$ (75,683)	\$ (75,683)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (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, 2009

**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, 2009 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 \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The FDIC board approved the Temporary Liquidity Guarantee Program (TLGP) on October 13, 2008. This program provides a full guarantee on non-interest-bearing transaction deposits accounts above \$250,000, regardless of dollar amount. The guarantee is effective until December 31, 2009. As of June 30, 2009, the City did not have any deposits that met the criteria of the TLGP.

*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, 2009, \$3,736,377 of the City's bank balances of \$5,300,893 was exposed to custodial credit risk. \$2,248,076 was uninsured and collateralized by securities held by the pledging bank's trust department, not in the City's name and \$1,588,401 was uninsured and uncollateralized.

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 3. Deposits and Investments (continued)**

	<u>Wells Fargo</u>	<u>First National Bank</u>	<u>Tucumcari Federal</u>	<u>New Mexico Bank &amp; Trust</u>
Deposits	\$ 2,272,821	\$ 519,151	\$ 61,649	\$ 91,388
FDIC Coverage	<u>(500,000)</u>	<u>(319,151)</u>	<u>(61,649)</u>	<u>(91,388)</u>
Total uninsured public funds	1,772,821	200,000	-	-
Collateral pledged but held in the bank's trust dept. other than in the City's name	<u>1,082,735</u>	<u>165,341</u>	<u>-</u>	<u>-</u>
Total uninsured and uncollateralized	<u>\$ 690,086</u>	<u>\$ 34,659</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ 886,411	\$ 100,000	\$ -	\$ -
Pledged Collateral	<u>1,082,735</u>	<u>165,341</u>	<u>-</u>	<u>-</u>
Over (Under) collateralized	<u>\$ 196,325</u>	<u>\$ 65,341</u>	<u>\$ -</u>	<u>\$ -</u>
		<u>Everyone's Credit Union</u>	<u>Total</u>	
	<u>Citizens Bank</u>			
Deposits	\$ 2,263,656	\$ 92,228	\$ 5,300,893	
FDIC Coverage	<u>(500,000)</u>	<u>(92,228)</u>	<u>(1,564,416)</u>	
Total uninsured public funds	1,763,656	-	3,736,477	
Collateral pledged but held in the bank's trust dept. other than in the City's name	<u>900,000</u>	<u>-</u>	<u>2,148,076</u>	
Total uninsured and uncollateralized	<u>\$ 863,656</u>	<u>\$ -</u>	<u>1,588,401</u>	
Collateral requirement (50% of uninsured public funds)	\$ 881,828	\$ -	1,868,239	
Pledged Collateral	<u>900,000</u>	<u>-</u>	<u>2,148,076</u>	
Over (Under) collateralized	<u>\$ 18,171</u>	<u>\$ -</u>	<u>\$ 279,838</u>	

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 3. Deposits and Investments (continued)**

**Component Unit**

**Deposits**

*Custodial Credit Risk – Deposits* Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority’s deposits may not be returned to it. The Housing Authority 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, 2009, \$310,099 of the Housing Authority’s bank balances of \$662,498 was exposed to custodial credit risk. \$228,770 was uninsured and collateralized by securities held by the pledging bank’s trust department, not in the Housing Authority’s name and \$81,329 was uninsured and uncollateralized.

	<u>Wells Fargo Bank</u>	<u>New Mexico Bank &amp; Trust</u>	<u>First National Bank</u>	<u>Total</u>
Total amounts of deposits	\$ 560,099	\$ 91,387	\$ 11,012	\$ 662,498
FDIC Coverage	<u>(250,000)</u>	<u>(91,387)</u>	<u>(11,012)</u>	<u>(352,399)</u>
Total uninsured public funds	<u>310,099</u>	<u>-</u>	<u>-</u>	<u>310,099</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	<u>228,770</u>	<u>-</u>	<u>-</u>	<u>228,770</u>
Uninsured and uncollateralized	<u>\$ 81,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,329</u>
Collateral requirement (50% of uninsured funds)	\$ 155,050	\$ -	\$ -	\$ 155,050
Pledged Collateral	<u>228,770</u>	<u>-</u>	<u>-</u>	<u>228,770</u>
Over (Under) collateralized	<u>\$ 73,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,720</u>

**Investments**

The City’s investments at June 30, 2009 include the following:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury Money Market Mutual Funds	> 365Days	<u>\$ 2,030,423*</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).

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 3. Deposits and Investments (continued)**

Primary Government

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 3,971,842
Restricted cash and cash equivalents per Exhibit A-1	<u>2,677,684</u>
Total cash and cash equivalents	<u>6,649,526</u>
Add: outstanding checks and other reconciling items	685,285
Less: U.S. Treasury Money Market (cash equivalent)	(2,030,423)
Less: petty cash	<u>(3,495)</u>
Bank balance of deposits	<u><u>\$ 5,300,893</u></u>

Component Unit

Reconciliation to Statement of Net Assets

Cash and cash equivalents per Exhibit A-1	\$ 411,047
Restricted cash per Exhibit A-1	<u>198,188</u>
Total Cash and cash equivalents per Exhibit A-1	609,235
Add: outstanding checks and other reconciling items	54,787
Less: deposits in transit and other reconciling items	(1,274)
Less: petty cash	<u>(250)</u>
Reconciled balance of deposits	<u><u>\$ 662,498</u></u>



**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 4. Receivables**

Governmental funds receivables shown net of allowance for doubtful accounts as of June 30, 2009, are as follows:

	<b>General</b>	<b>1/8% Economic Development Tax</b>	<b>Total Nonmajor Funds</b>	<b>Total</b>
Property taxes	\$ 249,365	\$ -	\$ -	\$ 249,365
Other taxes:				
Gross receipts taxes	445,977	-	-	445,977
Lodger's taxes	-	-	71,079	71,079
Gas taxes	-	-	22,266	22,266
Other taxes	12,964	21,319	-	34,283
Other receivables				
Intergovernmental-grants:				
State grants	96,994	-	367,858	464,852
Federal grants	-	-	13,031	13,031
Ambulance	-	-	31,057	31,057
Miscellaneous	-	-	3,737	3,737
<b>Total</b>	<b>\$ 805,300</b>	<b>\$ 21,319</b>	<b>\$ 509,028</b>	<b>\$ 1,335,647</b>

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, 2009, are as follows:

	<b>Airport</b>	<b>Joint Utility</b>	<b>Solid Waste</b>	<b>Housing Authority</b>	<b>Total</b>	<b>Internal Service Fund</b>
Other taxes	-	42,619	10,660	-	53,279	-
Other receivables:						
Intergovernmental-grants:						
State	-	259,980	34,529	8,784	303,293	-
Miscellaneous, (allowance \$281, \$0, \$0, \$0, and \$213 respectively)	200	-	-	-	200	506
Customer receivables, (allowance \$0, \$18,296, \$18,926, \$558, and \$0 respectively)	-	547,800	16,836	8,703	573,339	-
<b>Totals by category</b>	<b>\$ 200</b>	<b>\$ 850,399</b>	<b>\$ 62,025</b>	<b>\$ 17,487</b>	<b>\$ 930,111</b>	<b>\$ 506</b>

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**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
Lodgers Tax Promotion	Lodgers Tax Executive	\$ 236,390
Judicial	General Fund	119,352
EMS	General Fund	184,854
Corrections	General Fund	27,835
Recreation	General Fund	200,304
Recreation	Lodgers Tax Executive	4,716
Route 66 Grant	General Fund	1,260
Convention Center Operation & Maintenance	Lodgers Tax Executive	44,262
Convention Center Operation & Maintenance	Lodgers Tax Promotion	142,554
1/8% Economic Development Tax	General Fund	5,000
CDBG	Utility	50,000
Convention Center Capital Improvements	Lodgers Tax Executive	8,645
State Appropriations Project	General Fund	61,480
Airport	General Fund	34,875
NMED Well Water Well Loan	Joint Utility	2,899
NMFA 4th & 5th Street Utilities Loan	Joint Utility	27,146
USDA/RUS Debt Service	Joint Utility	26,370
Utility	Joint Utility	182,565
Utility	Police Narcotics Fund	151,140
Sanitation Capital	Sanitation	45,000
Lodgers Tax/GRT Series 2002 Fund	Lodgers Tax Executive	175,293
GRT Police Building	General Fund	43,608
Senior Citizens	General Fund	83,229
		<hr/>
Total Funds		<u>\$ 1,858,777</u>

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2009 is as follows:

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

**STATE OF NEW MEXICO**

City of Tucumcari

Notes to Financial Statements

June 30, 2009

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

Due From	Due To	Amount
General Fund	Lodgers Tax Executive	\$ 81,592
General Fund	Joint Utility	140,671
General Fund	Sanitation	14,355
General Fund	Lodgers Tax/GRT Service 2002 Fund	1,113
General Fund	Fire District	4,447
Lodgers Tax Executive	Lodgers Tax Promotion	10,014
Lodgers Tax Executive	Judicial	115
Lodgers Tax Executive	Corrections	5
Lodgers Tax Executive	Recreation	173
Lodgers Tax Promotion	General Fund	74,715
Fire District	General Fund	26
Fire District	Joint Utility	3,657
Fire District	Internal Service Fund	464
Recreation	General Fund	3,890
Recreation	Joint Utility	3,635
Recreation	Internal Service Fund	35
Recreation	Convention Center Operation	138
Gas Tax (Roads)	Joint Utility	51,532
Gas Tax (Roads)	Joint Utility	18,734
Convention Center Operation	Joint Utility	8,080
Local Law Enforcement Block Grant	General Fund	480
Golf Course Capital Improvements	Gas Tax (Roads)	5,186
Airport	General Fund	46,002
Airport	Joint Utility	4,441
Airport	Convention Center Operation	225
Joint Utility	General Fund	13,580
Joint Utility	Sanitation	30,434
Joint Utility	General Fund	111
Sanitation	General Fund	390
Sanitation	Joint Utility	52,764
Internal Service Fund	General Fund	15,201
Internal Service Fund	Joint Utility	9,830
Housing Authority	General Fund	43,107
<b>Total Funds</b>		<b>\$ 639,142</b>

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2009, including those changes pursuant to the implementation of GASB Statement No. 34, follow. Land, art, and construction in progress are not subject to depreciation.

**Governmental Activities:**

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$ 2,237,228	\$ -	\$ -	\$ 2,237,228
Art	5,000	-	-	5,000
Construction in progress	43,113		43,113	-
	<u>2,285,341</u>	<u>-</u>	<u>43,113</u>	<u>2,242,228</u>
Capital assets being depreciated:				
Buildings and improvements	9,506,973	1,055,503		10,562,476
Machinery and equipment	1,252,490	98,539		1,351,029
Vehicles	2,359,363	178,930		2,538,293
	<u>13,118,826</u>	<u>1,332,972</u>	<u>-</u>	<u>14,451,798</u>
 Total capital assets	 <u>15,404,167</u>	 <u>1,332,972</u>	 <u>43,113</u>	 <u>16,694,026</u>
Accumulated depreciation:				
Buildings and improvements	5,792,083	285,441		6,077,524
Machinery and equipment	732,286	162,613		894,899
Vehicles	1,928,357	88,050		2,016,407
Total accumulated depreciation	<u>8,452,726</u>	<u>536,104</u>	<u>-</u>	<u>8,988,830</u>
 Net capital assets	 <u>\$ 6,951,441</u>	 <u>\$ 796,868</u>	 <u>\$ 43,113</u>	 <u>\$ 7,705,196</u>

Depreciation expense for the year ended June 30, 2009 was charged to governmental activities as follows:

General Government	\$ 148,130
Public Safety	202,198
Public Works	11,254
Culture and Recreation	<u>174,522</u>
 Total depreciation expense, governmental activities	 <u>\$ 536,104</u>

The amount above includes \$3,820 of depreciation expense related to the Internal Service Fund.

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 6. Capital Assets (continued)**

**Business-type Activities:**

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$ 1,530,619	\$ -	\$ -	\$ 1,530,619
Construction in progress	1,439,942	3,423,302	385,822	4,477,422
	<u>2,970,561</u>	<u>3,423,302</u>	<u>385,822</u>	<u>6,008,041</u>
Capital assets being depreciated:				
Buildings and improvements	23,576,466	926,271	-	24,502,737
Machinery and equipment	5,133,045	205,965	40,393	5,298,617
Vehicles	1,003,615	54,894	16,303	1,042,206
	<u>29,713,126</u>	<u>1,187,130</u>	<u>56,696</u>	<u>30,843,560</u>
Total capital assets	<u>32,683,687</u>	<u>4,610,432</u>	<u>442,518</u>	<u>36,851,601</u>
Accumulated depreciation:				
Buildings and improvements	13,779,710	414,529	15,491	14,178,748
Machinery and equipment	3,445,902	204,518	40,393	3,610,027
Vehicles	784,292	64,099	16,303	832,088
Total accumulated depreciation	<u>18,009,904</u>	<u>683,146</u>	<u>72,187</u>	<u>18,620,863</u>
Net capital assets	<u>\$ 14,673,783</u>	<u>\$ 3,927,286</u>	<u>\$ 370,331</u>	<u>\$ 18,230,738</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2009 was \$667,656.

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 7. Long-term Debt**

**Governmental Activities**

During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Due Within One Year
NM Gross Receipts Tax/Lodger's Tax Refunding and Improvement Revenue Bonds, Series 2002	\$ 1,655,000	\$ -	\$ 100,000	\$ 1,555,000	\$ 100,000
NMFA Municipal Pool Improvement Loan	247,556	-	12,501	235,055	12,617
NMFA Public Project Revolving Fund - Police Building Loan	647,167	-	18,576	628,591	19,914
Lease Purchase Agreement on John Deere 2500A Triplex Greens Mower with an original cost of \$20,102	3,377	-	3,377	-	-
Lease Purchase Agreement on Honeywell Energy Efficient Equipment in the original amount of \$177,710	119,480	-	119,480	-	-
Compensated Absences	130,434	142,509	155,712	117,231	117,231
Total long-term liabilities	<u>\$ 2,803,014</u>	<u>\$ 142,509</u>	<u>\$ 409,646</u>	<u>\$ 2,535,877</u>	<u>\$ 249,762</u>

Typically, the general fund has been used to liquidate the compensated absences.. The retirement of \$119,480 was a noncash settlement.

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 7. Long-term Debt (continued)**

**Governmental Activities (continued)**

	<u>Balance 6/30/2009</u>
<p>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.</p>	\$ 1,555,000
<p>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.</p>	235,055
<p>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.</p>	<u>628,591</u>
	<u><u>\$ 2,418,646</u></u>

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 7. Long-term Debt (continued)**

**Governmental Activities (continued)**

Governmental

<u>Principal</u>					
Fiscal Year Ending June 30,	Revenue Bond Series 2002	NMFA Mun. Pool Loan	NMFA Police Bldg Loan	Subtotal	
2010	\$ 100,000	\$ 12,617	\$ 19,914	\$ 132,531	
2011	105,000	12,737	20,412	138,149	
2012	110,000	12,862	20,955	143,817	
2013	115,000	12,992	21,534	149,526	
2014	120,000	13,128	22,152	155,280	
2015-2019	680,000	67,909	121,654	869,563	
2020-2024	325,000	72,353	144,800	542,153	
2025-2029	-	30,457	175,992	206,449	
2030-2034	-	-	81,178	81,178	
	<u>\$ 1,555,000</u>	<u>\$ 235,055</u>	<u>\$ 628,591</u>	<u>\$ 2,418,646</u>	

  

<u>Interest</u>					
Fiscal Year Ending June 30,	Revenue Bond Series 2002	NMFA Mun. Pool Loan	NMFA Police Bldg Loan	Subtotal	Total
2010	\$ 70,892	\$ 2,363	\$ 21,696	\$ 94,951	\$ 227,482
2011	66,892	2,274	21,249	90,415	228,564
2012	62,536	2,182	20,759	85,477	229,294
2013	57,860	2,084	20,233	80,177	229,703
2014	52,800	1,982	19,670	74,452	229,732
2015-2019	175,950	8,140	88,347	272,437	1,142,000
2020-2024	23,276	4,558	66,888	94,722	636,875
2025-2029	-	596	37,736	38,332	244,781
2030-2034	-	-	4,982	4,982	86,160
2035-2039	-	-	-	-	2,418,646
	<u>\$ 510,206</u>	<u>\$ 24,179</u>	<u>\$ 301,560</u>	<u>\$ 835,945</u>	<u>\$ 5,673,237</u>



**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**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, 2009:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Due Within One Year
NM Joint Utility System Improvement Revenue Bond, Series 2007A	\$ -	\$ 1,283,000	\$ 12,730	\$ 1,270,270	\$ 13,270
NM Joint Utility System Improvement Revenue Bond, Series 2007B	-	217,908	-	217,908	4,920
NM Joint Utility System Improvement Revenue Bond, Series 2005	-	404,953	-	404,953	6,075
NM Water Trust Board and the NMFA - Water Project #136	-	50,480	-	50,480	3,548
NM Water Trust Board and the NMFA - Water Project #96	-	350,000	-	350,000	17,087
New Mexico Environmental Department Construction Program Bureau Loan	34,604	-	1,861	32,743	1,916
NMFA Drinking Water Loan #2	317,874	-	23,164	294,710	23,395
Rural Housing FmHA Note Payable	731,123	-	8,021	723,102	8,751
Landfill closure and post closure liability	1,312,912	41,461	-	1,354,373	-
Compensated Absences	55,967	29,825	47,846	37,946	37,946
<b>Total</b>	<b>\$ 2,452,480</b>	<b>\$ 2,377,627</b>	<b>\$ 93,622</b>	<b>\$ 4,736,485</b>	<b>\$ 116,908</b>

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 7. Long-term Debt (continued)**

**Business-type Activities (continued)**

	<u>Balance</u> <u>6/30/2009</u>
<b>Joint Utility:</b>	
New Mexico Joint Utility System Improvement Revenue Bond - Series 2007A	
Water System Improvements bond original amount \$1,283,000 to be paid back over 40 years in annual installments beginning December 1, 2008 and ending December 1, 2048 with an interest rate of 4.25%. Reserve requirement at least one-tenth of one yearly payment per month.	\$ 1,270,270
New Mexico Joint Utility System Improvement Revenue Bond - Series 2007B	
Water System Improvements bond original amount \$250,000 to be paid back over 40 years in annual installments beginning December 15, 2010 and ending December 15, 2050 with an interest rate of 4.25%. Reserve requirement at least one-tenth of one yearly payment per month.	217,908
New Mexico Joint Utility System Improvement Revenue Bond - Series 2005	
Water System Improvements bond original amount \$615, 200 to be paid back over 40 years in annual installments beginning December 15, 2008 and ending December 15, 2048 with an interest rate of 4.38%. Reserve requirement at least one-tenth of one yearly payment per month.	404,953
New Mexico Water Trust Board and the NMFA - Water Project #136	
NM Water Trust Board loan original amount \$50,480 to be paid back over 20 years in annual installments beginning February 1, 2010 and ending February 1, 2030 with no interest rate.	50,480
New Mexico Water Trust Board and the NMFA - Water Project #96	
NM Water Trust Board loan original amount \$350,000 to be paid back over 20 years in annual installments beginning February 1, 2010 and ending February 1, 2030 with no interest rate.	350,000
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%.	32,743
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.	294,710
	\$ 2,621,064

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 7. Long-term Debt (continued)**

**Business-type Activities (continued)**

**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 unsubsidized 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, 2009, 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.

723,102  
\$ 1,050,555

Business Type

Fiscal Year Ending June 30,	Principal								
	Revenue Bond Series 2007A	Revenue Bond Series 2007B	Revenue Bond Series 2005	Water Project #136	Water Project #96	NM Environ. Department Loan	NMFA Drinking Water Loan	FmHa	Subtotal
2010	\$ 13,270	\$ 4,920	\$ 6,075	\$ 3,548	\$ 17,087	\$ 1,916	\$ 23,395	\$ 8,751	\$ 78,96
2011	13,830	2,620	6,333	2,552	17,130	1,974	23,632	9,546	77,61
2012	14,420	2,740	6,602	2,559	17,173	2,033	23,874	10,418	79,81
2013	15,030	2,860	6,883	2,565	17,216	2,094	24,123	11,367	82,13
2014	15,670	2,980	7,175	2,572	17,259	2,156	24,378	12,403	84,59
2015-2019	88,940	12,396	11,070	12,954	86,946	11,795	125,947	81,168	431,21
2020-2024	109,500	16,456	20,491	13,118	88,040	10,775	49,361	125,515	433,25
2025-2029	134,830	21,486	32,091	10,612	89,149	-	-	194,095	482,26
2030-2034	166,040	27,716	46,373	-	-	-	-	269,839	509,96
2035-2039	204,440	35,416	63,962	-	-	-	-	-	303,81
2040-2044	251,740	44,966	85,618	-	-	-	-	-	382,32
2045-2049	242,560	43,352	112,280	-	-	-	-	-	398,19
	<u>\$1,270,270</u>	<u>\$ 217,908</u>	<u>\$ 404,953</u>	<u>\$ 50,480</u>	<u>\$ 350,000</u>	<u>\$ 32,743</u>	<u>\$ 294,710</u>	<u>\$ 723,102</u>	<u>\$ 3,344,16</u>

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 7. Long-term Debt (continued)**

Fiscal Year Ending June 30,	Interest									
	Revenue Bond Series 2007A	Revenue Bond Series 2007B	Revenue Bond Series 2005	Water Project #136	Water Project #96	NM Environ. Department Loan	NMFA Drinking Water Loan	FmHa	Subtotal	Total
2010	\$ 53,987	\$ 10,833	\$ 26,031	\$ -	\$ -	\$ 982	\$ 2,436	\$ 62,926	\$ 157,195	\$ 236,157
2011	53,423	10,723	25,773	-	-	925	2,259	62,129	155,232	232,849
2012	52,835	10,608	25,504	-	-	866	2,076	61,259	153,148	232,967
2013	52,222	10,488	25,223	-	-	805	1,887	60,310	150,935	233,073
2014	51,584	10,363	24,931	-	-	742	1,888	59,274	148,782	233,375
2015-2019	247,343	49,741	119,812	-	-	2,698	6,410	277,219	703,223	1,134,439
2020-2024	226,768	45,687	110,392	-	-	819	1,194	232,871	617,731	1,050,987
2025-2029	201,436	40,662	98,792	-	-	-	-	164,292	505,182	987,445
2030-2034	170,242	34,438	84,508	-	-	-	-	58,681	347,869	857,837
2035-2039	128,831	26,728	66,921	-	-	-	-	-	222,480	526,298
2040-2044	84,534	17,178	45,265	-	-	-	-	-	146,977	529,301
2045-2049	26,299	5,352	18,598	-	-	-	-	-	50,249	448,441
	<u>\$1,349,504</u>	<u>\$ 272,801</u>	<u>\$ 671,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,837</u>	<u>\$ 18,150</u>	<u>\$ 1,038,961</u>	<u>\$ 3,359,003</u>	<u>\$ 6,703,169</u>

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

**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.

The liability for closure and post-closure care costs reflected in the Solid Waste fund of \$1,354,373 is an estimate of the remaining liability as of June 30, 2009 for closure and post-closure cost of the landfill currently in operation. At June 30, 2009, it was estimated that the City had utilized 98% 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 2010.

The current year increase to the accrued landfill closure and post-closure care costs was \$41,461 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.

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**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, 2009, 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.

**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](http://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, 2009, 2008, and 2007 were \$315,018, \$324,406, and \$288,305, 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 the period of time made contributions as a participant in the RHCA plan on the person's behalf unless the person retires before the employer's RHCA effective date, in which 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,

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

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

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 premiums 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](http://www.nmrhca.state.nm.us).

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 January 1, 1998 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, 2009, 2008 and 2007 were \$39,990, \$39,418, and \$34,660, 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 lawsuits:

DFL which is a New Mexico limited liability company has sued the City of Tucumcari alleging that the City has violated 57-1-1, NMSA, by requiring that its Municipal Liquor License be used for events at the Tucumcari Municipal Convention Center, constituting a restraint of trade and illegal monopoly. The suit seeks a permanent injunction, declaring judgment, attorney's fees, and costs. The City answered the Complaint asserting that the sale of alcohol in New Mexico is regulated by the State of New Mexico and that the City's activities are exempt from the statute relied upon by DFL. The City further asserts that its activities do not in any instance constitute an illegal monopoly. The City has filed a Motion for Summary Judgment which has not been heard by the Court. The City's assessment of the suit is that it is defensible and therefore a vigorous defense has been asserted.

An former employee of the City has filed a complaint with the New Mexico Human Rights Division asserting that he was discriminated against while working as a probationary dispatcher for the City Police Department. He asserts that he was discriminated against because of his age. The City has responded to the Petition asserting that he voluntarily resigned, that he was not constructively discharged, and that no adverse employment action was taken against he and therefore no actionable age discrimination could have occurred. This matter has been tried to the Human Rights Commission at a two-day hearing in August 2009, but no decision has been rendered. In the event of an unfavorable decision the City has the right to a de novo trial in the Quay County District Court.

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 11. Contingent Liabilities**

The City has received a Tort Claims Notice arising from an alleged improper use of a Taser by the Chief of Police. The City has referred this tort claims notice to its liability insurance carrier. The City has received an independent determination that proper police procedures were employed in the use of the Taser. The City intends to defend any claim asserted.

This lawsuit concerns the City’s alleged violation of the New Mexico Forfeiture Act. During execution of a lawful search warrant at an residence in January 2006, in addition to locating drugs and drug paraphernalia, the officers located \$24,700 in cash. Pursuant to an “adoptive seizure” with the federal authorities, the officers turned the funds over the DEA for a federal forfeiture proceeding. On January 16, 2008, the federal court found that the funds were forfeitable under federal law as connected to drug trafficking. In an effort, to resolve the matter, the City did offer settlement with the return of the \$24,70. However, this offer was rejected. In addition to seeking return of the \$24,700, legal counsel is now seeking interest on those funds from the date of seizure, January 4, 2006, for a total of \$38,927. The City intends to continue to contest the case vigorously at trial. The worst outcome would be an order to return the \$24,700.

**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 30, 2009:

**Special Revenue Funds:**

Lodger’s Tax Promotion	\$	17,035
Judicial		1,909
EMS		12,595
Corrections		8,949
Gas Tax		50,213
Convention Center Operation & Maintenance		3,157
Local Law Enforcement Block Grant		480
Golf Course Capital Improvements		<u>43,471</u>
 Total	 \$	 <u>137,809</u>

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

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2009:

**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 13. Other Required Individual Fund Disclosures**

**Special Revenue Funds:**

Judicial	\$	4,474
Senior Citizen's Center		<u>7,100</u>
 Total		 <u><u>\$ 11,574</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. Designated cash appropriations exceeded prior year available balances. The following funds exceeded designated cash appropriations in excess of available balances for the year ended June 30, 2009:

	<u>Designated Cash</u>	<u>Beginning Year Cash &amp; A/R Available</u>	<u>Cash Appropriation in Excess of Available</u>
Lodger's Tax Promotion	<u>\$ 1,010</u>	<u>\$ (40,304)</u>	<u>\$ 41,314</u>

The reason for these deficits in inadequate monitoring of cash available to be rebudgeted. To correct this, the City plans to implement a process to consider a reasonable estimate of designated cash when budgets are established.

**NOTE 14. Subsequent Events**

On October 22, 2009, the City passed a loan resolution 2009-38 authorizing and providing for the incurrence of indebtedness for the purpose improvements to the City's sanitary sewer system within the Joint Utility System. The City's intent is to issue bonds in the amount of \$2,188,000 and receive a grant in the amount of \$4,780,193. Interest rate to be determined.

**NOTE 15. Restricted Net Assets**

The government-wide statement of net assets reports \$4,563,986 of restricted net assets of which, \$1,861,808 is restricted by enabling legislation for capital projects and \$2,359,094 is restricted by enabling legislation referred to in the special revenue fund descriptions on pages 28 and 53 to 55.

**NOTE 16. Commitments**

The following is a summary of construction in progress as of June 30, 2009:

		<u>Amount Last Year</u>	<u>Amount Added</u>	<u>Total to Date</u>	<u>Estimate Amount to Complete</u>
<b>Airport</b>	Fuel Island	\$ 6,619	\$ 2,500	\$ 9,119	\$ -
	Grant 08	<u>8,047</u>	<u>475,000</u>	<u>483,047</u>	<u>-</u>
	<b>Total Airport</b>	<u><u>\$ 14,666</u></u>	<u><u>\$ 477,500</u></u>	<u><u>\$ 492,166</u></u>	<u><u>\$ -</u></u>
<b>Jt. Utility Capital</b>	Wastewater Treatment Plant	\$ 361,035	\$ 2,879,899	\$ 3,240,934	\$ 6,738,691
	Ridgecrest Lift Station	<u>2,877</u>	<u>-</u>	<u>2,877</u>	<u>15,000</u>
	<b>Total Jt. Utility</b>	<u><u>\$ 363,912</u></u>	<u><u>\$ 2,879,899</u></u>	<u><u>\$ 3,243,811</u></u>	<u><u>\$ 6,753,691</u></u>
<b>Sanitation Capital</b>					
<b>Improvements</b>	Landfill Construction	\$ 893,997	\$ 65,903	\$ 959,900	\$ 1,433,280
	<b>Total Sanitation Capital Imp.</b>	<u><u>\$ 893,997</u></u>	<u><u>\$ 65,903</u></u>	<u><u>\$ 959,900</u></u>	<u><u>\$ 1,433,280</u></u>



**STATE OF NEW MEXICO**  
City of Tucumcari  
Notes to Financial Statements  
June 30, 2009

**NOTE 17. Subsequent Pronouncements**

In July 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for periods beginning after June 15, 2009. For governments that were classified as phase 1 or phase 2 governments, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. Retroactive reporting of these intangible assets by phase 3 governments is encouraged but not required. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this Statement and those considered to be internally generated. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The City is analyzing the effect that this standard will have on the financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statements for periods beginning after June 15, 2010 with earlier implementation encouraged. GASB Statement No. 54 distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purpose for which specific amounts can be spent. This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. The City is analyzing the effect that this standard will have on the financial statements.

**NOTE 18. Budgetary Fund Balance and Net Asset Restatement**

The City has restated prior year budget basis and fund balances. Adjustments were made to the following funds:

Lodger's Tax Executive Special Revenue Fund	\$ 106,087	Law Enforcement Grant Special Revenue Fund	\$ (30,275)
Lodger's Tax Promotion Special Revenue Fund	2,479	Convention Center Operation and Maintenance Special Revenue Fund	1,581
Judicial Special Revenue Fund	3,948	Senior Citizen's Center Special Revenue Fund	38,301
EMS Special Revenue Fund	(113,059)	Golf Course Capital Improvements Capital Projects Fund	4,900
Corrections Special Revenue Fund	(4,242)	NMRDRC Grant Capital Projects Fund	59,531
Fire District Special Revenue Fund	9,375	State Appropriations Project Capital Projects Fund	5,637
Recreation Special Revenue Fund	(1,350)	Lodger's Tax / GRT Series 2002 Debt Service Fund	300
Gas Tax Special Revenue Fund	87,106	Housing Proprietary Fund	(82,692)

These adjustments were made due to incorrect fund balances from prior year.

In the fiscal year ended June 30, 2008, insurance expense in the amount of \$23,964 was erroneously recognized in the Low Rent Public Housing Program fund. This amount is properly recognized in fiscal year ended June 30, 2009. The restatement is shown on the Statement of Revenues, Expenses and Changes in Net Assets for June 30, 2008 in the Low Rent Public Housing Program fund.

The Low Rent Public Housing Program fund is also restated on a budgetary basis for the \$23,964 discussed above and for \$(193,816) to correct for previous errors in fund balance.

The restatement in the amount of \$87,160 for the USDA FmHA Rural Housing Program fund for fiscal year ended June 30, 2009 occurred because prior year reserve of cash for repair and replacement was not included in the financial statements.

(This page intentionally left blank)

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
City of Tucumcari  
Nonmajor Governmental Funds Descriptions  
June 30, 2009

**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.

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.

**STATE OF NEW MEXICO**  
City of Tucumcari  
Nonmajor Governmental Funds Descriptions  
June 30, 2009

**SPECIAL REVENUE FUNDS (continued)**

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.

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.

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.

(This page intentionally left blank)

**STATE OF NEW MEXICO**  
City of Tucumcari  
Nonmajor Governmental Funds Descriptions  
June 30, 2009

**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 Capital 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, 2009

	Special Revenue			
	Lodger's Tax Executive Fund	Lodger's Tax Promotion Fund	Judicial Fund	EMS Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 67,455	\$ 49,994	\$ 3,122	\$ 10,978
Receivables:				
Property taxes	-	-	-	-
Other taxes	71,079	-	-	-
Other receivables	-	-	-	31,057
Prepaid insurance	-	-	-	2,103
Interfund note receivable	-	-	-	-
Due from other funds	81,592	10,014	115	-
<i>Total assets</i>	\$ 220,126	\$ 60,008	\$ 3,237	\$ 44,138
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 2,328	\$ -	\$ 3,764
Accrued payroll expenses	-	-	4,027	21,912
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	1,119	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	31,057
Meter and other refundable deposits	-	-	-	-
Interfund note payable	-	-	-	-
Due to other funds	10,307	74,715	-	-
<i>Total liabilities</i>	10,307	77,043	5,146	56,733
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	-	-	-	2,103
Unreserved, reported in:				
Special revenue	209,819	(17,035)	(1,909)	(14,698)
Capital projects	-	-	-	-
<i>Total fund balances</i>	209,819	(17,035)	(1,909)	(12,595)
<i>Total liabilities and fund balances</i>	\$ 220,126	\$ 60,008	\$ 3,237	\$ 44,138

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>
\$ 46	\$ 193,889	\$ 21,818	\$ 6,339	\$ 13,576	\$ -
-	-	-	-	-	-
-	-	-	22,266	-	-
-	244,578	-	-	26,600	1,260
-	8,690	4,276	-	-	-
-	-	-	-	-	-
5	4,447	173	5,186	-	-
<u>\$ 51</u>	<u>\$ 451,604</u>	<u>\$ 26,267</u>	<u>\$ 33,791</u>	<u>\$ 40,176</u>	<u>\$ 1,260</u>
\$ 9,000	\$ -	\$ 274	\$ 9,415	\$ -	\$ -
-	-	6,844	4,323	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,147	7,698	70,266	-	-
<u>9,000</u>	<u>4,147</u>	<u>14,816</u>	<u>84,004</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	8,690	4,276	-	-	-
(8,949)	438,767	7,175	(50,213)	40,176	1,260
-	-	-	-	-	-
<u>(8,949)</u>	<u>447,457</u>	<u>11,451</u>	<u>(50,213)</u>	<u>40,176</u>	<u>1,260</u>
<u>\$ 51</u>	<u>\$ 451,604</u>	<u>\$ 26,267</u>	<u>\$ 33,791</u>	<u>\$ 40,176</u>	<u>\$ 1,260</u>

**STATE OF NEW MEXICO**  
City of Tucumcari  
Nonmajor Governmental Funds  
Combining Balance Sheet  
For the Year Ended June 30, 2009

	<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>Assets</i>				
Cash and cash equivalents	\$ 1,097	\$ 10,236	\$ 1,056	\$ 70,418
Receivables:				
Property taxes	-	-	-	-
Other taxes receivable	-	-	-	-
Other receivables	-	-	-	-
Prepaid insurance	-	4,333	-	-
Interfund note receivable	-	-	-	-
Due from other funds	-	363	-	-
<i>Total assets</i>	<u>\$ 1,097</u>	<u>\$ 14,932</u>	<u>\$ 1,056</u>	<u>\$ 70,418</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 2,963	\$ -	\$ -
Accrued payroll expenses	-	4,153	-	-
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	1,238	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Meter and other refundable deposits	-	1,655	-	-
Interfund note payable	-	-	-	-
Due to other funds	-	8,080	-	-
<i>Total liabilities</i>	<u>-</u>	<u>18,089</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	-	-
Prepaid expenses	-	4,333	-	-
Unreserved, reported in:				
Special revenue	1,097	(7,490)	1,056	70,418
Capital projects	-	-	-	-
<i>Total fund balances</i>	<u>1,097</u>	<u>(3,157)</u>	<u>1,056</u>	<u>70,418</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,097</u>	<u>\$ 14,932</u>	<u>\$ 1,056</u>	<u>\$ 70,418</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
\$ 8,943	\$ -	\$ -	\$ 1,520	\$ 4,741	\$ 17,657
-	-	-	-	-	-
-	-	-	-	-	-
43,026	-	-	-	-	3,737
1,611	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 53,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,520</u>	<u>\$ 4,741</u>	<u>\$ 21,394</u>
\$ 11,812	\$ -	\$ -	\$ -	\$ -	\$ -
7,325	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	59,679
-	480	-	-	-	5,186
<u>19,137</u>	<u>480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,865</u>
-	-	-	-	-	-
1,611	-	-	-	-	-
32,832	(480)	-	-	-	-
-	-	-	1,520	4,741	(43,471)
<u>34,443</u>	<u>(480)</u>	<u>-</u>	<u>1,520</u>	<u>4,741</u>	<u>(43,471)</u>
<u>\$ 53,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,520</u>	<u>\$ 4,741</u>	<u>\$ 21,394</u>

**STATE OF NEW MEXICO**  
City of Tucumcari  
Nonmajor Governmental Funds  
Combining Balance Sheet  
For the Year Ended June 30, 2009

	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	\$ -	\$ -	\$ 181,489	\$ 54,400
Receivables:				
Property taxes	-	-	-	-
Other taxes receivable	-	-	-	-
Other receivables	-	65,425	-	-
Prepaid insurance	-	-	-	-
Interfund note receivable	-	-	-	-
Due from other funds	-	-	-	1,113
<i>Total assets</i>	\$ -	\$ 65,425	\$ 181,489	\$ 55,513
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 6,151	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
Other accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred property tax revenue	-	-	-	-
Other deferred revenue	-	-	-	-
Meter and other refundable deposits	-	-	-	-
Interfund note payable	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	-	6,151	-	-
<i>Fund balances</i>				
Reserved for:				
Debt service, repair and replacement	-	-	181,489	55,513
Prepaid expenses	-	-	-	-
Unreserved, reported in:				
Special revenue	-	-	-	-
Capital projects	-	59,274	-	-
<i>Total fund balances</i>	-	59,274	181,489	55,513
<i>Total liabilities and fund balances</i>	\$ -	\$ 65,425	\$ 181,489	\$ 55,513

The accompanying notes are an integral part of these financial statements

Total Nonmajor Governmental Funds	
\$	718,774
	-
	93,345
	415,683
	21,013
	-
	103,008
\$	<u>1,351,823</u>
\$	45,707
	48,584
	-
	2,357
	-
	31,057
	1,655
	59,679
	180,879
	<u>369,918</u>
	237,002
	21,013
	701,826
	22,064
	<u>981,905</u>
\$	<u>1,351,823</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, 2009

	Special Revenue			
	Lodgers' Tax Executive Fund	Lodger's Tax Promotion Fund	Judicial Fund	EMS Fund
<i>Revenues:</i>				
Taxes:				
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -
Other	482,686	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	10,000	-	32,242
State capital grants	-	-	-	-
Charges for services	-	-	-	207,440
Licenses and fees	-	-	-	-
Investment income	-	-	-	5
Miscellaneous	-	-	11,000	-
<i>Total revenues</i>	482,686	10,000	11,000	239,687
<i>Expenditures:</i>				
Current:				
General government	16,906	80,567	-	-
Public safety	-	-	123,085	448,600
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	7,500
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	16,906	80,567	123,085	456,100
<i>Excess (deficiency) of revenues over expenditures</i>	465,780	(70,567)	(112,085)	(216,413)
<i>Other financing sources (uses)</i>				
Transfers in	-	236,390	119,352	184,854
Transfers out	(469,306)	(142,554)	-	-
<i>Total other financing sources (uses)</i>	(469,306)	93,836	119,352	184,854
<i>Net change in fund balances</i>	(3,526)	23,269	7,267	(31,559)
<i>Fund balances - beginning of year</i>	213,345	(40,304)	(9,176)	18,964
<i>Fund balances - end of year</i>	\$ 209,819	\$ (17,035)	\$ (1,909)	\$ (12,595)

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>
\$ -	\$ -	\$ -	\$ 253,783	\$ -	\$ -
-	-	7,924	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	446,508	-	557,700	56,200	1,375
-	-	-	-	-	-
-	-	590	-	-	-
17,339	-	19,522	-	-	-
-	970	293	-	-	-
-	-	3,292	-	-	-
<u>17,339</u>	<u>447,478</u>	<u>31,621</u>	<u>811,483</u>	<u>56,200</u>	<u>1,375</u>
-	-	-	-	-	-
49,632	106,296	-	-	12,537	-
-	-	-	164,555	-	1,375
-	-	219,349	-	-	-
-	-	-	-	-	-
-	99,530	-	700,359	28,576	-
-	-	12,501	-	-	-
-	-	2,448	-	-	-
<u>49,632</u>	<u>205,826</u>	<u>234,298</u>	<u>864,914</u>	<u>41,113</u>	<u>1,375</u>
<u>(32,293)</u>	<u>241,652</u>	<u>(202,677)</u>	<u>(53,431)</u>	<u>15,087</u>	<u>-</u>
27,835	-	205,020	-	-	1,260
-	-	-	-	-	-
<u>27,835</u>	<u>-</u>	<u>205,020</u>	<u>-</u>	<u>-</u>	<u>1,260</u>
(4,458)	241,652	2,343	(53,431)	15,087	1,260
<u>(4,491)</u>	<u>205,805</u>	<u>9,108</u>	<u>3,218</u>	<u>25,089</u>	<u>-</u>
<u>\$ (8,949)</u>	<u>\$ 447,457</u>	<u>\$ 11,451</u>	<u>\$ (50,213)</u>	<u>\$ 40,176</u>	<u>\$ 1,260</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, 2009

	<u>Special Revenue</u>			
	Traffic Safety Education and Enforcement Fund	Convention Center Operation and Maintenance Fund	John D. Hoffman Endowment	Police Narcotics Fund
<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	15	23,475	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	1	388
Miscellaneous	-	14,169	-	83,073
<i>Total revenues</i>	<u>15</u>	<u>37,644</u>	<u>1</u>	<u>83,461</u>
<i>Expenditures:</i>				
Current:				
General government	-	227,822	-	-
Public safety	-	-	-	36,688
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>227,822</u>	<u>-</u>	<u>36,688</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>15</u>	<u>(190,178)</u>	<u>1</u>	<u>46,773</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	186,816	-	-
Transfers out	-	-	-	(151,140)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>186,816</u>	<u>-</u>	<u>(151,140)</u>
<i>Net change in fund balances</i>	15	(3,362)	1	(104,367)
<i>Fund balances - beginning of year</i>	<u>1,082</u>	<u>205</u>	<u>1,055</u>	<u>174,785</u>
<i>Fund balances - end of year</i>	<u>\$ 1,097</u>	<u>\$ (3,157)</u>	<u>\$ 1,056</u>	<u>\$ 70,418</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
54,836	-	-	-	-	-
-	14,310	-	-	-	-
313,125	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	10,737
-	-	-	-	-	-
-	-	-	-	-	-
106,034	-	-	-	-	-
<u>473,995</u>	<u>14,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,737</u>
-	1,266	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
462,170	-	-	-	-	-
-	17,337	-	-	10,641	57,204
-	-	-	-	-	3,377
-	-	-	-	-	1,366
<u>462,170</u>	<u>18,603</u>	<u>-</u>	<u>-</u>	<u>10,641</u>	<u>61,947</u>
<u>11,825</u>	<u>(4,293)</u>	<u>-</u>	<u>-</u>	<u>(10,641)</u>	<u>(51,210)</u>
83,229	-	-	-	8,645	-
-	-	-	-	-	-
<u>83,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,645</u>	<u>-</u>
95,054	(4,293)	-	-	(1,996)	(51,210)
<u>(60,611)</u>	<u>3,813</u>	<u>-</u>	<u>1,520</u>	<u>6,737</u>	<u>7,739</u>
<u>\$ 34,443</u>	<u>\$ (480)</u>	<u>\$ -</u>	<u>\$ 1,520</u>	<u>\$ 4,741</u>	<u>\$ (43,471)</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, 2009

	Capital Projects		Debt Service		Total Nonmajor Governmental Funds
	NMRDRC Grant	State Appropriations Project	Lodger's Tax / GRT Series 2002 Fund	GRT Police Building	
<i>Revenues:</i>					
<i>Taxes:</i>					
Gasoline and motor vehicle	\$ -	\$ -	\$ -	\$ -	\$ 253,783
Other	-	-	-	-	490,610
<i>Intergovernmental:</i>					
Federal operating grants	-	-	-	-	54,836
Federal capital grants	-	-	-	-	14,310
State operating grants	-	-	-	-	1,417,150
State capital grants	-	73,688	-	-	73,688
Charges for services	-	-	-	-	242,257
Licenses and fees	-	-	-	-	36,861
Investment income	-	-	1,494	765	3,916
Miscellaneous	-	-	-	-	217,568
<i>Total revenues</i>	<u>-</u>	<u>73,688</u>	<u>1,494</u>	<u>765</u>	<u>2,804,979</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	-	-	500	2,500	329,561
Public safety	-	-	-	-	776,838
Public works	-	6,151	-	-	172,081
Culture and recreation	-	-	-	-	219,349
Health and welfare	-	-	-	-	462,170
Capital outlay	-	69,743	-	-	990,890
<i>Debt service:</i>					
Principal	-	-	100,000	18,576	134,454
Interest	-	-	74,893	22,104	100,811
<i>Total expenditures</i>	<u>-</u>	<u>75,894</u>	<u>175,393</u>	<u>43,180</u>	<u>3,186,154</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,206)</u>	<u>(173,899)</u>	<u>(42,415)</u>	<u>(381,175)</u>
<i>Other financing sources (uses)</i>					
Transfers in	-	61,480	175,293	43,608	1,333,782
Transfers out	-	-	-	-	(763,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>61,480</u>	<u>175,293</u>	<u>43,608</u>	<u>570,782</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>59,274</u>	<u>1,394</u>	<u>1,193</u>	<u>189,607</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>180,095</u>	<u>54,320</u>	<u>792,298</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 59,274</u>	<u>\$ 181,489</u>	<u>\$ 55,513</u>	<u>\$ 981,905</u>

The accompanying notes are an integral part of these financial statements



## 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 (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	460,000	462,826	482,686	19,860
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	150	1,400	-	(1,400)
Investment income	250	250	-	(250)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>460,400</u>	<u>464,476</u>	<u>482,686</u>	<u>18,210</u>
<i>Expenditures:</i>				
Current:				
General government	13,700	20,872	16,906	3,966
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,700</u>	<u>20,872</u>	<u>16,906</u>	<u>3,966</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>446,700</u>	<u>443,604</u>	<u>465,780</u>	<u>22,176</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	20,202	-	(20,202)
Transfers in	-	-	-	-
Transfers out	(446,700)	(463,806)	(469,306)	(5,500)
<i>Total other financing sources (uses)</i>	<u>(446,700)</u>	<u>(443,604)</u>	<u>(469,306)</u>	<u>(25,702)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(3,526)</u>	<u>(3,526)</u>
<i>Fund balance - beginning of year</i>	-	-	107,258	107,258
<i>Restatement, Note 18</i>	-	-	106,087	106,087
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>213,345</u>	<u>213,345</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,819</u>	<u>\$ 209,819</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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	13,000	13,000	10,000	(3,000)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	250	250	-	(250)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,250</u>	<u>13,250</u>	<u>10,000</u>	<u>(3,250)</u>
<i>Expenditures:</i>				
Current:				
General government	100,696	108,096	80,567	27,529
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>100,696</u>	<u>108,096</u>	<u>80,567</u>	<u>27,529</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(87,446)</u>	<u>(94,846)</u>	<u>(70,567)</u>	<u>24,279</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	1,010	-	(1,010)
Transfers in	230,000	236,390	236,390	-
Transfers out	(142,554)	(142,554)	(142,554)	-
<i>Total other financing sources (uses)</i>	<u>87,446</u>	<u>94,846</u>	<u>93,836</u>	<u>(1,010)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>23,269</u>	<u>23,269</u>
<i>Fund balance - beginning of year</i>	-	-	(42,783)	(42,783)
<i>Restatement, Note 18</i>	-	-	2,479	2,479
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>(40,304)</u>	<u>(40,304)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,035)</u>	<u>\$ (17,035)</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 (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	28,759	4,054	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	10,500	10,500	11,000	500
<i>Total revenues</i>	<u>39,259</u>	<u>14,554</u>	<u>11,000</u>	<u>500</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	118,611	118,611	123,085	(4,474)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>118,611</u>	<u>118,611</u>	<u>123,085</u>	<u>(4,474)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(79,352)</u>	<u>(104,057)</u>	<u>(112,085)</u>	<u>(3,974)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	(15,295)	-	15,295
Transfers in	79,352	119,352	119,352	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>79,352</u>	<u>104,057</u>	<u>119,352</u>	<u>15,295</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>7,267</u>	<u>7,267</u>
<i>Fund balance - beginning of year</i>	-	-	(13,124)	(13,124)
<i>Restatement, Note 18</i>	-	-	3,948	3,948
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>(9,176)</u>	<u>(9,176)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,909)</u>	<u>\$ (1,909)</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 (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	35,100	35,100	32,242	(2,858)
State capital grants	-	-	-	-
Charges for services	410,000	310,000	207,440	(102,560)
Licenses and fees	-	-	-	-
Investment income	-	-	5	5
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>445,100</u>	<u>345,100</u>	<u>239,687</u>	<u>(105,413)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	502,432	502,432	448,600	53,832
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	10,000	10,000	7,500	2,500
<i>Debt service:</i>				
Principal	17,522	17,522	-	17,522
Interest	-	-	-	-
<i>Total expenditures</i>	<u>529,954</u>	<u>529,954</u>	<u>456,100</u>	<u>73,854</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(84,854)</u>	<u>(184,854)</u>	<u>(216,413)</u>	<u>(31,559)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	84,854	184,854	184,854	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>84,854</u>	<u>184,854</u>	<u>184,854</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(31,559)</u>	<u>(31,559)</u>
<i>Fund balance - beginning of year</i>	-	-	132,023	132,023
<i>Restatement, Note 18</i>	-	-	(113,059)	(113,059)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>18,964</u>	<u>18,964</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,595)</u>	<u>\$ (12,595)</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 (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances
	Original	Final		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	27,425	26,425	17,339	(9,086)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>27,425</u>	<u>26,425</u>	<u>17,339</u>	<u>(9,086)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	54,160	54,160	49,632	4,528
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>54,160</u>	<u>54,160</u>	<u>49,632</u>	<u>4,528</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(26,735)</u>	<u>(27,735)</u>	<u>(32,293)</u>	<u>(4,558)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	26,735	27,735	27,835	100
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>26,735</u>	<u>27,735</u>	<u>27,835</u>	<u>100</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(4,458)</u>	<u>(4,458)</u>
<i>Fund balance - beginning of year</i>	-	-	(249)	(249)
<i>Restatement, Note 18</i>	-	-	(4,242)	(4,242)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>(4,491)</u>	<u>(4,491)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,949)</u>	<u>\$ (8,949)</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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP 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	204,000	204,000	446,508	242,508
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1,500	1,500	970	(530)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>205,500</u>	<u>205,500</u>	<u>447,478</u>	<u>241,978</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	117,600	117,600	106,296	11,304
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	247,900	247,900	99,530	148,370
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>365,500</u>	<u>365,500</u>	<u>205,826</u>	<u>159,674</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(160,000)</u>	<u>(160,000)</u>	<u>241,652</u>	<u>401,652</u>
<i>Other financing sources (uses)</i>				
Designated cash	160,000	160,000	-	(160,000)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>(160,000)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>241,652</u>	<u>241,652</u>
<i>Fund balance - beginning of year</i>	-	-	196,430	196,430
<i>Restatement, Note 18</i>	-	-	9,375	9,375
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>205,805</u>	<u>205,805</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,457</u>	<u>\$ 447,457</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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	9,000	9,000	7,924	(1,076)
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	600	600	590	(10)
Licenses and fees	20,650	20,650	19,522	(1,128)
Investment income	1,785	1,785	293	(1,492)
Miscellaneous	2,000	2,000	3,292	1,292
<i>Total revenues</i>	<u>34,035</u>	<u>34,035</u>	<u>31,621</u>	<u>(2,414)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	219,390	224,106	219,349	4,757
Health and welfare	-	-	-	-
Capital outlay	2,800	2,800	-	2,800
Debt service:				
Principal	12,501	12,501	12,501	-
Interest	2,448	2,448	2,448	-
<i>Total expenditures</i>	<u>237,139</u>	<u>241,855</u>	<u>234,298</u>	<u>7,557</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(203,104)</u>	<u>(207,820)</u>	<u>(202,677)</u>	<u>5,143</u>
<i>Other financing sources (uses)</i>				
Designated cash	2,800	2,800	-	(2,800)
Proceeds from debt issuance	-	-	-	-
Transfers in	200,304	205,020	205,020	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>203,104</u>	<u>207,820</u>	<u>205,020</u>	<u>(2,800)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>2,343</u>	<u>2,343</u>
<i>Fund balance - beginning of year</i>	-	-	10,458	10,458
<i>Restatement, Note 18</i>	-	-	(1,350)	(1,350)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>9,108</u>	<u>9,108</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,451</u>	<u>\$ 11,451</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 (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	269,000	269,000	253,783	(15,217)
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	609,659	609,659	557,700	(51,959)
State capital grants	-	-	-	-
Charges for services	5,000	5,000	-	(5,000)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	6,426	6,426	-	(6,426)
<i>Total revenues</i>	<u>890,085</u>	<u>890,085</u>	<u>811,483</u>	<u>(78,602)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	141,001	141,001	164,555	(23,554)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	749,084	749,084	700,359	48,725
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>890,085</u>	<u>890,085</u>	<u>864,914</u>	<u>25,171</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(53,431)</u>	<u>(53,431)</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>(53,431)</u>	<u>(53,431)</u>
<i>Fund balance - beginning of year</i>	-	-	(83,888)	(83,888)
<i>Restatement, Note 18</i>	-	-	87,106	87,106
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>3,218</u>	<u>3,218</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,213)</u>	<u>\$ (50,213)</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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	29,600	29,600	56,200	26,600
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>29,600</u>	<u>29,600</u>	<u>56,200</u>	<u>26,600</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	19,600	19,600	12,537	7,063
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	35,089	35,089	28,576	6,513
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>54,689</u>	<u>54,689</u>	<u>41,113</u>	<u>13,576</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(25,089)</u>	<u>(25,089)</u>	<u>15,087</u>	<u>40,176</u>
<i>Other financing sources (uses)</i>				
Designated cash	25,089	25,089	-	(25,089)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>25,089</u>	<u>25,089</u>	<u>-</u>	<u>(25,089)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>15,087</u>	<u>15,087</u>
<i>Fund balance - beginning of year</i>	-	-	55,364	55,364
<i>Restatement, Note 18</i>	-	-	(30,275)	(30,275)
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>25,089</u>	<u>25,089</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,176</u>	<u>\$ 40,176</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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	1,375	1,375
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	250,000	250,000	-	(250,000)
<b>Total revenues</b>	<b>250,000</b>	<b>250,000</b>	<b>1,375</b>	<b>(248,625)</b>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	250,000	250,000	1,375	248,625
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>250,000</b>	<b>250,000</b>	<b>1,375</b>	<b>248,625</b>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	(1,260)	-	1,260
Transfers in	-	1,260	1,260	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,260</b>	<b>1,260</b>
<i>Net change in fund balance</i>	-	-	1,260	1,260
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Restatement, Note 18</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	-	-	-	-
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,260</b>	<b>\$ 1,260</b>

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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	75	75	15	(60)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>75</u>	<u>75</u>	<u>15</u>	<u>(60)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	1,156	1,156	-	1,156
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,156</u>	<u>1,156</u>	<u>-</u>	<u>1,156</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,081)</u>	<u>(1,081)</u>	<u>15</u>	<u>1,096</u>
<i>Other financing sources (uses)</i>				
Designated cash	1,081	1,081	-	(1,081)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,081</u>	<u>1,081</u>	<u>-</u>	<u>(1,081)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
<i>Fund balance - beginning of year</i>	-	-	1,082	1,082
<i>Restatement, Note 18</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>1,082</u>	<u>1,082</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,097</u>	<u>\$ 1,097</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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	4,500	4,500	-	(4,500)
State capital grants	-	-	-	-
Charges for services	40,000	40,000	23,475	(16,525)
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	15,000	15,000	14,169	(831)
<i>Total revenues</i>	<u>59,500</u>	<u>59,500</u>	<u>37,644</u>	<u>(21,856)</u>
<i>Expenditures:</i>				
Current:				
General government	246,316	246,316	227,822	18,494
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>246,316</u>	<u>246,316</u>	<u>227,822</u>	<u>18,494</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(186,816)</u>	<u>(186,816)</u>	<u>(190,178)</u>	<u>(3,362)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	186,816	186,816	186,816	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>186,816</u>	<u>186,816</u>	<u>186,816</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(3,362)</u>	<u>(3,362)</u>
<i>Fund balance - beginning of year</i>	-	-	(1,376)	(1,376)
<i>Restatement, Note 18</i>	-	-	1,581	1,581
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>205</u>	<u>205</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,157)</u>	<u>\$ (3,157)</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 (GAAP Basis) and Actual  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	2	2	1	(1)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2</u>	<u>2</u>	<u>1</u>	<u>(1)</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>(38)</u>	<u>(38)</u>	<u>1</u>	<u>39</u>
<i>Other financing sources (uses)</i>				
Designated cash	38	38	-	(38)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>38</u>	<u>38</u>	<u>-</u>	<u>(38)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Fund balance - beginning of year</i>	-	-	1,055	1,055
<i>Restatement, Note 18</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>1,055</u>	<u>1,055</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,056</u>	<u>\$ 1,056</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 (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	-	388	388	-
Miscellaneous	-	83,073	83,073	-
<i>Total revenues</i>	<u>-</u>	<u>83,461</u>	<u>83,461</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	28,528	36,688	(8,160)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	159,300	-	159,300
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>187,828</u>	<u>36,688</u>	<u>151,140</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(104,367)</u>	<u>46,773</u>	<u>151,140</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	104,367	-	(104,367)
Transfers in	-	-	-	-
Transfers out	-	-	(151,140)	(151,140)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>104,367</u>	<u>(151,140)</u>	<u>(255,507)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(104,367)</u>	<u>(104,367)</u>
<i>Fund balance - beginning of year</i>	-	-	174,785	174,785
<i>Restatement, Note 18</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>174,785</u>	<u>174,785</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,418</u>	<u>\$ 70,418</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-15

City of Tucumcari  
Senior Citizen's Center Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	54,535	48,110	54,836	6,726
Federal capital grants	-	-	-	-
State operating grants	275,579	285,526	313,125	27,599
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	134,007	108,403	106,034	(2,369)
<i>Total revenues</i>	<u>464,121</u>	<u>442,039</u>	<u>473,995</u>	<u>31,956</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	464,121	455,070	462,170	(7,100)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>464,121</u>	<u>455,070</u>	<u>462,170</u>	<u>(7,100)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(13,031)</u>	<u>11,825</u>	<u>24,856</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	(86,969)	-	86,969
Transfers in	-	100,000	83,229	(16,771)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>13,031</u>	<u>83,229</u>	<u>70,198</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>95,054</u>	<u>95,054</u>
<i>Fund balance - beginning of year</i>	-	-	(98,912)	(98,912)
<i>Restatement, Note 18</i>	-	-	38,301	38,301
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>(60,611)</u>	<u>(60,611)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,443</u>	<u>\$ 34,443</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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	44,989	44,989	14,310	(30,679)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>44,989</u>	<u>44,989</u>	<u>14,310</u>	<u>(30,679)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	1,266	(1,266)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	44,989	44,989	17,337	27,652
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>44,989</u>	<u>44,989</u>	<u>18,603</u>	<u>26,386</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,293)</u>	<u>(4,293)</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>(4,293)</u>	<u>(4,293)</u>
<i>Fund balance - beginning of year</i>	-	-	3,813	3,813
<i>Restatement, Note 18</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>3,813</u>	<u>3,813</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (480)</u>	<u>\$ (480)</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 (GAAP Basis) and Actual  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Restatement, Note 18</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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 (GAAP Basis) and Actual  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	-	-	1,520	1,520
<i>Restatement, Note 18</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>1,520</u>	<u>1,520</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,520</u>	<u>\$ 1,520</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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	8,645	10,645	10,641	4
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,645</u>	<u>10,645</u>	<u>10,641</u>	<u>4</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,645)</u>	<u>(10,645)</u>	<u>(10,641)</u>	<u>4</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	2,000	-	(2,000)
Transfers in	8,645	8,645	8,645	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>8,645</u>	<u>10,645</u>	<u>8,645</u>	<u>(2,000)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(1,996)</u>	<u>(1,996)</u>
<i>Fund balance - beginning of year</i>	-	-	6,737	6,737
<i>Restatement, Note 18</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>6,737</u>	<u>6,737</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,741</u>	<u>\$ 4,741</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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	12,250	12,250	10,737	(1,513)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>12,250</u>	<u>12,250</u>	<u>10,737</u>	<u>(1,513)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	66,340	57,204	9,136
Debt service:				
Principal	12,250	12,250	3,377	8,873
Interest	-	-	1,366	(1,366)
<i>Total expenditures</i>	<u>12,250</u>	<u>78,590</u>	<u>61,947</u>	<u>16,643</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(66,340)</u>	<u>(51,210)</u>	<u>15,130</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	66,340	-	(66,340)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>66,340</u>	<u>-</u>	<u>(66,340)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(51,210)</u>	<u>(51,210)</u>
<i>Fund balance - beginning of year</i>	-	-	2,839	2,839
<i>Restatement, Note 18</i>	-	-	4,900	4,900
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>7,739</u>	<u>7,739</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,471)</u>	<u>\$ (43,471)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Tucumcari  
NMRDRC Grant Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

Statement B-21

	Budgeted Amounts		Actual (GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning of year</i>	-	-	(59,531)	(59,531)
<i>Restatement, Note 18</i>	-	-	59,531	59,531
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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 (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances
	Original	Final		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	94,050	94,050	73,688	(20,362)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>94,050</u>	<u>94,050</u>	<u>73,688</u>	<u>(20,362)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	6,151	(6,151)
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	94,050	94,050	69,743	24,307
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>94,050</u>	<u>94,050</u>	<u>75,894</u>	<u>18,156</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,206)</u>	<u>(2,206)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	(61,480)	-	61,480
Transfers in	-	61,480	61,480	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>61,480</u>	<u>61,480</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>59,274</u>	<u>59,274</u>
<i>Fund balance - beginning of year</i>	-	-	(5,637)	(5,637)
<i>Restatement, Note 18</i>	-	-	5,637	5,637
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,274</u>	<u>\$ 59,274</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 Debt Service Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	5,600	5,600	1,494	(4,106)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>5,600</u>	<u>5,600</u>	<u>1,494</u>	<u>(4,106)</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	100,000	100,000	100,000	-
Interest	68,893	74,893	74,893	-
<i>Total expenditures</i>	<u>169,393</u>	<u>175,393</u>	<u>175,393</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(163,793)</u>	<u>(169,793)</u>	<u>(173,899)</u>	<u>(4,106)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Transfers in	163,793	169,793	175,293	5,500
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>163,793</u>	<u>169,793</u>	<u>175,293</u>	<u>5,500</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>1,394</u>	<u>1,394</u>
<i>Fund balance - beginning of year</i>	-	-	179,795	179,795
<i>Restatement, Note 18</i>	-	-	300	300
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>180,095</u>	<u>180,095</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,489</u>	<u>\$ 181,489</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 Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<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	2,000	2,000	765	(1,235)
<i>Total revenues</i>	<u>2,000</u>	<u>2,000</u>	<u>765</u>	<u>(1,235)</u>
<i>Expenditures:</i>				
Current:				
General government	1,620	1,620	2,500	(880)
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	19,456	19,456	18,576	880
Interest	22,104	22,104	22,104	-
<i>Total expenditures</i>	<u>43,180</u>	<u>43,180</u>	<u>43,180</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(41,180)</u>	<u>(41,180)</u>	<u>(42,415)</u>	<u>(1,235)</u>
<i>Other financing sources (uses)</i>				
Designated cash	(2,428)	(2,428)	-	2,428
Transfers in	43,608	43,608	43,608	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>41,180</u>	<u>41,180</u>	<u>43,608</u>	<u>2,428</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>1,193</u>	<u>1,193</u>
<i>Fund balance - beginning of year</i>	-	-	54,320	54,320
<i>Restatement, Note 18</i>	-	-	-	-
<i>Fund balance - beginning of year, as restated</i>	<u>-</u>	<u>-</u>	<u>54,320</u>	<u>54,320</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,513</u>	<u>\$ 55,513</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement C-1

City of Tucumcari

Airport Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 421,549	\$ 396,549	\$ 366,067	\$ (30,482)
<i>Total operating revenues</i>	<u>421,549</u>	<u>396,549</u>	<u>366,067</u>	<u>(30,482)</u>
<i>Operating expenses:</i>				
General and administrative	16,273	16,273	10,689	5,584
Personnel services	76,954	76,954	83,678	(6,724)
Contractual services	2,650	2,650	4,489	(1,839)
Supplies and purchased power	4,850	4,850	10,710	(5,860)
Maintenance and materials	322,925	322,925	307,405	15,520
Utilities	14,950	14,950	14,202	748
Miscellaneous	2,000	2,000	99	1,901
<i>Total operating expenses</i>	<u>440,602</u>	<u>440,602</u>	<u>431,272</u>	<u>9,330</u>
<i>Operating income (loss)</i>	<u>(19,053)</u>	<u>(44,053)</u>	<u>(65,205)</u>	<u>(21,152)</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	6,250	6,250	-	(6,250)
Miscellaneous income	29,750	29,750	26,949	(2,801)
<i>Total non-operating revenues (expenses)</i>	<u>36,000</u>	<u>36,000</u>	<u>26,949</u>	<u>(9,051)</u>
Capital grants	250,000	250,000	110,839	(139,161)
Transfers in	19,125	44,125	34,875	(9,250)
Transfers out	-	-	-	-
<i>Capital grants and net transfers</i>	<u>269,125</u>	<u>294,125</u>	<u>145,714</u>	<u>(148,411)</u>
<i>Change in net assets</i>	286,072	286,072	107,458	(178,614)
Designated cash	(286,072)	(286,072)	-	286,072
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,056,133</u>	<u>3,056,133</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,163,591</u>	<u>\$ 3,163,591</u>
<i>Change in net assets, above</i>			\$ 107,458	
Depreciation			<u>(151,592)</u>	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ (44,134)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement C-2

City of Tucumcari

Joint Utility Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets  
Budget (GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 2,066,440	\$ 2,066,440	\$ 1,843,040	\$ (223,400)
<i>Total operating revenues</i>	<u>2,066,440</u>	<u>2,066,440</u>	<u>1,843,040</u>	<u>(223,400)</u>
<i>Operating expenses:</i>				
General and administrative	331,535	331,535	350,299	(18,764)
Personnel services	1,035,501	1,035,501	994,203	41,298
Contractual services	9,764	9,764	9,222	542
Supplies and purchased power	67,700	67,700	75,259	(7,559)
Maintenance and materials	4,107,791	4,133,483	125,281	4,008,202
Utilities	387,360	387,360	163,717	223,643
Miscellaneous	33,300	45,860	2,115	43,745
<i>Total operating expenses</i>	<u>5,972,951</u>	<u>6,011,203</u>	<u>1,720,096</u>	<u>4,291,107</u>
<i>Operating income (loss)</i>	<u>(3,906,511)</u>	<u>(3,944,763)</u>	<u>122,944</u>	<u>4,067,707</u>
<i>Non-operating revenues (expenses):</i>				
Miscellaneous income	17,125	17,125	14,380	(2,745)
Interest income	23,900	23,900	10,493	(13,407)
Interest expense	(29,847)	(37,287)	(63,836)	(26,549)
Gross receipts and other taxes	248,311	248,311	265,593	17,282
<i>Total non-operating revenues (expenses)</i>	<u>259,489</u>	<u>252,049</u>	<u>226,630</u>	<u>(25,419)</u>
Capital grants	6,675,600	6,755,286	3,293,666	(3,461,620)
Transfers in	390,700	390,700	440,120	49,420
Transfers out	(390,700)	(390,700)	(288,980)	101,720
<i>Capital grants and net transfers</i>	<u>6,675,600</u>	<u>6,755,286</u>	<u>3,444,806</u>	<u>(3,310,480)</u>
<i>Change in net assets</i>	3,028,578	3,062,572	3,794,380	731,808
Designated cash	(3,028,578)	(3,062,572)	-	3,062,572
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,863,973</u>	<u>8,863,973</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,658,353</u>	<u>\$ 12,658,353</u>
<i>Change in net assets, above</i>			\$ 3,794,380	
Depreciation			<u>(320,611)</u>	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ 3,473,769</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement C-3

City of Tucumcari

Solid Waste Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budget Amounts		Actual (GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		
<i>Operating revenues:</i>				
Charges for services	\$ 827,768	\$ 827,768	\$ 611,888	\$ (215,880)
<i>Total operating revenues</i>	<u>827,768</u>	<u>827,768</u>	<u>611,888</u>	<u>(215,880)</u>
<i>Operating expenses:</i>				
General and administrative	345,512	354,777	345,334	9,443
Personnel services	282,620	282,620	284,931	(2,311)
Contractual services	2,500	2,500	2,994	(494)
Supplies and purchased power	57,823	68,558	64,980	3,578
Maintenance and materials	74,026	74,026	2,394	71,632
Utilities	4,100	4,100	3,752	348
Miscellaneous	8,500	8,500	10,993	(2,493)
<i>Total operating expenses</i>	<u>775,081</u>	<u>795,081</u>	<u>715,378</u>	<u>79,703</u>
<i>Operating income (loss)</i>	<u>52,687</u>	<u>32,687</u>	<u>(103,490)</u>	<u>(136,177)</u>
<i>Non-operating revenues (expenses):</i>				
Miscellaneous income	500	500	128	(372)
Interest income	2,500	2,500	6,636	4,136
Gross receipts and other taxes	62,078	62,078	103,355	41,277
<i>Total non-operating revenues (expenses)</i>	<u>65,078</u>	<u>65,078</u>	<u>110,119</u>	<u>45,041</u>
Capital grants	756,952	756,952	65,439	(691,513)
Transfers in	-	20,000	45,000	25,000
Transfers out	-	-	(45,000)	-
<i>Capital grants and net transfers</i>	<u>756,952</u>	<u>776,952</u>	<u>65,439</u>	<u>(666,513)</u>
<i>Change in net assets</i>	874,717	874,717	72,068	(757,649)
Designated cash	(874,717)	(874,717)	-	874,717
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,228,103</u>	<u>1,228,103</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,171</u>	<u>\$ 1,345,171</u>
<i>Change in net assets, above</i>			\$ 72,068	
Depreciation			(123,426)	
Landfill closure/postclosure care costs			(181,844)	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ (233,202)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement C-4

City of Tucumcari

Internal Service Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 459,117	\$ 459,117	\$ 392,520	\$ (66,597)
<i>Total operating revenues</i>	<u>459,117</u>	<u>459,117</u>	<u>392,520</u>	<u>(66,597)</u>
<i>Operating expenses:</i>				
General and administrative	-	-	-	-
Personnel services	387,811	387,811	307,345	80,466
Contractual services	6,027	6,027	4,403	1,624
Supplies and purchased power	1,000	1,000	142	858
Maintenance and materials	16,190	16,190	17,676	(1,486)
Utilities	15,495	15,495	12,143	3,352
Miscellaneous	32,594	32,594	33,059	(465)
<i>Total operating expenses</i>	<u>459,117</u>	<u>459,117</u>	<u>374,768</u>	<u>84,349</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>-</u>	<u>17,752</u>	<u>17,752</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	-	-	-	-
Miscellaneous income	-	-	1	1
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>1</u>	<u>1</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>	-	-	17,753	17,753
Designated cash	-	-	-	-
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(20,375)</u>	<u>(20,375)</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,622)</u>	<u>\$ (2,622)</u>
<i>Change in net assets, above</i>			\$ 17,753	
Depreciation			<u>(3,820)</u>	
<i>Change in net assets, Exhibit D-2</i>			<u>\$ 13,933</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement C-5

City of Tucumcari

Housing Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (GAAP Basis) and Actual

For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 141,942	\$ 141,942	\$ 172,763	\$ 30,821
<i>Total operating revenues</i>	<u>141,942</u>	<u>141,942</u>	<u>172,763</u>	<u>30,821</u>
<i>Operating expenses:</i>				
General and administrative	231,446	231,446	255,792	(24,346)
Personnel services	6,745	6,745	25,896	(19,151)
Contractual services	41,901	41,901	66,724	(24,823)
Supplies and purchased power	-	-	-	-
Maintenance and materials	96,418	96,418	58,784	37,634
Utilities	104,700	104,700	105,385	(685)
Housing assistance payments	618,372	618,372	485,602	132,770
<i>Total operating expenses</i>	<u>1,099,582</u>	<u>1,099,582</u>	<u>998,183</u>	<u>101,399</u>
<i>Operating income (loss)</i>	<u>(957,640)</u>	<u>(957,640)</u>	<u>(825,420)</u>	<u>132,220</u>
<i>Non-operating revenues (expenses):</i>				
Operating grants	955,614	955,614	923,492	(32,122)
Miscellaneous income	-	-	16,919	16,919
Interest income	173	173	688	515
Interest expense	(60,000)	(60,000)	(62,926)	(2,926)
Debt service grants	-	-	-	-
Gross receipts and other taxes	-	-	-	-
Miscellaneous expense	(23,118)	(23,118)	1,341	(24,459)
Landfill closure/postclosure care costs	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>872,669</u>	<u>872,669</u>	<u>879,514</u>	<u>(42,073)</u>
Capital grants	9,288	9,288	9,288	-
Transfers in	-	-	7,434	7,434
Transfers out	-	-	(7,434)	(7,434)
<i>Capital grants and net transfers</i>	<u>9,288</u>	<u>9,288</u>	<u>9,288</u>	<u>-</u>
<i>Change in net assets</i>	<u>(75,683)</u>	<u>(75,683)</u>	<u>63,382</u>	<u>90,147</u>
Designated cash	75,683	75,683	-	(75,683)
<i>Total net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,444,285</u>	<u>2,444,285</u>
<i>Restatement</i>	<u>-</u>	<u>-</u>	<u>(82,692)</u>	<u>(82,692)</u>
<i>Net assets, beginning of year as restated</i>	<u>-</u>	<u>-</u>	<u>2,361,593</u>	<u>2,361,593</u>
<i>Total net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,424,975</u>	<u>\$ 2,458,749</u>
Net change in net assets ( <i>Budgetary Basis</i> )				\$ 63,382
Adjustments for miscellaneous revenue accruals				-
Adjustments to expenditures for accrued wages and compensated absences				(72,027)
Net change in net assets ( <i>GAAP Basis</i> )				\$ (8,645)

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, 2009

Bank Account Type/Name	Deposits		
	Wells Fargo Bank	Citizens Bank	First National Bank
General Operating - Checking	\$ 925,375	\$ -	\$ -
1/8% Ed/Infrastructure Tax - Savings	78,110	-	-
JAG - Checking	13,902	-	-
John D. Hoffman Endowment Fund - Savings	1,056	-	-
Police Seizure Fund	28,190	-	-
Certificate of Deposit	165,412	-	-
Certificate of Deposit	500,675	-	-
Bank Two - Checking	-	832,574	-
San. Cap. Imp. Fund - Savings	-	95,644	-
Certificate of Deposit	-	150,000	-
Certificate of Deposit	-	350,000	-
Certificate of Deposit	-	175,438	-
Certificate of Deposit	-	600,000	-
Certificate of Deposit	-	60,000	-
House Fund Raiser - Checking	-	-	157
Logan Fund Raiser - Checking	-	-	303
Tucumcari Fund Raiser - Checking	-	-	398
Logan Meal Site Donation - Checking	-	-	1,772
Princess Theatre Fund - Savings	-	-	4,540
Sanitation Department - Checking	-	-	50,969
Certificate of Deposit	-	-	150,000
Certificate of Deposit	-	-	200,000
Certificate of Deposit	-	-	100,000
Pool DSR	-	-	-
PD DSR	-	-	-
Debt Service	-	-	-
PD Debt Service	-	-	-
4th & 5th St Debt Service	-	-	-
WPF/WTB Tucumcari City	-	-	-
WPF/WTB Tucumcari City	-	-	-
Certificate of Deposit	-	-	-
Police Narcotics Fund	-	-	-
Certificate of Deposit	-	-	-
Housing Authority	560,101	-	11,012
Total on deposit	<u>2,272,821</u>	<u>2,263,656</u>	<u>519,151</u>
Reconciling items	<u>(263,983)</u>	<u>(414,472)</u>	<u>(6,830)</u>
Reconciled balance	<u>\$ 2,008,838</u>	<u>\$ 1,849,184</u>	<u>\$ 512,321</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 restricted cash and cash equivalents per Exhibit A-1

Total cash and cash equivalents

See accompanying independent auditors' report

Deposits			Investments (*)		Totals
Tucumcari Federal	Everyone's Credit Union	New Mexico Bank & Trust	Bank of Albuquerque	NMFA	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 925,375
-	-	-	-	-	78,110
-	-	-	-	-	13,902
-	-	-	-	-	1,056
-	-	-	-	-	28,190
-	-	-	-	-	165,412
-	-	-	-	-	500,675
-	-	-	-	-	832,574
-	-	-	-	-	95,644
-	-	-	-	-	150,000
-	-	-	-	-	350,000
-	-	-	-	-	175,438
-	-	-	-	-	600,000
-	-	-	-	-	60,000
-	-	-	-	-	157
-	-	-	-	-	303
-	-	-	-	-	398
-	-	-	-	-	1,772
-	-	-	-	-	4,540
-	-	-	-	-	50,969
-	-	-	-	-	150,000
-	-	-	-	-	200,000
-	-	-	-	-	100,000
-	-	-	-	-	14,477
-	-	-	-	-	35,763
-	-	-	-	-	3,904
-	-	-	-	-	15,003
-	-	-	-	-	5,646
-	-	-	-	-	-
-	-	-	-	-	205,630
-	-	-	-	-	1,750,000
61,649	-	-	-	-	1,750,000
-	42,228	-	-	-	61,649
-	50,000	-	-	-	42,228
-	-	91,388	-	-	50,000
-	-	-	-	-	662,501
<u>61,649</u>	<u>92,228</u>	<u>91,388</u>	<u>74,793</u>	<u>1,955,630</u>	<u>7,331,316</u>
-	-	-	-	-	(685,285)
<u>\$ 61,649</u>	<u>\$ 92,228</u>	<u>\$ 91,388</u>	<u>\$ 74,793</u>	<u>\$ 1,955,630</u>	<u>6,646,031</u>
					\$ 3,495
					3,971,842
					<u>2,677,684</u>
					<u>\$ 6,646,031</u>

(This page intentionally left blank)

**STATE OF NEW MEXICO**  
City of Tucumcari  
Schedule of Collateral Pledged By Depository  
For Public Funds  
June 30, 2009

Schedule II

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2009	Location of Safekeeper
<b>Citizen's Bank</b>					
	FNMA Note	6/7/2022	31398ACS9	\$ 900,000	Amarillo, Texas
	Total Citizen's Bank			<u>900,000</u>	
<b>First National Bank of New Mexico</b>					
	FNMA Pool #256855	8/1/2027	31371NH81	115,341	Dallas, Texas
	Luna Cnty NM	8/1/2009	550340CF8	<u>50,000</u>	* Dallas, Texas
	Total First National Bank of New Mexico			<u>165,341</u>	
<b>Wells Fargo Bank</b>					
	FGIOH0H00895	6/1/2037	3128MS7G9	402,812	San Francisco, California
	FNCL 257004	10/1/2037	31371NNV3	157,398	San Francisco, California
	FNIONP880203	2/1/2036	31409V3L5	214,796	San Francisco, California
	FNCL 895631	5/1/2036	31410SA80	<u>307,729</u>	San Francisco, California
	Total Wells Fargo Bank			<u>1,082,735</u>	
	Total Pledged Collateral			<u><u>\$ 2,148,076</u></u>	

\* Par Value

See accompanying independent auditor's report

**State of New Mexico**  
City of Tucumcari  
Schedule of Joint Powers Agreements and  
Memorandums of Understanding  
June 30, 2009

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, and New Mexico State Police	NM State Police	Establish a joint Multi Jurisdictional Task Force for the prevention, investigation, control and prosecution as unlawful drugs, narcotics and controlled substances within the region.
City of Tucumcari and Quay County Government	Both	Establish the Tucumcari/Quay Regional Emergency Communications
Quay County and City of Tucumcari	Both	Housing of City Prisoners by Quay County Detention
Team Builders Counseling Services, Inc.	Both	Requires City to provide Law Enforcement Overtime to conduct enforcement operations targeting underage drinking
City of Tucumcari and New Mexico Finance Authority	Both	Delineate rights and duties \$557,700 for acquisition of rights of way, planning, design, and construction of roadway drainage, and reconstruction.
City of Tucumcari and Tucumcari Bd. of Education District One	Both	2007-2008 Schools DOT Coop Proj-Gamble Ave Assist in the managmentt, engineer, design, inspection and construction Coop Project SP-4-08(926)

See accompanying independent auditors' report

<u>Begin Date</u>	<u>End Date</u>	<u>Estimated Amount of Project</u>	<u>Amount Contributed in Fiscal Year</u>	<u>Audit Responsibility</u>	<u>Fiscal Agent</u>	<u>Name of Govt Agency Report Rev &amp; 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

(This page intentionally left blank)



**COMPLIANCE SECTION**



**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  
City Manager, Mayor  
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 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, (City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents., and have issued our report thereon dated November 30, 2009. We also have audited the financial statements of each of the City's nonmajor governmental funds and budgetary comparisons for the proprietary funds and the remaining nonmajor governmental funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 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 08-04, FS 08-06, 2008-08, FS 09-01 and FS 09-02.

*Certified Public Accountants*

2700 San Pedro Northeast [87110-333] – P.O. Box 3130, Albuquerque, New Mexico 87190-3130  
866.307.2727 – 505.883.2727 – Fax 505.884.6719 – [albuquerque.office@acgnm.com](mailto:albuquerque.office@acgnm.com) – [www.acgnm.com](http://www.acgnm.com)  
**Alamogordo – Albuquerque – Carlsbad – Clovis – Hobbs – Lubbock**

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, FS 08-04, 2008-08 and FS 09-02 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 09-05.

We noted a certain matters that are required to be reported under Government Auditing Standards January 2007 Revision paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as items FS 08-03, FS 08-05, 2008-07, FS 09-02, FS 09-03, FS 09-04, and FA 09-02.

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 30, 2009

(This page intentionally left blank)

**FEDERAL FINANCIAL ASSISTANCE**



## **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  
City Manager, Mayor  
City Council Members  
City of Tucumcari  
Tucumcari, New Mexico

#### Compliance

We have audited the compliance of City of Tucumcari, New Mexico, 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, 2009. The 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.

As described in item FA 09-01 in the accompanying schedule of findings and questioned costs, the City of Tucumcari did not comply with the requirement regarding calculation of tenants qualifying income that is applicable to its Section 8 and Public Housing Low Rent programs. Compliance with such requirement is necessary, in our opinion, for the City of Tucumcari to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the 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, 2009.

#### 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*

2700 San Pedro Northeast [87110-333] – P.O. Box 3130, Albuquerque, New Mexico 87190-3130  
866.307.2727 – 505.883.2727 – Fax 505.884.6719 – [albuquerque.office@acgnm.com](mailto:albuquerque.office@acgnm.com) – [www.acgnm.com](http://www.acgnm.com)

**Alamogordo – Albuquerque – Carlsbad – Clovis – Hobbs – Lubbock**

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 entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2007-11 and FA 09-01 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by City of Tucumcari's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2007-11 and FA 09-01 to be a material weaknesses.

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 30, 2009

**STATE OF NEW MEXICO**  
City of Tucumcari  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009

Federal Grantor Program Title	Federal CFDA Number	Federal or Pass Through Grant / Project Number	Federal Expenditures
<b>Federal Grantor/Pass Through Grantor/Program or Cluster Title</b>			
<b>U.S. Department of Health and Human Services</b>			
Senior Citizens 08-09 Title IIIB	93.044	2008-07-68040	\$ 4,540
Senior Citizens 08-09 Title IIIC1	93.045	2008-07-68040	28,984
Senior Citizens 08-09 Title IIIC2	93.045	2008-07-68040	14,586
Senior Citizens 08-09 NSIP	93.053	2008-07-68040	<u>26,850</u>
Total U.S. Department of Health and Human Services			<u>74,960</u>
<b>U.S. Department of Justice</b>			
JAG Grant	16.738	2005-DJ-BX-1302	<u>4,293</u>
Total U.S. Department of Justice			<u>4,293</u>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant (Passed through State of New Mexico Department of Finance Administration) Planning Grant	14.228	07-C-NR-I-1-G-06	127,686 <u>42,002</u>
Total Community Development Block Grant			<u>169,688</u>
Direct Programs:			
Public Housing - Low Rent	14.850	NM 03300000108D	* 255,888
Capital Funds Program	14.842		9,288
Section 8 Housing Choice Vouchers	14.871	NM 033V00050	* <u>551,078</u>
Total Direct			<u>816,254</u>
Total U.S. Department of Housing and Urban Development			<u>985,942</u>
<b>U.S. Department of Agriculture:</b>			
Direct programs:			
Rural Utilities Systems Grant	10.760		* 2,941,031
Rural Rental Assistance Payments	10.415, 10.515	NM 990419271	89,872
Rural Rental Assistance Interest Subsidy	103415, 10.515	NM 990419271	<u>48,560</u>
Total U.S. Department of Agriculture			<u>3,079,463</u>

See accompanying independent auditors' report



<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>			
<b>U.S. Department of Homeland Security:</b>			
Homeland Security Grant Program	97.067	2003-MU-T3-0047 Quay CIP	<u>35,197</u>
Total U.S. Department of Homeland Security			<u>35,197</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,179,855</u></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 City and Authority did not provide any federal awards to sub-recipients during the year.

3. Debt Service Subsidy

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

4. Loan amount

Housing Authority owed \$723,102 to FmHA at June 30, 2009.

**STATE OF NEW MEXICO**  
City of Tucumcari  
Schedule of Findings and Questioned Costs  
June 30, 2009

**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?                     | Yes       |

*Federal Awards:*

- |   |           |
|---|-----------|
| 1. Internal control over major programs:  |           |
| a. Material weaknesses identified?  | Yes       |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | Yes       |
| 2. Type of auditors’ report issued on compliance for major programs   | Qualified |
| 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:  |           |

CFDA Number	Federal Program
10.760	Rural Utilities Systems 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 06-03 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.

*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.

*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.

*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.

*Agency's Response:* The financial statements are prepared by the auditor with substantial assistance from the City Management. A written policies and procedure manual will be prepared by April 1, 2010 which will help the city detect or prevent possible misstatements in its financial statements. The City will seek training courses and seminars in order to train staff and additional cross-training will be mandatory.

Additionally, the City Management feel this should be a note in the audit, not a finding as many other municipalities have this issue documented as such in their audit reports.

**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. We noted the following areas in which the City does not have sufficient key internal controls in place.

- Tests performed on bank reconciliations revealed that the balances per bank on the bank reconciliation did not agree to the bank statements. The John D. Endowment fund did not agree to the bank by \$50 dollars and the 4<sup>th</sup> and 5<sup>th</sup> Street debt service account did not agree to the bank by \$186 dollars.
- We noted that bank reconciliations are performed by the same individual who has authority to post transactions to the general ledger; there also is not a second person review of the bank reconciliations.
- We noted that the implementation of activity level controls are not being adequately monitored to ensure that they are functioning as intended.

*Criteria:* *The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for **establishing and maintaining internal control** that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 112 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 112 paragraph 19 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

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

*Cause:* For the fiscal year 2009 management did not have a documented policy in place to follow to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under SAS 112 to provide effective oversight of internal control and the financial reporting process.

*Auditors' Recommendation:* The City should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process. Management should authorize expenses from the department heads, and they should either maintain a separate fund for the federal grant money or track the federal expenses in a different line item. Management should: (1) maintain the listing of federal awards throughout the year; (2) keep State grants separate from federal grants; and (3) anytime the City receives a new grant, check with the grant contact person to determine whether the grant is federal or State funds.

*Agency's Response:* The City will ensure that a comprehensive internal control structure is designed, documented, implemented, and monitored. The body charged with governance will provide effective oversight of the internal control and financial reporting process. Management will authorize expenses from the department heads, and they will either maintain a separate fund for the federal grant money or track the federal expenses in a different line item. Management will: (1) maintain the listing of federal awards throughout the year; (2) keep State grants separate from Federal grants; and (3) anytime the City receives a new grant, check with the grant contact person to determine whether the grant is Federal or State funds. The City will have a comprehensive policy and procedure manual for Grant Management in place by April 1, 2010.

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

**A. Financial Statement Findings – Primary Government (continued)**

**FS 06-05 — Capital Assets**

*Condition:* The City does not have a formal capital assets management policy. For the year ended June 30, 2009, 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.

*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.

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

*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.

*Agency's Response:* Software for creating and maintaining an asset inventory has been purchased, a scanner is in place and training will be requested. Wilson Engineering Firm has been hired to Inventory and map all water and wastewater systems and develop an asset management plan. Cross training will be provided. A complete physical inventory will be completed by April 1, 2010 and continued on an annual basis. The inventory will include asset identification, location, and historical costs. 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.

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

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

*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.

*Agency's Response:* A written disaster plan/business continuation plan will be developed by April 1, 2010. This 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 comprises 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.

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

*Cause:* The City is not properly safeguarding IT assets.

*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.

*Agency's Response:* A location in City Hall has been designated as a secure area for all equipment and will be completed by April 1, 2010. This will include physical security controls to protect the IT assets/equipment from physical theft, or destruction.

STATE OF NEW MEXICO  
City of Tucumcari  
Schedule of Findings and Questioned Costs  
June 30, 2009

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

**A. Financial Statement Findings – Primary Government (continued)**

**FS 08-03 — Over expenditure of Budgets**

*Condition:* The City's expenditures exceeded budget in some funds:

**Special Revenue Funds:**

Judicial	\$ 4,474
Senior Citizen's Center	<u>7,100</u>
Total	<u><u>\$ 11,574</u></u>

*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). Once adopted, any claims or warrants in excess of budget are a violation of New Mexico Statute 6-6-6, 1978 Compilation.

*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.

*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.

*Auditors' Recommendation:* We recommend that the City establish policies and procedures to ensure all expenditures are budgeted for and funds are not over-expended. All future budgets should include all required funds. Greater attention should be given to the budget monitoring process.

*Agency'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:* An effectively designed control environment should be designed to include enough segregation of duties in order to reduce the risk of fraud.

*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.

*Cause:* The City does not currently have sufficiently cross-trained personnel to segregate those duties and perform appropriate reconciliations once payroll is processed.

*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.

*Agency's Response:* By April 1, 2010, the City will have a redesigned internal control policy and procedure. The internal controls will be designed to include management review of direct deposits and electronic changes made to employee files. An employee other than the Payroll Clerk will be designated to reconcile the payroll and general ledger. The Payroll Clerk will no longer be able to edit the Payroll Master File.



**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 five tested was only signed by the City Manager.

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

*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.

*Cause:* If there isn't enough time before the next payroll they'll process the change without all signatures, and no other checks are in place to ensure data is entered into the system correctly and accurately.

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

*Agency's Response:* By April 1, 2010, the City will become compliant with its policy.

**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 \$5,636.

*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.

*Effect:* Readers of financial statements could be misled when assets and liabilities appear in the financial data that no longer exist.

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

*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.

*Agency's Response:* By April 1, 2010, the City Commission will pass a resolution to permanently transfer all aged balances. The City will review the due to/due from balances on a monthly basis and ensure that reconciling adjustments are properly and correctly recorded in a timely manner.

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

**A. Financial Statement Findings – Primary Government (continued)**

**FS 09-01 – Failure to Obtain Proper Authorization for Expenditures**

*Condition:* We noted that in 1 instance out of 5 a purchase voucher for a routine and reoccurring expenditure that the purchase voucher only contained the authorizing signature of the City Manager. The expenditure was in the amount of \$216.

*Criteria:* It is the City's stated internal control policy to obtain purchase vouchers for routine and reoccurring expenditure with authorizing signatures from the City Manager and a member of the Finance Department.

*Effect:* Internal control over expenditures and the ability of responsible parties to appropriately monitor budgets for which they bear responsibility may be compromised.

*Cause:* The City has not placed appropriate emphasis on adherence to stated control policies.

*Auditors' Recommendation:* We recommend that the City management stop disbursements for improperly authorized expenditures until appropriate authorization is gained.

*Agency's Response:* City Management will stop disbursements for improperly authorized expenditures by training staff to send purchase vouchers and requisitions to the Finance Department first and then to the City Manager for final approval. The City Manager will no longer authorize expenditures unless first signed by the Finance Department which ensures that the expenditure does not exceed the budget.

**FS 09-02 — Internal Control over Cash Disbursements**

*Condition:* During our testwork in the area of cash disbursements, we noted 1 out of 6 instances where the Purchase Order issuance policy was bypassed by employees.

*Criteria:* According to the City's Purchasing Policies a Purchase order must be issued for all non-routine and non-recurring purchases over \$500.00. The department head placed two identical orders on the same day for the same amount creating two separate invoices from the vendor each for \$368.88. This allowed the departments head to bypass the Purchasing Policies by keeping below the threshold of needing to obtain management authorization.

*Effect:* When purchases are made without proper authorization, items could be procured that are inappropriate and/or unallowed and the risk of misappropriation is increased.

*Cause:* There is a lack of internal control structure over Cash Disbursements. The City Purchasing Policy is not adequately safeguarding the City's assets by allowing the purchasing policy to be bypassed.

*Auditors' Recommendation:* We recommend all Requisition/Purchase Orders be completed and authorized for all purchases regardless of amount. We also recommend the City train employees on the purchasing procedure and implement new procedures to properly review and approved expenditures.

*Agency's Response:* A policy has been established for requisitions, purchase orders, and purchase vouchers. The City will adhere to its policy and adequately train the employees on purchasing procedures.

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

**A. Financial Statement Findings – Primary Government (continued)**

**FS 09-03 Grant Compliance and Monitoring**

*Condition:* The City does not adequately monitor grants. During the year, the City had turned over its grant monitoring to one employee who was beginning to implement a system to monitor and comply with grant requirements. However, the system had not yet been implemented during the year under audit.

*Criteria:* Grant disbursements are generally limited to specific allowed costs and other compliance requirements as specified in the grant agreement. Sound cash management requires that management be aware of the amount of grant receivables and the remaining unearned/unspent grant award.

*Effect:* Disallowed claims as a result of non-compliance could become the liability of the general fund or any other applicable City fund. Grant receivables that are not collected timely can cause cash flow problems for the City.

*Cause:* Management has not yet implemented a proper grant compliance and monitoring system.

*Auditors' Recommendation:* Management should properly train a grants compliance officer to oversee grant compliance and monitor grant receivables and remaining grant balances.

*Agency's Response:* A new employee was hired in the Planning and Community Development Department to track and monitor grants. Additional training will be provided for existing staff in order to ensure compliance in this area. Additionally, a form will be developed to accompany each new grant request where the contact person will indicate fiscal issues and departments impacted by the grant.

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

**A. Financial Statement Findings – Primary Government (continued)**

**FS 09-04 Lodgers' Tax**

*Condition:* During our fieldwork, it was noticed that many of the different lodgers' are delinquent at paying their lodgers' tax and are not submitting their reports to the City in a timely manner.

*Criteria:* The Lodgers Tax Act, Section 3-38-13 through 3-38-24 NMSA, impose collection of lodgers' tax on gross rental income. In addition the New Mexico Constitution, Article IV, section 32, prohibits the City from extinguishing the amount due except by receipt of payment in full or by proper proceedings in court.

*Effect:* By the City not enforcing their policy and following State Constitution the City is potentially not collecting funds that are due, which could be utilized for promoting and publicizing such facilities and tourist attractions.

*Cause:* The City is not following through with the collections of lodgers' tax and issuing warnings and eventually taking proper proceedings in court for delinquent accounts.

*Auditors' Recommendation:* We recommend that the City follow its own ordinance and policy to follow up on delinquent lodgers' tax and to ultimately take proper proceedings in court to collect deficient accounts. The City should also hold an education forum to inform all lodgers' of their responsibilities and timelines.

*Agency's Response:* The City will follow its current ordinance and policy and follow up on delinquent lodger's tax filers. Additionally, proper procedures will be implemented to ensure collection of deficient accounts. Training will be scheduled for staff in this area. Additionally a procedure manual will be developed and implemented by April 1, 2010.

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

**A. Financial Statement Findings – Primary Government (continued)**

**FS 09-05 Noncompliance with Debt Agreements**

*Condition:* The City has not established “reserve accounts” related to these bond issues.

*Criteria:* Series 2005, \$612,500 2007A \$1,283,000, 2007B \$250,000 –

Per the U.S. Department of Agriculture, Rural Economic and Community Development, Rural Utilities Service (RUS) letter of conditions for the Series 2005, \$612,500 2007A \$1,283,000, 2007B \$250,000 the City is required to:

- Establish an account designated as the Reserve Account, and each month set aside into that account an amount at least equal to one-tenth of one yearly payment. The reserves will be sufficient to assure that loan installments will be paid on time, for emergency maintenance, for extensions to facilities, and for replacement of short-lived assets which have a useful life significantly less than the repayment period of the loan. Borrowers issuing debt pledging facility revenues as security will plan their reserve to provide for at least an annual reserve equal to one-tenth of an average annual loan installment each year for the life of the loan.

*Effect:* Noncompliance with debt covenant restrictions could result in the debt being called due.

*Cause:* An account was created to hold the reserve payments, but no transfers were being made.

*Auditors' Recommendation:* We recommend that the City make monthly transfers into the reserve account to ensure payment on their outstanding debt when required.

*Agency's Response:* This finding has been resolved. Separate bank accounts have been created for reserve of these funds. Staff and Management will ensure that these accounts are being funded as required.

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

**B. Financial Statement Findings – Housing Authority**

**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. The cash account is overfunded by \$3,965. This account is specifically set up for tenants' deposits that are owed to the individual upon cancellation of service or to reimburse the Housing Authority for damages to the property by the tenant.

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

*Effect:* Funds returned to tenants or used to repair damages were not reimbursed to the operating account resulting in an understatement of unrestricted cash.

*Cause:* The deposit liability cash account is not being properly managed and reconciled. Expenses paid by the operating fund for repair of damages are not being adequately reimbursed by the deposit liability cash account.

*Auditors' Recommendation:* The tenant deposits liability account should be reconciled with the tenant deposits account throughout the year and any necessary adjustments and reimbursements made at the time of reconciliation.

*Agency'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 (continued)**

**2008-08 - Deficiencies in Internal Control Structure Design, Operation, and Oversight**

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

- Errors in the recording or failure to record insurance expenses were not detected in a timely manner.
- Failure to track and record payable amounts for balances owed to primary government was not detected in a timely manner.
- There is not a fraud risk assessment done at the Housing Authority

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

*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.

*Cause:* For the fiscal year 2009 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.

*Auditors' Recommendation:* The Housing Authority 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. Additionally, the Housing Authority management should give annual consideration to how fraud might occur in their organization; develop procedures to address fraud risk and document those risks and procedures.

*Agency's Response:* The housing authority will ensure that a comprehensive Internal Control Structure designed, documented, implemented and monitored. The governing body and City Manager will provide effective oversight of the internal control and financial reporting process. We will ensure that we have clearer policies and procedures in place by April 12, 2010 to make our financial obligations are met in a timely manner. In addition, we will continue to having tickler reporting system and fee accountant to assist in compliance.

**Section II – Financial Statement Findings and Questioned Costs**

**C. Federal Award Findings**

**2007-11 — Lack of Adequate Internal Controls over Compliance**

*Information on Federal Award:*

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

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

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

*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.

*Agency's Response:* The Housing Authority is current working with the city to establish additional control methods and procedures to ensure future compliance and ability to identify compliance issues that may arise. The Housing Authority will continue to receive training and mentoring in compliance.



**Section II – Financial Statement Findings and Questioned Costs**

**C. Federal Award Findings (continued)**

**FA 09-01 - Incorrect Calculation of Tenants Income**

*Information on Federal Award:*

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

*Condition:* The Housing Authority incorrectly computed the income of three tenants out of 20 for Section 8 by miscalculating medical expense allowances. There were also two tenants out of 20 for Public Housing Low Rent whose income was not correctly computed due to the miscalculation of medical allowances. There was one tenant out of 20 for Public Low Rent for which appropriate support of medical allowance was missing.

*Criteria:* HUD guidelines for the completion of Form 50058 allow for elderly tenants to deduct allowable medical expenses incurred - to include medical insurance premiums and Medicare premiums - greater than 3% of the their annual income in arriving at adjusted income for income calculation on Form 50058.

*Questioned Costs:* None

*Effect:* The Housing Authority is not properly calculating income, and therefore not making the proper determination of tenant rent. This can result in understatements of tenant rent and therefore a reduction of the Housing Authority's resources available to the public.

*Cause:* The Housing Authority staff person responsible for completing and entering the data for Form 50058 had not had sufficient training to accurately and effectively identify and calculate appropriate medical allowance to arrive at tenants adjusted annual income.

*Auditors' Recommendation:* We recommend that Housing Authority staff be sufficiently trained to perform all assigned job functions and encouraged to obtain relevant HUD certifications related to assigned job functions. We further recommend that management periodically review tenant income and rent calculations for accuracy and compliance with HUD requirements.

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

**Section II – Financial Statement Findings and Questioned Costs**

**C. Federal Award Findings (continued)**

**FA 09-02 -- Failure to Obtain Adequate Immigration Status Verification**

*Information on Federal Award:*

Funding agency: U.S. Department Housing and Urban Development

Title: Public Housing Low Rent Programs

CFDA number: 14.871 and 14.850

*(Not considered to be a compliance finding that has a direct and material effect on the major program, therefore this finding will be reported under the provisions of Government Auditing Standards January 2007 Revision paragraphs 5.14 and 5.16)*

*Condition:* The Housing Authority failed to obtain adequate immigration status verification for one out of 20 files tested. The Housing Authority obtained a signed Form I-9 from the prospective tenant, but the form was incomplete in that the tenant did not mark their immigration status.

*Criteria:* HUD guidelines at 24 CFR 5.510 require that Public Housing Low Rent Programs obtain verification of prospective tenant's immigration status.

*Questioned Costs:* None

*Effect:* The Housing Authority is not able to appropriately determine and document that the prospective tenant's eligibility as the funding agency requires.

*Cause:* This appears to have been the result of an oversight resulting from human error.

*Auditors' Recommendation:* We recommend that management stress the importance of obtaining complete and accurate data to all staff and that management perform periodic reviews to ascertain that all data is complete and accurate.

*Agency's Response:* Tucumcari Housing Authority has taken steps to ensure accurate information is available and that staff has been and continuing to receive training to correctly verify tenant income and determine exclusions. Tucumcari Housing Authority management will review 10 files a month for calculations to ensure compliance.

**STATE OF NEW MEXICO**  
City of Tucumcari  
Schedule of Findings and Questioned Costs  
June 30, 2009

**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	Resolved
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	Resolved
FS 08-01	Negative Cash Balances	Resolved
FS 08-02	Disposition of Fixed Assets	Resolved
FS 08-03	Over Expenditure of Budgets and Budgeting Cash in Excess of Available Cash	Repeated
FS 08-04	Segregation of Duties within Payroll Processes	Repeated
FS 08-05	Incomplete Payroll Change Notices and Incorrect Data Entry from these Notices	Repeated
FS 08-06	Failure to Reconcile Account Balances	Repeated

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

2005-02	Employee Training	Resolved
2006-02	Timeliness of Bank Deposits and Acceptance of Cash	Resolved
2007-01	Segregation of Duties in Cash Management	Resolved
2008-07	Security Deposits Not Matching the Restricted Cash Account	Repeated
2008-08	Lack of Adequate Internal Controls	Repeated

**C. Federal Award Findings**

2007-11	Lack of Adequate Internal Controls over Compliance	Repeated
---------	--	----------

**STATE OF NEW MEXICO**

City of Tucumcari

Other Disclosures

June 30, 2009

**Exit Conference**

An exit conference was held on November 30, 2009. In attendance were the following:

**Representing the City of Tucumcari:**

Antonio Apodaca

Bobbye Rose

Mike Cherry

Marty Garcia

Vicki Strand

Wilhemina Martin

Christine Dougherty

Jim Lafferty

Mayor

City Manager

Assistant City Manager

Finance Director

Deputy Finance Director

Housing Authority Executive Director

City Clerk

City Commissioner

**Representing Accounting & Consulting Group, LLP:**

Jeff McWhorter, CPA

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.